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

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**Form 10-Q**

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

For the quarterly period ended June 30, 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**

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**Cendant Corporation**

*(Exact name of registrant as specified in its charter)*

**Delaware**

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

**9 West 57<sup>th</sup> Street  
New York, NY**

*(Address of principal executive offices)*

**06-0918165**

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

**10019**

*(Zip Code)*

**(212) 413-1800**

*(Registrant's telephone number, including area code)*

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

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 Exchange Act). Yes [ ] No [X]

The number of shares outstanding of the issuer's common stock was 1,002,462,334 shares as of June 30, 2006.

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## FORWARD-LOOKING STATEMENTS

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

- the high level of competition in the vehicle rental industry;
- an increase in the cost of new vehicles;
- a decrease in our ability to acquire or dispose of cars through repurchase programs;
- 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 in rental activity during our peak season 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;
- a substantial increase in fuel costs;
- a major disruption in our communication or centralized information networks;
- our failure or inability to comply with regulations and any changes in regulations;
- our failure or inability to make the changes necessary to operate effectively following completion of the Separation Plan (defined below); and
- other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting our operations, pricing or services.

In addition, you should understand that the following important factors and assumptions could affect the timing of the final completion of our plan to separate into four independent entities, including the anticipated sale of Travelport (the “Separation Plan”), and such factors and assumptions relating to the Separation Plan could affect our future results and could cause actual results to differ materially from those expressed in our forward-looking statements:

- risks inherent in the separation and related transactions, including risks related to new borrowings, and costs of the proposed transactions related to the Separation Plan (specifically the anticipated sale of Travelport);
- changes in business, political and economic conditions in the U.S. and in other countries in which Cendant and its companies currently do business;
- changes in Cendant’s overall operating performance and changes in the operating performance of Avis Budget Group or Travelport;
- access to financing sources and changes in credit ratings, including those that have resulted and may result from the Separation Plan;

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- 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 separating companies' obligations under these agreements;
- increased demands on Cendant's management team in connection with the execution and performance of the proposed transactions, in addition to their regular day-to-day management responsibilities; and
- the ability of Cendant to complete a sale of Travelport, which is subject to certain conditions precedent.

Other factors and assumptions not identified above, including those described under "Risk Factors" in Item 1A below, 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 set forth under "Risk Factors" 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.

**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
of Cendant Corporation  
New York, New York

We have reviewed the accompanying consolidated condensed balance sheet of Cendant Corporation and subsidiaries (the “Company”) as of June 30, 2006, the related consolidated condensed statement of stockholders’ equity for the six-month period ended June 30, 2006, the related consolidated condensed statements of income for the three-month and six-month periods ended June 30, 2006 and 2005, and the related consolidated condensed statements of cash flows for the six month periods ended June 30, 2006 and 2005. These interim financial statements are the responsibility of the Company’s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated condensed interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated condensed interim financial statements, as of January 1, 2006 the Company adopted the provisions for accounting for real estate time-sharing transactions.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2005, and the related consolidated statements of income, stockholders’ equity, and cash flows for the year then ended prior to presenting Travel Network Group as a discontinued operation (not presented herein); and in our report dated February 28, 2006, we expressed an unqualified opinion (which included an explanatory paragraph relating to the adoption of the consolidation provisions for variable interest entities during 2003, as discussed in Note 2 to the consolidated financial statements, and an explanatory paragraph with respect to the change in presentation in 2005 of the consolidated statement of cash flows to present separate disclosure of cash flows from operating, investing, and financing activities of discontinued operations and the retroactive revision of the statements of cash flows for the years ended December 31, 2004 and 2003, for the change, as discussed in Note 1 to the consolidated financial statements) on those consolidated financial statements. We also audited the adjustments described in Note 2 of the consolidated condensed interim financial statements that were applied to recast the December 31, 2005 balance sheet of the Company. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 2005 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP  
New York, New York  
August 8, 2006

**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME**  
**(In millions, except per share data)**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>				
Service fees and membership, net	\$ 2,813	\$ 2,847	\$ 5,064	\$ 5,060
Vehicle-related	1,439	1,312	2,758	2,477
Other	5	11	12	43
Net revenues	<u>4,257</u>	<u>4,170</u>	<u>7,834</u>	<u>7,580</u>
<b>Expenses</b>				
Operating	2,602	2,539	4,825	4,647
Vehicle depreciation, lease charges and interest, net	439	373	860	697
Marketing and reservation	359	321	683	617
General and administrative	324	276	599	564
Non-program related depreciation and amortization	94	85	183	172
Non-program related interest expense, net	110	66	168	46
Acquisition and integration related costs:				
Amortization of pendings and listings	2	3	9	6
Other	1	1	2	2
Separation costs	49	-	85	-
Restructuring and transaction-related charges	-	1	-	40
Valuation charge associated with PHH spin-off	-	-	-	180
Total expenses	<u>3,980</u>	<u>3,665</u>	<u>7,414</u>	<u>6,971</u>
<b>Income before income taxes and minority interest</b>	277	505	420	609
Provision for income taxes	103	188	164	249
Minority interest, net of tax	-	1	1	2
<b>Income from continuing operations</b>	174	316	255	358
Income from discontinued operations, net of tax	53	67	106	81
Gain (loss) on disposal of discontinued operations, net of tax	(981)	4	(981)	(133)
<b>Income (loss) before cumulative effect of accounting changes</b>	(754)	387	(620)	306
Cumulative effect of accounting changes, net of tax	-	-	(64)	-
<b>Net income (loss)</b>	<u>\$ (754)</u>	<u>\$ 387</u>	<u>\$ (684)</u>	<u>\$ 306</u>
<b>Earnings per share</b>				
<b>Basic</b>				
Income from continuing operations	\$ 0.17	\$ 0.30	\$ 0.25	\$ 0.34
Net income (loss)	(0.75)	0.37	(0.68)	0.29
<b>Diluted</b>				
Income from continuing operations	\$ 0.17	\$ 0.29	\$ 0.25	\$ 0.33
Net income (loss)	(0.75)	0.36	(0.67)	0.28

See Notes to Consolidated Condensed Financial Statements.

**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
**(In millions, except share data)**

	<u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 441	\$ 730
Restricted cash	83	66
Receivables, net	917	837
Deferred income taxes	566	566
Assets of discontinued operations	6,327	6,888
Other current assets	897	551
Total current assets	<u>9,231</u>	<u>9,638</u>
Property and equipment, net	1,245	1,311
Deferred income taxes	159	183
Goodwill	8,082	7,938
Other intangibles, net	2,227	2,130
Other non-current assets	551	493
Total assets exclusive of assets under programs	<u>21,495</u>	<u>21,693</u>
Assets under management programs:		
Program cash	201	126
Relocation receivables	941	855
Vehicle-related, net	9,474	8,485
Timeshare-related, net	2,813	2,723
Vacation rental	229	216
Other	17	6
	<u>13,675</u>	<u>12,411</u>
<b>Total assets</b>	<u>\$ 35,170</u>	<u>\$ 34,104</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 3,277	\$ 3,494
Current portion of long-term debt	3,593	1,017
Liabilities of discontinued operations	1,849	1,592
Deferred income	571	346
Total current liabilities	<u>9,290</u>	<u>6,449</u>
Long-term debt	1,976	2,561
Deferred income	278	278
Other non-current liabilities	937	915
Total liabilities exclusive of liabilities under programs	<u>12,481</u>	<u>10,203</u>
Liabilities under management programs:		
Debt	4,012	3,716
Debt due to Cendant Rental Car Funding (AESOP) LLC—related party	6,040	6,957
Deferred income taxes	1,818	1,723
Other	318	214
	<u>12,188</u>	<u>12,610</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$.01 par value—authorized 10 million shares; none issued and outstanding	14	14
CD common stock, \$.01 par value—authorized 2 billion shares; issued 1,353,082,323 and 1,350,852,215 shares	12,045	12,009
Additional paid-in capital	5,155	5,946
Retained earnings	189	40
Accumulated other comprehensive income	(6,902)	(6,718)
CD treasury stock, at cost—350,619,989 and 339,246,211 shares		
Total stockholders' equity	<u>10,501</u>	<u>11,291</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 35,170</u>	<u>\$ 34,104</u>

See Notes to Consolidated Condensed Financial Statements.



**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(In millions)

	<b>Six Months Ended June 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>Operating Activities</b>		
Net income (loss)	\$ (684)	\$ 306
Adjustments to arrive at income from continuing operations	939	52
Income from continuing operations	255	358
Adjustments to reconcile income from continuing operations to net cash provided by operating activities exclusive of management programs:		
PHH valuation charge	-	180
Non-program related depreciation and amortization	183	172
Amortization of pendings and listings	9	6
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Receivables	(27)	(74)
Income taxes and deferred income taxes	(87)	147
Accounts payable and other current liabilities	83	67
Other, net	(59)	(34)
<b>Net cash provided by operating activities exclusive of management programs</b>	<b>357</b>	<b>822</b>
<i>Management programs:</i>		
Vehicle depreciation	663	533
Amortization and impairment of mortgage servicing rights	-	101
Net loss on mortgage servicing rights and related derivatives	-	(83)
Origination of timeshare-related assets	(602)	(525)
Principal collection of investment in timeshare-related assets	339	321
Origination of mortgage loans	-	(2,062)
Proceeds on sale of and payments from mortgage loans held for sale	-	2,150
Other	(3)	7
	397	442
<b>Net cash provided by operating activities</b>	<b>754</b>	<b>1,264</b>
<b>Investing Activities</b>		
Property and equipment additions	(148)	(133)
Net assets acquired, net of cash acquired, and acquisition-related payments	(303)	(127)
Proceeds received on asset sales	11	13
Proceeds from sale of available-for-sale securities	-	18
Proceeds from dispositions of businesses, net of transaction-related payments	(28)	964
Other, net	(32)	(1)
<b>Net cash provided by (used in) investing activities exclusive of management programs</b>	<b>(500)</b>	<b>734</b>
<i>Management programs:</i>		
Increase in program cash	(75)	(61)
Investment in vehicles	(6,936)	(6,451)
Payments received on investment in vehicles	5,404	3,879
Equity advances on homes under management	(2,419)	(2,403)
Repayment of advances on homes under management	2,345	2,285
Additions to mortgage servicing rights	-	(23)
Cash received on derivatives related to mortgage servicing rights, net	-	44
Other, net	(6)	(20)
	(1,687)	(2,750)
<b>Net cash used in investing activities</b>	<b>(2,187)</b>	<b>(2,016)</b>
<b>Financing Activities</b>		
Proceeds from borrowings	1,875	4
Principal payments on borrowings	(16)	(44)
Net short-term borrowings	192	616
Issuances of common stock	36	191
Repurchases of common stock	(243)	(460)
Payment of dividends	(113)	(192)
Cash reduction due to spin-off of PHH	-	(259)
Other, net	(30)	4
<b>Net cash provided by (used in) financing activities exclusive of management programs</b>	<b>1,701</b>	<b>(140)</b>
<i>Management programs:</i>		
Proceeds from borrowings	7,011	6,983
Principal payments on borrowings	(7,769)	(4,907)
Net change in short-term borrowings	104	184
Other, net	(22)	(12)
	(676)	2,248
<b>Net cash provided by financing activities</b>	<b>1,025</b>	<b>2,108</b>
Effect of changes in exchange rates on cash and cash equivalents	-	(20)
Cash provided by (used in) discontinued operations (Revised— See Note 1)		
Operating activities	455	494
Investing activities	(97)	(1,708)
Financing activities	(248)	(171)
Effect of exchange rate changes	9	(12)
	119	(1,397)
Net decrease in cash and cash equivalents	(289)	(61)
Cash and cash equivalents, beginning of period	730	467
<b>Cash and cash equivalents, end of period</b>	<b>\$ 441</b>	<b>\$ 406</b>

See Notes to Consolidated Condensed Financial Statements.

**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY**  
**(In millions)**

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Treasury Stock</u>		<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				<u>Shares</u>	<u>Amount</u>	
<b>Balance at January 1, 2006</b>	1,351	\$ 14	\$ 12,009	\$ 5,946	\$ 40	(339)	\$ (6,718)	\$ 11,291
<b>Comprehensive loss:</b>								
Net loss	-	-	-	(684)	-	-	-	-
Currency translation adjustment, net of tax of \$62	-	-	-	-	112	-	-	-
Unrealized gains on cash flow hedges, net of tax of \$23	-	-	-	-	37	-	-	-
<b>Total comprehensive loss</b>								<b>(535)</b>
Net activity related to restricted stock units	-	-	11	-	-	-	-	11
Exercise of stock options	2	-	8	-	-	2	30	38
Tax benefit from exercise of stock options	-	-	7	-	-	-	-	7
Repurchases of CD common stock	-	-	-	-	-	(14)	(243)	(243)
Payment of dividends	-	-	-	(107)	-	-	-	(107)
Other	-	-	10	-	-	-	29	39
<b>Balance at June 30, 2006</b>	<u>1,353</u>	<u>\$ 14</u>	<u>\$ 12,045</u>	<u>\$ 5,155</u>	<u>\$ 189</u>	<u>(351)</u>	<u>\$ (6,902)</u>	<u>\$ 10,501</u>

See Notes to Consolidated Condensed Financial Statements.

**Cendant Corporation and Subsidiaries**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**(Unless otherwise noted, all amounts are in millions, except per share amounts)**

**1. Basis of Presentation and Recently Issued Accounting Pronouncements**

***Basis of Presentation***

As of June 30, 2006, Cendant Corporation was a global provider of real estate and travel services. Upon completion of the distributions of shares of Realogy Corporation (“Realogy”) and Wyndham Worldwide Corporation (“Wyndham”) to the Company’s stockholders on July 31, 2006, which are further described below, and the anticipated sale of Travelport, Inc. in August 2006, the Company’s continuing operations will consist of Avis Budget Group, which provides car and truck rentals and ancillary services to businesses and consumers in the United States and internationally.

The accompanying unaudited Consolidated Condensed Financial Statements include the accounts and transactions of Cendant Corporation and its subsidiaries (“Cendant”), as well as entities in which Cendant directly or indirectly has a controlling financial interest (collectively, the “Company”).

As of June 30, 2006, the Company operated in the following business segments:

- **Realogy (formerly known as the Real Estate Services segment)**—Franchises the real estate brokerage businesses of Realogy’s four residential brands and one commercial brand, provides real estate brokerage services, facilitates employee relocations and provides home buyers with title and closing services (this business was spun-off on July 31, 2006—see below for further information).
- **Hospitality Services**—Franchises ten lodging brands, facilitates the exchange of vacation ownership intervals and markets vacation rental properties (this business was spun-off on July 31, 2006—see below for further information).
- **Timeshare Resorts**—Markets and sells vacation ownership interests, or VOIs, to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts (this business was spun-off on July 31, 2006—see below for further information).
- **Avis Budget Group (formerly known as the Vehicle Rental segment)**—Operates and franchises our car and truck rental brands.
- **Mortgage Services**—provided home buyers with mortgage lending services through January 31, 2005 (see Note 17—Spin-off of PHH Corporation).

In presenting the Consolidated Condensed Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgments and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Consolidated Condensed Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. Certain reclassifications have been made to prior period amounts to conform to the current period presentation. The Company made a reclassification to reflect an immaterial correction to prior year vehicle-related revenues and operating expenses to conform to the current year gross reporting presentation for vehicle licensing and airport concession fees, which resulted in additional vehicle-related revenues and operating expenses of \$88 million and \$165 million during the three and six months ended June 30, 2005, respectively. Such amounts had been previously presented on a net basis. This correction had no effect on previously reported pretax income. Additionally, for the six months ended June 30, 2006, the Company has separately disclosed the operating, investing and financing portions of cash flows attributable to its discontinued operations (as described in more detail below), which in prior periods were reported on a combined basis as a single amount. These financial statements should be read in conjunction with the Company’s 2005 Annual Report on Form 10-K filed on March 1, 2006.

*Discontinued Operations.* In January 2005, the Company completed the spin-off of its former mortgage, fleet leasing and appraisal businesses in a tax-free distribution of the common stock of PHH Corporation (“PHH”) to the Company’s stockholders. In February 2005, the Company completed an initial public offering of Wright Express Corporation, 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, in June 2006, the Company entered into a definitive agreement to sell Travelport, the companies that comprise the Company’s travel distribution services businesses, for approximately \$4.3 billion. The Company recorded a non-cash impairment charge of approximately \$1.0 billion in second quarter 2006 to reflect the difference between Travelport’s carrying value and its estimated fair value, less costs to dispose. There was no tax benefit recorded in connection

with this charge. The Company also expects that in third quarter 2006, it will incur an additional loss on the sale of Travelport in connection with certain transaction-specific costs the Company may not recognize until the sale is consummated. Pursuant to Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” the account balances and activities of Wright Express, the former fleet leasing and appraisal businesses, the former Marketing Services division and Travelport have been segregated and reported as discontinued operations for all periods presented. The Company’s former mortgage business has not been 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 (see Note 17—Spin-off of PHH Corporation for more information on the venture). Summarized financial data for the aforementioned businesses are provided in Note 2—Discontinued Operations.

*Management Programs.* The Company presents separately the financial data of its management 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. Specifically, in the Company’s vehicle rental, relocation, and vacation ownership and rental businesses, assets under management programs are funded through borrowings under asset-linked funding or other similar arrangements. Additionally, through January 31, 2005, in the Company’s former mortgage services business, assets under management programs were funded through borrowings under asset-linked funding arrangements or unsecured borrowings at its former PHH subsidiary. 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 management programs. The Company believes it is appropriate to segregate the financial data of its management programs because, ultimately, the source of repayment of such debt is the realization of such assets.

#### **Separation Plan**

In October 2005, the Company’s Board of Directors preliminarily approved a plan to separate Cendant into four independent, publicly traded companies:

- **Realogy Corporation**—encompasses the Company’s Realogy segment.
- **Wyndham Worldwide Corporation**—encompasses the Company’s Hospitality Services and Timeshare Resorts segments.
- **Travelport, Inc.**—will encompass the Company’s current Travel Distribution Services segment, which is now presented as a discontinued operation.
- **Avis Budget Group, Inc.**—will encompass the Company’s current Avis Budget Group segment.

On April 24, 2006, the Company announced that in addition to continuing to pursue its original plan to distribute all of the shares of common stock of Travelport to its stockholders, the Company would also explore opportunities for the sale of such business. On June 30, 2006, the Company entered into a definitive agreement to sell Travelport, as discussed above, and on July 31, 2006 distributed all of the shares of common stock of Realogy and Wyndham to the Company’s stockholders (see Note 18—Subsequent Events for further information on the separation plan). During the three and six months ended June 30, 2006, the Company incurred costs of \$49 million and \$85 million, respectively, in connection with executing this plan, consisting primarily of legal, accounting, other professional and consulting fees and various employee costs.

In connection with its execution of the separation plan, the Company has also repaid certain of its debt and revolving credit facilities and consummated new financing arrangements (see Note 11—Long-Term Debt and Borrowing Arrangements and Note 18—Subsequent Events for further information).

#### **Changes in Accounting Policies during 2006**

*Timeshare Transactions.* In December 2004, the Financial Accounting Standards Board (“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’s revenue recognition policy for timeshare transactions has historically mandated a 10% minimum down payment (initial investment) as a prerequisite to recognizing revenue on the sale of a vacation ownership interest. SFAS No. 152 requires that the Company consider the fair value of certain incentives provided to the buyer

when assessing whether such threshold has been achieved. If the buyer's investment has not met the minimum investment criteria of SFAS No. 152, the revenue associated with the sale of the vacation ownership interest and the related cost of sales and direct costs are deferred until the buyer's commitment satisfies the requirements of SFAS No. 152. In addition, certain costs previously included in the Company's percentage-of-completion calculation prior to the adoption of SFAS No. 152 are now expensed as incurred rather than deferred until the corresponding revenue is recognized.

SFAS No. 152 requires the Company to record the estimate of uncollectible timeshare contract receivables at the time a timeshare transaction is consummated as a reduction of net revenue. Prior to the adoption of SFAS No. 152, the Company recorded such provisions within operating expense on the accompanying Consolidated Condensed Statements of Income.

SFAS No. 152 also requires that revenue in excess of costs associated with the rental of unsold units be accounted for as a reduction to the carrying value of timeshare inventory (which reduces the cost of such inventory when it is sold), and that costs in excess of revenues associated with the rental of unsold units be charged to expense as incurred. Prior to the adoption of SFAS No. 152, rental revenues and expenses were separately recorded in the Consolidated Condensed Statements of Income.

The Company adopted the provisions of SFAS No. 152 effective January 1, 2006, as required, and recorded an after tax charge of \$65 million (\$0.06 per diluted share) during the six months ended June 30, 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 was no impact to cash flows from the adoption of SFAS No. 152.

*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 the six months ended June 30, 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 15—Stock-Based Compensation for further information).

#### ***Recently Issued Accounting Pronouncements***

In July 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 provides measurement and recognition guidance related to accounting for uncertainty in income taxes. FIN 48 also requires increased disclosure with respect to the uncertainty in income taxes. The Company will adopt the provisions of FIN 48 on January 1, 2007, as required, and is currently evaluating the impact of such adoption on its financial statements.

**2. Discontinued Operations**

Summarized statement of income data for discontinued operations is as follows:

**Three Months Ended June 30, 2006**

	<b>Wright Express (a)</b>	<b>Marketing Services Division (b)</b>	<b>Travelport</b>	<b>Total</b>
Net revenues	\$ —	\$ —	\$ 687	\$ 687
Income before income taxes	\$ —	\$ —	\$ 60	\$ 60
Provision for income taxes	—	—	7	7
Income from discontinued operations, net of tax	\$ —	\$ —	\$ 53	\$ 53
Gain (loss) on disposal of discontinued operations	\$ 9	\$ (8)	\$ (1,000)	\$ (999)
Provision (benefit) for income taxes	3	(2)	(19)	(18)
Gain (loss) on disposal of discontinued operations, net of tax	\$ 6	\$ (6)	\$ (981)	\$ (981)

(a) Represents payments received from Wright Express in connection with a tax receivable agreement pursuant to which Wright Express is obligated to make payments to the Company over a 15 year term. The Company currently expects such payments to aggregate over \$400 million. However, the actual amount and timing of receipt of such payments are dependent upon a number of factors, including whether Wright Express earns sufficient future taxable income to realize the full tax benefit of the amortization of certain assets.

(b) Represent payments in connection with a guarantee obligation made to the Company's former Marketing Services division.

**Three Months Ended June 30, 2005**

	<b>Wright Express (a)</b>	<b>Marketing Services Division</b>	<b>Travelport</b>	<b>Total</b>
Net revenues	\$ —	\$ 333	\$ 653	\$ 986
Income (loss) before income taxes	\$ —	\$ (9)	\$ 83	\$ 74
Provision for income taxes	—	—	7	7
Income (loss) from discontinued operations, net of tax	\$ —	\$ (9)	\$ 76	\$ 67
Gain on disposal of discontinued operations	\$ 6	\$ —	—	\$ 6
Provision for income taxes	2	—	—	2
Gain on disposal of discontinued operations, net of tax	\$ 4	\$ —	\$ —	\$ 4

(a) Represents payments received from Wright Express in connection with a tax receivable agreement. See above for further information.

**Six Months Ended June 30, 2006**

	<b>Wright Express (a)</b>	<b>Marketing Services Division (b)</b>	<b>Travelport</b>	<b>Total</b>
Net revenues	\$ —	\$ —	\$ 1,327	\$ 1,327
Income before income taxes	\$ —	\$ —	\$ 109	\$ 109
Provision for income taxes	—	—	3	3
Income from discontinued operations, net of tax	\$ —	\$ —	\$ 106	\$ 106
Gain (loss) on disposal of discontinued operations	\$ 9	\$ (10)	\$ (1,000)	\$ (1,001)
Provision (benefit) for income taxes	3	(4)	(19)	(20)
Gain (loss) on disposal of discontinued operations, net of tax	\$ 6	\$ (6)	\$ (981)	\$ (981)

(a) Represents payments received from Wright Express in connection with a tax receivable agreement. See above for further information.

(b) Represent payments in connection with a guarantee obligation made to the Company's former Marketing Services division.

**Six Months Ended June 30, 2005**

	<u>Wright Express (a)</u>	<u>Fleet and Appraisal Businesses (a)(b)</u>	<u>Marketing Services Division</u>	<u>Travelport</u>	<u>Total</u>
Net revenues	\$ 29	\$ 134	\$ 670	\$ 1,197	\$ 2,030
Income (loss) before income taxes	\$ (7)	\$ 7	\$ 19	\$ 158	\$ 177
Provision (benefit) for income taxes	(3)	28	9	62	96
Income (loss) from discontinued operations, net of tax	\$ (4)	\$ (21)	\$ 10	\$ 96	\$ 81
Gain (loss) on disposal of discontinued operations	\$ 507	\$ (312)	\$ –	\$ –	\$ 195
Provision for income taxes	328	–	–	–	328
Gain (loss) on disposal of discontinued operations, net of tax	\$ 179	\$ (312)	\$ –	\$ –	\$ (133)

(a) Results are through the dates of disposition.

(b) 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.

Summarized balance sheet data for discontinued operations are as follows:

	<u>As of June 30, 2006 Travelport</u>	<u>As of December 31, 2005 Travelport</u>
<i>Assets of discontinued operations:</i>		
Current assets	\$ 879	\$ 676
Property and equipment, net	535	480
Goodwill	3,279	4,087
Other assets	1,634	1,645
Total assets of discontinued operations	\$ 6,327	\$ 6,888
<i>Liabilities of discontinued operations:</i>		
Current liabilities	\$ 1,250	\$ 860
Other liabilities	599	732
Total liabilities of discontinued operations (a)	\$ 1,849	\$ 1,592

(a) The balance as of June 30, 2006 and December 31, 2005 includes \$265 million and \$350 million, respectively, under the Company's revolving credit facility, as Travelport is the primary obligor for such borrowings.

**3. Earnings Per Share**

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Income from continuing operations	\$ 174	\$ 316	\$ 255	\$ 358
Income from discontinued operations	53	67	106	81
Gain (loss) on disposal of discontinued operations	(981)	4	(981)	(133)
Cumulative effect of accounting changes	–	–	(64)	–
Net income (loss)	\$ (754)	\$ 387	\$ (684)	\$ 306
Basic weighted average shares outstanding	1,002	1,050	1,004	1,052
Stock options, warrants and restricted stock units (*)	9	22	10	23
Diluted weighted average shares outstanding	1,011	1,072	1,014	1,075

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<i>Earnings per share:</i>				
Basic				
Income from continuing operations	\$ 0.17	\$ 0.30	\$ 0.25	\$ 0.34
Income from discontinued operations	0.06	0.07	0.11	0.08
Gain (loss) on disposal of discontinued operations	(0.98)	–	(0.98)	(0.13)
Cumulative effect of accounting changes	–	–	(0.06)	–
Net income (loss)	<u>\$ (0.75)</u>	<u>\$ 0.37</u>	<u>\$ (0.68)</u>	<u>\$ 0.29</u>
Diluted				
Income from continuing operations	\$ 0.17	\$ 0.29	\$ 0.25	\$ 0.33
Income from discontinued operations	0.05	0.07	0.11	0.08
Gain (loss) on disposal of discontinued operations	(0.97)	–	(0.97)	(0.13)
Cumulative effect of accounting changes	–	–	(0.06)	–
Net income (loss)	<u>\$ (0.75)</u>	<u>\$ 0.36</u>	<u>\$ (0.67)</u>	<u>\$ 0.28</u>

(\*) Excludes restricted stock units for which performance-based vesting criteria have not been achieved. Also does not reflect (i) 49 million and 38 million outstanding common stock options that were antidilutive during the three months ended June 30, 2006 and 2005, respectively, (ii) 84 million and 24 million outstanding common stock options that were antidilutive during the six months ended June 30, 2006 and 2005, respectively and (iii) 2 million outstanding warrants during the three and six months ended June 30, 2006 that were antidilutive. The increase in the number of antidilutive options for the three months ended June 30, 2006 represents approximately 11 million options that became “out-of-the-money” as a result of a decrease in the average stock price between the three months ended June 30, 2006 (\$16.64) and the three months ended June 30, 2005 (\$20.96). The increase in the number of antidilutive options for the six months ended June 30, 2006 represents approximately 60 million options that became “out-of-the-money” as a result of a decrease in the average stock price between the six months ended June 30, 2006 (\$16.65) and the six months ended June 30, 2005 (\$21.32). The weighted average exercise price for antidilutive options for the three months ended June 30, 2006 and 2005 was \$18.22 and \$25.85, respectively. The weighted average exercise price for antidilutive options for the six months ended June 30, 2006 and 2005 was \$21.49 and \$28.50, respectively. The weighted average exercise price for antidilutive warrants at June 30, 2006 was \$21.31.

#### 4. Acquisitions

Assets acquired and liabilities assumed in business combinations were recorded on the Company’s Consolidated Condensed 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 Condensed Statements of Income 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, which may be significant, will be recorded by the Company as further adjustments to the purchase price allocations. The Company is also in the process of integrating the operations of its acquired businesses and expects to incur costs relating to such integrations. These costs may result from integrating operating systems, relocating employees, closing facilities, reducing duplicative efforts and exiting and consolidating other activities. These costs will be recorded as adjustments to the purchase price or as expenses, as appropriate.

*Texas American Title Company.* On January 6, 2006, the Company completed the acquisition of multiple title companies in Texas in a single transaction for total consideration of \$109 million, which includes \$32 million in cash, net of cash acquired of \$60 million, plus a \$10 million note (subject to potential downward adjustment) payable within two years of the closing date, and \$7 million of assumed liabilities. These entities provide title and closing services, including title searches, title insurance, home sale escrow and other closing services. This acquisition resulted in goodwill (based on the preliminary purchase price) of \$30 million, none of which is expected to be deductible for tax purposes. Such goodwill was assigned to the Company’s Realogy segment. This acquisition also resulted in \$40 million of other intangible assets. This acquisition expanded the Company’s agency business into Texas and added a wholly-owned underwriter of title insurance to the title and settlement services portfolio.

*Other.* During the six months ended June 30, 2006, the Company acquired eleven real estate brokerage operations through its wholly-owned subsidiary, NRT Incorporated (“NRT”), for \$71 million in cash, in the aggregate, which resulted in goodwill (based on the preliminary allocation of the purchase price) of \$69 million that was assigned to the Company’s Realogy segment, all of which is expected to be deductible for tax purposes. These acquisitions also resulted in \$4 million of other intangible assets.

In addition, the Company acquired fourteen other individually non-significant businesses within several of its reportable segments during the six months ended June 30, 2006 for aggregate consideration of \$79 million in cash,



which resulted in goodwill (based on the preliminary allocation of the purchase price) of \$2 million, all of which is expected to be deductible for tax purposes. The goodwill was assigned to the Company's Realogy segment. These acquisitions also resulted in \$75 million of other intangible assets.

These acquisitions were not significant to the Company's results of operations, financial position or cash flows.

**Acquisition and Integration Related Costs**

During the three and six months ended June 30, 2006, the Company incurred acquisition and integration related costs of \$3 million and \$11 million, respectively, of which \$2 million and \$9 million, respectively, represented amortization of its contractual pendings and listings intangible assets, which were acquired primarily in connection with the acquisitions of real estate brokerages by NRT. The Company segregated the pendings and listings amortization to enhance the comparability of its results of operations since these intangible assets are amortized over a short period of time (generally four to five months). The remaining costs of \$1 million and \$2 million, respectively, reflect the integration of the real estate brokerages acquired by NRT.

During the three and six months ended June 30, 2005, the Company incurred acquisition and integration related costs of \$4 million and \$8 million, respectively, of which \$3 million and \$6 million, respectively, represented amortization of its contractual pendings and listings intangible assets, all of which were acquired in connection with the acquisitions of real estate brokerages by NRT. The remaining costs of \$1 million and \$2 million, respectively, reflect the integration of the real estate brokerages acquired by NRT.

**5. Intangible Assets**

Intangible assets consisted of:

	As of June 30, 2006			As of December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortized Intangible Assets</i>						
Franchise agreements	\$ 1,181	\$ 418	\$ 763	\$ 1,160	\$ 399	\$ 761
Customer lists	135	103	32	121	97	24
Below market contracts acquired	44	13	31	42	10	32
License agreement	47	3	44	47	3	44
Other	54	11	43	48	19	29
	<u>\$ 1,461</u>	<u>\$ 548</u>	<u>\$ 913</u>	<u>\$ 1,418</u>	<u>\$ 528</u>	<u>\$ 890</u>
<i>Unamortized Intangible Assets</i>						
Goodwill	<u>\$ 8,082</u>			<u>\$ 7,938</u>		
Trademarks	<u>\$ 1,314</u>			<u>\$ 1,240</u>		

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

	Balance at January 1, 2006	Goodwill Acquired during 2006	Adjustments to Goodwill Acquired during 2005	Foreign Exchange and Other	Balance at June 30, 2006
Realogy	\$ 3,163	\$ 101 (a)	\$ 13 (b)	\$ 7 (e)	\$ 3,284
Hospitality Services	1,316	—	3 (c)	15 (f)	1,334
Timeshare Resorts	1,322	—	1	—	1,323
Wyndham Worldwide	2,638	—	4	15	2,657
Avis Budget Group	2,137	—	4 (d)	—	2,141
Total Company	<u>\$ 7,938</u>	<u>\$ 101</u>	<u>\$ 21</u>	<u>\$ 22</u>	<u>\$ 8,082</u>

- (a) Primarily relates to the acquisitions of real estate brokerages by NRT (January 2006 and forward) and the acquisition of Texas American Title Company (see Note 4—Acquisitions).
- (b) Primarily relates to the acquisitions of real estate brokerages by NRT, including earnouts.
- (c) Primarily relates to the acquisition of the Wyndham Hotels and Resorts brand (October 2005).
- (d) Primarily relates to the acquisition of Budget licensees (April 2005 and forward).
- (e) Primarily relates to earnouts for the acquisitions of real estate brokerages by NRT prior to 2005.
- (f) Primarily relates to foreign exchange translation adjustments.

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Amortization expense relating to all intangible assets was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Franchise agreements	\$ 10	\$ 9	\$ 19	\$ 18
Customer lists	3	3	7	6
Below market contracts acquired	1	1	2	2
Other (*)	5	3	12	7
<b>Total</b>	<b>\$ 19</b>	<b>\$ 16</b>	<b>\$ 40</b>	<b>\$ 33</b>

(\*) Includes pendings and listings amortization expense during the three months ended June 30, 2006 and 2005 of \$2 million and \$3 million, respectively, and during the six months ended June 30, 2006 and 2005 of \$9 million and \$6 million, respectively.

**6. Restructuring and Transaction-Related Charges**

During the three and six months ended June 30, 2005, the Company recorded \$1 million and \$40 million, respectively, of restructuring and transaction-related charges, of which \$1 million and \$37 million, respectively, was incurred as a result of restructuring activities undertaken following the PHH spin-off and the IPO of Wright Express, and \$3 million relates to transaction costs incurred during the six months ended June 30, 2005 in connection with the PHH spin-off. 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 include the closure of a call center and field locations of the Company's truck rental business, consolidation of processes and offices in the Company's real estate brokerage business and reductions in staff within the Hospitality Services segment and the Company's corporate functions. The remaining liability relating to these actions was \$1 million and \$6 million at June 30, 2006 and December 31, 2005, respectively, and primarily relates to obligations under terminated leases.

**7. Vehicle Rental Activities**

The components of the Company's vehicle-related assets under management programs are as follows:

	As of June 30, 2006	As of December 31, 2005
Rental vehicles	\$ 9,664	\$ 8,247
Vehicles held for sale	134	165
	9,798	8,412
Less: Accumulated depreciation	(938)	(903)
<b>Total investment in vehicles, net</b>	<b>8,860</b>	<b>7,509</b>
Plus: Investment in Cendant Rental Car Funding (AESOP) LLC	414	374
Plus: Receivables from manufacturers	200	602
<b>Total vehicle-related, net</b>	<b>\$ 9,474</b>	<b>\$ 8,485</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Depreciation expense	\$ 346	\$ 283	\$ 663	\$ 533
Interest expense, net (*)	75	77	166	140
Lease charges	12	16	29	35
(Gain) loss on sales of vehicles, net	6	(3)	2	(11)
	<b>\$ 439</b>	<b>\$ 373</b>	<b>\$ 860</b>	<b>\$ 697</b>

(\*) Amounts for the three and six months ended June 30, 2006 exclude \$30 million of interest expense related to \$1,875 million of fixed and floating rate borrowings of Avis Budget Car Rental, LLC. Such interest is recorded within non-program related interest expense, net on the accompanying Consolidated Condensed Statement of Income.

[Table of Contents](#)**8. Income Taxes**

The Company's effective tax rate from continuing operations for the six months ended June 30, 2006 is 39.0%. Such rate differs from the Federal statutory rate of 35.0% primarily due to state and local income taxes.

The Company's effective tax rate from continuing operations for the six months ended June 30, 2005 is 40.9%. Such rate differs from the Federal statutory rate of 35.0% primarily due to the non-deductibility of the \$180 million valuation charge associated with the PHH spin-off and state and local income taxes, partially offset by a tax benefit of \$55 million related to asset basis differences.

**9. Other Current Assets**

Other current assets consisted of:

	<b>As of June 30, 2006</b>	<b>As of December 31, 2005</b>
Prepaid expenses	\$ 369	\$ 315
Timeshare inventory <sup>(a)</sup>	195	29
Other	333	207
	<u>\$ 897</u>	<u>\$ 551</u>

(a) The increase in timeshare inventory at June 30, 2006 is primarily due to increased timeshare activity and the adoption of SFAS No. 152.

**10. Accounts Payable and Other Current Liabilities**

Accounts payable and other current liabilities consisted of:

	<b>As of June 30, 2006</b>	<b>As of December 31, 2005</b>
Accounts payable	\$ 689	\$ 567
Income taxes payable	542	768
Accrued payroll and related	403	513
Accrued advertising and marketing	162	151
Accrued legal settlements	190	326
Accrued interest	169	127
Acquisition and integration-related	54	60
Other	1,068	982
	<u>\$ 3,277</u>	<u>\$ 3,494</u>

## 11. Long-term Debt and Borrowing Arrangements

Long-term debt consisted of:

	<u>Maturity Date</u>	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
<b>Corporate debt:</b>			
6 <sup>7</sup> / <sub>8</sub> % notes (a)	August 2006	\$ 850	\$ 850
4.89% notes (a)	August 2006	100	100
6 <sup>1</sup> / <sub>4</sub> % notes (b)	January 2008	799	798
6 <sup>1</sup> / <sub>4</sub> % notes (b)	March 2010	349	349
7 <sup>3</sup> / <sub>8</sub> % notes (b)	January 2013	1,192	1,192
7 <sup>1</sup> / <sub>8</sub> % notes (b)	March 2015	250	250
Revolver borrowings		200	7
Net hedging losses (d)		(123)	(47)
		<u>3,617</u>	<u>3,499</u>
<b>Avis Budget Car Rental, LLC corporate debt:</b>			
Floating rate term loan (c)	April 2012	875	—
Floating rate senior notes (c)	May 2014	250	—
7 <sup>3</sup> / <sub>8</sub> % notes (c)	May 2014	375	—
7 <sup>3</sup> / <sub>4</sub> % notes (c)	May 2016	375	—
		<u>1,875</u>	<u>—</u>
<b>Other:</b>			
Other		77	79
Total long-term debt		<u>5,569</u>	<u>3,578</u>
Less: Current portion (e)		<u>3,593</u>	<u>1,017</u>
<b>Long-term debt</b>		<u>\$ 1,976</u>	<u>\$ 2,561</u>

(a) During July 2006, the Company discharged its obligations with respect to an aggregate principal amount of \$950 million due in August 2006 under the 6<sup>7</sup>/<sub>8</sub>% and 4.89% notes.

(b) The Company repaid substantially all of these notes on July 28, 2006 (see Note 18—Subsequent Events for further information).

(c) In connection with the Company's execution of its separation plan, Avis Budget Car Rental, LLC, the parent company of the Company's vehicle rental operations, borrowed \$1,875 million in April 2006, which consists of (i) \$1,000 million of unsecured fixed rate notes and floating rate senior notes and (ii) an \$875 million secured floating rate term loan under a senior credit facility. The floating rate term loan and floating rate senior notes bear interest at three month LIBOR plus 125 basis points and three month LIBOR plus 250 basis points, respectively.

(d) As of June 30, 2006, this balance represents \$212 million of mark-to-market adjustments on current interest rate hedges, partially offset by \$89 million of net gains resulting from the termination of interest rate hedges. 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.

(e) The balances as of June 30, 2006 and December 31, 2005 include \$850 million and \$100 million of borrowings under the Company's 6<sup>7</sup>/<sub>8</sub>% and 4.89% notes, respectively, due in August 2006. The balance at June 30, 2006 also includes (i) aggregate principal of approximately \$2.5 billion outstanding under the Company's 6<sup>1</sup>/<sub>4</sub>% notes due in January 2008 and March 2010, 7<sup>3</sup>/<sub>8</sub>% notes due in January 2013 and 7<sup>1</sup>/<sub>8</sub>% notes due in March 2015 and (ii) \$200 million of borrowings under the Company's \$2.0 billion revolving credit facility, which are classified as current as such borrowings were repaid in July 2006.

At June 30, 2006, the committed credit facilities and commercial paper program available to the Company at the corporate level were as follows:

	<u>Total Capacity</u>	<u>Outstanding Borrowings</u>	<u>Letters of Credit Issued</u>	<u>Available Capacity</u>
\$2.0 billion revolving credit facility and commercial paper program (a)	\$ 2,000	\$ 200	\$ 195	\$ 1,340
\$1.5 billion revolving credit facility (b)	1,500	—	336	1,164
Letter of credit facility (c)	303	—	303	—

(a) Outstanding borrowings include \$200 million under the Company's \$2.0 billion revolving credit facility. The outstanding borrowings above do not include \$265 million of borrowings for which the Company's Travelport subsidiary is the primary obligor. This amount is included within liabilities of discontinued operations on the Company's Consolidated Condensed Balance Sheet at June 30, 2006. In addition to the letters of credit issued as of June 30, 2006, the revolving credit facility contains the committed capacity to issue an additional \$1,340 million in letters of credit. Total capacity under this program was reduced from \$3.5 to \$2.0 billion in 2006. The Company repaid and terminated this facility on July 28, 2006 and refinanced the \$265 million of borrowings for which the Company's Travelport subsidiary is the primary obligor (see Note 18—Subsequent Events).

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- (b) This secured revolving credit facility was entered into by Avis Budget Car Rental, LLC in April 2006, has a five year term and currently bears interest at one month LIBOR plus 150 basis points.
- (c) Final maturity date is July 2010.

During second quarter 2006, Realogy entered into (i) a \$1,650 million credit facility consisting of a \$1,050 million revolving credit facility and a \$600 million term loan facility and (ii) a \$1,325 million interim loan facility. No amounts were outstanding under any of these facilities at June 30, 2006. The Company does not have any obligations related to these facilities, nor does the Company have access to these facilities, as they were entered into by Realogy, which was spun-off on July 31, 2006 (see Note 18—Subsequent Events).

As of June 30, 2006, the Company also had \$400 million of availability for public debt or equity issuances under a shelf registration statement.

Certain of the Company's debt instruments and credit facilities contain restrictive covenants, including restrictions on indebtedness, mergers, limitations on liens, liquidations and sale and leaseback transactions, and also require the maintenance of certain financial ratios. At June 30, 2006, the Company was in compliance with all restrictive and financial covenants. The Company's debt instruments permit the debt issued thereunder to be accelerated upon certain events, including the failure to pay principal when due under any of the Company's other debt instruments or credit facilities subject to materiality thresholds. The Company's credit facilities permit the loans made thereunder to be accelerated upon certain events, including the failure to pay principal when due under any of the Company's debt instruments subject to materiality thresholds.

## **12. Debt Under Management Programs and Borrowing Arrangements**

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

	<b>As of June 30, 2006</b>	<b>As of December 31, 2005</b>
Vehicle rental program		
Cendant Rental Car Funding (a)	\$ 6,040	\$ 6,957
Other	1,091	952
Timeshare program	1,949	1,800
Relocation program	757	757
Vacation rental program	215	207
	<u>\$ 10,052</u>	<u>\$ 10,673</u>

(a) The change in the balance at June 30, 2006 principally reflects the payment of vehicle-backed notes with a portion of the proceeds from the issuance \$1,875 million of fixed and floating rate notes by Avis Budget Car Rental, LLC in April 2006, partially offset by the issuance of floating rate vehicle-backed notes at various interest rates to support the acquisition of vehicles used in the Company's vehicle rental business.

The following table provides the contractual maturities of the Company's debt under management programs (including related party debt due to Cendant Rental Car Funding) at June 30, 2006 (except for notes issued under the Company's timeshare program where the underlying indentures require payments based on cash inflows relating to the corresponding assets under management programs and for which estimates of repayments have been used):

	<b>As of June 30, 2006</b>
Within 1 year	\$ 3,640
Between 1 and 2 years	2,162
Between 2 and 3 years	1,714
Between 3 and 4 years	370
Between 4 and 5 years	1,321
Thereafter	845
	<u>\$ 10,052</u>

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As of June 30, 2006, available funding under the Company's management programs (including related party debt due to Cendant Rental Car Funding) consisted of:

	<u>Total Capacity (a)</u>	<u>Outstanding Borrowings</u>	<u>Available Capacity</u>
Vehicle rental program			
Cendant Rental Car Funding (b)	\$ 7,040	\$ 6,040	\$ 1,000
Other (c)	1,526	1,091	435
Timeshare program (d)	2,134	1,949	185
Relocation program (e)	860	757	103
Vacation rental program (f)	215	215	—
	<u>\$ 11,775</u>	<u>\$ 10,052</u>	<u>\$ 1,723</u>

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

(b) The outstanding debt is collateralized by approximately \$8.2 billion of underlying vehicles (the majority of which are subject to manufacturer repurchase obligations) and related assets.

(c) The outstanding debt is collateralized by approximately \$1.4 billion of underlying vehicles (the majority of which are subject to manufacturer repurchase obligations) and related assets.

(d) The outstanding debt is collateralized by approximately \$3.2 billion of timeshare-related assets. Borrowings under the Company's asset-linked facility (\$600 million) are also recourse to Cendant.

(e) The outstanding debt is collateralized by \$946 million of underlying relocation receivables and related assets.

(f) The outstanding debt consists of \$145 million of capital leases and \$70 million of bank debt. The bank debt is collateralized by \$103 million of land and related vacation rental assets.

The capital lease obligations have corresponding assets classified within assets under management programs on the Company's Consolidated Condensed Balance Sheet as of June 30, 2006.

Certain of the Company's debt instruments and credit facilities related to its management 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. At June 30, 2006, the Company was in compliance with all financial covenants of its debt instruments and credit facilities related to management programs.

### **13. Commitments and Contingencies**

The Internal Revenue Service ("IRS") is currently examining the Company's taxable years 1998 through 2002. Over the course of this audit, the Company has responded to various requests for information, primarily focused on the 1999 statutory merger of the Company's former fleet business; the calculation of the stock basis in the 1999 sale of a subsidiary; and the deductibility of expenses associated with the shareholder class action litigation. To date, the Company has not agreed to any IRS proposed adjustments related to such period. Although the Company believes it has appropriate support for the positions taken on its tax returns, the Company has recorded a liability for its best estimate of the probable loss on certain of these positions. The Company believes that its accruals for tax liabilities are adequate for all open years, based on its assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. Although the Company believes its 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 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 its assessments are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and recorded assets and liabilities. Based on the results of an audit or litigation, a material effect on our income tax provision, net income, or cash flows in the period or periods for which that determination is made could result.

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 \$70 million recorded on its Consolidated Condensed Balance Sheet as of June 30, 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. The Company does not believe that the impact of any unresolved proceedings should result in a material liability to the Company in relation to its consolidated financial position or liquidity as Realogy and Wyndham Worldwide, at the time of separation, 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 (see Note 18—Subsequent Events). Additionally, in the event that Travelport is distributed to Cendant's stockholders and not sold, it will assume a portion of the responsibility for these litigation matters (which would reduce the respective portions assumed by Realogy and Wyndham Worldwide). Such litigation being assumed by Realogy and Wyndham Worldwide includes litigation retained by the Company in connection with the sale of its former Marketing Services division, two patent infringement cases and a dispute regarding expenses related to a settled breach of contract claim.

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In addition, pursuant to the Separation and Distribution Agreement (See Note 18—Subsequent Events), Realogy, Wyndham Worldwide 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 Cendant is a named party, including a regulatory proceeding and a class action lawsuit related to a Realogy joint venture.

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.

### 14. Stockholders' Equity

#### *Dividend Payments*

During the six months ended June 30, 2006 and 2005, the Company paid cash dividends of \$113 million (\$0.11 per share during the first quarter) and \$192 million (\$0.09 per share each quarter), respectively.

#### *Share Repurchases*

During the six months ended June 30, 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 (approximately 14 million shares) of Cendant common stock under its common stock repurchase program. During the six months ended June 30, 2005, the Company used \$269 million of available cash and \$191 million of proceeds primarily received in connection with option exercises to repurchase approximately \$460 million (approximately 24 million shares) of Cendant common stock under its common stock repurchase program.

#### *Accumulated Other Comprehensive Income*

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

	<u>Currency Translation Adjustments</u>	<u>Unrealized Gains on Cash Flow Hedges</u>	<u>Minimum Pension Liability Adjustment</u>	<u>Accumulated Other Comprehensive Income</u>
Balance, January 1, 2006	\$ 77	\$ 43	\$ (80)	\$ 40
Current period change	112	37	—	149
Balance, June 30, 2006	<u>\$ 189</u>	<u>\$ 80</u>	<u>\$ (80)</u>	<u>\$ 189</u>

### 15. Stock-Based Compensation

The Company records compensation expense for all outstanding employee stock awards. The Company recorded pre-tax stock-based compensation expense of \$12 million and \$15 million (\$7 million and \$9 million, after tax) during second quarter 2006 and 2005, respectively, and \$31 million (\$19 million, after tax) during the six months ended June 30, 2006 and 2005 related to employee stock awards that were granted or modified by Cendant. The expense recorded in the six months ended June 30, 2006 includes a pre-tax charge of \$7 million relating to the extension of the exercisable life of certain stock options. The expense recorded in the six months ended June 30, 2005 includes \$5 million related to the accelerated vesting of restricted stock units ("RSUs") of individuals terminated in connection with the Company's 2005 restructuring initiatives (see Note 6—Restructuring and Transaction-Related Charges). Such pre-tax stock-based compensation expense is recorded within general and administrative expenses on the accompanying Consolidated Condensed Statements of Income.

The Company also recorded pre-tax stock-based compensation expense of \$3 million and \$5 million (\$2 million and \$3 million, after tax) during second quarter 2006 and 2005, respectively, and \$7 million and \$11 million (\$4 million and \$7 million, after tax) during the six months ended June 30, 2006 and 2005, respectively, within discontinued operations.

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The activity related to the Company's RSU and stock option plans consisted of:

	<b>Six Months Ended June 30, 2006</b>			
	<b>RSUs</b>		<b>Options</b>	
	<b>Number of RSUs (c)</b>	<b>Weighted Average Grant Price</b>	<b>Number of Options (d)</b>	<b>Weighted Average Exercise Price</b>
Balance at January 1, 2006	23	\$ 20.65	129	\$ 18.09
Vested/exercised (a)	(1)	13.90	(4)	10.44
Cancelled	(1)	20.60	(5)	20.65
Balance at June 30, 2006 (b)	<u>21</u>	<u>\$ 20.95</u>	<u>120</u>	<u>\$ 18.21</u>

(a) Stock options exercised during the six months ended June 30, 2006 had an intrinsic value of approximately \$22 million.

(b) As of June 30, 2006, the Company's outstanding "in-the-money" stock options and RSUs had aggregate intrinsic value of \$208 million and \$339 million, respectively. Aggregate unrecognized compensation expense related to outstanding stock options and RSUs amounted to \$428 million as of June 30, 2006.

(c) As a result of the Company's separation, approximately 11 million of the RSUs outstanding at June 30, 2006 are expected to vest and convert into shares of Cendant, Realogy and Wyndham based upon the pro rata market value of each new company. An additional 10 million RSUs are expected to be cancelled in connection with the separation.

(d) Options outstanding as of June 30, 2006 have a weighted average remaining contractual life of 2.9 years and include 118 million exercisable options, with a weighted average remaining contractual life of 2.9 years.

**16. Segment Information**

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which 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-program related depreciation and amortization, non-program related interest, amortization of pendings and listings, income taxes and minority interest. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	<b>Three Months Ended June 30,</b>			
	<b>2006</b>		<b>2005</b>	
	<b>Revenues</b>	<b>EBITDA</b>	<b>Revenues</b>	<b>EBITDA</b>
Realogy	\$ 1,903	\$ 306	\$ 2,043	\$ 393
Hospitality Services	421	77	367	100
Timeshare Resorts	479	84	436	73
Wyndham Worldwide	900	161	803	173
Avis Budget Group	1,439	111	1,312	128
Total Reportable Segments	4,242	578	4,158	694
Corporate and Other (a)	15	(95)	12	(35)
Total Company	<u>\$ 4,257</u>	<u>483</u>	<u>\$ 4,170</u>	<u>659</u>
Less: Non-program related depreciation and amortization		94		85
Non-program related interest expense, net		110		66
Amortization of pendings and listings		2		3
Income before income taxes and minority interest		<u>\$ 277</u>		<u>\$ 505</u>



	Six Months Ended June 30,			
	2006		2005	
	Revenues	EBITDA	Revenues	EBITDA
Realogy	\$ 3,329	\$ 427	\$ 3,452	\$ 554
Hospitality Services	830	194	762	225
Timeshare Resorts	886	151	805	113
Wyndham Worldwide	1,716	345	1,567	338
Avis Budget Group	2,758	166	2,477	194
Mortgage Services (b)	—	—	46	(181)
Total Reportable Segments	7,803	938	7,542	905
Corporate and Other (a)	31	(158)	38	(72)
Total Company	<u>\$ 7,834</u>	<u>780</u>	<u>\$ 7,580</u>	<u>833</u>
Less: Non-program related depreciation and amortization		183		172
Non-program related interest expense, net (c)		168		46
Amortization of pendings and listings		9		6
Income before income taxes and minority interest		<u>\$ 420</u>		<u>\$ 609</u>

- (a) Includes unallocated corporate overhead, the elimination of transactions between segments and the results of operations of certain non-strategic businesses. Additionally, the six months ended June 30, 2005 includes a gain of \$18 million on the sale of Homestore, Inc. common stock.
- (b) The Company's former mortgage business was disposed in connection with the spin-off of PHH in January 2005. EBITDA in the six months ended June 30, 2005 includes a \$180 million non-cash valuation charge associated with the PHH spin-off.
- (c) The 2005 amount includes the reversal of \$73 million of accrued interest associated with the resolution of amounts due under a litigation settlement reached in 1999.

## 17. Spin-off of PHH Corporation

As previously discussed, 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 common stock per every twenty shares of Cendant common stock held on January 19, 2005. Pursuant to SFAS No. 144, the Company was required to perform an impairment analysis upon completion of the PHH spin-off. Accordingly, the Company recorded a non-cash impairment charge of \$488 million in first quarter 2005, to reflect the difference between PHH's carrying value and PHH's initial market value, as determined by the average trading price of PHH common stock on February 1, 2005. The charge was recorded as a reduction to net income with an offsetting increase to retained earnings since the impaired assets had been disposed of on January 31, 2005. Of the \$488 million total charge, approximately \$180 million (\$0.17 per diluted share) was allocated to the mortgage business and, therefore, recorded within continuing operations. The remaining charge, approximately \$308 million (\$0.29 per diluted share), was allocated to the fleet leasing and appraisal businesses and, therefore, recorded within discontinued operations. There were no tax benefits recorded in connection with these charges, as such charges are not tax deductible.

Similarly, the Company incurred \$7 million of transaction costs during first quarter 2005 associated with the PHH spin-off, of which \$3 million was allocated to continuing operations (which is recorded within the restructuring and transaction-related costs line item on the Consolidated Condensed Statement of Income within the Mortgage Services segment) and \$4 million was allocated to discontinued operations (which is recorded within the gain (loss) on disposal of discontinued operations, net of tax line item on the Company's Consolidated Condensed Statement of Income). There were no tax benefits recorded in connection with these charges, as such charges are not tax deductible.

The account balances and activities of the Company's former fleet leasing and appraisal businesses, as well as the \$308 million impairment charge described above and \$4 million of transaction costs also described above, have been presented within discontinued operations (see Note 2—Discontinued Operations for summary financial data for these entities). However, as discussed above, the Company's former mortgage business has not been classified as a discontinued operation.

## 18. Subsequent Events

### *Spin-offs of 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. 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, Cendant received special cash dividends of \$2,275 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.

In connection with the spin-offs of Realogy and Wyndham, the Company entered into an agreement pursuant to which Realogy will assume 62.5% and Wyndham will assume 37.5% (or, if the sale of Travelport is not completed, Realogy will assume 50%, Wyndham will assume 30% and Travelport will assume 20%) 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 on or prior to the earlier of December 31, 2006 or the date of the separation of Travelport from the Company. Realogy will be entitled to receive 62.5% and Wyndham will be entitled to receive 37.5% (or, if the sale of Travelport is not completed, Realogy will be entitled to receive 50%, Wyndham will be entitled to receive 30% and Travelport will be entitled to receive 20%) of the proceeds (or, in certain cases, a portion thereof) from certain contingent corporate assets of Cendant, 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 earlier of December 31, 2006 or the date of the separation of Travelport from the Company. Additionally, if Realogy or Wyndham (and Travelport, if Travelport is spun-off) were to default on its payment of costs or expenses to the Company related to any such liability, the Company would be responsible for a portion of the defaulting party's obligation. 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.

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 will provide Realogy, Wyndham and Travelport with various services, including services relating to human resources and employee benefits, payroll, financial systems management, treasury and cash management, accounts payable services, telecommunications services and information technology services.

#### ***Stock-based awards***

In connection with the spin-offs of Realogy and Wyndham, on August 1, 2006, approximately 10 million RSUs outstanding at June 30, 2006 were cancelled. Each of the remaining 11 million RSUs converted into 1 Cendant RSU, one-fourth of a Realogy RSU and one-fifth of a Wyndham RSU in order to maintain the value of each employees grant immediately prior to the spin-offs. The Company will record pre-tax stock-based compensation expense of approximately \$30 million in third quarter 2006 in connection with the accelerated vesting of these RSUs, which is expected to occur in August 2006.

Also in connection with the spin-offs of Realogy and Wyndham, on August 1, 2006, outstanding stock options previously granted to the Company's employees were converted into stock options of Cendant, Realogy and Wyndham in the same ratio described above.

On August 1, 2006, following the completion of the spin-offs of Realogy and Wyndham, the Company granted (i) approximately 18 million RSUs with aggregate value of \$45 million and a four year vesting period and (ii) approximately 5 million stock-settled stock appreciation rights.

#### ***Repayment of 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 repurchasing approximately \$2.5 billion aggregate principal amount of its 6<sup>1</sup>/<sub>4</sub>% notes due in January 2008 and March 2010, 7<sup>3</sup>/<sub>8</sub>% notes due in January 2013 and 7<sup>1</sup>/<sub>8</sub>% notes due in March 2015 for cash of approximately \$2.9 billion, including accrued interest. In connection with such repurchase, the Company will record a pre-tax charge of approximately \$300 million during third quarter 2006. During July 2006, the Company also paid the \$950 million due in August 2006 under its 6<sup>7</sup>/<sub>8</sub>% and 4.89% notes.

***Termination of \$2.0 Billion Revolving Credit Facility and Asset-Linked Facility***

As a result of the execution of the separation plan, the Company repaid outstanding borrowings of \$560 million (including \$265 million which was recorded within discontinued operations) and \$600 million under its \$2.0 billion revolving credit facility and asset-linked facility, respectively, and terminated these facilities during July 2006.

***Travelport Interim Financing***

On July 18, 2006, the Company, through its Travelport subsidiary, entered into a \$2.2 billion interim credit agreement. On July 27, 2006, Travelport borrowed approximately \$1.9 billion under this credit facility, which was used by the Company to fund a portion of the repayment of its outstanding corporate debt, the funding of certain expenses in connection with the separation plan and certain other legacy liabilities and to repay outstanding Travelport borrowings under the Company's \$2.0 billion revolving credit facility. The Company must repay these borrowings and will terminate this facility concurrent with the sale of Travelport.

***Wyndham Financing***

On July 7, 2006, Wyndham entered into (i) a \$1,200 million credit facility consisting of a \$900 million revolving credit facility and a \$300 million term loan facility and (ii) an \$800 million interim loan facility. Also, on July 11, 2006, Wyndham issued \$550 million aggregate principal amount of timeshare loan-backed notes. The Company does not have any obligations related to these facilities, nor does the Company have access to these facilities, as they were entered into by Wyndham, which was spun-off on July 31, 2006.

\* \* \* \*

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

*The following discussion should be read in conjunction with our Consolidated Condensed Financial Statements and accompanying Notes thereto included elsewhere herein and with our 2005 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2006. Unless otherwise noted, all dollar amounts are in millions.*

Upon completion of the spin-offs of Realogy Corporation and Wyndham Worldwide Corporation on July 31, 2006 and the anticipated sale of Travelport, Inc. in August 2006, our continuing operations will consist of our Avis Budget Group, which provides car and truck rentals and ancillary services to businesses and consumers in the United States and internationally.

Following is a brief description of the services provided by each of our business segments:

- **Realogy (formerly known as the Real Estate Services segment)**— Through July 31, 2006, franchised the real estate brokerage businesses of our four residential brands and one commercial brand, provided real estate brokerage services, facilitated employee relocations and provided home buyers with title and closing services (this business was spun-off on July 31, 2006— see below for further information).
- **Hospitality Services**— Through July 31, 2006, franchised ten lodging brands, facilitated the exchange of vacation ownership intervals and marketed vacation rental properties (this business was spun-off of on July 31, 2006— see below for further information).
- **Timeshare Resorts**— Through July 31, 2006, marketed and sold vacation ownership interests, or VOIs, to individual consumers, provided consumer financing in connection with the sale of VOIs and provided property management services at resorts (this business was spun-off of on July 31, 2006— see below for further information).
- **Avis Budget Group (formerly known as the Vehicle Rental segment)**— operates and franchises our car and truck rental brands.
- **Mortgage Services**— provided home buyers with mortgage lending services (this business was disposed of in January 2005).

In October 2005, our Board of Directors preliminarily approved a plan to separate Cendant into four independent, publicly-traded companies:

- **Realogy Corporation**— encompasses our former Realogy segment.
- **Wyndham Worldwide Corporation**— encompasses our former Hospitality Services and Timeshare Resorts segments.
- **Travelport, Inc.**— will encompass our current Travel Distribution Services segment.
- **Avis Budget Group, Inc.**— will encompass our current Avis Budget Group segment.

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 Cendant Corporation common stock held on July 21, 2006. On April 24, 2006, we announced that in addition to continuing to pursue our original plan to spin-off Travelport to our stockholders, we would also evaluate opportunities for the sale of such business. On June 30, 2006, we entered into a definitive agreement to sell Travelport for approximately \$4.3 billion (subject to adjustment). Closing of the sale of Travelport is expected in August 2006 and is subject to certain conditions, including receipt of regulatory approvals. During the three and six months ended June 30, 2006, we incurred costs of \$49 million and \$85 million, respectively, in connection with executing our plan, consisting primarily of legal, accounting, other professional and consulting fees and various employee costs.

Also, in connection with our execution of the separation plan, we have repaid certain corporate and other debt and have entered into new financing arrangements, including (i) the completion of \$1,875 million of fixed and floating rate financing by Avis Budget Car Rental, LLC, the parent company of our vehicle rental subsidiaries, (ii) the establishment of a \$1.5 billion revolving credit facility by Avis Budget Car Rental, LLC, (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<sup>1</sup>/<sub>4</sub>% notes due in January 2008 and March 2010, 7<sup>3</sup>/<sub>8</sub>% notes due in January 2013 and 7<sup>1</sup>/<sub>8</sub>% notes due in March 2015 and (iv) the discharge of our obligations with respect to aggregate principal of \$950 million due in August 2006 under our 6<sup>7</sup>/<sub>8</sub>% 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 \$2.0 billion revolving credit facility and our asset-linked facility, respectively, and terminated these facilities during July 2006.

We have submitted several proposals to be voted upon at our annual stockholders meeting scheduled for August 29, 2006, including one to change Cendant's name to Avis Budget Group, Inc. and another to authorize a 1-for-10 reverse stock split of Cendant's common stock. If approved, these proposals are expected to become effective on September 5, 2006 and at such time we expect that our New York Stock Exchange ticker symbol will be 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 our former fleet leasing and appraisal businesses, Wright Express, our former Marketing Services division and Travelport. Although we no longer own our former mortgage business, we cannot classify such 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.

The reportable segments presented below represent our operating segments for which separate financial information is available and which 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-program related depreciation and amortization, non-program related interest, amortization of pendings and listings, income taxes and minority interest. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

**THREE MONTHS ENDED JUNE 30, 2006 VS. THREE MONTHS ENDED JUNE 30, 2005**

Our consolidated results of operations comprised the following:

	<b>Three Months Ended June 30,</b>		
	<b>2006</b>	<b>2005</b>	<b>Change</b>
Net revenues	\$ 4,257	\$ 4,170	\$ 87
Total expenses	3,980	3,665	315
Income before income taxes and minority interest	277	505	(228)
Provision for income taxes	103	188	(85)
Minority interest, net of tax	-	1	(1)
Income from continuing operations	174	316	(142)
Income from discontinued operations, net of tax	53	67	(14)
Gain (loss) on disposal of discontinued operations, net of tax	(981)	4	(985)
Net income (loss)	<u>\$ (754)</u>	<u>\$ 387</u>	<u>\$ (1,141)</u>

Net revenues and total expenses increased \$87 million (2%) and \$315 million (9%), respectively, in second quarter 2006 as compared with second quarter 2005, reflecting (i) the acquisitions of businesses during or subsequent to second quarter 2005, (ii) organic growth within our Avis Budget Group and Timeshare Resorts segments, (iii) an organic decrease in revenue within our Realogy segment and (iv) other items discussed below.

The businesses that we acquired during or subsequent to second quarter 2005 contributed to the quarter-over-quarter increase in net revenues and total expenses as follows:

<b>Acquired Business</b>	<b>Date of Acquisition</b>	<b>Contribution to Net Revenues</b>	<b>Contribution to Total Expenses</b>
Wyndham Hotels and Resorts brand	October 2005	\$ 35	\$ 37
Texas title companies		35	31
Real estate brokerages	*	76	66
		<u>\$ 146</u>	<u>\$ 134</u>

(\*) These businesses were acquired at various dates during or subsequent to second quarter 2005.

Our Avis Budget Group segment generated organic revenue growth in second quarter 2006 reflecting strong demand at both our domestic and international operations. We experienced greater car rental time and mileage ("T&M") revenue principally as a result of a 9% increase in T&M revenue per day and a 3% increase in rental days. Revenues at our Timeshare Resorts segment also grew quarter-over-quarter principally due to a 9% increase in tour flow, an 11% increase in revenue per guest and increased consumer finance income, partially offset by the impact of the adoption of SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions." See Note 1 to our Consolidated Condensed Financial Statements for further information on this accounting standard.

These revenue increases were partially offset by an organic decrease in revenues at our Realogy segment, reflecting a 16% decrease in the number of homesale transactions from our third party franchisees and a 17% decrease in the number of homesale transactions from our real estate brokerage business. Expenses also increased as a result of organic revenue

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growth (which added additional volume related expenses), higher vehicle and interest costs within Avis Budget Group, additional marketing investments, and an accrual related to local taxes payable in certain international jurisdictions related to our European vacation rental operations, which is recorded within general and administrative expenses.

The quarter-over-quarter increase in expenses also includes (i) \$49 million of expenses we incurred in second quarter 2006 resulting from the execution of our separation plan and (ii) a \$44 million increase in interest expense primarily resulting from \$1,875 million of borrowings by Avis Budget Car Rental, LLC in second quarter 2006. These borrowings were used to reduce our vehicle-related debt, which reduced vehicle-related interest expense.

Our effective tax rate for continuing operations was 37.2% for both second quarter 2006 and 2005. As a result of the above-mentioned items, income from continuing operations decreased \$142 million (45%).

Income from discontinued operations decreased \$14 million, which reflects a \$23 million reduction in net income generated by Travelport, partially offset by the absence in 2006 of a net loss of \$9 million by our former Marketing Services division, which was disposed in October 2005.

During 2006, we recognized a net loss on the disposal of discontinued operations of approximately \$1.0 billion, substantially all of which represents a non-cash impairment charge to reflect the difference between Travelport's carrying value and its estimated fair value, less costs to dispose.

As a result of the above-mentioned items, net income decreased approximately \$1.1 billion.

Following is a discussion of the results of each of our reportable segments during second quarter:

	Revenues			EBITDA		
	2006	2005	% Change	2006	2005	% Change
Realogy	\$ 1,903	\$ 2,043	(7)%	\$ 306	\$ 393	(22)%
Hospitality Services	421	367	15	77	100	(23)
Timeshare Resorts	479	436	10	84	73	15
Wyndham Worldwide	900	803	12	161	173	(7)
Avis Budget Group	1,439	1,312	10	111	128	(13)
Total Reportable Segments	4,242	4,158	2	578	694	
Corporate and Other (a)	15	12	*	(95)	(35)	
Total Company	\$ 4,257	\$ 4,170	2	483	659	
Less: Non-program related depreciation and amortization				94	85	
Non-program related interest expense, net				110	66	
Amortization of pendings and listings				2	3	
Income before income taxes and minority interest				\$ 277	\$ 505	

(\*) Not meaningful.

(a) Includes unallocated corporate overhead, the elimination of transactions between segments and the results of operations of certain non-strategic businesses.

### **Realogy (formerly, Real Estate Services)**

Revenues and EBITDA decreased \$140 million (7%) and \$87 million (22%), respectively, during second quarter 2006 as compared with second quarter 2005, principally reflecting reduced homesale volumes, partially offset by growth in the average prices of homes sold and the impact of acquisitions consummated during or subsequent to second quarter 2005.

Royalty revenue within our real estate franchise business decreased \$13 million (9%) in second quarter 2006 as compared with second quarter 2005. Such decrease was primarily driven by a 16% decrease in the number of homesale transactions from our third-party franchisees and a decrease in the average brokerage commission rate earned by our franchisees from 2.52% in second quarter 2005 to 2.47% in second quarter 2006. These decreases were partially offset by a 5% increase in the average price of homes sold. In addition to royalties received from our third-party franchisees, our NRT brokerage subsidiary continues to pay royalties to our real estate franchise business. However, these intercompany royalties, which approximated \$96 million and \$106 million during second quarter 2006 and 2005, respectively, are eliminated in consolidation and therefore have no impact on this segment's revenues or EBITDA.

Revenue within our real estate brokerage business decreased \$154 million (9%) in second quarter 2006 as compared with second quarter 2005. This decrease is due to a reduction in commission revenue earned in 2006, partially offset by incremental revenues generated by acquisitions made by NRT during or subsequent to second quarter 2005, which together contributed incremental revenues and EBITDA of \$76 million and \$11 million, respectively, to 2006 operating results.

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Apart from these acquisitions, NRT's revenue decreased \$230 million (14%) in second quarter 2006 as compared with second quarter 2005. This decrease was substantially comprised of reduced commission income earned on homesale transactions, which was primarily driven by a 17% decline in the number of homesale transactions, partially offset by a 5% increase in the average price of homes sold. We believe that the 17% decline in homesale transactions is reflective of industry trends in the premium coastal areas we serve, particularly Florida, California and New England. EBITDA further reflects a decrease of \$157 million in commission expenses paid to real estate agents principally as a result of the reduction in revenues earned on homesale transactions.

NRT has a significant concentration of real estate brokerage offices and transactions in geographic regions where home prices are at the higher end of the U.S. real estate market, particularly the east and west coasts. The real estate franchise business has franchised offices that are more widely dispersed across the United States than our NRT real estate brokerage operations. Accordingly, operating results and homesale statistics may differ between NRT and the real estate franchise business based upon geographic presence and the corresponding homesale activity in each geographic region.

Revenue within our relocation services business decreased \$4 million (3%) during second quarter 2006 as compared with second quarter 2005, primarily reflecting a \$9 million decrease in domestic revenue due to lower average fees and volume, as well as lower relocation referral volume. These decreases were partially offset by \$5 million of incremental management fees and commissions earned in our international services due to increased international transaction volume.

Revenues from our title and settlement services business increased \$21 million (22%) during second quarter 2006 as compared with second quarter 2005 primarily due to the acquisition of multiple title and underwriting companies in Texas in a single transaction in January 2006, which contributed \$35 million of revenue and \$4 million of EBITDA to our second quarter 2006 operating results. These entities provide title and closing services, including title searches, title insurance, homesale escrow and other closing services. This increase was partially offset by a \$17 million decline in title and closing revenues principally from reduced resale and refinancing volume consistent with the decline in overall homesale transactions noted in the other real estate services businesses.

Apart from NRT's significant acquisitions and real estate agent commission expense as well as the acquisition of the title and underwriting companies in Texas (each of which is discussed separately above), operating, marketing and administrative expenses remained relatively constant quarter-over-quarter. Cost savings within our real estate brokerage business, primarily relating to reduced incentive compensation as a result of reduced profitability and marketing campaigns, were offset by restructuring and separation costs and inflationary and other office-related cost increases within our real estate brokerage business.

### ***Hospitality Services***

Revenues increased \$54 million (15%), while EBITDA decreased \$23 million (23%), in second quarter 2006 as compared with second quarter 2005. The revenue increase is primarily attributable to the acquisition of the Wyndham Hotels and Resorts brand and increases in the key revenue drivers across all our Hospitality Services businesses, reflecting positive industry-wide dynamics. However, the quarter-over-quarter EBITDA comparison was negatively impacted by a tax accrual (recorded within general and administrative expenses) related to our European vacation rental activities, which is discussed in greater detail below.

The operating results of our lodging business reflect the acquisition of the management and franchise business of the Wyndham Hotel chain in October 2005, which contributed incremental revenue of \$35 million and an EBITDA loss of \$2 million to second quarter 2006 results. Included within the \$35 million of revenue generated by Wyndham is approximately \$28 million related to reimbursable expenses, which has no impact on EBITDA. Apart from this acquisition, revenues in our lodging business increased \$13 million quarter-over-quarter primarily due to an \$8 million (8%) increase in royalty, marketing and reservation fund revenues and a \$4 million increase in revenues generated by our TripRewards loyalty program in second quarter 2006. The \$8 million increase in royalty, marketing and reservation fund revenues was primarily due to a 10% increase in revenue per available room ("RevPAR"). The RevPAR increase reflects (i) increases in both price and occupancy principally attributable to an overall improvement in the economy lodging segment in which our hotel brands primarily operate, (ii) the termination of underperforming properties throughout 2005 that did not meet our required quality standards or their financial obligations to us and (iii) the strategic assignment of personnel to field locations designed to assist franchisees in improving their hotel operating performance.

Revenues from our vacation exchange and rental activities increased \$7 million (3%) in second quarter 2006. This increase primarily resulted from a \$5 million (6%) increase in revenue generated from our European vacation rental activities due to a 4% increase in cottage weeks sold quarter-over-quarter. In addition, revenues from business activities within our legacy RCI brand increased \$2 million (1%) in second quarter 2006 due to a \$4 million (12%) increase in other timeshare points and rental transaction revenues, partially offset by a \$2 million (8%) decrease in other transactional revenues. The increase in other timeshare points and rental transaction revenues during second quarter 2006 was principally driven by an 8% increase in the average price per rental transaction and a 3% increase in points and rental transaction volume.



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Exchange and subscription fee revenues were relatively constant quarter-over-quarter, reflecting a 4% increase in the average number of worldwide subscribers, partially offset by a 3% decrease in exchange transaction volumes. Revenue trends reflect the continued shift in the RCI timeshare membership base toward a greater mix of points members from traditional one-week timeshare members.

EBITDA further reflects an increase of approximately \$40 million (15%) in operating, marketing and administrative expenses (excluding the impact of the acquisition discussed above) principally resulting from (i) a \$25 million charge in second quarter 2006 related to local taxes payable in certain international jurisdictions, (ii) a \$7 million increase in marketing, consulting and infrastructure costs incurred to support growth within our vacation exchange and rental activities, (iii) \$4 million of increased campsite expenses from our vacation rental activities and (iv) a \$3 million increase in expenses used to fund marketing-related initiatives for our TripRewards loyalty program. These increases were partially offset by a \$6 million reduction in incentive-based compensation expense in second quarter 2006.

### ***Timeshare Resorts***

Revenues and EBITDA increased \$43 million (10%) and \$11 million (15%), respectively, in second quarter 2006 as compared with second quarter 2005. The operating results reflect organic growth in vacation ownership sales and consumer finance income as well as the impact of the adoption of SFAS No. 152. Exclusive of the estimated impact of SFAS No. 152 on our second quarter 2006 results, revenues and EBITDA increased \$89 million (20%) and \$13 million (17%), respectively.

Exclusive of the estimated impact of this accounting change, net sales of vacation ownership interests (“VOIs”) at our vacation ownership business increased by an estimated \$81 million (24%) in second quarter 2006 principally driven by an 11% increase in revenue per guest and a 9% increase in tour flow. Revenue per guest benefited from higher pricing and tour flow was positively impacted by the continued development of the Company’s in-house sales programs.

Revenues and EBITDA increased \$16 million and \$13 million, respectively, in second quarter 2006 due to incremental net interest income earned on contract receivables primarily due to growth in the portfolio. Revenue and EBITDA comparisons were negatively impacted by \$11 million of income recorded in second quarter 2005 in connection with the disposal of a parcel of land that was no longer consistent with our development plans.

EBITDA further reflects an increase of approximately \$73 million (21%) in operating, marketing and administrative expenses primarily resulting from (i) \$23 million of increased cost of sales primarily associated with increased VOI sales, (ii) \$21 million of additional commission expense associated with increased VOI sales, (iii) \$12 million of incremental marketing expenses to support sales efforts, (iv) \$5 million of incremental costs primarily incurred to fund additional staffing needs to support continued growth in the business and (v) \$4 million of increased costs associated with the remediation of one of our completed VOI resorts.

### ***Avis Budget Group (formerly, Vehicle Rental)***

Revenues increased \$127 million (10%), while EBITDA decreased \$17 million (13%) in second quarter 2006 as compared with second quarter 2005. We experienced increased demand for vehicle rentals throughout the quarter and achieved higher car rental pricing in the United States and internationally, but EBITDA margin comparisons were negatively impacted by higher fleet and interest costs.

Revenues generated by our domestic car rental operations increased \$115 million (11%) during 2006, which was comprised of an \$89 million (11%) increase in T&M revenue and a \$26 million (14%) increase in ancillary revenues. The increase in T&M revenues was principally driven by a 10% increase in T&M revenue per day and a 1% increase in the number of days a car was rented. We expect to realize continuing year-over-year price increases for the remainder of 2006 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, interest and lease charges increased \$48 million (15%) in 2006 primarily due to an increase of 2% in the average size of our domestic rental fleet and increased per-unit fleet costs for model-year 2006 vehicles as compared to model-year 2005 vehicles. However, Avis Budget Car Rental issued \$1,875 million of non-vehicle-backed debt in April 2006 and used the proceeds to reduce our vehicle-related borrowings, which reduced vehicle-related interest expense, and benefited EBITDA, by approximately \$20 million in second quarter 2006.

The \$26 million increase in ancillary revenues was due primarily to (i) a \$9 million increase in gasoline revenues, (ii) a \$9 million increase in counter sales of insurance and other items and (iii) an \$8 million increase in airport concession and vehicle licensing revenues. The increases in gasoline revenues and airport concession and vehicle licensing revenues were substantially offset in EBITDA by higher gasoline costs and airport concession and vehicle licensing expenses remitted to airport and other regulatory authorities. EBITDA from our domestic car rental operations also reflects (i) \$24 million of incremental expenses primarily representing inflationary increases in rent, salaries and wages and other fixed costs,



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(ii) \$21 million of additional expenses primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs and (iii) \$17 million of incremental travel agency and credit card commissions expense associated with the increased T&M revenue. These cost increases were partially offset by (i) a \$6 million decrease in public liability and property damage costs as a result of more favorable claims experience and (ii) \$3 million of incremental intercompany interest income which is eliminated in consolidation and has no impact on Cendant's total revenues or EBITDA.

Revenues generated by our international car rental operations increased \$29 million (19%) due to a \$21 million (20%) increase in car rental T&M revenue and an \$8 million (17%) increase in ancillary revenues. The increase in T&M revenue was principally driven by a 17% increase in the number of days a car was rented and a 3% increase in T&M revenue per day. The favorable effect of incremental T&M revenue was partially offset in EBITDA by \$12 million (35%) of increased fleet depreciation, interest and lease charges principally resulting from an increase of 17% in the average size of our international rental fleet and increased per-unit fleet costs. The \$8 million increase in ancillary revenues was primarily due to an increase in counter sales of insurance and other items. EBITDA also reflects \$18 million of higher operating expenses primarily due to increased car rental volume and other variable costs incurred to support such volume. The increases discussed above include \$17 million of revenue resulting from our acquisitions of international franchisees during or subsequent to second quarter 2005. These acquisitions had no incremental impact on EBITDA in second quarter 2006 as compared with the same period in 2005.

Budget truck rental revenues decreased \$17 million (12%) in 2006 due to a \$17 million (14%) decrease in T&M revenue, which reflects an 11% decrease in rental days and a 4% decrease in T&M revenue per day. Despite a 6% reduction in the average size of our truck rental fleet, which resulted from our efforts to focus on newer and more efficient trucks, we incurred \$6 million of incremental fleet depreciation, interest and lease charges primarily due to higher per-unit fleet costs and lower proceeds received on the disposal of older trucks.

**SIX MONTHS ENDED JUNE 30, 2006 VS. SIX MONTHS ENDED JUNE 30, 2005**

Our consolidated results of operations comprised the following:

	<b>Six Months Ended June 30,</b>		
	<b>2006</b>	<b>2005</b>	<b>Change</b>
Net revenues	\$ 7,834	\$ 7,580	\$ 254
Total expenses	7,414	6,971	443
Income before income taxes and minority interest	420	609	(189)
Provision for income taxes	164	249	(85)
Minority interest, net of tax	1	2	(1)
Income from continuing operations	255	358	(103)
Income from discontinued operations, net of tax	106	81	25
Gain (loss) on disposal of discontinued operations, net of tax	(981)	(133)	(848)
Cumulative effect of accounting changes, net of tax	(64)	-	(64)
Net income (loss)	<u>\$ (684)</u>	<u>\$ 306</u>	<u>\$ (990)</u>

Net revenues and total expenses increased \$254 million (3%) and \$443 million (6%), respectively, in the six months ended June 30, 2006 as compared with the same period in 2005. Such increases reflect (i) the acquisitions of businesses during or subsequent to the six months ended June 30, 2005, (ii) organic growth within our Avis Budget Group and Timeshare Resorts segments, (iii) an organic decrease in revenue within our Realogy segment and (iv) other items discussed below.

The businesses that we acquired during or subsequent to the six months ended June 30, 2005 contributed to the period-over-period increase in net revenues and total expenses as follows:

<u>Acquired Business</u>	<u>Date of Acquisition</u>	<u>Contribution to Net Revenues</u>	<u>Contribution to Total Expenses</u>
Wyndham Hotels and Resorts brand	October 2005	\$ 66	\$ 66
Texas title companies		64	58
Real estate brokerages	*	147	135
		<u>\$ 277</u>	<u>\$ 259</u>

(\*) These businesses were acquired at various dates during or subsequent to the six months ended June 30, 2005.

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The largest contributor to organic revenue growth period-over-period was our Avis Budget Group segment, reflecting strong demand at both our domestic and international operations. We experienced greater car rental T&M revenue principally as a result of an 8% increase in the number of days a car was rented. Revenues at our Timeshare Resorts segment also grew organically principally due to an 8% increase in tour flow, a 10% increase in revenue per guest and increased consumer finance income, partially offset by the impact of the adoption of SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions." These revenue increases were partially offset by an organic decrease in revenues at our Realogy segment, reflecting a 15% decrease in the number of homesale transactions from our third-party franchisees and a 16% decrease in the number of homesale transactions within our real estate brokerage business. Expenses also increased as a result of organic revenue growth discussed above (which added additional volume related expenses), inflationary and other increases in fixed costs within our real estate brokerage business, higher vehicle and interest costs within Avis Budget Group, additional marketing investments and an accrual related to local taxes payable in certain international jurisdictions related to our European vacation rental operations, which is recorded within general and administrative expenses. These increases were partially offset by a decrease in commission expense paid to real estate agents of our real estate brokerage business and incentive-based compensation costs.

Additionally, the revenue and expense increases were partially offset by the absence of one month of revenue generated and expenses incurred by our former mortgage business, which was disposed of on January 31, 2005. Our former mortgage business contributed revenues of \$46 million and expenses of \$49 million, excluding a \$180 million non-cash impairment charge, to our results during January 2005.

The period-over-period increase in total expenses also reflects: (i) an increase of \$122 million in interest expense primarily relating 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 and interest expense incurred on \$1,875 million of borrowings by Avis Budget Car Rental, LLC in second quarter 2006 and (ii) \$85 million of expenses we incurred in 2006 resulting from the execution of our separation plan. Such increases were partially offset by the absence in 2006 of: (i) a \$180 million non-cash impairment charge relating to the PHH spin-off and (ii) charges aggregating \$40 million primarily relating to restructuring activities undertaken following the PHH spin-off and initial public offering of Wright Express.

Our effective tax rate for continuing operations was 39.0% and 40.9% for the six months ended June 30, 2006 and 2005, respectively. The decrease in the effective tax rate for 2006 was primarily due to: (i) the non-deductibility of the valuation charge associated with the PHH spin-off in 2005 partially offset by one time tax benefits of foreign tax structuring in 2005. As a result of the above-mentioned items, income from continuing operations decreased \$103 million (29%).

Income from discontinued operations increased \$25 million, which primarily reflects (i) the absence in 2006 of net losses of \$4 million and \$21 million incurred in 2005 related to our former fuel card business, Wright Express, and our former fleet leasing and appraisal businesses, respectively (these businesses were disposed in first quarter 2005) and (ii) an increase of \$10 million in net income generated by Travelport in the six months ended June 30, 2006. These increases were partially offset by the absence of net income of \$10 million generated in the six months ended June 30, 2005 by our former Marketing Services division, which was disposed in October 2005.

The net loss we recognized on the disposal of discontinued operations increased \$848 million period-over-period, which reflects a non-cash impairment charge of approximately \$1.0 billion recognized in second quarter 2006 to reflect the difference between Travelport's carrying value and its estimated fair value, less costs to dispose and the absence of a net loss of \$133 million incurred in 2005, which includes PHH valuation and transaction-related charges of \$312 million, partially offset by a \$179 million gain recognized in connection with the initial public offering of Wright Express.

During the six months ended June 30, 2006, we also 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.

As a result of the above-mentioned items, net income decreased \$990 million.

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Following is a discussion of the results of each of our reportable segments during the six months ended June 30:

	Revenues			EBITDA		
	2006	2005	% Change	2006	2005	% Change
Realogy	\$ 3,329	\$ 3,452	(4)%	\$ 427	\$ 554	(23)%
Hospitality Services	830	762	9	194	225	(14)
Timeshare Resorts	886	805	10	151	113	34
Wyndham Worldwide	1,716	1,567	10	345	338	2
Avis Budget Group	2,758	2,477	11	166	194	(14)
Mortgage Services (a)	–	46	*	–	(181)	*
Total Reportable Segments	7,803	7,542	3	938	905	
Corporate and Other (b)	31	38	*	(158)	(72)	
Total Company	\$ 7,834	\$ 7,580	3	780	833	
Less: Non-program related depreciation and amortization				183	172	
Non-program related interest expense, net (c)				168	46	
Amortization of pendings and listings				9	6	
Income before income taxes and minority interest				\$ 420	\$ 609	

(\*) Not meaningful.

(a) Our former mortgage business was disposed in connection with the spin-off of PHH in January 2005. EBITDA in the six months ended June 30, 2005 includes a \$180 million non-cash valuation charge associated with the PHH spin-off.

(b) Includes unallocated corporate overhead, the elimination of transactions between segments and the results of operations of certain non- strategic businesses. Additionally, the six months ended June 30, 2005 include gains of \$18 million on the sale of Homestore, Inc. common stock.

(c) The 2005 amount includes the reversal of \$73 million of accrued interest associated with the resolution of amounts due under a litigation settlement reached in 1999.

**Realogy (formerly, Real Estate Services)**

Revenues and EBITDA decreased \$123 million (4%) and \$127 million (23%), respectively, for the six months ended June 30, 2006 compared with the same period in 2005, principally reflecting reduced homesale volumes, partially offset by growth in the average prices of homes sold and the impact of acquisitions consummated during or subsequent to the six months ended June 30, 2005.

Royalty revenue within our real estate franchise services business decreased \$23 million (9%) for the six months ended June 30, 2006 as compared with the same period in 2005. Such decrease was primarily attributable to (i) a 15% decrease in the number of homesale transactions from our third-party franchisees and (ii) a decrease in the average brokerage commission rate earned by our franchisees, which declined from 2.53% for the six months ended June 30, 2005 to 2.47% for the comparable period in 2006. These decreases were partially offset by a 7% increase in the average price of homes sold. In addition to royalties received from our third-party franchisees, NRT continues to pay royalties to our real estate franchise business. However, these intercompany royalties, which approximated \$169 million and \$179 million during the six months ended June 30, 2006 and 2005, respectively, are eliminated in consolidation and therefore have no impact on this segment's revenues or EBITDA.

Revenues within our real estate brokerage business decreased \$165 million (6%) for the six months ended June 30, 2006 as compared with the same period in 2005. Such decrease is primarily due to a reduction in commission revenue earned in 2006, partially offset by incremental revenues generated by acquisitions made by NRT during or subsequent to January 1, 2005, which together contributed incremental revenues and EBITDA of \$147 million and \$17 million, respectively, to 2006 operating results. Apart from these acquisitions, NRT's revenues decreased \$312 million (11%) in the six months ended June 30, 2006 as compared with the six months ended June 30, 2005. This decrease was substantially comprised of reduced commission income earned on homesale transactions, which was primarily driven by a 16% decline in the number of homesale transactions, partially offset by a 6% increase in the average price of homes sold. We believe the 16% decline in homesale transactions is reflective of industry trends in the premium coastal areas we serve, particularly Florida, California and New England. EBITDA further reflects a decrease of \$215 million in commission expenses paid to real estate agents principally as a result of the reduction in revenues earned on homesale transactions.

Revenue within our relocation services business increased \$1 million for the six months ended June 30, 2006 as compared with the same period in 2005. Such increase was primarily driven by \$8 million of incremental management fees and commissions earned in our international services operations due to increased transaction volume. This increase was

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partially offset by a \$7 million decrease in domestic revenue due to lower average fees and volume as well as lower relocation referral volume.

Revenues from our title and settlement services business increased \$43 million (27%) for the six months ended June 30, 2006 as compared with the same period in 2005 primarily due to the acquisition of multiple title and underwriting companies in Texas in a single transaction in January 2006, which contributed \$64 million of revenue and \$6 million of EBITDA to our 2006 operating results. This increase was partially offset by a \$24 million decline in title and closing revenues principally from reduced resale and refinancing volume consistent with the decline in overall homesale transactions noted in the other real estate services businesses.

Apart from NRT's acquisitions and real estate agent commission expense, as well as the acquisition of the title and underwriting companies in Texas, each of which is discussed separately above, operating, marketing and administrative expenses increased nominally period-over-period, reflecting (i) \$13 million of expenses incurred within our real estate brokerage business primarily to support an increased number of offices, (ii) \$11 million of additional restructuring and separation costs, period-over-period and (iii) \$11 million of incremental expenses primarily representing inflationary increases in rent, office administration and other fixed costs within our real estate brokerage business and (iv) a \$5 million increase in staffing and other personnel-related costs incurred within our relocation business primarily to invest in service levels. These increases were substantially offset by (i) \$24 million of cost savings within our real estate brokerage and relocation businesses primarily relating to reductions in marketing campaigns and incentive compensation as a result of reduced profitability and (ii) an \$13 million decrease in costs within our title and settlement services business reflecting reduced resale and refinance volume.

### **Hospitality Services**

Revenues increased \$68 million (9%), while EBITDA decreased \$31 million (14%), in the six months ended June 30, 2006 as compared with the same period in 2005. The revenue increase is primarily attributable to the acquisition of the Wyndham Hotels and Resorts brand, offset by incremental deferred camping revenues from our vacation rental activities. The period-over-period EBITDA comparison was negatively impacted by a tax accrual (recorded within general and administrative expenses) related to our European vacation rental activities, which is discussed in greater detail below.

The operating results of our lodging business reflect the acquisition of the management and franchise business of the Wyndham Hotel chain in October 2005, which contributed incremental revenue of \$66 million to the six months ended June 30, 2006 results, but had no effect on EBITDA partially due to the timing of marketing spend. Included within the \$66 million of revenue generated by Wyndham is approximately \$52 million related to reimbursable expenses, which has no impact on EBITDA. Apart from this acquisition, revenues in our lodging business increased \$14 million in the six months ended June 30, 2006 primarily due to a \$12 million (7%) increase in royalty, marketing and reservation fund revenues and a \$7 million increase in revenues generated by our TripRewards loyalty program, partially offset by the absence of a \$7 million gain recognized in the six months ended June 30, 2005 on the sale of a lodging related investment. The \$12 million increase in royalty, marketing and reservation fund revenues was primarily due to a 10% increase in RevPAR, partially offset by a 3% decrease in weighted average rooms available. The RevPAR increase reflects (i) increases in both price and occupancy principally attributable to an overall improvement in the economy lodging segment in which our hotel brands primarily operate, (ii) the termination of underperforming properties throughout 2005 that did not meet our required quality standards or their financial obligations to us and (iii) the strategic assignment of personnel to field locations designed to assist franchisees in improving their hotel operating performance. The decrease in weighted average rooms available reflects our termination of underperforming properties, as discussed above, and the expiration or termination of franchise agreements.

Revenues from our vacation exchange and rental activities decreased \$11 million (2%) in the six months ended June 30, 2006. This decrease primarily resulted from a \$14 million (7%) decrease in revenues generated from our European vacation rental activities which was due to \$13 million of deferred revenues on the rental of camping properties which will be recognized later in 2006 upon the arrival of campsite customers. In addition, foreign currency exchange negatively impacted revenue by \$7 million period-over-period, which was substantially offset in EBITDA by the mitigating impact of foreign exchange rates and foreign exchange hedges on expenses. These decreases were partially offset by \$7 million of increased volume related revenues generated from vacation rental activities at our non-camping properties. Revenues from business activities within our legacy RCI brand increased \$3 million (1%) in the six months ended June 30, 2006, primarily due to an \$11 million (16%) increase in other timeshare points and rental transaction revenues, partially offset by (i) a \$2 million (2%) decrease in exchange and subscription fee revenues and (ii) a \$6 million (32%) decrease in other transactional revenues. The increase in other timeshare points and rental transaction revenues during 2006 was principally driven by a 19% increase in points and rental transaction volume and a 7% increase in the average price per rental transaction. The decrease in exchange and subscription fee revenues in the six months ended June 30, 2006 was primarily driven by an 8% decrease in exchange transaction volumes and a 1% decrease in the average exchange fee, partially offset

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by a 4% increase in the average number of worldwide subscribers. The \$6 million decrease in other transactional revenues in the six months ended June 30, 2006 was primarily due to the absence of a rebate, which we received in the six months ended June 30, 2005, but was discontinued after the sale of our Marketing Services division in October 2005. Revenue trends reflect the continued shift in the RCI timeshare membership base toward a greater mix of points members from traditional one-week timeshare members.

EBITDA further reflects an increase of approximately \$35 million (6%) in operating, marketing and administrative expenses (excluding the impact of the acquisition discussed above) principally resulting from (i) a \$25 million charge in the six months ended June 30, 2006 related to local taxes payable in certain international jurisdictions, (ii) an \$11 million increase in marketing, consulting and infrastructure costs incurred to support growth within our vacation exchange and rental activities and (iii) a \$7 million increase in expenses used to fund marketing related initiatives for our TripRewards loyalty program. These increases were partially offset by a \$12 million reduction in incentive-based compensation expense.

### ***Timeshare Resorts***

Revenues and EBITDA increased \$81 million (10%) and \$38 million (34%), respectively, in the six months ended June 30, 2006 as compared with the same period in 2005. The operating results reflect organic growth in vacation ownership sales and consumer finance income as well as the impact of the adoption of SFAS No. 152. Exclusive of the estimated impact of SFAS No. 152 on our results for the six months ended June 30, 2006, revenues and EBITDA increased \$155 million (19%) and \$28 million (25%), respectively.

Exclusive of the estimated impact of this accounting change, net sales of VOIs at our vacation ownership business increased by an estimated \$141 million (23%) in the six months ended June 30, 2006 principally driven by a 10% increase in revenue per guest and an 8% increase in tour flow. Revenue per guest benefited from higher pricing and tour flow was positively impacted by the continued development of the Company's in-house sales programs.

Revenues and EBITDA increased \$25 million and \$22 million, respectively, in the six months ended June 30, 2006 due to incremental net interest income earned on contract receivables primarily due to growth in the portfolio. Revenue and EBITDA comparisons were negatively impacted by \$11 million of income recorded in second quarter 2005 in connection with the disposal of a parcel of land that was no longer consistent with our development plans.

EBITDA further reflects an increase of approximately \$124 million (18%) in operating, marketing and administrative expenses primarily resulting from (i) \$42 million of increased cost of sales primarily associated with increased VOI sales, (ii) \$33 million of additional commission expense associated with increased VOI sales, (iii) \$18 million of incremental marketing expenses to support sales efforts, (iv) \$13 million of incremental costs primarily incurred to fund additional staffing needs to support continued growth in the business, (v) \$6 million of additional vacation ownership contract receivable provisions and (vi) \$4 million of increased costs associated with the remediation of one of our completed VOI resorts.

### ***Avis Budget Group (formerly, Vehicle Rental)***

Revenues increased \$281 million (11%), while EBITDA decreased \$28 million (14%) in the six months ended June 30, 2006 as compared with the same period in 2005. We experienced increased demand for vehicle rentals throughout the year and achieved higher car rental pricing in the United States and internationally, but EBITDA margin comparisons were negatively impacted by higher fleet and interest costs.

Revenues generated by our domestic car rental operations increased \$245 million (13%) during 2006, which was comprised of a \$197 million (13%) increase in T&M revenue and a \$48 million (14%) increase in ancillary revenues. The increase in T&M revenue was principally driven by a 6% increase in both the number of days a car was rented and T&M revenue per day. We expect to realize continuing year-over-year price increases for the remainder of 2006 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, interest and lease charges increased \$122 million (21%) in 2006 primarily due to (i) an increase of 7% in the average size of our domestic rental fleet and (ii) increased per-unit fleet costs for model-year 2006 vehicles compared to model-year 2005 vehicles. However, Avis Budget Car Rental issued \$1,875 million of non-vehicle-backed debt in April 2006 and used the proceeds to reduce our vehicle-related borrowings, which reduced vehicle-related interest expense, and benefited EBITDA, by approximately \$20 million during the six months ended June 30, 2006.

The \$48 million increase in ancillary revenues was due primarily to (i) a \$20 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, (ii) a \$15 million increase in gasoline revenues and (iii) a \$13 million increase in counter sales of insurance and other items, which is inclusive of the absence in 2006 of a \$6 million settlement received from an airport authority in first quarter 2005 in connection with the mandated relocation of an Avis rental site. EBITDA from our domestic car rental operations also reflects (i) \$54 million of additional expenses

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primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, (ii) \$38 million of incremental expenses primarily representing inflationary increases in rent, salaries and wages and other fixed costs, (iii) \$26 million of incremental travel agency and credit card commissions expense associated with increased T&M revenue and (iv) \$21 million of increased expenses associated with higher gasoline costs. Such activity was partially offset by (i) \$14 million of incremental intercompany interest income, which is eliminated in consolidation and has no impact on Cendant's total revenues or EBITDA, and (ii) a \$4 million decrease in public liability and property damage costs as a result of more favorable claims experience.

Revenues generated by our international car rental operations increased \$55 million (19%) due to a \$38 million (18%) increase in car rental T&M revenue and a \$17 million (20%) increase in ancillary revenues. The increase in T&M revenue was principally driven by a 17% increase in the number of days a car was rented and a slight increase in T&M revenue per day. The favorable effect of incremental T&M revenue was partially offset in EBITDA by \$27 million (39%) of increased fleet depreciation, interest and lease charges principally resulting from an increase of 19% in the average size of our international rental fleet. The \$17 million increase in ancillary revenues was due primarily to (i) a \$9 million increase in counter sales of insurance and other items, (ii) a \$5 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 \$3 million increase in gasoline revenues. EBITDA also reflects (i) \$13 million of incremental expenses primarily representing inflationary increases in rent, salaries and wages and other fixed costs, (ii) \$12 million of higher operating expenses primarily due to increased car rental volume and other variable costs incurred to support such volume and (iii) \$3 million of incremental travel agency and credit card commissions expense associated with increased T&M revenue. The increases discussed above also include (i) \$33 million of revenue and \$4 million of EBITDA losses resulting from our acquisitions of international franchisees during or subsequent to second quarter 2005 and (ii) the effect of favorable foreign currency exchange rate fluctuations which was more than offset in EBITDA by the opposite impact of foreign currency exchange rate fluctuations on expenses.

Budget truck rental revenues decreased \$19 million (8%) in 2006 primarily representing a \$21 million (10%) decrease in T&M revenue, which reflects a 9% decrease in rental days and a slight decrease in T&M per day. Despite a 4% reduction in the average size of our truck rental fleet, which resulted from our efforts to focus on newer and more efficient trucks, we incurred \$13 million of incremental fleet depreciation, interest and lease charges primarily due to higher per-unit fleet costs and lower proceeds received on the disposal of older trucks. Such decrease was partially offset by (i) \$13 million of lower operating expenses primarily due to having a smaller and more efficient fleet, (ii) the absence of a \$6 million restructuring charge recorded in first quarter 2005 which represented costs incurred in connection with the closure of a reservation center and unprofitable Budget truck rental locations, (iii) a \$3 million decrease in travel agency and credit card commissions expense partially associated with decreased T&M revenue and (iv) a \$3 million decrease in our public liability and property damage costs as a result of more favorable claims experience.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

We present separately the financial data of our management 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. 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 management programs. We believe it is appropriate to segregate the financial data of our management programs because, ultimately, the source of repayment of such debt is the realization of such assets.

#### **FINANCIAL CONDITION**

	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>Change</b>
Total assets exclusive of assets under management programs	\$ 21,495	\$ 21,693	\$ (198)
Total liabilities exclusive of liabilities under management programs	12,481	10,203	2,278
Assets under management programs	13,675	12,411	1,264
Liabilities under management programs	12,188	12,610	(422)
Stockholders' equity	10,501	11,291	(790)

Total assets exclusive of assets under management programs decreased \$198 million principally due to (i) a \$561 million decrease in assets of discontinued operations primarily due to a non-cash impairment charge of approximately \$1.0 billion recorded in connection with the sale of Travelport, partially offset by an increase in cash attributable to the operating results of Travelport's foreign operations and the impact of fluctuations in foreign currency exchange rates on Travelport's assets and (ii) a decrease of \$289 million in cash and cash equivalents (see "Liquidity and Capital Resources-Cash Flows" for a detailed discussion). These decreases were partially offset by (i) a \$346 million increase in other current assets as a result of increased activity within our timeshare business and the adoption of a new accounting pronouncement related to timeshare transactions which resulted in the deferral of greater amounts of costs and revenues at June 30, 2006 as compared to December 31, 2005 (see Note 1 to our



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Consolidated Condensed Financial Statements), (ii) \$241 million of additional goodwill and other intangibles primarily as a result of our acquisitions of real estate brokerage operations, title companies and other individually non-significant businesses during the six months ended June 30, 2006 (see Note 4 to our Consolidated Condensed Financial Statements) and (iii) an \$80 million increase in trade receivables primarily as a result of seasonality within our real estate and vehicle rental businesses.

Total liabilities exclusive of liabilities under management programs increased approximately \$2.3 billion principally due to (i) 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, LLC in April 2006 (see "Liquidity and Capital Resources-Debt and Financing Arrangements" for a detailed account of the change in our long-term debt), (ii) a \$257 million increase in liabilities of discontinued operations due to increases in Travelport's deferred income and amounts due to travel suppliers resulting primarily from seasonality in the travel industry and (iii) a \$225 million increase in deferred income primarily due to increased activity within our timeshare business and the adoption of a new accounting pronouncement related to timeshare transactions, as discussed above.

Assets under management programs increased approximately \$1.3 billion primarily as a result of approximately \$1.4 billion of net additions to our vehicle rental fleet reflecting current and projected increases in demand, partially offset by a \$402 million decrease in amounts due from vehicle manufacturers.

Liabilities under management programs decreased \$422 million, reflecting a \$778 million decrease in outstanding borrowings within our vehicle rental business due to the repayment of vehicle-backed debt with a portion of the proceeds from the issuance of fixed and floating rate notes and term loan borrowings, discussed above, partially offset by the issuance of floating rate notes to support the acquisition of vehicles. Such decrease was partially offset by (i) \$149 million of additional borrowings within our timeshare business related to the securitization of timeshare receivables and the development of timeshare properties and (ii) a \$95 million increase in deferred income taxes. See "Liquidity and Capital Resources-Debt and Financing Arrangements" for a detailed account of the change in our debt related to management programs.

Stockholders' equity decreased \$790 million primarily due to a net loss of \$684 million (including a non-cash impairment charge of approximately \$1.0 billion in connection with the sale of Travelport) in the six months ended June 30, 2006. We also repurchased \$243 million (approximately 14 million shares) of Cendant common stock and paid \$107 million of dividends. Such decreases were partially offset by a \$149 million increase in accumulated other comprehensive income related to unrealized gains on cash flow hedges and foreign currency translation adjustments and \$45 million related to the exercise of employee stock options (including a \$7 million tax benefit).

### **LIQUIDITY AND CAPITAL RESOURCES**

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

### **CASH FLOWS**

At June 30, 2006, we had \$441 million of cash on hand, a decrease of \$289 million from \$730 million at December 31, 2005. The following table summarizes such decrease:

	<b>Six Months Ended June 30,</b>		
	<b>2006</b>	<b>2005</b>	<b>Change</b>
Cash provided by (used in):			
Operating activities	\$ 754	\$ 1,264	\$ (510)
Investing activities	(2,187)	(2,016)	(171)
Financing activities	1,025	2,108	(1,083)
Effect of exchange rate changes	–	(20)	20
Cash provided by (used in) discontinued operations	119	(1,397)	1,516
Net change in cash and cash equivalents	<u>\$ (289)</u>	<u>\$ (61)</u>	<u>\$ (228)</u>

During the six months ended June 30, 2006 we generated \$510 million less cash from operating activities in comparison to the same period in 2005. This change principally reflects (i) \$152 million of incremental tax payments made in the six months ended June 30, 2006 as compared to 2005, (ii) the absence in 2005 of \$106 million of cash inflows generated by our former mortgage business during the one month that we owned such business in 2005, (iii) a \$32 million payment made in first quarter 2006 in connection with the settlement of the PRIDES litigation, (iv) a decrease in operating results in 2006 and (v) increased working capital requirements during 2006.

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We used \$171 million more cash in investing activities during the six months ended June 30, 2006 as compared with the same period in 2005. Such change primarily reflects (i) the absence of \$958 million of net proceeds received on the initial public offering of Wright Express in the six months ended June 30, 2005 and (ii) the use of \$176 million more cash to fund acquisitions in 2006. Such decreases were partially offset by the activities of our management programs, which used approximately \$1.1 billion less cash in the six months ended June 30, 2006, primarily due to a decrease in amounts expended for vehicle purchases by our vehicle rental business, reflecting our strategy to hold vehicles for a longer duration. We anticipate aggregate capital expenditure investments for 2006 to be approximately \$340 million, which does not include capital expenditures to be made by Realogy, Wyndham and Travelport following their separation from Cendant.

We generated approximately \$1.1 billion less cash from financing activities during the six months ended June 30, 2006 in comparison with the same period in 2005. Such change principally reflects (i) activities of our management programs, which generated \$2.9 billion less cash in the six months ended June 30, 2006, primarily reflecting a decrease in net borrowings by our vehicle rental business, consistent with the reduction in vehicle purchases discussed above and (ii) a \$424 million reduction in borrowings under our revolving credit facility, which were utilized to fund acquisitions during 2005. See "Liquidity and Capital Resources—Debt and Financing Arrangements" for a detailed discussion of financing activities during the six months ended June 30, 2006. This decrease was partially offset by (i) an \$1,875 million increase in borrowings in April 2006 by Avis Budget Car Rental, LLC, and (ii) the absence in 2006 of a \$259 million reduction to cash in 2005 associated with the spin-off of PHH. See "Liquidity and Capital Resources—Debt and Financing Arrangements" for a more detailed discussion of these financing arrangements.

### DEBT AND FINANCING ARRANGEMENTS

At June 30, 2006, we had approximately \$15.7 billion of indebtedness (including corporate indebtedness of approximately \$5.6 billion and debt under management programs of approximately \$10.1 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of June 30, 2006	As of December 31, 2005	Change
<b>Corporate debt:</b>				
6 <sup>7</sup> / <sub>8</sub> % notes (a)	August 2006	\$ 850	\$ 850	\$ —
4.89% notes (a)	August 2006	100	100	—
6 <sup>1</sup> / <sub>4</sub> % notes (b)	January 2008	799	798	1
6 <sup>1</sup> / <sub>4</sub> % notes (b)	March 2010	349	349	—
7 <sup>3</sup> / <sub>8</sub> % notes (b)	January 2013	1,192	1,192	—
7 <sup>1</sup> / <sub>8</sub> % notes (b)	March 2015	250	250	—
Revolver borrowings		200	7	193
Net hedging losses (d)		(123)	(47)	(76)
		<u>3,617</u>	<u>3,499</u>	<u>118</u>
<b>Avis Budget Car Rental, LLC corporate debt:</b>				
Floating rate term loan (c)	April 2012	875	—	875
Floating rate senior notes (c)	May 2014	250	—	250
7 <sup>5</sup> / <sub>8</sub> % notes (c)	May 2014	375	—	375
7 <sup>3</sup> / <sub>4</sub> % notes (c)	May 2016	375	—	375
		<u>1,875</u>	<u>—</u>	<u>1,875</u>
Other		77	79	(2)
		<u>\$ 5,569</u>	<u>\$ 3,578</u>	<u>\$ 1,991</u>

(a) During July 2006, we discharged our obligations with respect to an aggregate principal amount of \$950 million due in August 2006 under the 6<sup>7</sup>/<sub>8</sub>% notes and 4.89% notes.

(b) We repaid substantially all of these notes on July 28, 2006. See Note 18 to our Consolidated Condensed Financial Statements for further information.

(c) In connection with the execution of our separation plan, Avis Budget Car Rental, LLC, the parent company of our vehicle rental operations, borrowed \$1,875 million in April 2006, which consists of (i) \$1,000 million of unsecured fixed rate notes and floating rate senior notes and (ii) an \$875 million secured floating rate term loan under a senior credit facility. The floating rate term loan and floating rate senior notes bear interest at three month LIBOR plus 125 basis points and three month LIBOR plus 250 basis points, respectively.

(d) As of June 30, 2006, this balance represents \$212 million of mark-to-market adjustments on current interest rate hedges, partially offset by \$89 million of net gains resulting from the termination of interest rate hedges. 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.



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The following table summarizes the components of our debt under management programs (including related party debt due to Cendant Rental Car Funding (AESOP) LLC):

	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>	<u>Change</u>
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC (a)	\$ 6,040	\$ 6,957	\$ (917)
Other	1,091	952	139
Timeshare program	1,949	1,800	149
Relocation program	757	757	-
Vacation rental program	215	207	8
	<u>\$ 10,052</u>	<u>\$ 10,673</u>	<u>\$ (621)</u>

(a) The change in the balance at June 30, 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, LLC in April 2006, partially offset by the issuance of floating rate vehicle-backed notes at various interest rates to support the acquisition of vehicles used in our vehicle rental business.

As previously discussed, we completed the spin-offs of Realogy and Wyndham on July 31, 2006. The following table reflects debt under management programs as of June 30, 2006, on a pro forma basis after giving effect to such spin-offs.

	<u>As of June 30, 2006</u>	<u>Effect of Spin-offs</u>	<u>Pro forma</u>
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC	\$ 6,040	\$ -	\$ 6,040
Other	1,091	-	1,091
Timeshare program (a)	1,949	(1,949)	-
Relocation program (b)	757	(757)	-
Vacation rental program (c)	215	(215)	-
	<u>\$ 10,052</u>	<u>\$ (2,921)</u>	<u>\$ 7,131</u>

(a) This debt was collateralized by assets of our former timeshare business. We no longer have access to such assets and in connection with our spin-off of Wyndham, we repaid \$600 million of these borrowings in July 2006. Such amount represents outstanding borrowings under our asset-linked facility as of June 30, 2006, which was terminated concurrent with such repayment.

(b) This debt was collateralized by assets of our former relocation business. We no longer have access to such assets, nor are we obligated to pay this debt.

(c) This debt was collateralized by assets of our former vacation rental business. We no longer have access to such assets, nor are we obligated to pay this debt.

As of June 30, 2006, the committed credit facility and commercial paper programs at the corporate level included:

	<u>Total Capacity</u>	<u>Outstanding Borrowings</u>	<u>Letters of Credit Issued</u>	<u>Available Capacity</u>
\$2.0 billion revolving credit facility and commercial paper program (a)	\$ 2,000	\$ 200	\$ 195	\$ 1,340
\$1.5 billion revolving credit facility (b)	1,500	-	336	1,164
Letter of credit facility (c)	303	-	303	-

(a) Outstanding borrowings include \$200 million under our \$2.0 billion revolving credit facility. The outstanding borrowings above do not include \$265 million of borrowings for which our Travelport subsidiary is the primary obligor. This amount is included within liabilities of discontinued operations on our Consolidated Condensed Balance Sheet. In addition to the letters of credit issued as of June 30, 2006, the revolving credit facility contains the committed capacity to issue an additional \$1,340 million in letters of credit. Total capacity under this program was reduced from \$3.5 to \$2.0 billion in 2006. We terminated this facility on July 31, 2006. See Note 18 to our Consolidated Condensed Financial Statements for further information.

(b) This secured revolving credit facility was entered into by Avis Budget Car Rental, LLC in April 2006, has a five year term and currently bears interest at one month LIBOR plus 150 basis points.

(c) Final maturity date is July 2010.

During second quarter 2006, Realogy entered into (i) a \$1,650 million credit facility consisting of a \$1,050 million revolving credit facility and a \$600 million term loan facility and (ii) a \$1,325 million interim loan facility. No amounts were outstanding under any of these facilities at June 30, 2006. We do not have any obligations related to these facilities, nor do we have access to these facilities, as they were entered into by Realogy, which was spun-off on July 31, 2006. During July 2006, Wyndham entered into (i) a \$1,200 million credit facility consisting of a \$900 million revolving credit facility and a \$300 million term loan facility and (ii) an \$800 million interim loan facility. Also, on July 11, 2006,

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Wyndham issued \$550 million aggregate principal amount of timeshare-loan-backed notes. We do not have any obligations related to these facilities, nor do we have access to these facilities, as they were entered into by Wyndham, which was spun-off on July 31, 2006.

The following table presents available funding under our debt arrangements related to our management programs at June 30, 2006, on a pro forma basis after giving effect to the completion of the spin-offs of Realogy and Wyndham.

	<u>Total Capacity (a)</u>	<u>Outstanding Borrowings</u>	<u>Available Capacity</u>
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC (b)	\$ 7,040	\$ 6,040	\$ 1,000
Other (c)	1,526	1,091	435
	<u>\$ 8,566</u>	<u>\$ 7,131</u>	<u>\$ 1,435</u>

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

(b) The outstanding debt is collateralized by approximately \$8.2 billion of underlying vehicles (the majority of which are subject to manufacturer repurchase obligations) and related assets.

(c) The outstanding debt is collateralized by approximately \$1.4 billion of underlying vehicles (the majority of which are subject to manufacturer repurchase obligations) and related assets.

At June 30, 2006, we also had \$400 million of availability for public debt or equity issuances under a shelf registration statement.

## **LIQUIDITY RISK**

We believe that access to our existing financing arrangements is sufficient to meet liquidity requirements for the foreseeable future. In connection with the separation, our financing arrangements have been revised or replaced so that our financing arrangements will remain sufficient to meet our liquidity needs 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 management programs, could be adversely affected by (i) the deterioration in the performance of the underlying assets of such programs and (ii) increased costs associated with the principal financing program for our vehicle rental operations if General Motors Corporation or Ford Motor Company is not able to honor its obligations to repurchase the related vehicles. Access to our credit facilities may be limited if we were to fail to meet certain financial ratios or as a result of the restructuring of such facilities resulting from our separation or under the terms of such restructured facilities.

Additionally, we monitor the maintenance of required financial ratios and, as of June 30, 2006, we were in compliance with all financial covenants under our credit and securitization facilities.

In connection with our repurchase of substantially all of our outstanding corporate debt and the termination of our principal credit facilities, our credit ratings have been withdrawn by Moody's Investors Services, Standard & Poor's and Fitch Ratings (other than Moody's ratings of Cendant's term debt maturing in August 2006).

## **CONTRACTUAL OBLIGATIONS**

Our future contractual obligations have not changed significantly from the amounts reported within our 2005 Annual Report on Form 10-K filed on March 1, 2006, with the exception of our commitment to purchase vehicles, which decreased from the amount previously disclosed by approximately \$3.9 billion to approximately \$10.5 billion at June 30, 2006 as a result of purchases during the six months ended June 30, 2006. Any changes to our obligations related to corporate indebtedness and debt under management programs are presented above within the section entitled "Liquidity and Capital Resources— Debt and Financing Arrangements" and also within Notes 11 and 12 to our Consolidated Condensed Financial Statements. The following table summarizes our future contractual obligations for the twelve month periods beginning on July 1 of each of the years set forth on a pro forma basis after giving effect to (i) the spin-offs of

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Realogy and Wyndham, (ii) the repayment of \$2.5 billion of corporate debt in July 2006 and (iii) the pre-funding of \$950 million of corporate debt in July 2006 and the repayment of borrowings under our asset-linked facility.

	2006	2007	2008	2009	2010	Thereafter	Total
Long-term debt, including current portion (a)	\$ 8	\$ 33	\$ —	\$ 12	\$ —	\$ 1,896	\$ 1,949
Asset-backed debt under programs (b)	1,738	1,844	1,413	185	1,275	676	7,131
Operating leases	50	30	6	8	11	48	153
Commitments to purchase vehicles (c)	7,142	2,130	1,211	—	—	—	10,483
Other purchase commitments	94	9	—	1	—	—	104
	<u>\$ 9,032</u>	<u>\$ 4,046</u>	<u>\$ 2,630</u>	<u>\$ 206</u>	<u>\$ 1,286</u>	<u>\$ 2,620</u>	<u>\$ 19,820</u>

(a) Consists primarily of (i) borrowings of Avis Budget Car Rental, LLC, including \$1,000 million of fixed rate notes and floating rate senior notes and an \$875 million secured floating rate term loan and (ii) \$63 million of long-term debt that was not tendered by the holders in connection with our execution of a tender offer for \$2.6 billion of our corporate debt. Also, does not include \$1,900 million of borrowings drawn by Travelport in July 2006 under its interim financing facility. See Note 18 to our Consolidated Condensed Financial Statements for further information on this facility.

(b) Represents debt under management programs (including related party debt due to Cendant Rental Car Funding), which was issued to support the purchase of assets under management programs by our vehicle rental subsidiary.

(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 agreements. The purchase of such vehicles is financed through the issuance of debt under management programs in addition to cash received upon the sale of vehicles primarily under repurchase programs.

## ACCOUNTING POLICIES

The results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. However, in presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions that we are required to make pertain to matters that are inherently uncertain as they relate to future events. Presented within the section entitled “Critical Accounting Policies” of our 2005 Annual Report on Form 10-K are the accounting policies that we believe require subjective and/or complex judgments that could potentially affect 2006 reported results (goodwill and other indefinite-lived intangible assets, income taxes and financial instruments). There have been no significant changes to those accounting policies or our assessment of which accounting policies we would consider to be critical accounting policies.

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

- 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 standard as required:

- FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes”

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

## MATTERS RELATED TO PHH CORPORATION’S FINANCIAL STATEMENTS

We have become aware through notifications required under the separation agreement between Cendant and PHH Corporation and through disclosures in PHH’s Current Report on Form 8-K filed on July 21, 2006, that PHH has concluded that its audited and unaudited financial statements for periods prior to September 30, 2005 (“Prior Financial Statements”) should not be relied upon because of errors in the Prior Financial Statements. In that Form 8-K, PHH identified what it described as certain accounting errors related to mortgage re-insurance premiums that may result in changes to its Prior Financial Statements, as well as additional accounting matters that PHH was continuing to evaluate. At the present time, since PHH has neither re-filed its Prior Financial Statements nor, to our knowledge, completed its evaluation of the additional accounting matters, we are unable to complete our assessment of whether and how the matters identified by PHH might affect our previously filed financial statements.

We do not believe that the errors identified by PHH in PHH’s Prior Financial Statements relating to mortgage re-insurance premiums would have a material impact on our financial results for the relevant periods. Furthermore, the errors described in PHH’s Form 8-K filed on July 21, 2006 would appear to impact the timing of recognition in earnings, potentially

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increasing our net income as reported for 2002, 2003 and 2004 (the last three years prior to the spin-off of PHH from Cendant) and decreasing net income as reported for 2001 and prior years. We will continue to assess additional information as and when it becomes available.

### **Item 3. Quantitative And Qualitative Disclosures About Market Risks**

We assess our market risk based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values, and cash flows based on a hypothetical 10% change (increase and decrease) in interest and foreign currency rates. We used June 30, 2006 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, that the impact of a 10% change in interest and foreign currency exchange rates and prices on our earnings, fair values and cash flows would not be material.

### **Item 4. Controls and Procedures**

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

## **PART II — OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant Corporation, Realogy Corporation, Wyndham Worldwide Corporation and Travelport, Inc., Realogy will assume 62.5% and Wyndham Worldwide will assume 37.5% (or, if the sale of Travelport is not completed, Realogy will assume 50%, Wyndham Worldwide will assume 30% and Travelport will assume 20%) 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 Worldwide, Travelport and/or the Company's vehicle rental operations, in each case incurred on or prior to the earlier of December 31, 2006 or the date of the separation of Travelport from the Company including 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 issuance of this information statement, approximately 70 lawsuits claiming to be class actions and other proceedings were commenced against Cendant and other defendants, of which a number of lawsuits have been settled. Approximately six lawsuits remain unresolved in addition to the matters 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 the PRIDES securities, between May 31, 1995 and August 28, 1998. Named as defendants are Cendant; 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, Cendant announced that it 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 Cendant receives from Ernst & Young as a result of Cendant's cross-claims against Ernst & Young as described below. This settlement received all necessary court approvals and was fully funded by Cendant on May 24, 2002.

On January 25, 1999, Cendant 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 Cendant for damages in unspecified amounts. The cross-claims assert claims for breaches of Ernst & Young's audit agreements with Cendant, negligence, breaches of fiduciary duty, fraud and contribution. On July 18, 2000, Cendant filed amended cross-claims against Ernst & Young asserting the same claims.

On March 26, 1999, Ernst & Young filed cross-claims against Cendant and certain of Cendant's 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 Cendant's 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 Cendant, and for harm to Ernst & Young's reputation. On June 4, 2001, Ernst & Young filed amended cross-claims against Cendant asserting the same claims.

Two other proceedings, *Semerenko v. Cendant Corp., et al.*, Civ. Action No. 98-5384 (D.N.J.), and *P. Schoenfield Asset Management LLC v. Cendant Corp., et al.*, Civ. Action No. 98-4734 (D.N.J.) (the "ABI Actions"), were initially commenced in October and November of 1998, respectively, on behalf of a putative class of persons who purchased securities of American Bankers Insurance Group, Inc. ("ABI") between January 27, 1998 and October 13, 1998. Named as defendants are the Company, four former CUC officers and directors and Ernst & Young. The complaints in the ABI actions, as amended on February 8, 1999, assert violations of Sections 10(b), 14(e) and 20(a) of the Exchange Act. The plaintiffs allege that they purchased shares of ABI common stock at prices artificially inflated by the accounting irregularities after we announced a cash tender offer for 51% of ABI's outstanding shares of common stock in January 1998. Plaintiffs also allege that after the disclosure of the accounting irregularities, we misstated our intention to complete the tender offer and a second step merger pursuant to which the remaining shares of ABI stock were to be acquired by us. Plaintiffs seek, among other things, unspecified compensatory damages. On April 4, 2006, we entered into an agreement to settle the ABI Actions for \$22 million. A hearing on the settlement occurred on July 24, 2006 and we expect the Court to approve the settlement.

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In addition, pursuant to the Separation and Distribution Agreement, Realogy, Wyndham Worldwide 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 Cendant is a named party, such as the litigation described below.

*In Re Homestore.com Securities Litigation*, No. 10-CV-11115 (MJP) (U.S.D.C., C.D. Cal.). On November 15, 2002, Cendant and Richard A. Smith, the Vice Chairman and President of Realogy, were added as defendants in a purported class action. The 26 other defendants in such action include Homestore.com, Inc., certain of its officers and directors and its auditors. Such action was filed on behalf of persons who purchased stock of Homestore.com (an Internet-based provider of residential real estate listings) between January 1, 2000 and December 21, 2001. The complaint in this action alleges violations of Sections 10(b) and 20(a) of the Exchange Act based on purported misconduct in connection with the accounting of certain revenues in financial statements published by Homestore during the class period. On March 7, 2003, the court granted our motion to dismiss lead plaintiff's claim for failure to state a claim upon which relief could be granted and dismissed the complaint, as against us and Mr. Smith, with prejudice. On March 8, 2004, the court entered final judgment, thus allowing for an appeal to be made regarding its decision dismissing the complaint against Cendant, Mr. Smith and others. Oral argument of the appeal took place on February 6, 2006. On June 30, 2006, the Ninth Circuit issued its decision. The Ninth Circuit affirmed the district court's dismissal of the complaint as against Cendant and Mr. Smith, but remanded the matter to the district court so that plaintiff could have the opportunity to seek leave to file an amended complaint and attempt to state a claim against Cendant and Mr. Smith in accordance with the standard for liability set forth in the Ninth Circuit's decision.

We cannot give any assurance as to the final outcome or resolution of these unresolved proceedings.

### **Item 1A. Risk Factors.**

Our 2005 Annual Report on Form 10-K includes a detailed discussion of our risk factors. The information presented below modifies and supplements those risk factors, as appropriate.

*If any of the events described in the risk factors below occur, our business, financial condition, operating results and prospects could be materially adversely affected.*

#### **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 June 30, 2006, on a pro forma basis after giving effect to the completion of the Separation Plan, our total debt would have been approximately \$9 billion and we would have had approximately \$1 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, including borrowings under our new senior secured credit facility, 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, us or our subsidiaries from incurring additional indebtedness in the future. As of June 30, 2006, on a pro forma basis after giving effect to the completion of the Separation Plan, our senior secured credit facility provided us commitments for additional borrowings of approximately \$1 billion, in the aggregate. All of those borrowings would be secured and the lenders under our new senior secured credit facility would have a prior claim to our 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.

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### ***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 our 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, including the notes. We may not be able to take any of these actions. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, particularly because of our high levels of debt and the restrictions imposed by the agreement governing our senior secured credit facility and the indenture governing our senior unsecured notes on our ability to incur additional debt and use the proceeds from asset sales. If we must sell our assets, it may negatively affect our ability to generate revenue. The inability to obtain additional financing could have a material adverse effect on our financial condition and on our ability to make scheduled payments on our debt.

If we cannot make scheduled payments on our debt, we would be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our senior secured credit facility could terminate their commitments to lend us money and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation.

### **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 rental car companies by enabling cost-conscious customers to more easily obtain and compare the rates available from various rental car companies for any given trip. 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 programs.***

Vehicle depreciation represents approximately 26% of our aggregate expenses and can vary from year to year based on the prices at which we are able to purchase and dispose of rental vehicles. For model years 2005 and 2004, approximately 99% of the rental cars purchased for our domestic car fleet was the subject of agreements requiring automobile manufacturers to repurchase them. We refer to cars subject to such agreements as “program cars.” Under these repurchase programs, automobile manufacturers agree to repurchase cars at a specified price during a specified time period, typically subject to certain car condition and mileage requirements. Repurchase programs, therefore, enable us to determine, in advance, our depreciation expense, which is a significant cost factor in our car rental operations. Repurchase 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 programs at all or on terms consistent with past practice. Should the percentage of our car rental fleet subject to repurchase programs decrease, we would expect to bear increased risk relating to the residual market value of our car rental fleet and car depreciation, which could have a material adverse effect on our results of operations and financial condition. Under such a scenario, we would have to find an alternate method for disposition of the additional non-program cars, which could significantly increase our overall fleet expenses and decrease our proceeds on sales. The overall cost of cars subject to repurchase 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 without a corresponding decrease to the original purchase price. Repurchase 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 programs is altered.

During 2005, approximately 82% 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 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 sold and returned to the car manufacturer but for which we were not paid. In addition, we might also incur 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 program. Any increased risk with respect to the likelihood of these defaults 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 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, 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 2005, we generated approximately 79% of our consolidated 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 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 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 2005 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 2005, the third quarter accounted for approximately 29% of our total revenue and



43% of our income before income taxes. Any occurrence that disrupts rental activity during the third quarter could have a disproportionately material adverse effect on 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 borrowings under our senior secured credit facility and our vehicle-backed debt, 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 June 30, 2006, on a pro forma basis after giving effect to the completion of the Separation Plan and giving effect to our interest rate derivatives with respect to the term loan, our total outstanding corporate debt of approximately \$1.9 billion included interest rate sensitive debt of approximately \$300 million (either by its original terms or through the use of interest rate derivatives), which had a weighted average interest rate of approximately 7.2% per annum. In addition, our total debt under management programs of approximately \$7.1 billion included interest rate sensitive debt of approximately \$2.4 billion (either by its original terms or through the use of interest rate derivatives), which had a weighted average interest rate of approximately 4.6% per annum. During our seasonal borrowing peak in 2005, outstanding interest rate sensitive debt totaled approximately \$2.5 billion, with a weighted average interest rate of approximately 3.7% 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 to eliminate it. In addition, because our systems contain 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 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

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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 many states, we are allowed to recover various licensing costs, concession costs and other fees that we are required to remit to government agencies, including airport authorities. Our practice is to show any such charge as an additional separately stated item on the customer invoice, to clearly disclose the existence of these fees to consumers in all distribution channels and to provide an estimated total price inclusive of surcharges and taxes. Prior opinions from the Federal Trade Commission and various courts support this business practice and we believe these pass-through charges, where imposed, are lawful. However, the Attorneys General of Virginia, Montana and Massachusetts have questioned this practice, and we cannot assure you that these or other Attorneys General may not bring an enforcement proceeding against us with respect to these matters.

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

Our franchised locations are independently owned and operated. Our agreements with our franchisees require that they comply with all laws and regulations applicable to their businesses, including our internal quality, image, service and performance policies and standards. Under our franchise agreements, our franchisees 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 franchisees. Although we maintain the right to monitor the operations of franchisees and have the ability to terminate franchise agreements for failure to adhere to contracted operational standards, we are unlikely to detect all problems. Moreover, there are occasions when our and our franchisees' 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 franchisees may expose us to liability and damages that may adversely affect our business.

### **Risks related to the separation**

#### ***We have no recent operating history as a stand-alone vehicle rental company.***

The financial information included in this quarterly report on Form 10-Q 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 we will achieve in the future. This is primarily a result of the following factors:

- Prior to the completion of the Separation Plan, 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 reflect allocations of corporate expenses from Cendant for these and similar functions. These allocations may be less than the comparable expenses we believe we would have incurred had we operated as a stand-alone vehicle rental company.
- Generally, working capital requirements and capital for general corporate purposes for the Vehicle Rental business, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Cendant's broader corporate organization. With the completion of the Separation Plan, we will not have access to the cash generated by Realogy, Wyndham Worldwide or Travelport in order to finance our working capital or other cash requirements. Without the opportunity to obtain financing from 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 Separation Plan, the cost of capital for our business may be higher than our cost of capital prior to the completion of the Separation Plan.

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- While we have entered into short-term transition agreements that will govern certain commercial and other relationships among us, Realogy, Wyndham Worldwide and Travelport after the completion of the Separation Plan, those temporary arrangements may not capture the benefits our business 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 upon the completion of the Separation Plan, and we may experience increased costs as a result of the Separation Plan.***

Realogy and Wyndham Worldwide are, and Travelport will be, 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 preparation for 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.

***The distribution or sale of Travelport may not be completed, or if completed, the terms of such transactions may differ than those currently contemplated.***

Consummation of the final stage of Separation Plan, the sale or distribution of Travelport, is subject to a number of uncertainties and the satisfaction or waiver of certain conditions precedent. If the sale of Travelport is not complete by December 31, 2006, we have agreed to distribute the common stock of Travelport to our stockholders. Therefore, we cannot provide any assurances that the Separation Plan will be completed, nor can we give assurances as to the terms on which the sale or distribution of Travelport will be consummated.

***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 will be responsible for 62.5% and 37.5%, respectively (or, in the event that Travelport is distributed and not sold, Realogy, Wyndham Worldwide and Travelport will be responsible for 50%, 30% and 20%, respectively) of certain contingent and other corporate liabilities of Cendant. More specifically, Realogy and Wyndham Worldwide (and, if applicable, Travelport) will generally assume and be responsible for the payment of their allocated percentage of all taxes imposed on us and certain of our subsidiaries and certain of our contingent and other corporate liabilities and/or our subsidiaries to the extent incurred prior to the earlier of December 31, 2006 or the date of the separation of Travelport from Cendant. 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 businesses, (ii) liabilities relating to the Travelport sale, if any, (iii) the Securities Action and the ABI Actions (for a further description of these litigation matters, see "Legal Proceedings") and (iv) generally any actions with respect to the Separation Plan 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 obligations with the proper company. Any failure by Realogy, Wyndham Worldwide or Travelport to pay any 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

### ***With the completion of the distributions of Realogy and Wyndham Worldwide, the market price of our shares may fluctuate widely.***

We cannot predict the prices at which our common stock will trade now that the distributions of Realogy and Wyndham Worldwide are complete. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our business profile and market capitalization with the completion of the distributions of Realogy and Wyndham Worldwide may not fit the investment objectives of pre-distribution Cendant stockholders, especially stockholders who held Cendant stock based on Cendant's inclusion in the S&P 500 Index, as our common stock with the completion of the distributions of Realogy and Wyndham Worldwide will not be included in the S&P 500 Index, and as a result, pre-distribution Cendant stockholders may sell our shares;
- a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results due to the seasonality of our business and other factors related to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the failure of securities analysts to cover our common stock after completion of the Realogy and Wyndham Worldwide distributions;
- 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 previously granted equity awards. As previously disclosed in our Current Report on Form 8-K dated August 4, 2006 and in the footnotes to our financial statements included herein, on August 1, 2006, we granted approximately 18 million restricted stock units and approximately 5 million stock-settled stock appreciation rights and on August 15, 2006, approximately 11 million restricted stock units and 1.1 million options are expected to vest in connection with the separation plan. Such amounts do not give effect to adjustments that will occur if our anticipated one-for-ten reverse stock split is completed. 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.

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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 4. Submission of Matters to a Vote of Security Holders**

As discussed in other sections of this Quarterly Report on Form 10-Q, Cendant commenced a series of transactions in the second quarter of 2006 for the purpose of paying off its then existing corporate indebtedness, which included cash tender offers to purchase all of our then outstanding Notes (defined below) and consent solicitations with respect to proposed amendments to the Indenture (defined below) governing such Notes. On June 14, 2006, we commenced the tender offers and solicited the consent of holders in order to eliminate substantially all of the restrictive covenants in the Indenture governing our 6.250% Senior Notes due 2008, 6.250% Senior Notes due 2010, 7.375% Senior Notes due 2013 and 7.125% Senior Notes due 2015 (collectively, the “Notes”). On June 27, 2006 (the “Consent Date”), we announced that we received consents approving the proposed amendments to the Indenture from a majority in principal amount of the holders of each series of Notes and executed the supplemental indenture described below. The amendments eliminating substantially all of the restrictive covenants in the Indenture are described in our Current Report on Form 8-K filed with the SEC on June 30, 2006, and incorporated herein by reference. The vote totals for the consents, as of 5:00 p.m. on the Consent Date, are set forth in the following table:

<u>Notes</u>	<u>Principal Amount Outstanding (\$)</u>	<u>Principal Amount Voted For (\$)</u>	<u>Principal Amount Abstained (\$)</u>
6.250% Senior Notes due 2008	800,000,000	770,225,000	29,775,000
6.250% Senior Notes due 2010	350,000,000	337,461,000	12,539,000
7.375% Senior Notes due 2013	1,200,000,000	1,182,370,000	17,630,000
7.125% Senior Notes due 2015	250,000,000	247,068,000	2,932,000

In connection with the consummation of the consent solicitations, we executed the First Supplemental Indenture, dated June 27, 2006 (the “First Supplemental Indenture”), to the Indenture, dated as of January 13, 2003, between Cendant and The Bank of Nova Scotia Trust Company of New York, as trustee. The First Supplemental Indenture became operative once we accepted for purchase all validly tendered Notes on July 28, 2006.

#### **Item 6. Exhibits**

See Exhibit Index.

**SIGNATURES**

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

**CENDANT CORPORATION**

Date: August 9, 2006

/s/ Ronald L. Nelson  
Ronald L. Nelson  
President and Chief Financial Officer

Date: August 9, 2006

/s/ John T. McClain  
John T. McClain  
Senior Vice President and  
Chief Accounting Officer

**Exhibit Index**

<u>Exhibit No.</u>	<u>Description</u>
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 Cendant's Current Report on Form 8-K dated August 1, 2006.)
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock. (Incorporated by reference to Exhibit 4.2 to Cendant's Registration Statement on Form 8-A dated July 13, 2006.)
3.4	Certificate of Designation of Series A Junior Participating Preferred Stock. (Incorporated by reference to Exhibit 4.2 to Cendant's Registration Statement on Form 8-A dated July 13, 2006.)
4.1	Rights Agreement, dated as of July 13, 2006, by and between Cendant Corporation and Mellon Investor Services, LLC, as Rights Agent, including the form of Rights Certificate as Exhibit B thereto and the form of Summary of Rights as Exhibit C thereto. (Incorporated by reference to Exhibit 4.1 to Cendant's Registration Statement on Form 8-A dated July 13, 2006.)
4.2	First Supplemental Indenture, dated as of June 27, 2006, between the Company and The Bank of Nova Scotia Trust Company of New York, as trustee, governing the 6.250% Senior Notes due 2008, the 6.250% Senior Notes due 2010, the 7.375% Senior Notes due 2013 and the 7.125% Senior Notes due 2015. (Incorporated by reference to Exhibit 4.1 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.1	Credit Agreement, dated as of July 18, 2006, among Travelport Inc., as Borrower, Galileo International Technology, LLC, as a Subsidiary Borrower, certain financial institutions as lenders, JPMorgan Chase Bank, N.A., as Administrative Agent, and Bank of America, N.A. and Citicorp North America, Inc., as Syndication Agents. (Incorporated by reference to Exhibit 10.1 to Cendant's Current Report on Form 8-K dated July 19, 2006.)
10.2	Guaranty, dated as of July 18, 2006, made by Cendant Corporation in favor of JPMorgan Chase Bank, N.A., as Administrative Agent for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of July 18, 2006 among Travelport Inc., as Borrower, Galileo International Technology, LLC, as Subsidiary Borrower, the Subsidiary Borrowers from time to time parties to the Credit Agreement and Bank of America, N.A. and Citicorp North America, Inc., as Syndication Agents. (Incorporated by reference to Exhibit 10.2 to Cendant's Current Report on Form 8-K dated July 19, 2006.)
10.3	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 Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.4	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 the issuer and The Bank of New York, as trustee, as amended by Supplemental Indenture No. 1 thereto, dated as of December 23, 2005, between the issuer and The Bank of New York, as trustee. (Incorporated by reference to Exhibit 10.2 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.5	Agreement between Cendant Corporation and Henry R. Silverman. (Incorporated by reference to Exhibit 10.3 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.6	Employment Agreement between Cendant Corporation and Ronald L. Nelson. (Incorporated by reference to Exhibit 10.5 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.7	Agreement between Cendant Corporation and James E. Buckman. (Incorporated by reference to Exhibit 10.6 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.8	Letter Agreement between Cendant Corporation and Lin Coughlin. (Incorporated by reference to Exhibit 10.8 to Cendant's Current Report on Form 8-K dated June 30, 2006.)
10.9	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 Cendant's Current Report on Form 8-K dated June 6, 2006.)
10.10	Letter Agreement between Cendant Corporation and Henry R. Silverman dated July 28, 2006.

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<u>Exhibit No.</u>	<u>Description</u>
10.11	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 Cendant's Current Report on Form 8-K dated August 1, 2006.)
10.12	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 Cendant's Current Report on Form 8-K dated August 1, 2006.)
10.13	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.
10.14	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.
10.15	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.
10.16	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.
10.17	Form of Award Agreement— Restricted Stock Units (Incorporated by reference to Exhibit 10.1 of Cendant's Current Report on Form 8-K dated August 4, 2006).
10.18	Form of Award Agreement— Stock Appreciation Rights (Incorporated by reference to Exhibit 10.2 of Cendant's Current Report on Form 8-K dated August 4, 2006).
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges.
15	Letter Re: Unaudited Interim Financial Information.
31.1	Certification of Chief Executive Officer Pursuant to Rules 13(a)-14(a) and 15(d)-14(a) Promulgated Under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13(a)-14(a) and 15(d)-14(a) Promulgated Under the Securities Exchange Act of 1934, as amended.
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.





July 28, 2006

Mr. Henry R. Silverman  
Chairman and Chief Executive Officer  
Cendant Corporation  
9 West 57th Street, 37th Floor  
New York, New York, 10019


Dear Mr. Silverman:

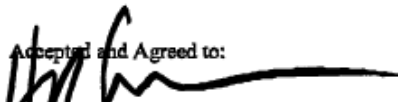
Reference is made to the Letter Agreement (the "Letter Agreement"), dated as of June 26, 2006, between you and Cendant Corporation (the "Company"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Letter Agreement.

Paragraph 3(b) of the Letter Agreement provides for a lump sum cash payment to be made to you in full satisfaction of the Company's obligation to make Cash Bonus Payments pursuant to Section 7A of (and Exhibit C to) the First Amendment. The amount of such lump sum payment was incorrectly set forth as \$18,700,000. In order to effectuate our mutual intent, you and the Company agree that the amount of such lump sum payment shall be \$19,202,794.

In order to evidence your agreement to the foregoing, please sign and return the enclosed copy of this document, which shall constitute a binding agreement between you and the Company.

CENDANT CORPORATION

By:   
Eric J. Bock  
Executive Vice President,  
Law and Corporate Secretary

Accepted and Agreed to:  
  
Henry R. Silverman

BUDGET TRUCK FUNDING, LLC  
as Issuer

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.,  
as Trustee

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BASE INDENTURE

Dated as of May 11, 2006

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Rental Truck Asset Backed Notes  
(Issuable in Series)

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BASE INDENTURE, dated as of May 11, 2006, between BUDGET TRUCK FUNDING, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (“BTF”), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association organized under the laws of the United States, as trustee (in such capacity, the “Trustee”).

### WITNESSETH:

WHEREAS, BTF has duly authorized the execution and delivery of this Base Indenture to provide for the issuance from time to time of one or more Series of Rental Truck Asset Backed Notes (the “Notes”), issuable as provided in this Base Indenture and the related Series Supplement for each Series; and

WHEREAS, all things necessary to make this Base Indenture a legal, valid and binding agreement of BTF, in accordance with its terms, have been done, and BTF proposes to do all the things necessary to make the Notes, when executed by BTF and authenticated and delivered by the Trustee hereunder and duly issued by BTF, the legal, valid and binding obligations of BTF as hereinafter provided;

NOW, THEREFORE, for and in consideration of the premises and the receipt of the Notes by the Noteholders, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Noteholders, as follows:

### ARTICLE 1. DEFINITIONS AND INCORPORATION BY REFERENCE

#### Section 1.1. Definitions.

Certain capitalized terms used herein (including the preamble and the recitals hereto) shall have the meanings assigned to such terms in the Definitions List attached hereto as Annex I (the “Definitions List”), as such Definitions List may be amended or modified from time to time in accordance with the provisions hereof.

#### Section 1.2. Cross-References.

Unless otherwise specified, references in this Base Indenture, each Series Supplement and in each other Related Document to any Article or Section are references to such Article or Section of this Base Indenture, such Series Supplement or such other Related Document, as the case may be and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

#### Section 1.3. Accounting and Financial Determinations; No Duplication.

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 Indenture, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in this Indenture, in accordance with GAAP. When used herein, the term “financial statement” shall include the notes and schedules thereto. All

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accounting determinations and computations hereunder or under any other Related Documents shall be made without duplication.

### Section 1.4. Rules of Construction.

In this Indenture, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Indenture, and reference to any Person in a particular capacity only refers to such Person in such capacity;
- (c) reference to any gender includes the other gender;
- (d) 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;
- (e) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and
- (f) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding".

## ARTICLE 2. THE NOTES

### Section 2.1. Designation and Terms of Notes.

Each Series of Notes shall be substantially in the form specified in the applicable Series Supplement related to such Series of Notes, shall be secured by the collateral specified hereunder and any additional collateral specified in the Series Supplement, and shall bear, upon its face, the designation for such Series to which it belongs as selected by BTF, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted hereby or by the applicable Series Supplement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined to be appropriate by the Authorized Officer executing such Notes, as evidenced by his execution of the Notes. All Notes of any Series shall, except as specified in the applicable Series Supplement, be equally and ratably entitled as provided herein to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Base Indenture and the applicable Series Supplement. The aggregate principal amount of Notes which may be authenticated and delivered under this Base Indenture is unlimited. The Notes of each Series shall be issued in the denominations set forth in the applicable Series Supplement.

### Section 2.2. Notes Issuable in Series.

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(a) The Notes may be issued in one or more Series. Each Series of Notes shall be created by a Series Supplement.

(b) Notes of a new Series may from time to time be executed by BTF and delivered to the Trustee for authentication and thereupon the same shall be authenticated and delivered by the Trustee upon the receipt by the Trustee of a Company Request at least two (2) Business Days in advance of the related Series Closing Date and upon delivery by BTF to the Trustee, and receipt by the Trustee, of the following:

(i) a Company Order authorizing and directing the authentication and delivery of the Notes of such new Series by the Trustee and specifying the designation of such new Series, the Initial Invested Amount (or the method for calculating the Initial Invested Amount) of such new Series to be authenticated and the Note Rate with respect to such new Series;

(ii) a Series Supplement satisfying the criteria set forth in Section 2.3 executed by BTF and the Trustee and specifying the Principal Terms of such new Series;

(iii) the related Enhancement Agreement, if any, executed by each of the parties thereto, other than the Trustee;

(iv) the prior written consent of the Required Noteholders of each Series of Notes Outstanding to the issuance of such new Series of Notes unless the proceeds of such new Series of Notes shall be required to be applied to repay in full such existing Series of Notes;

(v) an Officer's Certificate of BTF dated as of the applicable Series Closing Date to the effect that (A) no Amortization Event, Limited Liquidation Event of Default, Potential Amortization Event or Enhancement Deficiency with respect to any Series of Notes Outstanding is continuing or will occur as a result of the issuance of the new Series of Notes, (B) no Liquidation Event of Default, Borrowing Base Deficiency, Lease Event of Default or Potential Lease Event of Default is continuing or will occur as a result of the issuance of the new Series of Notes, (C) the issuance of the new Series of Notes will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which BTF is a party or by which it or its property is bound or any order of any court or administrative agency entered in any suit, action or other judicial or administrative proceeding to which BTF is a party or by which it or its property may be bound or to which it or its property may be subject, and (D) all conditions precedent provided in this Base Indenture and the related Series Supplement for the new Series of Notes with respect to the authentication and delivery of the new Series of Notes have been satisfied;

(vi) a Tax Opinion;

(vii) evidence that each of the parties to the Series Supplement and the other Related Documents with respect to the new Series of Notes has covenanted and agreed in such Series Supplement and such Related Documents that, prior to the date

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which is one year and one day after the payment in full of the latest maturing Note, it will not institute against, or join with any other Person in instituting, against BTF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any Federal or state bankruptcy or similar law;

(viii) unless otherwise specified in the related Series Supplement, an Opinion of Counsel, subject to the assumptions and qualifications stated therein, and in a form substantially acceptable to the Trustee, dated the applicable Closing Date, substantially to the effect that:

- (A) all instruments furnished to the Trustee conform in all material respects to the requirements of this Base Indenture and the related Series Supplement and constitute all the documents required to be delivered hereunder and thereunder for the Trustee to authenticate and deliver the new Series of Notes, and all conditions precedent provided for in this Base Indenture and the related Series Supplement with respect to the authentication and delivery of the new Series of Notes have been complied with in all material respects;
- (B) (1) BTF is duly organized under the jurisdiction of its incorporation and has the corporate power and authority to execute and deliver the related Series Supplement, this Base Indenture and each other Related Document to which it is a party and to issue the new Series of Notes and (2) each of BTF, the Guarantor, the Lessee and the Administrator is duly organized under the jurisdiction of its incorporation and has the corporate power and authority to execute and deliver each of the Related Documents to which it is a party and, in the case of BTF, to issue the new Series of Notes;
- (C) the related Series Supplement has been duly authorized, executed and delivered by BTF;
- (D) the new Series of Notes has been duly authorized and executed and, when authenticated and delivered in accordance with the provisions of this Base Indenture and the related Series Supplement, will constitute valid, binding and enforceable obligations of BTF entitled to the benefits of this Base Indenture and the related Series Supplement, subject, in the case of enforcement, to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and to general principles of equity;
- (E) this Base Indenture, the related Series Supplement and each of the other Related Documents to which BTF, the Administrator or the Lessee is a party is a legal, valid and binding agreement of BTF,

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the Administrator or the Lessee, as the case may be, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and to general principles of equity;

- (F) BTF is not, and is not controlled by, an "investment company" within the meaning of, and is not required to register as an "investment company" under, the Investment Company Act, and this Base Indenture and the related Series Supplement are not required to be registered under the Trust Indenture Act;
- (G) the offer and sale of the new Series of Notes, if offered in accordance with the terms of the Related Documents, has been offered pursuant to a valid exemption from registration under the Securities Act;
- (H) this Base Indenture and the related Series Supplement are not required to be registered under the Trust Indenture Act;
- (I) as to the new Series of Notes and any Outstanding Series of Notes, the Opinions of Counsel relating to (1) the validity, perfection and priority of security interests, (2) the nature of the BTF Lease as a "true lease" and not as a financing arrangement, (3) the analysis of substantive consolidation of the assets of BTF with the assets of BRAC or any Affiliate thereof in the event of insolvency of any one such party, (4) there being no pending or threatened litigation which, if adversely determined, would materially and adversely affect the ability of each of BTF, the Lessee, ABCR or the Administrator to perform its obligations under any of the Related Documents, and (5) the absence of any conflict with or violation of any court decree, injunction, writ or order applicable to BTF or any breach or default of any indenture, agreement or other instrument as a result of the issuance of such Series of Notes by BTF; and
- (J) such other matters as the Trustee may reasonably require; and
  - (ix) such other documents, instruments, certifications, agreements or other items as the Trustee may reasonably require.

Upon satisfaction of such conditions, the Trustee shall authenticate and deliver, as provided above, such Series of Notes upon execution thereof by BTF.

### Section 2.3. Series Supplement for Each Series.

In conjunction with the issuance of a new Series, the parties hereto shall execute a Series Supplement, which shall specify the relevant terms with respect to such new Series of Notes, which may include, without limitation:

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- (1) its name or designation;
- (2) the Initial Invested Amount or the method of calculating the Initial Invested Amount with respect to such Series;
- (3) the Note Rate with respect to such Series;
- (4) the Series Closing Date;
- (5) the interest payment date or dates and the date or dates from which interest shall accrue;
- (6) the method of allocating Collections allocated to such Series;
- (7) whether the Notes of such Series will be issued in multiple Classes and, if so, the method of allocating Collections allocated to such Series among such Classes and the rights and priorities of each such Class;
- (8) the method by which the principal amount of the Notes of such Series shall amortize or accrete;
- (9) the names of any Series Accounts to be used by such Series and the terms governing the operation of any such account and the use of moneys therein;
- (10) any deposit of funds to be made in any Series Account on the Series Closing Date;
- (11) the terms of any related Enhancement and the Enhancement Provider thereof, if any;
- (12) the form of the Notes and whether the Notes may be issued in bearer form and any limitations imposed thereon;
- (13) the Series Termination Date of such Series; and
- (14) any other relevant terms of such Series of Notes (including whether or not such Series will be pledged as collateral for an issuance by an Affiliate Issuer) that do not change the terms of any Series of Notes Outstanding (all such terms, the "Principal Terms" of such Series).

### Section 2.4. Execution and Authentication.

(a) The Notes shall, upon issue pursuant to Section 2.2, be executed on behalf of BTF by an Authorized Officer and delivered by BTF to the Trustee for authentication and redelivery as provided herein. If an Authorized Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

(b) At any time and from time to time after the execution and delivery of this Base Indenture, BTF may deliver Notes of any particular Series executed by BTF to the Trustee

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for authentication, together with one or more Company Orders for the authentication and delivery of such Notes, and the Trustee, in accordance with such Company Order and this Base Indenture, shall authenticate and deliver such Notes.

(c) No Note shall be entitled to any benefit under this Indenture or be valid for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein, duly executed by the Trustee by the manual signature of a Trust Officer. Such signatures on such certificate shall be conclusive evidence, and the only evidence, that the Note has been duly authenticated under this Indenture. The Trustee may appoint an authenticating agent acceptable to BTF to authenticate Notes. Unless limited by the term of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. The Trustee’s certificate of authentication shall be in substantially the following form:

This is one of the Notes of a Series issued under the within mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(d) Each Note shall be dated and issued as of the date of its authentication by the Trustee.

(e) Notwithstanding the foregoing, if any Note shall have been authenticated and delivered hereunder but never issued and sold by BTF, and BTF shall deliver such Note to the Trustee for cancellation as provided in [Section 2.12](#) together with a written statement (which need not comply with [Section 13.3](#) and need not be accompanied by an Opinion of Counsel) stating that such Note has never been issued and sold by BTF, for all purposes of this Indenture such Note shall be deemed never to have been authenticated and delivered hereunder and shall not be entitled to the benefits of this Indenture.

Section 2.5. Registrar and Paying Agent.

(a) BTF shall (i) maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the “Registrar”) and (ii) appoint a paying agent (which shall satisfy the eligibility criteria set forth in [Section 10.8\(a\)](#)) (“Paying Agent”) at whose office or agency Notes may be presented for payment. The Registrar shall keep a register of the Notes and of their transfer and exchange (the “Note Register”). BTF may appoint one or more co-registrars and one or more additional paying agents. The term “Paying Agent” includes any additional paying agent and the term “Registrar” includes any co-registrars. BTF may change any Paying Agent or Registrar without prior notice to any Noteholder. BTF shall notify the Trustee in writing of the name and address of any Agent not a party to this Base Indenture. The Trustee is hereby initially appointed as the Registrar, Paying Agent and agent for service of notices and demands in connection with the Notes.

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(b) BTF shall enter into an appropriate agency agreement with any Agent not a party to this Base Indenture. Such agency agreement shall implement the provisions of this Base Indenture that relate to such Agent. If BTF fails to maintain a Registrar or Paying Agent, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with this Base Indenture until BTF shall appoint a replacement Registrar or Paying Agent, as applicable.

### Section 2.6. Paying Agent to Hold Money in Trust.

(a) BTF will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 2.6, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee notice of any default by BTF (or any other obligor under the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Trustee hereunder at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(b) BTF may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Company Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

(c) Subject to applicable laws with respect to escheat of funds, any money held by the Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to BTF on Company Request; and the



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Holder of such Note shall thereafter, as an unsecured general creditor, look only to BTF for payment thereof (but only to the extent of the amounts so paid to BTF), and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may, at the expense of BTF, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in New York City, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to BTF. The Trustee may also adopt and employ, at the expense of BTF, any other reasonable means of notification of such repayment.

### Section 2.7. Noteholder List.

The Trustee will furnish or cause to be furnished by the Registrar to BTF or the Paying Agent, within five Business Days after receipt by the Trustee of a request therefor from BTF or the Paying Agent, respectively, in writing, a list in such form as BTF or the Paying Agent may reasonably require, of the names and addresses of the Noteholders of each Series as of the most recent Record Date for payments to such Noteholders. Unless otherwise provided in the applicable Series Supplement, holders of Notes of any Series having an aggregate Invested Amount of not less than 10% of the aggregate Invested Amount of such Series (the "Applicants") may apply in writing to the Trustee, and if such application states that the Applicants desire to communicate with other Noteholders of any Series with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Trustee, after having been indemnified to its satisfaction by such Applicants for its costs and expenses, shall afford or shall cause the Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by the Trustee and shall give BTF notice that such request has been made, within five Business Days after the receipt of such application. Such list shall be as of a date no more than 45 days prior to the date of receipt of such Applicants' request. Every Noteholder, by receiving and holding a Note, agrees with the Trustee that neither the Trustee, the Registrar, nor any of their respective agents shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders hereunder, regardless of the source from which such information was obtained.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Noteholders of each Series of Notes. If the Trustee is not the Registrar, BTF shall furnish to the Trustee at least seven Business Days before each Distribution Date and at such other time as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Noteholders of each Series of Notes.

### Section 2.8. Transfer and Exchange.

(a) Upon surrender for registration of transfer of any Note at the office or agency of the Registrar, if the requirements of Section 2.8(f) and Section 8-401(a) of the UCC are met, BTF shall execute and after BTF has executed, the Trustee shall authenticate and deliver to the Noteholder, in the name of the designated transferee or transferees, one or more new

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Notes, in any authorized denominations, of the same Class and a like initial Invested Amount (or maximum Invested Amount, as the case may be). At the option of any Noteholder, Notes may be exchanged for other Notes of the same Series and Class in authorized denominations of like initial Invested Amount (or maximum Invested Amount, as the case may be), upon surrender of the Notes to be exchanged at any office or agency of the Registrar maintained for such purpose. Whenever Notes of any Series are so surrendered for exchange, if the requirements of Section 8—401(a) of the UCC are met, BTF shall execute and after BTF has executed, the Trustee shall authenticate and deliver to the Noteholder, the Notes which the Noteholder making the exchange is entitled to receive.

(b) Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing, with a medallion signature guarantee, and (ii) accompanied by such other documents as the Trustee may require. BTF shall execute and deliver to the Trustee or the Registrar, as applicable, Notes in such amounts and at such times as are necessary to enable the Trustee to fulfill its responsibilities under this Indenture and the Notes.

(c) All Notes issued upon any registration of transfer or exchange of the Notes shall be the valid obligations of BTF, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

(d) The preceding provisions of this Section 2.8 notwithstanding, the Trustee or the Registrar, as the case may be, shall not be required to register the transfer or exchange of any Note of any Series for a period of 15 days preceding the due date for payment in full of the Notes of such Series.

(e) Unless otherwise provided in the applicable Series Supplement, no service charge shall be payable for any registration of transfer or exchange of Notes, but BTF or the Registrar may require payment by the Noteholder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(f) Unless otherwise provided in the applicable Series Supplement, registration of transfer of Notes containing a legend relating to the restrictions on transfer of such Notes (which legend shall be set forth in the applicable Series Supplement) shall be effected only if the conditions set forth in such applicable Series Supplement are satisfied.

### Section 2.9. Persons Deemed Owners.

Prior to due presentment for registration of transfer of any Note, the Trustee, any Agent and BTF may deem and treat the Person in whose name any Note is registered (as of the day of determination) as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and neither the Trustee, any Agent nor BTF shall be affected by notice to the contrary.

### Section 2.10. Replacement Notes.

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(a) If (i) any mutilated Note is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold BTF and the Trustee harmless then, provided that the requirements of Section 8-405 of the UCC are met (which generally permit BTF to impose reasonable requirements), BTF shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven days shall be due and payable, instead of issuing a replacement Note, BTF may pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser (within the meaning of Section 8-303 of the UCC) of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, BTF and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by BTF or the Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section 2.10, the Registrar, BTF or the Trustee may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the reasonable fees and expenses of the Trustee) connected therewith.

(c) Every replacement Note issued pursuant to this Section 2.10 in replacement of any mutilated, destroyed, lost or stolen Note shall be entitled to all the benefits of this Base Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(d) The provisions of this Section 2.11 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

### Section 2.11. Treasury Notes.

In determining whether the Noteholders of the required Invested Amount of Notes have concurred in any direction, waiver or consent, Notes owned by BTF or any Affiliate of BTF (other than an Affiliate Issuer) shall be considered as though they are not Outstanding, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes of which a Trust Officer has received written notice of such ownership shall be so disregarded. Absent written notice to a Trust Officer of such ownership, the Trustee shall not be deemed to have knowledge of the identity of the individual owners of the Notes.

### Section 2.12. Cancellation.

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BTF may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which BTF may have acquired in any manner whatsoever or upon any repayment of the principal amount in respect of such Notes, and all Notes so delivered shall be promptly cancelled by the Trustee. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation. BTF may not issue new Notes to replace Notes that it has redeemed or paid or that have been delivered to the Trustee for cancellation. All cancelled Notes held by the Trustee shall be disposed of in accordance with the Trustee's standard disposition procedures unless BTF shall direct that cancelled Notes be returned to it pursuant to a Company Order.

### Section 2.13. Principal and Interest.

(a) The principal of each Series of Notes shall be payable at the times and in the amount set forth in the applicable Series Supplement and, unless otherwise specified in the related Supplement, in accordance with Section 6.1.

(b) Each Series of Notes shall accrue interest as provided in the applicable Series Supplement and such interest shall be payable on each Distribution Date for such Series in accordance with Section 6.1 and the applicable Series Supplement.

(c) Except as provided in the following sentence, the Person in whose name any Note is registered at the close of business on any Record Date with respect to a Distribution Date for such Note shall be entitled to receive the principal and interest payable on such Distribution Date notwithstanding the cancellation of such Note upon any registration of transfer, exchange or substitution of such Note subsequent to such Record Date. Any interest payable at maturity shall be paid to the Person to whom the principal of such Note is payable.

(d) Unless otherwise specified in the Series Supplement, if BTF defaults in the payment of interest on the Notes of any Series, such interest, to the extent paid on any date that is more than five (5) Business Days after the applicable due date, shall, at the option of BTF, cease to be payable to the Persons who were Noteholders of such Series on the applicable Record Date and in such case BTF shall pay the defaulted interest in any lawful manner, plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Noteholders of such Series on a subsequent special record date which date shall be at least five (5) Business Days prior to the payment date, at the rate provided in the related Series Supplement and in the Notes of such Series. BTF shall fix or cause to be fixed each such special record date and payment date, and at least 15 days before the special record date, BTF (or the Trustee, in the name of and at the expense of BTF) shall mail to Noteholders of such Series a notice that states the special record date, the related payment date and the amount of such interest to be paid.

### Section 2.14. Tax Treatment.

BTF has structured this Base Indenture, the applicable Series Supplements, and the Notes that have been (or will be) issued with the intention that the Notes will qualify under applicable tax law as indebtedness of BTF and any entity acquiring any direct or indirect interest

in any Note by acceptance of its Notes agrees to treat the Notes for purposes of Federal, state and local and income or franchise taxes and any other tax imposed on or measured by income, as indebtedness of BTF.

### ARTICLE 3. SECURITY

#### Section 3.1. Grant of Security Interest.

(a) To secure the Note Obligations and to secure compliance with the provisions of this Base Indenture and any Series Supplement, BTF hereby pledges, assigns, conveys, delivers, transfers and sets over to the Trustee, for the benefit of the Noteholders (the "Secured Parties"), and hereby grants to the Trustee, for the benefit of the Secured Parties, a security interest in, all of BTF's right, title and interest in and to all of the following assets, property, and interests of BTF, whether now owned or at any time hereafter acquired or created (collectively, the "Collateral"):

(i) the BTF Lease, including, without limitation, all monies due and to become due to BTF under or in connection with the BTF Lease, whether payable as rent, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of the BTF Lease or otherwise, all security for amounts payable thereunder and all rights, remedies, powers, privileges and claims of BTF against any other party under or with respect to the BTF Lease (whether arising pursuant to the terms of the BTF Lease or otherwise available to BTF at law or in equity), the right to enforce the BTF Lease and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the BTF Lease or the obligations of any party thereunder;

(ii) all BTF Trucks and all Certificates of Title with respect thereto;

(iii) the Administration Agreement, including, without limitation, all rights, remedies, powers, privileges and claims of BTF against any other party under or with respect to the Administration Agreement (whether arising pursuant to the terms of the Administration Agreement or otherwise available to BTF at law or in equity), and the right to enforce the Administration Agreement and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Administration Agreement or the obligations of any party thereunder;

(iv) any Nominee Agreement, including, without limitation, all rights, remedies, powers, privileges and claims of BTF against any other party under or with respect to such Nominee Agreement (whether arising pursuant to the terms of the Nominee Agreement or otherwise available to BTF at law or in equity), and the right to enforce such Nominee Agreement and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Nominee Agreement or the obligations of any party thereunder;

(v) all sale or other proceeds from the disposition of BTF Trucks, including all monies due in respect of the BTF Trucks, whether payable as the purchase

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price of such BTF Trucks or as related fees, expenses, costs, indemnities, insurance recoveries or otherwise;

(vi) all payments under insurance policies (whether or not 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 BTF Trucks;

(vii) the Collection Account, all monies on deposit from time to time in the Collection Account and all proceeds thereof;

(viii) each Series Account, all monies on deposit from time to time in such Series Account and all proceeds thereof;

(ix) all Investment Property;

(x) all additional property that may from time to time hereafter (pursuant to the terms of any Series Supplement or otherwise) be subjected to the grant and pledge hereof by BTF or by anyone on its behalf; and

(xi) to the extent not otherwise included, all Proceeds, products, offspring, rents or profits of any and all of the foregoing, including cash, and all collateral security and guarantees given by any Person with respect to any of the foregoing.

(b) The foregoing grant is made in trust to secure the Note Obligations and to secure compliance with the provisions of this Base Indenture and any Series Supplement, all as provided in this Indenture. The Trustee, as trustee on behalf of the Secured Parties, acknowledges such grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and subject to Section 10.1 and 10.2, agrees to perform its duties required in this Indenture to the best of its abilities to the end that the interests of the Secured Parties may be adequately and effectively protected. The Collateral shall secure the Notes equally and ratably without prejudice, priority (except, with respect to any Series of Notes, as otherwise stated in the applicable Series Supplement) or distinction.

### Section 3.2. Certain Rights and Obligations of BTF Unaffected.

(a) Notwithstanding the assignment and security interest so granted to the Trustee on behalf of the Secured Parties, BTF shall nevertheless be permitted, subject to the Trustee's right to revoke such permission in the event of an Amortization Event with respect to any Series of Notes Outstanding and subject to the provisions of Section 3.3, to give all consents, requests, notices, directions, approvals, extensions or waivers, if any, which are required to be given in the normal course of business (which does not include waivers of default under any of the Collateral Agreements).

(b) The assignment of and grant of a security interest in the Collateral to the Trustee on behalf of the Secured Parties shall not (i) relieve BTF from the performance of any term, covenant, condition or agreement on BTF's part to be performed or observed under or in connection with any of the Collateral Agreements or (ii) impose any obligation on the Trustee or any of the Secured Parties to perform or observe any such term, covenant, condition or

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agreement on BTF's part to be so performed or observed or impose any liability on the Trustee or any of the Secured Parties for any act or omission on the part of BTF or from any breach of any representation or warranty on the part of BTF.

(c) BTF hereby agrees to indemnify and hold harmless the Trustee and each Noteholder (including, in each case, their respective directors, officers, employees and agents) from and against any and all losses, liabilities (including liabilities for penalties), claims, demands, actions, suits, judgments, reasonable out-of-pocket costs and expenses arising out of or resulting from the assignment and security interest granted hereby, whether arising by virtue of any act or omission on the part of BTF or otherwise, including, without limitation, the reasonable out-of-pocket costs, expenses, and disbursements (including reasonable attorneys' fees and expenses) incurred by the Trustee and any of the Noteholders in enforcing this Indenture or preserving any of their respective rights to, or realizing upon, any of the Collateral; provided, however, the foregoing indemnification shall not extend to any action by the Trustee or a Noteholder which constitutes gross negligence or willful misconduct by the Trustee, such Noteholder or any other indemnified person hereunder. The indemnification provided for in this Section 3.2 shall survive the removal of, or a resignation by, such Person as Trustee as well as the termination of this Base Indenture or any Series Supplement.

### Section 3.3. Performance of Collateral Agreements.

Upon the occurrence of a default or breach by any Person party to a Collateral Agreement, promptly following a request from the Trustee to do so and at BTF's expense, BTF agrees to take all such lawful action as permitted under this Indenture as the Trustee may request to compel or secure the performance and observance by BTF, the Nominee Lienholder, the Administrator, the Lessee, the Guarantor or any other party to any of the Collateral Agreements of its obligations to BTF, and to exercise any and all rights, remedies, powers and privileges lawfully available to BTF to the extent and in the manner directed by the Trustee, including, without limitation, the transmission of notices of default and the institution of legal or administrative actions or proceedings to compel or secure performance by BTF, the Nominee Lienholder, the Administrator, the Lessee or the Guarantor (or such other party to any of the Collateral Agreements) of their respective obligations thereunder. If (i) BTF shall have failed, within 30 days of receiving the direction of the Trustee to take commercially reasonable action to accomplish such directions of the Trustee, (ii) BTF refuses to take any such action or (iii) the Trustee reasonably determines that such action must be taken immediately, in any such case the Trustee may take, at the expense of BTF, such previously directed action and any related action permitted under this Indenture which the Trustee thereafter determines is appropriate (without the need under this provision or any other provision under this Indenture to direct BTF to take such action), on behalf of BTF and the Secured Parties.

### Section 3.4. Release of Collateral.

(a) The Trustee shall, when required by the provisions of this Indenture and at BTF's reasonable request, execute instruments provided to it to release property from the lien of this Indenture, or convey the Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Section 3.4 shall be bound to ascertain the

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Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(b) From and after the earlier of (i) the date of the deposit of the Disposition Proceeds of a BTF Truck by or on behalf of BTF into the Collection Account and (ii) in the case of a Casualty, the date the related Casualty Payment is deposited into the Collection Account, such BTF Truck and the related Certificate of Title shall automatically be released from the lien of this Base Indenture.

(c) The Trustee shall, at such time as there is no Note Outstanding, release any remaining portion of the Collateral from the lien of this Indenture and release to BTF any funds then on deposit in the Collection Account and any Series Accounts. The Trustee shall release property from the lien of this Indenture pursuant to this Section 3.4(c) only upon receipt of a Company Order accompanied by an Officer's Certificate and an Opinion of Counsel meeting the applicable requirements of Section 13.3.

### Section 3.5. Opinions of Counsel.

The Trustee shall receive at least seven days' notice when requested by BTF to take any action pursuant to Section 3.4(a), accompanied by copies of any instruments involved, and the Trustee may also require as a condition of such action, an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders; provided, however that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

### Section 3.6. Stamp, Other Similar Taxes and Filing Fees.

BTF shall indemnify and hold harmless the Trustee and each Noteholder from any present or future claim for liability for any stamp or other similar tax and any penalties or interest with respect thereto, that may be assessed, levied or collected by any jurisdiction in connection with this Indenture or any Collateral. BTF shall pay, or reimburse the Trustee for, any and all amounts in respect of, all search, filing, recording and registration fees, taxes, excise taxes and other similar imposts that may be payable or determined to be payable in respect of the execution, delivery, performance and/or enforcement of this Indenture.

[THE REMAINDER OF ARTICLE 3, INCLUDING ANY ADDITIONAL COLLATERAL WITH RESPECT TO A SERIES, MAY BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SUCH SERIES]

## ARTICLE 4. REPORTS

### Section 4.1. Reports and Instructions to Trustee.



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(a) Daily Reports. On each Business Day commencing on the Initial Closing Date, BTF shall prepare and maintain, or cause to be prepared and maintained, at the office of BTF, a record (each, a “Daily Report”) setting forth the aggregate of the amounts deposited in the Collection Account on the immediately preceding Business Day, which shall consist of: (A) the aggregate amount of proceeds received with respect to the sale of BTF Trucks and deposited in the Collection Account, (B) the aggregate amount of other Collections deposited in the Collection Account, and (C) the aggregate amount of withdrawals made from the Collection Account to pay the Initial Acquisition Cost of Trucks or maintenance and other administrative expenses in respect of BTF Trucks. BTF shall deliver a copy of the Daily Report for each Business Day to the Trustee.

(b) Reports and Certificates. Promptly following delivery to BTF, BTF shall forward to the Trustee copies of all reports, certificates, information or other materials delivered to BTF pursuant to the BTF Lease.

(c) Monthly Certificate. On each Determination Date, BTF shall furnish to the Trustee and the Paying Agent a certificate substantially in the form of Exhibit A (each a “Monthly Certificate”).

(d) Monthly Noteholders’ Statement. On or before each Distribution Date, BTF shall furnish to the Paying Agent a Monthly Noteholders’ Statement with respect to each Series of Notes substantially in the form, or as otherwise provided, in the applicable Series Supplement.

(e) Monthly Collateral Certificate. On or before each Distribution Date, BTF shall furnish to the Trustee an Officer’s Certificate of BTF to the effect that, except as stated therein, (i) the BTF Trucks and all other Collateral is free and clear of all Liens, other than Permitted Liens, and (ii) a schedule describing all of the vicarious liability claims then outstanding against BTF.

(f) Quarterly Compliance Certificates. On the Distribution Date in each of March, June, September and December, commencing in June 2006, BTF shall deliver to the Trustee an Officer’s Certificate of BTF to the effect that, except as provided in a notice delivered pursuant to Section 8.9, no Amortization Event or Potential Amortization Event with respect to any Series of Notes Outstanding has occurred or is continuing and no Lease Event of Default or Potential Lease Event of Default has occurred or is continuing.

(g) Additional Information. From time to time such additional information regarding the financial position, results of operations or business of the Lessee, the Guarantor, the Administrator, or BTF as the Trustee may reasonably request to the extent that such information is available to BTF pursuant to the Related Documents.

(h) Instructions as to Withdrawals and Payments. BTF will furnish, or cause to be furnished, to the Trustee or the Paying Agent, as applicable, written instructions to make withdrawals and payments from the Collection Account and any other accounts specified in a Series Supplement and to make drawings under any Enhancement as contemplated herein and in

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any Series Supplement. The Trustee and the Paying Agent shall promptly follow any such written instructions.

### Section 4.2. Reports to Noteholders.

(a) Distribution of Monthly Noteholders' Statement. On each Distribution Date, the Paying Agent shall forward to each Noteholder of record as of the immediately preceding Record Date of each Series of Notes Outstanding the Monthly Noteholders' Statement with respect to such Series.

(b) Annual Noteholders' Tax Statement. Unless otherwise specified in the applicable Series Supplement, on or before January 31 of each calendar year, beginning with calendar year 2007, the Paying Agent shall furnish to each Person who at any time during the preceding calendar year was a Noteholder a statement prepared by BTF containing the information which is required to be contained in the Monthly Noteholders' Statements with respect to each Series of Notes aggregated for such calendar year or the applicable portion thereof during which such Person was a Noteholder, together with such other customary information (consistent with the treatment of the Notes as debt) as BTF deems necessary or desirable to enable the Noteholders to prepare their tax returns (each such statement, an "Annual Noteholders' Tax Statement"). Such obligations of BTF to prepare and the Paying Agent to distribute the Annual Noteholders' Tax Statement shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Paying Agent pursuant to any requirements of the Code as may be in effect from time to time.

### Section 4.3. Rule 144A Information.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, BTF covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any Noteholder and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Act.

### Section 4.4. Administrator.

Pursuant to the Administration Agreement, the Administrator has agreed to provide certain reports, instructions and other services on behalf of BTF. The Noteholders by their acceptance of the Notes consent to the provision of such reports by the Administrator in lieu of BTF.

[ANY ADDITIONAL REPORTING REQUIREMENTS WITH RESPECT TO A SERIES OF NOTES MAY BE SPECIFIED IN ANY SERIES SUPPLEMENT WITH RESPECT TO SUCH SERIES OF NOTES.]

ARTICLE 5. ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.1. Collection Account.

(a) Establishment of Collection Account. On or prior to the Initial Closing Date, BTF, the Collection Account Securities Intermediary and the Trustee shall have entered into the Collection Account Control Agreement pursuant to which the Collection Account shall be established and maintained for the benefit of the Noteholders. If at any time a Trust Officer obtains knowledge that the Collection Account is no longer an Eligible Account, the Trustee shall, within ten (10) Business Days of obtaining such knowledge, cause the Collection Account to be moved to a Qualified Institution or a Qualified Trust Institution and cause the depository maintaining the new Collection Account to assume the obligations of the existing Collection Account Securities Intermediary under the Collection Account Control Agreement. Initially, the Collection Account will be established with the Trustee.

(b) Administration of the Collection Account. All amounts held in the Collection Account shall be invested in Permitted Investments in accordance with the Collection Account Control Agreement at the written direction of BTF. Investments of funds on deposit in administrative sub-accounts of the Collection Account established in respect of a particular Series of Notes shall be required to mature on or before the dates specified in the applicable Series Supplement. In the absence of written investment instructions hereunder, funds on deposit in the Collection Account shall remain uninvested. BTF shall not direct the disposal of any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the initial purchase price of such Permitted Investment.

(c) Earnings from Collection Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Collection Account shall be deemed to be available and on deposit for distribution.

(d) Establishment of Series Accounts. To the extent specified in the Series Supplement with respect to any Series of Notes, the Trustee may establish and maintain one or more Series Accounts and/or administrative sub-accounts of the Collection Account to facilitate the proper allocation of Collections in accordance with the terms of such Series Supplement.

(e) Trustee Accounts as Securities Accounts. Each of BTF and the Trustee on behalf of the secured parties hereunder and as Securities Intermediary acknowledges and agrees that all of the accounts established under Article 4 of this Base Indenture and under any Series Supplement (all such accounts and any accounts established by the Trustee or BTF under any future Series Supplements, the "Issuer Accounts") are intended to be, and the Trustee agrees to establish such accounts as, "securities accounts" (as defined in Section 8-501 of the New York UCC). The Trustee represents and warrants that it is a "securities intermediary" (as defined in Section 8-102 of the New York UCC) and a "bank" (as defined in Section 9-102 of the New York UCC) (the Trustee in such capacities is referred to herein as the "Securities Intermediary"). The Securities Intermediary has, at the time of execution and delivery of the Base Indenture, entered into a Control Agreement with respect to each existing Issuer Account and will, unless otherwise provided in the Supplement for a new Series of Notes, execute and deliver a Control

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Agreement with respect to any Issuer Accounts hereinafter created pursuant to a Supplement for a Series of Notes or any other Related Document.

### Section 5.2. Collections and Allocations.

(a) Collections in General. Until this Base Indenture is terminated pursuant to Section 11.1, BTF shall, and the Trustee is authorized to, cause all Collections due and to become due to BTF or the Trustee, as the case may be, to be deposited in the following manner:

(i) all amounts representing the proceeds from sales of BTF Trucks by BTF, the Lessee or the Administrator to third parties to be deposited by BTF, the Lessee or the Administrator within two Business Days of its receipt into the Collection Account;

(ii) all amounts payable to BTF pursuant to the BTF Lease shall be paid directly to the Trustee for deposit into the Collection Account;

(iii) all amounts due from any other source in respect of the Collateral (other than insurance proceeds and warranty payments in respect of BTF Trucks) to be paid either (a) directly into the Collection Account at such times as such amounts are due or (b) by the Administrator or the Lessee into the Collection Account within two Business Days of its receipt thereof (and, in each case, BTF represents to the Secured Parties that it has instructed the Administrator, the Lessee and any other source of Collections, as applicable, to so remit such amounts).

All amounts on deposit in the Collection Account shall be allocated and distributed as provided herein and as supplemented by the Series Supplement for each outstanding Series of Notes.

Upon the occurrence and during the continuance of an Amortization Event or Potential Amortization Event with respect to any Series of Notes Outstanding, insurance proceeds and warranty payments will be deposited in the Collection Account within two Business Days of their receipt by BTF, the Lessee or the Administrator; provided, however, upon the delivery of an Officer's Certificate of the Administrator to the Trustee (upon which it may conclusively rely) certifying (i) that an BTF Truck for which insurance proceeds or warranty payments, as the case may be, have been received in the Collection Account has been repaired and (ii) as to the dollar amount of such repairs, the Trustee shall release to BTF insurance proceeds or warranty payments, as the case may be, in such dollar amount (to the extent not previously applied hereunder). BTF agrees that if any such monies, instruments, cash or other proceeds shall be received by BTF in an account other than the Collection Account or in any other manner, such monies, instruments, cash and other proceeds will not be commingled by BTF with any of its other funds or property, if any, but will be held separate and apart therefrom and shall be held in trust by BTF for, and immediately paid over to, but in any event within two Business Days from receipt, the Trustee, with any necessary endorsement. BTF shall ensure that all funds to be deposited in the Collection Account are paid to the Trustee by wire transfer. All monies, instruments, cash and other proceeds received by the Trustee pursuant to this Indenture shall be immediately deposited in the Collection Account and shall be applied as provided in this Article 5.

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(b) Allocations for Noteholders. On each day on which Collections are deposited into the Collection Account, BTF shall allocate Collections deposited into the Collection Account in accordance with this Article 5 and shall instruct the Trustee to withdraw the required amounts from the Collection Account and make the required deposits in any Series Account in accordance with this Article 5, as modified by any Series Supplement. BTF shall make such deposits or payments on the date indicated therein in immediately available funds or as otherwise provided in the applicable Series Supplement.

(c) Unallocated Principal Collections. If, after giving effect to Section 5.2(b), Principal Collections allocated to any Series on any Distribution Date are in excess of the amount required to be paid in respect of such Series on such Distribution Date, then any such excess Principal Collections shall be allocated to BTF or such other party as may be entitled thereto as set forth in any Series Supplement.

### Section 5.3. Determination of Monthly Interest.

Monthly payments of interest on each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Series Supplement.

### Section 5.4. Determination of Monthly Principal.

Monthly payments of principal of each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Series Supplement. However, all principal of or interest on any Series of Notes shall be due and payable no later than the Series Termination Date with respect to such Series.

[THE REMAINDER OF ARTICLE 5 IS RESERVED AND MAY BE SPECIFIED IN ANY SERIES SUPPLEMENT WITH RESPECT TO ANY SERIES OF NOTES.]

## ARTICLE 6. DISTRIBUTIONS

### Section 6.1. Distributions in General.

(a) Notwithstanding any provision hereof or of any Series Supplement, prior to depositing any amounts on deposit in the Collection Account into any Distribution Account, all amounts due and payable to the Trustee pursuant to Section 10.5 and under the Nominee Agreement (including all costs and expenses incurred by the Trustee related to the disposition of any Collateral), to the extent not already paid by BTF, shall be withdrawn from the Collection Account and paid to the Trustee. Unless otherwise specified in the applicable Series Supplement, on each Distribution Date with respect to each Outstanding Series, after payment of the amounts described in the preceding sentence, (i) the Paying Agent shall deposit (in accordance with the Monthly Certificate delivered to the Trustee) in the Distribution Account for each such Series the amounts on deposit in the Collection Account allocable to Noteholders of such Series as interest and principal, and (ii) to the extent provided for in the applicable Series Supplement, the Trustee shall deposit in the Distribution Account for each such Series the amount of Enhancement for such Series drawn in connection with such Distribution Date.

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(b) Unless otherwise specified in the applicable Series Supplement, on each Distribution Date, the Paying Agent shall pay to the Noteholders of each Series of record on the preceding Record Date the amounts payable thereto hereunder by check mailed first-class postage prepaid to such Noteholder at the address for such Noteholder appearing in the Note Register; provided, however, that, the final principal payment due on a Note shall only be paid to the Noteholder of a Note on due presentment of such Note for cancellation in accordance with the provisions of the Note.

(c) Unless otherwise specified in the applicable Series Supplement (i) all distributions to Noteholders of all Classes within a Series of Notes will have the same priority and (ii) in the event that on any date of determination the amount available to make payments to the Noteholders of a Series is not sufficient to pay all sums required to be paid to such Noteholders on such date, then each Class of Noteholders will receive its ratable share (based upon the aggregate amount due to such Class of Noteholders) of the aggregate amount available to be distributed in respect of the Notes of such Series.

### ARTICLE 7. REPRESENTATIONS AND WARRANTIES

BTF hereby represents and warrants, for the benefit of the Trustee and the Secured Parties, as follows as of each Series Closing Date:

#### Section 7.1. Existence and Power.

BTF (a) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign company and in good standing under the laws of each jurisdiction where the character of its property, the nature of its business or the performance of its obligations make such qualification necessary, and (c) has all company powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and for purposes of the transactions contemplated by this Base Indenture and the other Related Documents.

#### Section 7.2. Company and Governmental Authorization.

The execution, delivery and performance by BTF of this Base Indenture, each Series Supplement and the other Related Documents to which it is a party (a) is within BTF's company power and has been duly authorized by all necessary company action, (b) requires no action by or in respect of, or filing with, any Governmental Authority which has not been obtained and (c) does not contravene, or constitute a default under, any Requirements of Law with respect to BTF or any Contractual Obligation with respect to BTF or any of its assets or result in the creation or imposition of any Lien on any property of BTF, except for Liens created by this Indenture or the other Related Documents. This Base Indenture, each Series Supplement, and each of the other Related Documents to which BTF is a party has been executed and delivered by a duly authorized officer of BTF.

#### Section 7.3. No Consent.

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No consent, action by or in respect of, approval or other authorization of, or registration, declaration or filing with, any Governmental Authority or other Person is required for the valid execution and delivery by BTF of this Base Indenture, any Series Supplement or any Related Document or for the performance of any of BTF's obligations hereunder or thereunder other than such consents, approvals, authorizations, registrations, declarations or filings as shall have been obtained by BTF prior to the Initial Closing Date or as contemplated in Section 7.14.

### Section 7.4. Binding Effect.

This Base Indenture, each Series Supplement, and each other Related Document is a legal, valid and binding obligation of BTF enforceable against BTF in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing).

### Section 7.5. Financial Information; Financial Condition.

All balance sheets, all statements of operations, of members' equity and of cash flow, and other financial data (other than projections) which have been or shall hereafter be furnished by BTF to the Trustee and any Noteholder have been and will be prepared in accordance with GAAP (to the extent applicable) 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, subject, in the case of all unaudited statements, to normal year-end adjustments and lack of footnotes and presentation items.

### Section 7.6. Litigation.

There is no action, suit or proceeding pending against or, to the knowledge of BTF, threatened against or affecting BTF before any court or arbitrator or any Governmental Authority with respect to which there is a reasonable possibility of an adverse decision that would materially adversely affect the financial position, results of operations, business, properties, performance, prospects or condition (financial or otherwise) of BTF or which in any manner draws into question the validity or enforceability of this Base Indenture, any Series Supplement or any other Related Document or the ability of BTF to perform its obligations hereunder or thereunder.

### Section 7.7. No ERISA Plan.

BTF has not established and does not maintain or contribute to any Pension Plan that is covered by Title IV of ERISA.

### Section 7.8. Tax Filings and Expenses.

BTF has filed all federal, state and local tax returns and all other tax returns which, to the knowledge of BTF, are required to be filed (whether informational returns or not), and has paid all taxes due, if any, pursuant to said returns or pursuant to any assessment received

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by BTF, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been set aside on its books. BTF has paid all fees and expenses required to be paid by it in connection with the conduct of its business, the maintenance of its existence and its qualification as a foreign limited liability company authorized to do business in each State in which it is required to so qualify, except to the extent that the failure to pay such fees and expenses is not reasonably likely to result in a Material Adverse Effect.

### Section 7.9. Disclosure.

All certificates, reports, statements, documents and other information furnished to the Trustee or any Noteholder by or on behalf of BTF pursuant to any provision of this Indenture or any Related Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Indenture or any Related Document, shall, at the time the same are so furnished, be complete and correct to the extent necessary to give the Trustee or such Noteholder true and accurate knowledge of the subject matter thereof in all material respects, and the furnishing of the same to the Trustee or such Noteholder shall constitute a representation and warranty by BTF made on the date the same are furnished to the Trustee or to such Noteholder to the effect specified herein.

### Section 7.10. Investment Company Act.

BTF is not, and is not controlled by, an “investment company” within the meaning of, and is not required to register as an “investment company” under, the Investment Company Act.

### Section 7.11. Regulations T, U and X.

The proceeds of the Notes will not be used to purchase or carry any “margin stock” (as defined or used in the regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X thereof). BTF is not engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock.

### Section 7.12. Solvency.

Both before and after giving effect to the transactions contemplated by this Base Indenture, each Series Supplement, and the other Related Documents, BTF is solvent within the meaning of the Bankruptcy Code and BTF is not 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 BTF.

### Section 7.13. Ownership of Membership Interests; Subsidiary.

All of the issued and outstanding shares of membership interests of BTF are owned by BRAC, all membership interests have been validly issued, are fully paid and non-assessable and are owned of record by BRAC, free and clear of all Liens other than Permitted Liens. BTF has no subsidiaries and owns no capital stock of, or other equity interest in, any other Person.



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### Section 7.14. Security Interests.

(a) All action necessary (including the filing of UCC-1 financing statements necessary to perfect the Trustee's security interest in the Collateral for the benefit of the Secured Parties (in each case, now in existence and hereafter acquired)), has been or will be duly and effectively taken on or prior to the date of the issuance of the first Series of Notes.

(b) BTF owns and has good and marketable title to the Collateral, free and clear of all Liens other than Permitted Liens. BTF's rights under the Collateral Agreements constitute general intangibles under the applicable UCC. This Base Indenture constitutes a valid and continuing Lien on the Collateral in favor of the Trustee on behalf of the Secured Parties, which Lien on the Collateral has been perfected and is prior to all other Liens (other than Permitted Liens), enforceable as such as against creditors of and purchasers from BTF in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. BTF has received all consents and approvals required by the terms of the Collateral to the pledge of the Collateral to the Trustee.

(c) Other than the security interest granted to the Trustee hereunder, BTF has not pledged, assigned, sold or granted a security interest in the Collateral. All action necessary (including the filing of UCC-1 financing statements and the notation on the Certificates of Title for all BTF Trucks of the Trustee's Lien (or, if applicable, the Lien of a Nominee Lienholder on behalf of the Trustee), for the benefit of the Secured Parties) to protect and perfect the Trustee's security interest in the Collateral has been duly and effectively taken. No security agreement, financing statement, equivalent security or lien instrument or continuation statement listing BTF as debtor covering all or any part of the Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by BTF in favor of the Trustee on behalf of the Secured Parties in connection with this Indenture, and BTF has not authorized any such filing.

(d) BTF's legal name is Budget Truck Funding, LLC and its location within the meaning of Section 9-307 of the applicable UCC is the State of Delaware.

(e) All authorizations in this Base Indenture for the Trustee to endorse checks, instruments and securities and to execute financing statements, continuation statements, security agreements, Certificates of Title, and other instruments with respect to the Collateral are powers coupled with an interest and are irrevocable for so long as the Indenture is in effect.

(f) No other liens, other than the lien in favor of the Trustee for the benefit of the Secured Parties, are noted on any Certificates of Title issued for the BTF Trucks.

(g) No Person acquired an interest in any BTF Truck or in any funds used to acquire such interest by reason of fraud, theft, forgery, negligence or administrative error by any Person.

### Section 7.15. Related Documents.

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The Collateral Agreements are in full force and effect. There are no outstanding Administrator Defaults or Lease Events of Default nor have events occurred which, with the giving of notice, the passage of time or both, would constitute an Administrator Default or a Lease Event of Default.

### Section 7.16. Non-Existence of Other Agreements.

Other than as permitted by Section 8.23, (i) BTF is not a party to any contract or agreement of any kind or nature and (ii) BTF is not subject to any obligations or liabilities of any kind or nature in favor of any third party, including, without limitation, Contingent Obligations. BTF has not engaged in any activities since its incorporation (other than those incidental to its incorporation, the authorization and the issue of the initial Series of Notes, the execution of the Related Documents to which it is a party and the performance of the activities referred to in or contemplated by such agreements).

### Section 7.17. Compliance with Contractual Obligations and Laws.

BTF is not (i) in violation of its certificate of incorporation or by-laws; (ii) in violation of any Requirement of Law with respect to BTF; (iii) in violation of any Contractual Obligation with respect to BTF.

### Section 7.18. Other Representations.

All representations and warranties of BTF made in each Related Document to which it is a party are true and correct and are repeated herein as though fully set forth herein.

[ANY ADDITIONAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO A SERIES OF NOTES MAY BE SPECIFIED IN ANY SERIES SUPPLEMENT WITH RESPECT TO SUCH SERIES OF NOTES]

## ARTICLE 8. COVENANTS

### Section 8.1. Payment of Notes.

BTF shall pay the principal of (and premium, if any) and interest on the Notes when due pursuant to the provisions of this Base Indenture and any applicable Series Supplement. Principal and interest shall be considered paid on the date due if the Paying Agent holds on that date money designated for and sufficient to pay all principal and interest then due.

### Section 8.2. Maintenance of Office or Agency.

BTF will maintain an office or agency (which may be an office of the Trustee, the Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange, where notices and demands to or upon BTF in respect of the Notes and Indenture may be served, and where, at any time when BTF is obligated to make a payment of principal of, and premium, if any, upon, the Notes, the Notes may be surrendered for payment. BTF will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time BTF shall fail to maintain any such required office or agency or

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shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office.

BTF may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. BTF will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

BTF hereby designates the Corporate Trust Office as one such office or agency of BTF in accordance with this Section 8.2.

### Section 8.3. Payment of Obligations.

BTF will pay and discharge, at or before maturity, all of its respective material obligations and liabilities, including, without limitation, tax liabilities and other governmental claims, except where the same may be contested in good faith by appropriate proceedings, and will maintain, in accordance with GAAP, reserves as appropriate for the accrual of any of the same.

### Section 8.4. Maintenance of Property.

BTF will keep, or will cause to be kept, all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted; provided, however, that nothing in this Section 8.4 shall require BTF to maintain, or to make renewals, replacements, additions, betterments or improvements of or to, any tangible property, if such property, in the reasonable opinion of BTF, is obsolete or surplus or unfit for use and cannot be used advantageously in the conduct of the business of BTF.

### Section 8.5. Conduct of Business and Maintenance of Existence.

BTF will do and cause to be done at all times all things necessary to maintain and preserve its existence as a corporation validly existing, and in good standing under the laws of the State of Delaware and duly qualified as a foreign corporation licensed under the laws of each state in which the failure to so qualify would have a Material Adverse Effect.

### Section 8.6. Compliance with Laws.

BTF will comply in all respects with all Requirements of Law with respect to BTF and all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities (including, without limitation, ERISA and the rules and regulations thereunder) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and where such noncompliance would not materially and adversely affect the financial position, results of operations, business, properties, performance, prospects or condition (financial or otherwise) of BTF or the ability of BTF to perform its obligations under this Base Indenture, each Series Supplement, or under any other Related Document to which it is a party; provided, however, such noncompliance will not result in a Lien (other than a Permitted Lien) on any of the Collateral.

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### Section 8.7. Inspection of Property, Books and Records.

BTF will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions, business and activities in accordance with GAAP. BTF will permit the Trustee to visit and inspect any of its properties, to examine and make abstracts from any of its books and records and to discuss its affairs, finances and accounts with its officers, directors, employees and independent certified public accountants, all at such reasonable times upon reasonable notice and as often as may reasonably be requested.

### Section 8.8. Compliance with the Collateral Agreements.

(a) BTF will perform and comply with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to this Indenture and each other Related Document to which it is a party. BTF will not take any action which would permit the Lessee, the Guarantor, the Nominee Lienholder, the Administrator or any other Person to have the right to refuse to perform any of its respective obligations under any of the Collateral Agreements or any other instrument or agreement included in the Collateral or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any Collateral Agreement or any such instrument or agreement.

(b) Except as otherwise provided in Section 3.2(a) and Section 9.2, BTF agrees that it will not, without the prior written consent of the Trustee acting at the direction of the Requisite Investors, exercise any right, remedy, power or privilege available to it with respect to any obligor under a Collateral Agreement or under any instrument or agreement included in the Collateral, take any action to compel or secure performance or observance by any such obligor of its obligations to BTF or give any consent, request, notice, direction, approval, extension or waiver with respect to any such obligor. BTF agrees that it will not, without the prior written consent of the Trustee, acting at the direction of the Requisite Investors, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any of the Related Documents. Upon the occurrence of an Administrator Default, BTF will not, without the prior written consent of the Trustee acting at the direction of the Requisite Investors, terminate the Administrator and appoint a successor Administrator in accordance with the Administration Agreement, and will terminate the Administrator and appoint a successor Administrator in accordance with the Administration Agreement if and when so directed by the Trustee acting at the direction of the Requisite Investors.

### Section 8.9. Notice of Defaults.

Promptly upon becoming aware of (i) any Potential Amortization Event or Amortization Event with respect to any Series of Notes Outstanding, any Potential Lease Event of Default, any Lease Event of Default or any Administrator Default or (ii) any default under any other Collateral Agreement, BTF shall give the Trustee notice thereof, together with an Officer's Certificate of BTF setting forth the details thereof and any action with respect thereto taken or contemplated to be taken by BTF.

### Section 8.10. Notice of Material Proceedings.

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Promptly upon becoming aware thereof, BTF shall give the Trustee written notice of the commencement or existence of any proceeding by or before any Governmental Authority against or affecting BTF which is reasonably likely to have a material adverse effect on the financial position, results of operations, business, properties, performance, prospects or condition (financial or otherwise) of BTF or the ability of BTF to perform its obligations under this Indenture or under any other Related Document to which it is a party.

### Section 8.11. Further Requests.

BTF will promptly furnish to the Trustee such other information as, and in such form as, the Trustee may reasonably request in connection with the transactions contemplated hereby or by any Series Supplement.

### Section 8.12. Further Assurances.

(a) BTF shall from time to time, and at its own expense, do such further acts and things, and promptly execute and deliver to the Trustee such additional assignments, agreements, powers and instruments, as are necessary or desirable (including as may be reasonably requested by the Trustee or the Administrator) to maintain the security interest of the Trustee in the Collateral on behalf of the Secured Parties as a perfected security interest subject to no prior Liens (other than Permitted Liens), to carry into effect the purposes of this Indenture or the other Related Documents or to better assure and confirm unto the Trustee or the Noteholders their rights, powers and remedies hereunder including, without limitation, the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. Without limiting the generality of the foregoing provisions of this Section 8.12(a), BTF shall take all actions that are required to maintain the security interest of the Trustee in the Collateral as a perfected security interest subject to no prior Liens (other than Permitted Liens) or to enable the Trustee or the Administrator to exercise and enforce its rights and remedies hereunder or under any Series Supplement with respect to any Collateral, including, without limitation (i) filing all UCC financing statements, continuation statements and amendments thereto necessary to achieve the foregoing, (ii) causing the Lien of the Trustee or the Nominee Lienholder to be noted on all Certificates of Title and (iii) causing the Administrator or its agent, as agent for the Trustee, to maintain possession of the Certificates of Title for the BTF Trucks for the benefit of the Trustee pursuant to Section 2(b) of the Administration Agreement. BTF shall designate all accounts as “securities accounts” within the meaning of Section 8-501 of the New York UCC, and execute and deliver a Control Agreement with respect to each such account. If BTF fails to perform any of its agreements or obligations under this Section 8.12(a), the Trustee shall, at the direction of the Required Noteholders of any Series of Notes, itself perform such agreement or obligation, and the expenses of the Trustee incurred in connection therewith shall be payable by BTF upon the Trustee’s demand therefor. The Trustee is hereby authorized, but shall have no obligation, to execute and file any financing statements, continuation statements or other instruments necessary or appropriate to perfect or maintain the perfection of the Trustee’s security interest in the Collateral.

(b) If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, chattel paper or other instrument, such

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note, chattel paper or instrument shall be deemed to be held in trust and immediately pledged and physically delivered to the Trustee hereunder, and shall, subject to the rights of any Person in whose favor a prior Lien has been perfected, be duly endorsed in a manner satisfactory to the Trustee and delivered to the Trustee promptly.

(c) BTF will warrant and defend the Trustee's right, title and interest in and to the Collateral and the income, distributions and proceeds thereof, for the benefit of the Trustee on behalf of the Secured Parties, against the claims and demands of all Persons whomsoever.

(d) On or before May 11<sup>th</sup> of each calendar year, commencing with May 11, 2007, BTF shall furnish to the Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as are necessary to maintain the perfection of the lien and security interest created by this Indenture in the Collateral and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the lien and security interest of this Indenture in the Collateral until May 11<sup>th</sup> in the following calendar year.

(e) BTF shall cause the Trustee to hold in the State of New York the original chattel paper BTF Lease and, unless otherwise agreed to in a Series Supplement for a Series of Notes, any other Collateral that may be perfected by possession in the State of New York under the New York UCC.

### Section 8.13. Liens.

BTF will not create, incur, assume or permit to exist any Lien upon any of its property (including the Collateral), other than (i) Liens in favor of the Nominee Lienholder and other Liens in favor of the Trustee for the benefit of the Secured Parties and (ii) other Permitted Liens.

### Section 8.14. Other Indebtedness.

BTF will not create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any Indebtedness other than Indebtedness hereunder or under any other Related Document.

### Section 8.15. No ERISA Plan.

BTF shall not establish or maintain or contribute to any Pension Plan that is covered by Title IV of ERISA.

### Section 8.16. Mergers.

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BTF will not merge or consolidate with or into any other Person, nor form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other).

### Section 8.17. Sales of Assets.

BTF will not sell, lease, transfer, liquidate or otherwise dispose of any of its property except as contemplated by the Related Documents and provided that the proceeds received by BTF in connection with such transaction are paid directly into the Collection Account or deposited by BTF into the Collection Account within two Business Days after receipt thereof by BTF.

### Section 8.18. Acquisition of Assets.

BTF will not acquire, by long-term or operating lease or otherwise, any property except pursuant to the terms of and as contemplated by the Related Documents.

### Section 8.19. Dividends, Officers' Compensation, etc.

BTF will not (i) declare or pay any dividends on any shares of its stock; provided, however, that so long as no Amortization Event or Potential Amortization Event has occurred and is continuing with respect to any Series of Notes Outstanding or would result therefrom, BTF may declare and pay dividends in accordance with the provisions of this Base Indenture or (ii) pay any wages or salaries or other compensation to its officers, directors, employees or others except out of earnings computed in accordance with GAAP.

### Section 8.20. Legal Name; Location Under Section 9-301.

BTF will neither change its location (within the meaning of Section 9-301 of the applicable UCC) or its legal name without at least 30 days' prior written notice to the Trustee. In the event that BTF desires to so change its location or change its legal name, BTF will make any required filings and prior to actually changing its location or its legal name, BTF will deliver to the Trustee (i) an Officer's Certificate of BTF and an Opinion of Counsel confirming that all required filings have been made to continue the perfected interest of the Trustee on behalf of the Secured Parties in the Collateral in respect of the new location or new legal name of BTF and (ii) copies of all such required filings with the filing information duly noted thereon by the office in which such filings were made.

### Section 8.21. Organizational Documents.

BTF will not amend any of its organizational documents, including its certificate of formation or limited liability company agreement, without the prior written consent of the Required Noteholders of each Series of Notes Outstanding.

### Section 8.22. Investments.

BTF will not make, incur, or suffer to exist any loan, advance, extension of credit or other investment in any Person other than in accordance with the Related Documents.

Section 8.23. No Other Agreements.

BTF will not (a) enter into or be a party to any agreement or instrument other than any Related Document, any documents related to any Enhancement or any documents and agreements incidental thereto, (b) except as provided for in [Sections 12.1](#) or [12.2](#) of this Base Indenture, amend or modify any provision of any Related Document to which it is a party, or (c) give any approval or consent or permission provided or in any Related Document, except as permitted in [Section 3.2\(a\)](#) of this Base Indenture.

Section 8.24. Other Business.

BTF will not engage in any business or enterprise or enter into any transaction other than the acquisition, financing, leasing and disposition of the BTF Trucks pursuant to the BTF Lease and other Related Documents, the related exercise of its rights thereunder, the incurrence and payment of ordinary course operating expenses, the issuing and selling of the Notes and other activities related to or incidental to any of the foregoing (including transaction or activities contemplated in [Section 8.26](#)).

Section 8.25. Maintenance of Separate Existence.

To maintain its corporate existence separate and apart from that of ABCR, BRAC, BTR and any other Affiliates of ABCR, BRAC or BTR, BTF will:

- (a) practice and adhere to organizational formalities, such as maintaining appropriate books and records;
- (b) observe all organizational formalities in connection with all dealings between itself and BTR, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity;
- (c) observe all procedures required by its certificate of formation, limited liability company agreement and the laws of the State of Delaware;
- (d) act solely in its name and through its duly authorized officers or agents in the conduct of its businesses;
- (e) manage its business and affairs by or under the direction of its officers;
- (f) ensure that its Board of Managers duly authorizes all of its actions;
- (g) ensure the receipt of proper authorization, when necessary, from its shareholders for its actions;
- (h) maintain at least one member of the Board of Managers who is an Independent Manager;
- (i) own or lease (including through shared arrangements with Affiliates) all office furniture and equipment necessary to operate its business;



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(j) not (i) guarantee or otherwise become liable for any obligations of ABCR, the Lessee, the Administrator or any Affiliates of the foregoing; (ii) other than as provided in the Related Documents, have obligations guaranteed by ABCR, the Lessee, the Administrator or any Affiliates of the foregoing; (iii) hold itself out as responsible for debts of ABCR, the Lessee, the Administrator or any Affiliates of the foregoing or for decisions or actions with respect to the affairs of ABCR, the Lessee, the Administrator or any Affiliates of the foregoing; (iv) fail to correct any known misrepresentation with respect to the statement in subsection (iii); (v) operate or purport to operate as an integrated, single economic unit with respect to ABCR, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity; (vi) seek to obtain credit or incur any obligation to any third party based upon the assets of ABCR, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity; (vii) induce any such third party to reasonably rely on the creditworthiness ABCR, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity; and (viii) be directly or indirectly named as a direct or contingent beneficiary or loss payee on any insurance policy of ABCR, BRAC, the Lessee, the Administrator or any Affiliates of the foregoing other than as required by the Related Documents with respect to insurance on the BTF Trucks;

(k) other than as provided in the Related Documents, maintain its deposit and other bank accounts and all of its assets separate from those of any other Person;

(l) maintain its financial records separate and apart from those of any other Person;

(m) disclose in its annual financial statements the effects of the transactions contemplated by the Related Documents in accordance with GAAP;

(n) not suggest in any way, within its financial statements, that its assets are available to pay the claims of creditors of ABCR, BRAC, the Lessee, the Administrator, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(o) compensate all its employees, officers, consultants and agents for services provided to it by such Persons out of its own funds;

(p) maintain office space separate and apart from that of ABCR, the Lessee, the Administrator or any Affiliates of the foregoing (even if such office space is subleased from or is on or near premises occupied by ABCR, BRAC, the Lessee, the Administrator or any Affiliates of the foregoing) and a telephone number separate and apart from that of ABCR, BRAC, the Lessee, the Administrator or any Affiliates of the foregoing;

(q) conduct all oral and written communications, including, without limitation, letters, invoices, purchase orders, contracts, statements, and applications solely in its own name;

(r) have separate stationery from ABCR, BRAC, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity;

(s) have no debt or obligations to any of ABCR, BRAC, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity;

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(t) account for and manage all of its liabilities separately from those of ABCR, BRAC, the Lessee, the Administrator or any Affiliates of the foregoing;

(u) allocate, on an arm's length basis, all shared corporate 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 maintain an arm's-length relationship with each of ABCR, BRAC, the Lessee, the Administrator, the Affiliates of the foregoing or any other unaffiliated entity;

(v) refrain from filing or otherwise initiating or supporting the filing of a motion in any bankruptcy or other insolvency proceeding involving ABCR, BRAC, the Lessee, the Administrator or any Affiliate thereof to substantively consolidate BTF with the Lessee, ABCR, BRAC, the Administrator or any Affiliate thereof;

(w) remain solvent and assure adequate capitalization for the business in which it is engaged; and

(x) conduct 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 ABCR, BRAC, the Lessee, the Administrator and the Affiliates of the foregoing.

BTF acknowledges its receipt of a copy of that certain opinion letter issued by White & Case dated May 11, 2006 addressing the issue of substantive consolidation as they may relate to any of the Lessee, ABCR, BRAC, the Administrator or any Affiliate thereof on the one hand and BTF on the other hand. BTF 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 it. On an annual basis commencing on May 11, 2007, BTF will provide to the Trustee an Officer's Certificate certifying that it is in compliance with its obligations under this Section 8.25.

### Section 8.26. Disposition of BTF Trucks.

If a BTF Truck is returned to BTF pursuant to Section 2.6(b) of the BTF Lease, BTF will use commercially reasonable efforts to arrange for the prompt sale of such BTF Truck and to maximize the sales price thereof.

### Section 8.27. Acquisition of Trucks by BTF.

BTF shall acquire additional Trucks only by purchase directly from an Eligible Truck Manufacturer or an Approved Seller and only if such Trucks will, upon such purchase, constitute Eligible Trucks, and shall give prompt notice to the Administrative Agent of any new Trucks acquired that will become subject to the lien of this Indenture.

### Section 8.28. Insurance.

BTF will obtain and maintain, or cause to be obtained and maintained, with respect to the BTF Trucks the insurance coverage specified in Section 31.3 of the BTF Lease. All insurance policies obtained pursuant to this Section 8.28 shall name the Trustee as a loss

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payee as its interest may appear. BTF shall provide that the Trustee will receive at least 30 days' prior written notice of any change of such insurance policies or arrangements. BTF shall provide that the Trustee will receive at least ten days' prior written notice of any cancellation of such insurance policies or arrangements.

### Section 8.29. Truck Registration.

BTF shall register all BTF Trucks in, and obtain Certificates of Title from, the State of Oklahoma.

### Section 8.30. Tax Forms.

BTF shall deliver to the Administrative Agent two properly completed and duly executed copies of U.S. Internal Revenue Service Form W-9. Such forms shall be delivered on or before the Closing Date for the first Series of Notes hereunder. In addition, BTF shall deliver such forms to the Administrative Agent upon request or a reasonable period of time before the invalidity of any form previously delivered by BTF.

[ANY ADDITIONAL COVENANTS RELATED TO A SERIES OF NOTES MAY BE SET FORTH IN THE SERIES SUPPLEMENT FOR SUCH SERIES OF NOTES]

## ARTICLE 9. AMORTIZATION EVENTS AND REMEDIES

### Section 9.1. Amortization Events.

If any one of the following events shall occur with respect to any Series of Notes (each, an "Amortization Event"):

(a) BTF defaults in the payment of any interest on, principal of or premium on, any Note of such Series (or any other payment on any Note) when the same becomes due and payable and such default continues for a period of two (2) Business Days;

(b) BTF fails to comply with any of its other agreements or covenants in, or provisions of, the Notes of a Series or this Indenture and the failure to so comply materially and adversely affects the interests of the Noteholders of any Series and continues to materially and adversely affect the interests of the Noteholders of such Series for a period of thirty (30) days after the earlier of (i) the date on which BTF obtains knowledge thereof or (ii) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to BTF by the Trustee or to BTF and the Trustee by the Required Noteholders of such Series;

(c) the occurrence of an Event of Bankruptcy with respect to BTF, the Lessee, the Administrator, BRAC or ABCR;

(d) (i) any Lease Event of Default under the BTF Lease arising from a Lease Payment Default occurs or (ii) any other Lease Event of Default under the BTF Lease shall occur, whether or not subsequently waived by BTF;

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(e) BTF shall have become an “investment company” or shall have become under the “control” of an “investment company” under the Investment Company Act of 1940, as amended;

(f) the BTF Lease is terminated for any reason;

(g) 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 is rendered against BTF and such judgment or order continues unsatisfied and unstayed for a period of thirty (30) days;

(h) any representation made by BTF in this Base Indenture, any Series Supplement or any other Related Document is false and such false representation materially and adversely affects the interests of the Noteholders of any Series of Notes and such false Representation is not cured for a period of thirty (30) days after the earlier of (i) the date on which BTF obtains knowledge thereof or (ii) the date that written notice thereof is given to BTF by the Trustee or to BTF and the Trustee by the Required Noteholders of such Series;

(i) any of the Related Documents or any portion thereof shall not be in full force and effect, enforceable in accordance with its terms or BTF, the Lessee, ABCR, the Administrator shall so assert in writing;

(j) the occurrence of any Administrator Default; or

(k) any other event shall occur which may be specified in the Series Supplement for such Series of Notes as an “Amortization Event” applicable only to such Series of Notes;

then (i) in the case of any event described in clause (b) or (k) above (with respect to clause (k) above, only to the extent such Amortization Event is subject to waiver as set forth in the applicable Series Supplement), either the Trustee, by written notice to BTF, or the Required Noteholders of the applicable Series of Notes, by written notice to BTF and the Trustee, may declare that an Amortization Event has occurred with respect to such Series as of the date of the notice or (ii) in the case of any event described in clause (a), (c), (d), (e), (f), (g), (h), (i) or (j) above, an Amortization Event with respect to all Series of Notes then outstanding shall immediately occur without any notice or other action on the part of the Trustee or any Noteholder or (iii) in the case of any event described in clause (k) above (only to the extent such Amortization Event is not subject to waiver as set forth in the applicable Series Supplement), an Amortization Event with respect to the related Series of Notes shall immediately occur without any notice or other action on the part of the Trustee or any Noteholder.

### Section 9.2. Rights of the Trustee upon Amortization Event or Certain Other Events of Default.

(a) General. If and whenever an Amortization Event with respect to any Series of Notes Outstanding shall have occurred and be continuing, the Trustee may and, at the written direction of the Requisite Investors (or the Required Noteholders of any affected Series

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of Notes, in the case of an Amortization Event that affects less than all Series of Notes), shall, exercise from time to time any rights and remedies available to it under applicable law or any Related Document; provided, however, that if such Amortization Event is with respect to less than all Series of Notes Outstanding, then the Trustee's rights and remedies pursuant to the provisions of this Section 9.2 shall, to the extent not detrimental to the rights of the holders of the Series of Notes Outstanding with respect to which such Amortization Event shall have occurred, be limited to rights and remedies pertaining only to those Series of Notes with respect to which such Amortization Event has occurred and the Trustee shall exercise such rights and remedies at the written direction of Noteholders holding in excess of 50% of the aggregate Invested Amount of all such Series of Notes with respect to which such Amortization Event has occurred. Any amounts obtained by the Trustee on account of or as a result of the exercise by the Trustee of any right shall be held by the Trustee as additional collateral for the repayment of Note Obligations and shall be applied as provided in Article 5. If so specified in the applicable Series Supplement, the Trustee may agree not to exercise any rights or remedies available to it as a result of the occurrence of an Amortization Event with respect to a Series of Notes to the extent set forth therein.

(b) Liquidation Event of Default; Limited Liquidation Event of Default. If a Liquidation Event of Default or a Limited Liquidation Event of Default shall have occurred and be continuing, the Trustee, at the written direction of the Requisite Investors (in the case of a Liquidation Event of Default) or the Required Noteholders of the applicable Series of Notes (in the case of a Limited Liquidation Event of Default), shall direct BTF to exercise (and BTF agrees to exercise), to the extent necessary, all rights, remedies, powers, privileges and claims of BTF against any party to any Related Document arising as a result of the occurrence of such Liquidation Event of Default or Limited Liquidation Event of Default, as the case may be, or otherwise, including the right or power to take any action to compel performance or observance by any such party of its obligations to BTF and the right to terminate all or a portion of the BTF Lease and take possession of BTF Trucks and to give any consent, request, notice, direction, approval, extension or waiver in respect of the BTF Lease, and any right of BTF to take such action independent of such direction shall be suspended.

(c) BTF Trucks. Upon the occurrence of a Liquidation Event of Default, the Trustee, at the written direction of the Requisite Investors, shall promptly sell, or instruct BTF to sell, or cause the Lessee to sell the BTF Trucks. Upon the occurrence of a Limited Liquidation Event of Default with respect to any Series of Notes, the Trustee, at the written direction of the Required Noteholders of the applicable Series of Notes, shall promptly sell, or instruct BTF to sell, or cause the Lessee to sell BTF Trucks in an amount sufficient to pay all interest and principal on such Series of Notes.

(d) Failure of BTF or the Lessee to Take Action. If (i) BTF or the Lessee shall have failed, within 15 Business Days of receiving the direction of the Trustee, to take commercially reasonable action to accomplish directions of the Trustee given pursuant to clauses (b) or (c) above, (ii) BTF or the Lessee refuses to take such action or (iii) the Trustee reasonably determines that such action must be taken immediately, the Trustee may (and at the written direction of the Required Noteholders of the affected Series of Notes (with respect to any Limited Liquidation Event of Default) or the Requisite Investors (with respect to any Liquidation Event of Default) shall), take such previously directed action (and any related action as permitted

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under this Indenture thereafter determined by the Trustee to be appropriate without the need under this provision or any other provision under this Indenture to direct BTF or the Lessee to take such action). The Trustee may institute legal proceedings for the appointment of a receiver or receivers to take possession of the BTF Trucks pending the sale thereof pursuant either to the powers of sale granted by this Indenture and the Related Documents or to a judgment, order or decree made in any judicial proceeding for the foreclosure or involving the enforcement of this Indenture.

(e) Sale of Collateral. Upon any sale of any of the Collateral directly by the Trustee, whether made under the power of sale given under this Section 9.2 or under judgment, order or decree in any judicial proceeding for the foreclosure or involving the enforcement of this Indenture:

(i) the Trustee or any Noteholder may bid for and purchase the property being sold, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in its own absolute right without further accountability;

(ii) the Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold;

(iii) all right, title, interest, claim and demand whatsoever, either at law or in equity or otherwise, of BTF of, in and to the property so sold shall be divested; and such sale shall be a perpetual bar both at law and in equity against BTF, its successors and assigns, and against any and all Persons claiming or who may claim the property sold or any part thereof from, through or under BTF or its successors or assigns;

(iv) the receipt of the Trustee or of the officer thereof making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money, and such purchaser or purchasers, and his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; and

(v) to the extent that it may lawfully do so, BTF agrees that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption laws, or any law permitting it to direct the order in which the BTF Trucks shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Indenture.

(f) Additional Remedies. In addition to any rights and remedies now or hereafter granted hereunder or under applicable law with respect to the Collateral, the Trustee on behalf of the Secured Parties shall (subject to the foregoing provisions in respect of the BTF

Trucks) have all of the rights and remedies of a secured party under the UCC as enacted in any applicable jurisdiction.

(g) Series Amortization Event. Upon the occurrence of an Amortization Event with respect to one or more, but not all, Series of Notes Outstanding, the Trustee shall exercise all remedies hereunder to the extent necessary to pay all interest and principal on the affected Series of Notes or to enforce the performance of any provision of the applicable Notes, this Base Indenture or any applicable Series Supplement.

Section 9.3. Other Remedies.

Subject to the terms and conditions of this Indenture, if an Amortization Event occurs and is continuing, the Trustee may pursue any remedy available under applicable law or in equity to collect the payment of principal of or interest on the Notes (or the applicable Series of Notes, in the case of an Amortization Event that affects less than all Series of Notes) or to enforce the performance of any provision of the Notes, this Indenture or any Series Supplement with respect such Series of Notes. In addition, the Trustee may, or shall at the written direction of the Requisite Investors (or the Required Noteholders of one or more Series of Notes, in the case of an Amortization Event that affects only such Series of Notes), direct BTF to exercise any rights or remedies available under any Related Document or under applicable law or in equity with respect to that Series of Notes.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding, and any such proceeding instituted by the Trustee shall be in its own name as trustee. All remedies are cumulative to the extent permitted by law.

Section 9.4. Waiver of Past Events.

Subject to Section 12.2, the Noteholders of any Series owning an aggregate Invested Amount of Notes in excess of 66 2/3% of the aggregate Invested Amount of the Outstanding Notes of such Series, by notice to the Trustee, may waive any existing Potential Amortization Event or Amortization Event described in clause (b) or (k) of Section 9.1 (with respect to clause (k), only to the extent subject to waiver as provided in the applicable Series Supplement) which relate to such Series and its consequences. Upon any such waiver, such Potential Amortization Event shall cease to exist with respect to such Series, and any Amortization Event with respect to such Series arising therefrom shall be deemed to have been cured for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Potential Amortization Event or impair any right consequent thereon. A Potential Amortization Event or an Amortization Event described in clause (a), (c), (d), (e), (f), (g), (h), (i), (j) or (k) of Section 9.1 (with respect to clause (k) only to the extent not subject to waiver as set forth in the applicable Series Supplement) shall not be subject to waiver.

Section 9.5. Control by Requisite Investors.

The Requisite Investors (or, to the extent such remedy relates only to a particular Series of Notes, the Required Noteholders of such Series (unless otherwise specified in the applicable Series Supplement)) may direct the time, method and place of conducting any

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proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, subject to Section 10.1, the Trustee may refuse to follow any direction that conflicts with law or this Base Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Noteholders, or that may involve the Trustee in personal liability.

### Section 9.6. Limitation on Suits.

Any other provision of this Indenture to the contrary notwithstanding, a Holder of Notes of any Series may pursue a remedy with respect to this Indenture or the Notes of such Series only if:

(a) the Noteholder gives to the Trustee written notice of a continuing Amortization Event with respect to such Series;

(b) the Noteholders of at least 25% of the aggregate Invested Amount of all then Outstanding Notes of such Series make a written request to the Trustee to pursue the remedy;

(c) such Noteholder or Noteholders offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 45 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 45-day period the Required Noteholders of such Series of Notes do not give the Trustee a direction inconsistent with the request.

(f) A Noteholder may not use this Indenture to prejudice the rights of another Noteholder or to obtain a preference or priority over another Noteholder.

### Section 9.7. Unconditional Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Noteholder of a Note to receive payment of principal and interest on the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of the Noteholder.

### Section 9.8. Collection Suit by the Trustee.

If any Amortization Event arising from the failure to make a payment in respect of a Series of Notes occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against BTF for the whole amount of principal and interest remaining unpaid on the Notes of such Series and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.



Section 9.9. The Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Noteholders allowed in any judicial proceedings relative to BTF (or any other obligor upon the Notes), its creditors or its property, and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claim and any custodian in any such judicial proceeding is hereby authorized by each Noteholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 10.5. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 10.5 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, and other properties which the Noteholders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Noteholder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

Section 9.10. Priorities.

If the Trustee collects any money pursuant to this Article, the Trustee shall pay out the money in accordance with the provisions of Article 5 of this Base Indenture as supplemented by the provisions of each Series Supplement hereto.

Section 9.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Base Indenture or any Series Supplement or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of any undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Noteholder pursuant to Section 9.7, or a suit by Noteholders of more than 10% of the aggregate Invested Amount of all then Outstanding Notes.

Section 9.12. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the holders of Notes is intended to be exclusive of any other right or remedy, and every right or

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remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under this Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under this Base Indenture, any applicable Series Supplement or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

### Section 9.13. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any holder of any Note to exercise any right or remedy accruing upon any Amortization Event shall impair any such right or remedy or constitute a waiver of any such Amortization Event or an acquiescence therein. Every right and remedy given by this Article 9 or by law to the Trustee or to the holders of Notes may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by such holders of Notes, as the case may be.

### Section 9.14. Reassignment of Surplus.

After termination of this Indenture and the payment in full of the Note Obligations, any proceeds of the Collateral received or held by the Trustee shall be turned over to BTF and the Collateral shall be reassigned to BTF by the Trustee without recourse to the Trustee and without any representations, warranties or agreements of any kind.

## ARTICLE 10. THE TRUSTEE

### Section 10.1. Duties of the Trustee.

(a) If an Amortization Event with respect to one or more Series of Notes has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs; provided, however, that the Trustee shall have no liability in connection with any action or inaction taken, or not taken, by it upon the deemed occurrence of an Amortization Event of which a Trust Officer has not received written notice. The preceding sentence shall not have the effect of insulating the Trustee from liability arising out of the Trustee's negligence or willful misconduct.

(b) Except during the occurrence and continuance of an Amortization Event:

(i) The Trustee undertakes to perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

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(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This clause does not limit the effect of clause (b) of this Section 10.1.

(ii) The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(iii) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 9.5.

(iv) The Trustee shall not be charged with knowledge of any default by any Person in the performance of its obligations under any Related Document, unless a Trust Officer receives written notice of such failure from BTF, the Lessee or any Noteholder or otherwise has actual knowledge thereof.

(d) Notwithstanding anything to the contrary contained in this Indenture or any of the other Related Documents, no provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability if there are reasonable grounds (as determined by the Trustee in its sole discretion) for believing that the repayment of such funds is not reasonably assured to it by the security afforded to it by the terms of this Indenture. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any risk, loss, liability or expense.

(e) In the event that the Paying Agent or the Registrar shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent or the Registrar, as the case may be, under this Indenture, the Trustee shall be obligated as soon as practicable upon actual knowledge of a Trust Officer thereof and receipt of appropriate records and information, if any, to perform such obligation, duty or agreement in the manner so required.

(f) Subject to Section 10.3, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or the Related Documents.

### Section 10.2. Rights of the Trustee.

Except as otherwise provided by Section 10.1:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting based upon any document believed by it to be genuine and to have been signed by or presented by the proper person.

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(b) The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents, custodians and nominees and shall not be liable for any misconduct or negligence on the part of, or for the supervision of, any such agent, custodian or nominee so long as such agent, custodian or nominee is appointed with due care. The appointment of agents (other than legal counsel) pursuant to this subsection (c) shall be subject to the prior consent of BTF, which consent shall not be unreasonably withheld.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Base Indenture or any Series Supplement, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Noteholders, pursuant to the provisions of this Base Indenture or any Series Supplement, unless such Noteholders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligations, upon the occurrence of an Amortization Event or a default by the Lessee, the Guarantor, the Administrator, BTF, the Nominee Lienholder (which has not been cured), to exercise such of the rights and powers vested in it by this Base Indenture or any Series Supplement, and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(f) The Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing so to do by the Required Noteholders of any Series of Notes.

(g) The Trustee shall not be liable for any losses or liquidation penalties in connection with Permitted Investments, unless such losses or liquidation penalties were incurred through the Trustee's own willful misconduct, negligence or bad faith.

(h) The Trustee shall not be liable for the acts or omissions of any successor to the Trustee so long as such acts or omissions were not the result of the negligence, bad faith or willful misconduct of the predecessor Trustee.

### Section 10.3. Individual Rights of the Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with BTF or an Affiliate of BTF with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

### Section 10.4. Notice of Amortization Events and Potential Amortization Events.

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If an Amortization Event or a Potential Amortization Event with respect to any Series of Notes Outstanding occurs and is continuing of which a Trust Officer shall have received written notice, the Trustee shall promptly provide the Noteholders and BTF with notice of such Amortization Event or Potential Amortization Event by first class mail.

### Section 10.5. Compensation.

(a) BTF shall promptly pay to the Trustee from time to time compensation for its acceptance of this Indenture and services hereunder as the Trustee and BTF shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. BTF shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include (i) the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and (ii) the reasonable expenses of the Trustee's agents in administering the Collateral.

(b) BTF shall not be required to reimburse any expense or indemnify the Trustee against any loss, liability, or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

(c) When the Trustee incurs expenses or renders services after an Amortization Event occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under the Bankruptcy Code.

(d) The provisions of this Section 10.5 shall survive the termination of this Indenture and the resignation and removal of the Trustee.

### Section 10.6. Replacement of the Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 10.6.

(b) The Trustee may, after giving sixty (60) days' prior written notice to BTF and each Noteholder, resign at any time and be discharged from the trust hereby created; provided, however, that no such resignation of the Trustee shall be effective until a successor trustee has assumed the obligations of the Trustee hereunder. The Requisite Investors may remove the Trustee at any time by so notifying the Trustee, BTF and the Administrator. So long as no Amortization Event has occurred and is continuing with respect to any Series of Outstanding Notes, BTF may remove the Trustee at any time. BTF shall remove the Trustee if:

- (i) the Trustee fails to comply with Section 10.8;
- (ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under the Bankruptcy Code;
- (iii) a custodian or public officer takes charge of the Trustee or its property; or

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(iv) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, BTF (or, if an Amortization Event has occurred and is continuing with respect to any Series of Outstanding Notes, the Requisite Investors) shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Requisite Investors may appoint a successor Trustee to replace the successor Trustee appointed by BTF.

(c) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, BTF or any Secured Party may petition any court of competent jurisdiction for the appointment of a successor Trustee. At any time after a successor Trustee appointed by a court takes office, the Requisite Investors may appoint a successor Trustee to replace the successor Trustee appointed by the court.

(d) If the Trustee, after written request by any Noteholder, fails to comply with Section 10.8, such Noteholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. At any time after a successor Trustee appointed by a court takes office, the Requisite Investors may appoint a successor Trustee to replace the successor Trustee appointed by the court.

(e) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee or removed Trustee and to BTF and the Administrator. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Base Indenture and any Series Supplement. The successor Trustee shall mail a notice of its succession to Noteholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; provided, however, that all sums owing to the retiring Trustee hereunder have been paid. Notwithstanding replacement of the Trustee pursuant to this Section 10.6, BTF's obligations under Section 10.5 shall continue for the benefit of the retiring Trustee.

### Section 10.7. Successor Trustee by Merger, etc.

Subject to Section 10.8, if the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

### Section 10.8. Eligibility Disqualification.

(a) There shall at all times be a Trustee hereunder which shall be (i) a corporation organized and doing business under the laws of the United States of America or of any state thereof authorized under such laws to exercise corporate trustee power, (ii) subject to supervision or examination by Federal or state authority and shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition (iii) a member bank, or is a subsidiary of a corporation that is a member bank, of the Federal Reserve System and (iv) subject to Section 10.6(b), if such Trustee is other than The Bank of New York Trust Company, N.A., acceptable to the Requisite Investors.

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(b) At any time the Trustee shall cease to satisfy the eligibility requirements of Section 10.8(a) above, the Trustee shall resign immediately in the manner and with the effect specified in Section 10.6.

### Section 10.9. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Base Indenture or any Series Supplement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Trustee shall have the power and may execute and deliver all instruments to appoint one or more persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Collateral, or any part thereof, and, subject to the other provisions of this Section 10.9, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 10.8 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 10.6. No co-trustee shall be appointed without the consent of BTF unless such appointment is required as a matter of state law or to enable the Trustee to perform its functions hereunder.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) The Notes of each Series shall be authenticated and delivered solely by the Trustee or an authenticating agent appointed by the Trustee;

(ii) All rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform, such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(iii) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(iv) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(v) The Trustee shall remain primarily liable for the actions of any co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given

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to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article 10. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Base Indenture and any Series Supplement, specifically including every provision of this Base Indenture or any Series Supplement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to BTF and the Administrator.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect to this Base Indenture or any Series Supplement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

(e) In connection with the appointment of a co-trustee, the Trustee may, at any time, at the Trustee's sole cost and expense, without notice to the Noteholders, delegate its duties under this Base Indenture and any Series Supplement to any Person who agrees to conduct such duties in accordance with the terms hereof; provided, however, that no such delegation shall relieve the Trustee of its obligations and responsibilities hereunder with respect to any such delegated duties.

### Section 10.10. Representations and Warranties of Trustee.

The Trustee represents and warrants to BTF and the Secured Parties that:

- (i) The Trustee is a national banking association, organized, existing and in good standing under the laws of the United States;
- (ii) The Trustee has full power, authority and right to execute, deliver and perform this Base Indenture and any Series Supplement issued concurrently with this Indenture and to authenticate the Notes, and has taken all necessary action to authorize the execution, delivery and performance by it of this Base Indenture and any Series Supplement issued concurrently with this Base Indenture and to authenticate the Notes;
- (iii) This Base Indenture has been duly executed and delivered by the Trustee; and
- (iv) The Trustee meets the requirements of eligibility as a trustee hereunder set forth in Section 10.8.

### Section 10.11. BTF Indemnification of the Trustee.

BTF shall indemnify and hold harmless the Trustee or any predecessor Trustee and their respective directors, officers, agents and employees from and against any loss, liability, claim, expense (including taxes, other than taxes based upon, measured by or determined by the



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income of the Trustee or such predecessor Trustee), damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of or in connection with the activities of the Trustee or such predecessor Trustee pursuant to this Base Indenture or any Series Supplement, including but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses reasonably incurred in connection with the defense of any actual or threatened action, proceeding, claim (whether asserted by BTF or any Noteholder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, or in connection with enforcing the provisions of this Section 10.11; provided, however, that BTF shall not indemnify the Trustee, any predecessor Trustee or their respective directors, officers, employees or agents if such acts, omissions or alleged acts or omissions constitute willful misconduct, negligence or bad faith by the Trustee or such predecessor Trustee, as the case may be. The indemnity provided herein shall survive the termination of this Indenture and the resignation and removal of the Trustee.

### Section 10.12. Possession of Collateral.

The Trustee shall hold the original chattel paper BTF Lease and any other Collateral in the State of New York pursuant to instructions of BTF in accordance with Section 8.12(e) or as otherwise directed by the Required Noteholders of any Series, as applicable.

## ARTICLE 11. DISCHARGE OF INDENTURE

### Section 11.1. Termination of BTF's Obligations.

(a) This Indenture shall cease to be of further effect (except that (i) BTF's obligations under Section 10.5 and Section 10.11, (ii) the Trustee's and Paying Agent's obligations under Section 11.2 and Section 11.3 and (iii) the Noteholders' and the Trustee's obligations under Section 13.17 shall survive) when all Outstanding Notes theretofore authenticated and issued (other than destroyed, lost or stolen Notes which have been replaced or paid) have been delivered to the Trustee for cancellation and BTF has paid all sums payable hereunder.

(b) In addition, except as may be provided to the contrary in any Series Supplement, BTF may terminate all of its obligations under this Indenture if:

(i) BTF irrevocably deposits in trust with the Trustee or at the option of the Trustee, with a trustee reasonably satisfactory to the Trustee and BTF under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, money or U.S. Government Obligations in an amount sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay, when due, principal and interest on the Notes to maturity or redemption, as the case may be, and to pay all other sums payable by it hereunder; provided, however, that (1) the trustee of the irrevocable trust shall have been irrevocably instructed to pay such money or the proceeds of such U.S. Government Obligations to the Trustee and (2) the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal and interest with respect to the Notes;

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(ii) BTF delivers to the Trustee an Officer's Certificate of BTF stating that all conditions (other than final payment to the Noteholders) precedent to satisfaction and discharge of this Indenture have been complied with, and an Opinion of Counsel to the same effect;

(iii) BTF delivers to the Trustee an Officer's Certificate of BTF stating that no Potential Amortization Event or Amortization Event shall have occurred and be continuing on the date of such deposit; and

(iv) the Required Noteholders of each Series of Notes Outstanding shall have consented to such deposit and termination of obligations pursuant to this Section 11.1;

then, this Indenture shall cease to be of further effect (except as provided in this Section 11.1), and the Trustee, on demand of BTF, shall execute proper instruments acknowledging confirmation of and discharge under this Indenture.

(c) After such irrevocable deposit made pursuant to Section 11.1(b) and satisfaction of the other conditions set forth herein, the Trustee upon request shall acknowledge in writing the discharge of BTF's obligations under this Indenture except for those surviving obligations specified above.

In order to have money available on a payment date to pay principal of or interest on the Notes, the U.S. Government Obligations shall be payable as to principal of or interest at least one Business Day before such payment date in such amounts as will provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

### Section 11.2. Application of Trust Money.

The Trustee or a trustee satisfactory to the Trustee and BTF shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 11.1. The Trustee shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent in accordance with this Indenture to the payment of principal and interest on the Notes. The provisions of this Section 11.2 shall survive the expiration or earlier termination of this Indenture.

### Section 11.3. Repayment to BTF.

The Trustee and the Paying Agent shall promptly pay to BTF upon written request any excess money or, pursuant to Sections 2.10 and 2.12, return any Notes held by them at any time.

Subject to Section 2.6(c), the Trustee and the Paying Agent shall pay to BTF upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due.

The provisions of this Section 11.3 shall survive the expiration or earlier termination of this Indenture.

ARTICLE 12. AMENDMENTS

Section 12.1. Amendments.

The provisions of this Base Indenture and any Series Supplement (unless otherwise provided in such Series Supplement) may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to in writing by BTF, the Trustee and the Requisite Investors (or the Required Noteholders of a Series of Notes, in respect of any amendment, modification or waiver to the Series Supplement with respect to such Series of Notes or any amendment, modification or waiver to the Base Indenture which affects only the Noteholders of such Series of Notes and does not affect the Noteholders of any other Series of Notes, as substantiated by an Officer's Certificate or, with respect to any legal issue, an Opinion of Counsel to such effect, which Opinion of Counsel may, to the extent same is based on any factual matter, rely upon an Officer's Certificate of BTF to the truth of such factual matter; provided that, notwithstanding the foregoing, so long as there is one Series of Notes outstanding, such Series of Notes shall be deemed to be affected by any amendment, modification or waiver to the Base Indenture). Notwithstanding the foregoing:

(i) any modification of this Section 12.1, any requirement hereunder that any particular action be taken by Noteholders holding the relevant percentage in the Invested Amount of the Notes or any change in the definition of the terms "Aggregate Required Borrowing Base", "Aggregate Invested Amount", "Borrowing Base", "Borrowing Base Deficiency", "Collateral" (other than to add additional Collateral), "Invested Amount", "Invested Percentage", or the applicable amount of Enhancement or any defined term used for the purpose of any such definitions shall require the consent of each affected Noteholder; and

(ii) any amendment, waiver or other modification that would (A) extend the due date for, or reduce the amount of any scheduled repayment or prepayment of principal or interest on any Note (or reduce the principal amount of or rate of interest on any Note) will require the consent of each affected Noteholder; (B) approve the assignment or transfer by BTF of any of its rights or obligations under the Indenture or under any other Related Document to which it is a party shall require the consent of each affected Noteholder, unless the express terms of such Related Document requires the consent of each Noteholder; (C) release any obligor under any Related Document to which it is a party except pursuant to the express terms of such Related Document will require the consent of each Noteholder; provided, however, that no consent will be required to release any liens on BTF Trucks which are released as permitted by the Indenture; (D) affect adversely the interests, rights or obligations of any Noteholder individually in comparison to others shall require the consent of such Noteholder; (E) amend or otherwise modify any Amortization Event or Liquidation Event of Default shall require the consent of each affected Noteholder; and (F) amend or otherwise modify which Amortization Events are not subject to waiver pursuant to Section 9.4 shall require the consent of each affected Noteholder; and

(iii) the Eligible Truck Appendix may be amended and/or supplemented from time to time by BTF without any approval or consent of any party;

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provided, however, the Eligible Truck Appendix is subject to (i) the calculation of the Termination Value Curve for each newly-added Truck, as determined by Deutsche Bank Securities, Inc., (which Termination Value Curve shall be subject to the consent of BTF), and (ii) as applicable, the calculation of the credit enhancement percentages for each newly-added Truck, as determined by the Required Noteholders for each outstanding Series of Notes (which enhancement percentages shall be subject to the consent of BTF).

No failure or delay on the part of any Noteholder or the Trustee in exercising any power or right under this Base Indenture, any Series Supplement or any other Related Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right.

### Section 12.2. Supplements.

Each amendment or other modification to this Indenture or the Notes shall be set forth in a Supplement. The initial effectiveness of each Supplement shall be subject to the delivery to the Trustee of an Opinion of Counsel that such Supplement is authorized by this Indenture and the conditions precedent set forth herein with respect thereto have been satisfied. In addition to the manner provided in Section 12.1, each Series Supplement may be amended as provided in such Series Supplement.

### Section 12.3. Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a Noteholder of a Note is a continuing consent by the Noteholder and every subsequent Noteholder of a Note or portion of a Note that evidences the same debt as the consenting Noteholder's Note, even if notation of the consent is not made on any Note. However, any such Noteholder or subsequent Noteholder may revoke the consent as to his Note or portion of a Note if the Trustee receives written notice of revocation before the date the amendment or waiver becomes effective. An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Noteholder. BTF may fix a record date for determining which Noteholders must consent to such amendment or waiver.

### Section 12.4. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment or waiver on any Note thereafter authenticated. BTF, in exchange for all Notes, may issue and the Trustee shall authenticate new Notes that reflect the amendment or waiver. Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment or waiver.

### Section 12.5. The Trustee to Sign Amendments, etc.

The Trustee shall sign any Supplement authorized pursuant to this Article 12 if the Supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing such Supplement, the Trustee shall be entitled to receive, if requested, an indemnity reasonably satisfactory to it and to receive and, subject to Section 10.1, shall be fully protected in relying upon, an Officer's

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Certificate of BTF and/or an Opinion of Counsel as conclusive evidence that such Supplement is authorized or permitted by this Base Indenture and that all conditions precedent have been satisfied, and that it will be valid and binding upon BTF in accordance with its terms. BTF may not sign a Supplement until its Board of Directors approves it.

ARTICLE 13. MISCELLANEOUS

Section 13.1. Notices.

(a) Any notice or communication by BTF or the Trustee to the other shall be in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), telex, telecopier, facsimile, electronic mail or overnight air courier guaranteeing next day delivery, to the other's address:

If to BTF:

Budget Truck Funding, LLC  
6 Sylvan Way  
Parsippany, New Jersey 07054  
Attn: Treasurer  
Phone: (973) 496-7312  
Fax: (973) 496-5852

with a copy to the Administrator:

Budget Truck Rental, LLC  
1 Campus Drive  
Parsippany, NJ 07054  
Attn: Treasurer  
Tel: (973) 496-5285  
Fax: (973) 496-5852

If to the Trustee:

The Bank of New York Trust Company, N.A.  
2 North LaSalle Street, Suite 1020  
Chicago, Illinois 60602  
Attn: Corporate Trust/Structured Finance  
Phone: (312) 827-8569  
Fax: (312) 827-8562

BTF or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications; provided, however, BTF may not at any time designate more than a total of three (3) addresses to which notices must be sent in order to be effective.

Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given five (5) days after the date that

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such notice is mailed, (iii) delivered by telex, telecopier, facsimile or electronic mail shall be deemed given on the date of delivery of such notice, and (iv) delivered by overnight air courier shall be deemed delivered one Business Day after the date that such notice is delivered to such overnight courier.

Notwithstanding any provisions of this Indenture to the contrary, the Trustee shall have no liability based upon or arising from the failure to receive any notice required by or relating to this Indenture or the Notes.

If BTF mails a notice or communication to Noteholders, it shall mail a copy to the Trustee at the same time.

(b) Where the Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided or unless otherwise provided in a Series Supplement) if sent in writing and mailed, first-class postage prepaid, to each Noteholder affected by such event, at its address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed (if any) for the giving of such notice. In any case where notice to a Noteholder is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given. Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made that is satisfactory to the Trustee shall constitute a sufficient notification for every purpose hereunder.

### Section 13.2. Communication by Noteholders With Other Noteholders.

Noteholders may communicate with other Noteholders with respect to their rights under this Indenture or the Notes.

### Section 13.3. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by BTF to the Trustee to take any action under this Indenture, the Trustee may request, and in such case BTF shall furnish to the Trustee, an Officer's Certificate of BTF in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.4) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with.

### Section 13.4. Statements Required in Certificate.

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Each certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that the Person giving such certificate has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based;

(c) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

### Section 13.5. Rules by the Trustee.

The Trustee may make reasonable rules for action by or at a meeting of Noteholders.

### Section 13.6. No Recourse Against Others.

A director, Authorized Officer, employee or stockholder of BTF, as such, shall not have any liability for any obligations of BTF under the Notes or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Noteholder by accepting a Note waives and releases all such liability.

### Section 13.7. Duplicate Originals.

The parties may sign any number of copies of this Base Indenture. One signed copy is enough to prove this Base Indenture.

### Section 13.8. Benefits of Indenture.

Except as set forth in a Series Supplement, nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under the Indenture.

### Section 13.9. Payment on Business Day.

Unless otherwise specified in the Series Supplement for any Series of Notes, in any case where any Distribution Date, redemption date or maturity date of any Note shall not be a Business Day, then (notwithstanding any other provision of this Base Indenture) payment of interest or principal (and premium, if any), as the case may be, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Distribution Date, redemption date, or maturity date; provided, however, that no interest

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shall accrue for the period from and after such Distribution Date, redemption date, or maturity date, as the case may be to and including such next succeeding Business Day.

### Section 13.10. Governing Law.

**THIS INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

### Section 13.11. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of BTF or an Affiliate of BTF. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

### Section 13.12. Successors.

All agreements of BTF in this Indenture and the Notes shall bind its successor; provided, however, BTF may not assign its obligations or rights under this Indenture or any Related Document. All agreements of the Trustee in this Indenture shall bind its successor.

### Section 13.13. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

### Section 13.14. Counterpart Originals.

The parties may sign any number of copies of this Base Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

### Section 13.15. Table of Contents, Headings, etc.

The Table of Contents and headings of the Articles and Sections of this Base Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

### Section 13.16. Termination; Indenture Collateral.

This Indenture, and any grants, pledges and assignments hereunder, shall become effective concurrently with the issuance of the first Series of Notes and shall terminate when (a) all Note Obligations shall have been fully paid and satisfied, (b) the obligations of each Enhancement Provider under any Enhancement and related documents have terminated, and (c) any Enhancement shall have terminated, at which time the Trustee, at the request of BTF and upon receipt of an Officer's Certificate of BTF to the effect that the conditions in clauses (a), (b) and (c) above have been complied with and upon receipt of a certificate from the Trustee and each Enhancement Provider to the effect that the conditions in clauses (a), (b) and (c) above have



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been complied with, shall reassign (without recourse upon, or any warranty whatsoever by, the Trustee) and deliver all Collateral and documents then in the custody or possession of the Trustee promptly to BTF.

BTF and the Secured Parties hereby agree that, if any funds remain on deposit in the Collection Account after the termination of this Indenture, such amounts shall be released by the Trustee and paid to BTF.

### Section 13.17. No Bankruptcy Petition Against BTF.

Each of the Secured Parties and the Trustee hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of the latest maturing Note, it will not institute against, or join with any other Person in instituting, against BTF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any Federal or state bankruptcy or similar law; provided, however, that nothing in this Section 13.17 shall constitute a waiver of any right to indemnification, reimbursement or other payment from BTF pursuant to this Indenture. In the event that any such Secured Party or the Trustee takes action in violation of this Section 13.17, BTF, as the case may be, shall file or cause to be filed an answer with the bankruptcy court or otherwise properly contesting the filing of such a petition by any such Secured Party or the Trustee against BTF or the commencement of such action and raising the defense that such Secured Party or the Trustee 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 13.17 shall survive the termination of this Indenture, and the resignation or removal of the Trustee. Nothing contained herein shall preclude participation by any Secured Party or the Trustee in the assertion or defense of its claims in any such proceeding involving BTF.

### Section 13.18. No Recourse.

The obligations of BTF under this Indenture are solely the obligations of BTF. No recourse shall be had for the payment of any amount owing in respect of any fee hereunder or any other obligation or claim arising out of or based upon this Indenture against any member, employee, officer, manager, or incorporator or other authorized person of BTF. Fees, expenses or costs payable by BTF hereunder shall be payable by BTF to the extent and only to the extent that BTF is reimbursed therefor pursuant to any of the Related Documents, or funds are then available or thereafter become available for such purpose pursuant to Article 5. In the event that BTF is not reimbursed for such fees, expenses or costs or that sufficient funds are not available for their payment pursuant to Article 5, the excess unpaid amount of such fees, expenses or costs shall in no event constitute a claim (as defined in Section 101 of the Bankruptcy Code) against, or corporate obligation of, BTF. Nothing in this Section 13.18 shall be construed to limit the Trustee from exercising its rights hereunder with respect to the Collateral.

### Section 13.19. Waiver of Jury Trial.

**EACH OF BTF AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING**

OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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IN WITNESS WHEREOF, the Trustee and BTF have caused this Base Indenture to be duly executed by their respective duly authorized officers as of the day and year first written above.

BUDGET TRUCK FUNDING, LLC,  
as Issuer

By: /s/: Alex Georgianna

Name: Alex Georgianna

Title: Vice President

THE BANK OF NEW YORK TRUST COMPANY, N.A.,  
as Trustee

By: /s/: Marian Onischak

Name: Marian Onischak

Title: Assistant Vice President

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DEFINITIONS LIST

“ABCR” means Avis Budget Car Rental, LLC, a Delaware limited liability company, and its successors.

“Accrued Amounts” means, with respect to any Series of Notes (or any class of such Series of Notes), the amount, if any, specified in the applicable Series Supplement.

“Additional BTF Truck” means an Eligible Truck that is acquired by BTF after the Initial Closing Date and identified in the Eligible Truck Appendix.

“Administration Agreement” means the Administration Agreement, dated as of May 11, 2006, by and among the Administrator, BTF and the Trustee, as amended, modified or supplemented from time to time in accordance with its terms.

“Administrator” means BTR, in its capacity as Administrator under the Administration Agreement, or any successor Administrator thereunder.

“Administrator Default” means any of the events described in Section 13(c) of the Administration Agreement.

“Affiliate” means, with respect to any specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, “control” means the power to direct the management and policies of a Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and “controlled” and “controlling” have meanings correlative to the foregoing.

“Affiliate Issuer” means any special purpose entity that is an Affiliate of ABCR that has entered into financing arrangements secured by one or more Series of Notes.

“Agent” means any Registrar or Paying Agent.

“Aggregate Invested Amount” means the sum of the Invested Amounts with respect to all Series of Notes then Outstanding.

“Aggregate Required Borrowing Base” means, on any date of determination, the sum of the Required Borrowing Base with respect to each Series of Notes Outstanding on such date.

“Amortization Event” with respect to each Series of Notes, has the meaning specified in Section 9.1 of the Base Indenture.

“Annual Noteholders’ Tax Statement” has the meaning specified in Section 4.2(b) of the Base Indenture.

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“Applicants” has the meaning specified in Section 2.7 of the Base Indenture.

“Approved Seller” means a Person who sells trucks to BTF that has been approved in writing by the Requisite Investors.

“Authorized Officer” means any of the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the applicable Person whose signatures and incumbency shall have been certified in such certificates from time to time as duly authorized to execute and deliver the applicable instruments, certificates, notices and other documents in connection herewith on behalf of such Person.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 et seq.

“Base Indenture” means the Base Indenture, dated as of May 11, 2006, between BTF and the Trustee, as amended, modified or supplemented from time to time, exclusive of Series Supplements creating a new Series of Notes.

“Board of Directors” means the Board of Directors of BTF or any authorized committee of the Board of Directors, as applicable.

“Borrowing Base” means, as of any date of determination, an amount equal to the sum of (i) the aggregate Termination Value of all Eligible Trucks as of such date, plus (ii) cash and Permitted Investments on deposit in the Collection Account (including any subaccount of the Collection Account) as of such date, plus (iii) all accrued and unpaid Depreciation Charges included in Monthly Base Rent under the BTF Lease with respect to all Eligible Trucks as of such date that have not been sold or deemed sold under the Related Documents; plus (iv) all accrued and unpaid Casualty Payments and Truck Special Damage Payments under the BTF Lease; plus (v) all due and unpaid Liquidation Proceeds.

“Borrowing Base Deficiency” means, with respect to any date of determination, the amount, if any, by which the Aggregate Required Borrowing Base on such date exceeds the Borrowing Base on such date.

“BRAC” means Budget Rent A Car System, Inc., a Delaware corporation, and its successors.

“BTF” means Budget Truck Funding, LLC, a Delaware limited liability company, and its successors.

“BTF Lease” means the Master Motor Vehicle Operating Lease Agreement, dated as of May 11, 2006, among BTF, as lessor, BTR, as lessee, ABCR, as guarantor, and BTR, as Administrator, as amended, modified or supplemented from time to time in accordance with its terms.

“BTF Lease Commencement Date” has the meaning specified in Section 3.2 of the BTF Lease.

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“BTF Lease Expiration Date” is defined in Section 3.2 of the BTF Lease.

“BTF Truck” means a truck owned by BTF.

“BTR” means Budget Truck Rental, LLC, a Delaware limited liability company, and its successors.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks are authorized or required by law to be closed in New York City, New York.

“Capitalized Cost” means, with respect to any BTF Truck, (i) for each BTF Truck purchased directly from an Eligible Truck Manufacturer, the initial cost of such BTF Truck as set forth in the invoice of the applicable manufacturer, minus any incentive payments or rebates used to reduce such initial acquisition cost, as set forth on Schedule I to the Base Indenture as the “WA Acquisition Price” for such BTF Truck and (ii) for each BTF Truck purchased from an Approved Seller, the amount agreed to by Deutsche Bank Securities, Inc. with respect to such BTF Truck.

“Carrying Charges” means, as of any Distribution Date, the sum of (a) the aggregate of all Trustee fees and other costs, fees and expenses and indemnity amounts, if any, payable by BTF under the Indenture or the other Related Documents which have accrued since the immediately preceding Distribution Date, (b) the Monthly Administration Fee payable to the Administrator pursuant to the Administration Agreement on such Distribution Date and (c) without duplication, all other operating expenses of BTF.

“Carrying Cost Interest Rate” means for any Interest Period an interest rate equal to the percentage equivalent of a fraction, (i) the numerator of which is equal to the sum of (A) the amount of interest accrued during such Interest Period with respect to all Series of Notes, minus (B) any accrued earnings on Permitted Investments in the Collection Account which are available for distribution on the last Business Day of such Interest Period, and (ii) the denominator of which is equal to the average Aggregate Invested Amount during such Interest Period.

“Casualty” means, with respect to any BTF Truck, that (a) such BTF Truck is destroyed, seized or otherwise rendered permanently unfit or unavailable for a period of 10 days or (b) such BTF Truck is lost or stolen and is not recovered within 60 days following the occurrence thereof.

“Casualty Payment” means, with respect to any BTF Truck subject to a Casualty, an amount equal the Termination Value of such BTF Truck as of the date of such Casualty Payment.

“Cendant” means Cendant Corporation, a Delaware corporation, and its successors.

“Certificate of Title” means, with respect to each BTF Truck, the certificate of title applicable to such BTF Truck duly issued in accordance with the certificate of title act or statute of the jurisdiction applicable to such BTF Truck.

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“Change in Control” means (a) BRAC shall at any time cease to own or control, directly or indirectly, greater than 50% of the Voting Stock of the Lessee or the Administrator, or (b) ABCR shall at any time cease to own or control, directly or indirectly, greater than 50% of the Voting Stock of BRAC or (c) Avis Budget Holdings, LLC shall at any time cease to own or control, directly or indirectly, greater than 50% of the Voting Stock of ABCR.

“Class” means, with respect to any Series of Notes, any one of the classes of Notes of that Series as specified in the applicable Series Supplement.

“Closing Date” means the Initial Closing Date or any Series Closing Date.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any successor statute of similar import, in each case as in effect from time to time. References to sections of the Code also refer to any successor sections.

“Collateral” has the meaning specified in Section 3.1(a) of the Base Indenture.

“Collateral Agreements” means the BTF Lease, the Nominee Agreement and the Administration Agreement.

“Collection Account” means the Eligible Account maintained by the Collection Account Securities Intermediary pursuant to the Collection Account Control Agreement or any successor securities account maintained pursuant to the Collection Account Control Agreement.

“Collection Account Control Agreement” means the agreement among BTF, The Bank of New York Trust Company, N.A., as securities intermediary, and the Trustee, dated as of May 11, 2006, relating to the Collection Account, as amended, modified or supplemented from time to time in accordance with its terms.

“Collection Account Securities Intermediary” means The Bank of New York Trust Company, N.A. or any other securities intermediary that maintains the Collection Account pursuant to the Collection Account Control Agreement.

“Collections” means all proceeds of the Collateral including (a) all payments by or on behalf of the Lessee or the Guarantor under the BTF Lease, (b) all proceeds of the BTF Trucks, including all Disposition Proceeds from the BTF Trucks, payments of insurance proceeds and warranty payments which the Administrator is required to deposit into the Collection Account, whether such payments are in the form of cash, checks, wire transfers or other forms of payment and whether in respect of principal, interest, repurchase price, fees, expenses or otherwise, and (c) all amounts earned on funds in the Collection Account.

“Company Order” and “Company Request” means a written order or request signed in the name of BTF by any one of its Authorized Officers and delivered to the Trustee.

“Consolidated Subsidiary” means, at any time, any Subsidiary or other entity the accounts of which would be consolidated with those of BTR in its consolidated financial statements as of such time.

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“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person (a) with respect to any indebtedness, lease, dividend, letter of credit or other obligation of another if the primary purpose or intent thereof by the Person incurring the Contingent Obligation is to provide assurance to the obligee of such obligation of another that such obligation of another will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof or (b) under any letter of credit issued for the account of that Person or for which that Person is otherwise liable for reimbursement thereof. Contingent Obligation shall include (a) the direct or indirect guarantee, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another and (b) any liability of such Person for the obligations of another through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), (ii) to maintain the solvency of any balance sheet item, level of income or financial condition of another or (iii) to make take-or-pay or similar payments if required regardless of non-performance by any other party or parties to an agreement, if in the case of any agreement described under subclause (i) or (ii) of this sentence the primary purpose or intent thereof is as described in the preceding sentence. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported.

“Contractual Obligation” means, with respect to any Person, any provision of any security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

“Control Agreement” means an agreement establishing “control” within the meaning of 8-106 of the New York UCC by the Trustee over Issuer Accounts.

“Controlled Group” means, with respect to any Person, such Person, whether or not incorporated, and any corporation, trade or business that is, along with such Person, a member of a controlled group of corporations or a controlled group of trades or businesses as described in Sections 414(b) and (c), respectively, of the Code.

“Corporate Trust Office” shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered which office at the date of the execution of the Base Indenture is located at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602, Attention: Corporate Trust/Structured Finance, or at any other time at such other address as the Trustee may designate from time to time by notice to the Noteholders, BTF and the Administrator.

“Daily Report” has the meaning specified in Section 4.1(a) of the Base Indenture.

“Definitions List” means this Definitions List, as amended or modified from time to time.



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“Depreciation Charge” means with respect to any BTF Truck and any period, the excess of (a) the cumulative depreciation charge for such BTF Truck at the end of such period as determined by the product of (i) the Capitalized Cost of such BTF Truck and (ii) 100% minus the Termination Value Percentage applicable to the last day of such period over (b) the cumulative depreciation charge for such BTF Truck at the beginning of such period as determined by the product of (i) the Capitalized Cost of such BTF Truck and (ii) 100% minus the Termination Value Percentage applicable to the first day of such period; provided that, for purposes of determining the Depreciation Charges for a Related Month, the percentage applicable to the last day of such period shall be the Termination Value Percentage for such month and the percentage applicable to the first day of such period shall be the Termination Value Percentage for the month immediately preceding such Related Month; provided further that, for purposes of determining the Depreciation Charges, the Termination Value Percentage applicable to any date of determination shall be the sum of (i) the product of (x) the percentage equivalent of fraction the numerator of which is the number of days from the first day of the month in which such date of determination falls to such date of determination and the denominator is the number of days in such month in which such date of determination falls and (y) the excess of the Termination Value Percentage for the month immediately preceding the month in which such date of determination falls over the Termination Value Percentage for such month and (ii) the Termination Value Percentage for the month in which such date of determination falls.

“Determination Date” means the date five days prior to each Distribution Date.

“Diesel Truck” means a BTF Truck with a diesel engine.

“Disposition Proceeds” means the net proceeds from the sale or disposition of an BTF Truck to any Person, whether at an auction, wholesale or otherwise.

“Distribution Account” means, with respect to any Series of Notes, an account established as such pursuant to the applicable Series Supplement.

“Distribution Date” means, unless otherwise specified in any Series Supplement for the related Series of Notes, the twentieth day of each calendar month, or, if such day is not a Business Day, the next succeeding Business Day, commencing May 22, 2006.

“Dollar” and the symbol “\$” mean the lawful currency of the United States.

“Eligibility Requirements” mean, with respect to any truck: (i) such truck was manufactured by an Eligible Truck Manufacturer, (ii) such truck was purchased by BTF directly from an Eligible Truck Manufacturer or an Approved Seller, and (iii) the Administrator has performed the pre-delivery inspection, and for which appropriate lien, titling and filing claims for damage in transit and other delivery claims have been completed.

“Eligible Account” means, at any time, a separately identifiable securities account established and maintained in the deposit taking department of a Qualified Institution or a segregated identifiable trust account established and maintained in the trust department of a Qualified Trust Institution.

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“Eligible Truck” means a truck that (a) on the applicable date of determination (i) is owned by BTF, free and clear of all Liens other than Permitted Liens, (ii) is titled in the name of BTF, (iii) with respect to which a Nominee Lienholder or the Trustee is noted as the first lienholder on the Certificate of Title therefor and the Administrator or its agent, as custodian and agent for the Trucks for the benefit of the Secured Parties, or the Trustee, is in possession of such Certificate of Title, (iv) is listed on the Eligible Truck Appendix, (v) is leased under the BTF Lease for use by BTR in its daily rental fleet operations in the United States, (vi) is not an Ineligible Truck; provided, however, that, with respect to any date of determination on or before June 25, 2006, the requirements of the foregoing clauses (ii) and (iii) shall be deemed to be satisfied if the Titling Procedures for such truck have been satisfied, and (b) satisfied the Eligibility Requirements at the time it was purchased by BTF and leased under the BTF Lease.

“Eligible Truck Appendix” means Attachment A attached to the BTF Lease; provided that the Eligible Truck Appendix may be amended by BTF in accordance with Section 12.1, subject to (i) the calculation of the Termination Value Curve for each newly-added Truck, as determined by Deutsche Bank Securities, Inc., (which Termination Value Curve shall be subject to the consent of BTF), and (ii) as applicable, the calculation of the credit enhancement percentages for each newly-added Truck, as determined by the Required Noteholders for each outstanding Series of Notes (which enhancement percentages shall be subject to the consent of BTF).

“Eligible Truck Manufacturers” means General Motors Corporation, Ford Motor Company and International Truck and Engine Corporation and any other manufacturer approved in writing by the Requisite Investors.

“Enhancement” means, with respect to any Series of Notes, the rights and benefits provided to the Noteholders of such Series of Notes pursuant to any letter of credit, surety bond, cash collateral account, overcollateralization, issuance of subordinated Notes, spread account, guaranteed rate agreement, maturity guaranty facility, tax protection agreement, interest rate swap or any other similar arrangement.

“Enhancement Agreement” means any contract, agreement, instrument or document governing the terms of any Enhancement or pursuant to which any Enhancement is issued or outstanding.

“Enhancement Amount” has the meaning specified, with respect to any Series of Notes, in the applicable Series Supplement.

“Enhancement Deficiency” has the meaning specified, with respect to any Series of Notes, in the applicable Series Supplement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

“Event of Bankruptcy” shall be deemed to have occurred with respect to a Person if:

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(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or any substantial part of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 60 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors; or

(c) the board of directors of such Person (if such Person is a corporation or similar entity) shall vote to implement any of the actions set forth in clause (b) above.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expected Final Distribution Date” means, with respect to any Series of Notes, the date stated in the applicable Series Supplement as the date on which such Series of Notes is expected to be paid in full.

“Financial Officer” means, with respect to any Person, the chief financial officer, vice-president-finance, principal accounting officer, controller or treasurer of such Person.

“GAAP” means the generally accepted accounting principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors and successors from time to time.

“Gasoline Truck” means a BTF Truck with a gasoline engine.

“Governmental Authority” means any Federal, state, local or foreign court or governmental department, commission, board, bureau, agency, authority, instrumentality or regulatory body.

“Guaranteed Obligations” has the meaning specified in Section 26.1 of the BTF Lease.

“Guarantor” means ABCR in its capacity as guarantor of the Lessee’s obligations under the BTF Lease.

“Guaranty” has the meaning specified in Section 26.1 of the BTF Lease.

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“Indebtedness”, as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) that portion of obligations with respect to any lease of any property (whether real, personal or mixed) that is properly classified as a liability on a balance sheet in conformity with GAAP, (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (d) any obligation owed for all or any part of the deferred purchase price for property or services, which purchase price is (i) due more than six months from the date of the incurrence of the obligation in respect thereof or (ii) evidenced by a note or similar written instrument, (e) all indebtedness secured by any Lien on any property or asset owned by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, and (f) all Contingent Obligations of such Person in respect of any of the foregoing.

“Indemnified Persons” has the meaning specified in Section 16.1 of the BTF Lease.

“Indenture” means the Base Indenture, together with all Series Supplements, as amended, modified or supplemented from time to time by Supplements thereto in accordance with its terms.

“Independent Manager” means, with respect to BTF, an individual who is not, and, except for having previously acted as an “independent” director or manager of BTF (or any special purpose entity who is an Affiliate of BTF) never was,

(i) a stockholder, member, partner, director, officer, employee, affiliate, associate, customer, supplier, creditor or independent contractor of, or any person that has received any benefit (excluding, however, any compensation received in such person’s capacity as a director of BTF, as the case may be) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a Person engaged as an “independent” director or manager, as the case may be) in any form whatever to, ABCR, BTF, BRAC, the Administrator or any of their Affiliates or associates, or

(ii) any person owning beneficially, directly or indirectly, any outstanding shares of common stock, any limited liability company interests or any partnership interests, as applicable, of BTF, as the case may be, or ABCR, BTF, BRAC, the Administrator or any of their Affiliates, or a stockholder, member, partner, director, officer, employee, Affiliate, associate, customer, supplier, creditor or independent contractor of, or any person that has received any benefit (excluding, however, any compensation received by a Person engaged as an “independent” director or manager, as the case may be) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a Person engaged as an “independent” director or manager, as the case may be) in any form whatever to, such beneficial owner or any of such beneficial owner’s affiliates or associates, or

(iii) a member of the immediate family of any person described above.

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“Ineligible Truck” means a Truck owned by BTF that, on the applicable date of determination, (i) is over the Maximum Mileage Limit, (ii) has suffered a Casualty, (iii) with respect to Gasoline Trucks, is older than 42 months from the date of original invoicing and with respect to Diesel Trucks, is older than 54 months from the date of original invoicing, or (iv) is currently subject to a recall by the manufacturer.

“Initial Acquisition Cost” has the meaning specified in Section 2.3 of the BTF Lease.

“Initial Closing Date” means the date on which the initial Series of Notes is issued pursuant to the Indenture.

“Initial Closing Date Net Book Value” means, with respect to each BTF Truck on the Initial Closing Date, the Capitalized Cost of such BTF Truck minus all Depreciation Charges accrued with respect to such Truck through the day immediately preceding the Initial Closing Date.

“Initial Invested Amount” means, with respect to any Series of Notes, the aggregate initial principal amount specified in the applicable Series Supplement.

“Initial Purchase Net Book Value” means, with respect to each Additional BTF Truck on the Vehicle Lease Commencement Date for such Additional BTF Truck, the Capitalized Cost of such Additional BTF Truck minus all Depreciation Charges accrued with respect to such Truck through the day immediately preceding the Vehicle Lease Commencement Date for such Additional BTF Truck.

“Interest Collections” means on any date of determination, all Collections which represent payments of Monthly Base Rent (other than (x) any Depreciation Charges included in payments of Monthly Base Rent pursuant to clause (b) of the definition of thereof and (y) any amount included in payments of Monthly Base Rent pursuant to clause (d) of the definition thereof) plus any amounts earned on Permitted Investments in the Collection Account which are available for distribution on such date.

“Interest Period” means, with respect to any Series of Notes, the period commencing on and including a Distribution Date and ending on and excluding the day preceding the next succeeding Distribution Date, commencing on the date specified in the applicable Series Supplement.

“Invested Amount” means, with respect to each Series of Notes, the amount specified in the applicable Series Supplement.

“Invested Percentage” means, with respect to any Series of Notes, the percentage specified in the applicable Series Supplement.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

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“Investment Property” has the meaning specified in Section 9-102(a)(49) of the applicable UCC.

“Issuer Accounts” has the meaning specified in Section 5.1(e) of the Base Indenture.

“Lease Event of Default” means the occurrence of any of the events described in Section 18.1 of the BTF Lease.

“Lease Payment Default” means the occurrence of any event described in Section 18.1.1 of the BTF Lease.

“Lease Payment Deficit” has the meaning specified, with respect to any Series, in the applicable Series Supplement.

“Lessee” means BTR, in its capacity as lessee under the BTF Lease.

“Lessor” means BTF in its capacity as the lessor under the BTF Lease.

“Lien” means, when used with respect to any Person, any interest in any real or personal property, asset or other right held, owned or being purchased or acquired by such Person which secures payment or performance of any obligation, and shall include any mortgage, lien, pledge, encumbrance, charge, retained security title of a conditional vendor or lessor, or other security interest of any kind, whether arising under a security agreement, mortgage, lease, deed of trust, chattel mortgage, assignment, pledge, retention or security title, financing or similar statement, or notice or arising as a matter of law, judicial process or otherwise.

“Limited Liquidation Event of Default” means, with respect to any Series of Notes, any event specified as such in the applicable Series Supplement.

“Liquidation Event of Default” means, the occurrence and continuance of an Amortization Event under the Base Indenture (excluding Section 9.1(k)).

“Liquidation Proceeds” means, with respect to any Related Month, amounts paid during such Related Month and amounts due and payable (but not more than 30 days past the date of disposition of the Truck) with respect to the disposition, at auction, wholesale or otherwise, of the Trucks previously leased under the Lease.

“Material Adverse Effect” means, with respect to any occurrence, event or condition:

(a) a material adverse change in or effect on the financial condition, prospects, business, assets or operations of the Guarantor and its Consolidated Subsidiaries;

(b) a material adverse effect on the ability of BTR, the Guarantor, ABCR, BTF or the Administrator to perform its obligations under any of the Related Documents; or

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(iii) an adverse effect on (a) the validity or enforceability of any Related Document or (b) on the validity, status, perfection or priority of the Trustee's Lien on the Collateral.

“Maximum Invested Amount” means, with respect to each Series of Notes, the amount, if any, specified in the applicable Series Supplement.

“Maximum Mileage Limit” means 110,000 miles.

“Monthly Administration Fee” means, with respect to each Distribution Date, the fee payable to the Administrator pursuant to Section 6 of the Administration Agreement on such Distribution Date.

“Monthly Base Rent” means, for each Distribution Date, the sum of (a) the aggregate amount of interest accrued on each Outstanding Series of Notes during the Interest Period ending on the day immediately preceding such Distribution Date minus any accrued earnings on investments in the Collection Account which are available for distribution on the last Business Day of such Interest Period, plus (b) the accrued Depreciation Charges for the Related Month for all BTF Trucks (i) subject to the BTF Lease as of the end of the Related Month or (ii) that, without double counting, while subject to the BTF Lease, either became Ineligible Trucks, suffered a Casualty or were sold by or on behalf of BTF to any Person, in each case, during the Related Month, plus (c) Truck Special Damage Payments related to BTF Trucks disposed of during the Related Month, plus (d) the Termination Value of any BTF Truck with respect to which a Casualty has occurred during the Related Month, plus (e) the Carrying Charges as of such Distribution Date, plus (f) an amount equal to 2% per annum, payable at one-twelfth the annual rate, of the Net Book Value of the BTF Trucks as of the first day of the Related Month.

“Monthly Certificate” has the meaning specified in Section 4.1(c) of the Base Indenture.

“Monthly Noteholders Statement” means, with respect to any Series of Notes, a statement substantially in the form of an Exhibit to the applicable Series Supplement.

“Moody's” means Moody's Investors Service.

“Net Book Value” means, (a) with respect to each Eligible Truck (other than an Additional BTF Truck), (i) as of any date of determination during the period from and including the Initial Closing Date to but excluding the initial Determination Date, the Initial Closing Date Net Book Value of such Eligible Truck, (ii) as of the initial Determination Date, the Initial Closing Date Net Book Value of such Eligible Truck minus the aggregate Depreciation Charges accrued with respect to such Eligible Truck from and including the Initial Closing Date through the last day of the Related Month and (iii) as of any other Determination Date, the Net Book Value of such Eligible Truck as calculated on the immediately preceding Determination Date minus the aggregate Depreciation Charges accrued with respect to such Eligible Truck during the Related Month and (b) with respect to each Additional BTF Truck, (i) as of any date of determination during the period from and including the Vehicle Lease Commencement Date with respect to such Additional BTF Truck to but excluding the initial Determination Date thereafter, the Initial Purchase Net Book Value of such Additional BTF Truck, (ii) as of the initial

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Determination Date after the Vehicle Lease Commencement Date with respect to such Additional BTF Truck, the Initial Purchase Net Book Value of such Additional BTF Truck minus the aggregate Depreciation Charges accrued with respect to such Additional BTF Truck from and including the Vehicle Lease Commencement Date with respect to such Additional BTF Truck through the last day of the Related Month and (iii) as of any other Determination Date, the Initial Purchase Net Book Value of such Additional BTF Truck as calculated on the immediately preceding Determination Date minus the aggregate Depreciation Charges accrued with respect to such Additional BTF Truck during the Related Month. After the initial Determination Date, on any date of determination that is not a Determination Date, the Net Book Value of an Eligible Truck or an Additional BTF Truck will be the Net Book Value calculated for such Eligible Truck or Additional BTF Truck on the most recent Determination Date.

“Nominee Agreement” means a Nominee Lienholder Agreement approved in writing by the Requisite Investors, among BTF, a Nominee Lienholder, the Trustee and ABCR, as amended, modified or supplemented from time to time in accordance with its terms.

“Nominee Lienholder” means a Person approved in writing by the Requisite Investors, in its capacity as nominee lienholder under the Nominee Agreement, and any successor Nominee Lienholder thereunder.

“Note Obligations” means all principal and interest, at any time and from time to time, owing by BTF on the Notes and all costs, fees and expenses payable by, or obligations of, BTF under the Indenture and/or the Related Documents.

“Note Rate” means, with respect to any Series of Notes, the annual rate at which interest accrues on the Notes of such Series of Notes (or formula on the basis of which such rate shall be determined) as stated in the applicable Series Supplement.

“Note Register” means the register maintained pursuant to Section 2.5(a) of the Base Indenture, providing for the registration of the Notes and transfers and exchanges thereof.

“Noteholder” and “Holder” means the Person in whose name a Note is registered in the Note Register.

“Notes” has the meaning specified in the recitals to the Base Indenture.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of, ABCR, BTF the Administrator or the Lessee, as the case may be.

“Opinion of Counsel” means a written opinion from legal counsel which is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to ABCR, BTF, the Administrator or, as the case may be, unless the Requisite Investors shall notify the Trustee of objection thereto.

“Outstanding” has the meaning specified, with respect to any Series, in the applicable Series Supplement.

“Paying Agent” has the meaning specified in Section 2.5(a) of the Base Indenture.



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“Pension Plan” means any “employee pension benefit plan”, as such term is defined in ERISA, which is subject to Title IV of ERISA (other than a “multiemployer plan”, as defined in Section 4001 of ERISA) and to which any company in the Controlled Group has liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA for any time within the preceding five years or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

“Permitted Encumbrances” means: (a) a Lien securing a tax, assessment or other governmental charge or levy (excluding any Lien arising under any of the provisions of ERISA) or the claim of a materialman, mechanic, carrier, warehouseman or landlord for labor, materials, supplies or rentals incurred in the ordinary course of business, and foreclosure, distraint, sale or other similar proceedings shall not have been commenced; (b) a Lien consisting of a deposit or pledge made, in the ordinary course of business, in connection with, or to secure payment of, obligations under worker’s compensation, unemployment insurance or similar legislation; (c) a Lien constituting an encumbrance in the nature of zoning restrictions, easements, and rights or restrictions of record on the use of real property which does not materially detract from the value of such property or impair the use thereof in the business of the Lessee; (d) a Lien constituting a lease or sublease granted by the Lessee to others in the ordinary course of business; (e) a Lien securing Purchase Money Indebtedness but only if, in the case of each such Lien: (i) such Lien shall at all times be confined solely to the asset purchase price of which was financed through the incurrence of the Purchase Money Indebtedness secured by such Lien and to fixed improvements then or thereafter erected on such asset; (ii) such Lien attached to such asset within 90 days of the acquisition of such property; and (iii) the aggregate principal amount of Purchase Money Indebtedness secured by such Lien at no time exceeds an amount equal to the lesser of (A) the cost (including the principal amount of such Indebtedness, whether or not assumed) to the Lessee of the asset subject to such Lien and (B) the fair value of such asset at the time of such acquisition; (f) a Lien constituting a renewal, extension or replacement of a Lien constituting a Permitted Encumbrance by virtue of clause (e) of this definition, but only, in the case of each such renewal, extension or replacement Lien, to the extent that the principal amount of indebtedness secured by such Lien does not exceed the principal amount of such indebtedness so secured at the time of the extension, renewal or replacement, and that such renewal, extension or replacement Lien is limited to all or a part of the property that was subject to the Lien extended, renewed or replaced and to fixed improvements then or thereafter erected on such property; and (g) a Lien arising pursuant to an order of attachment, distraint or similar legal process arising in connection with legal proceedings, but only if and so long as the execution or other enforcement thereof is not unstayed for more than 20 days. For this purpose “Purchase Money Indebtedness” means Indebtedness of the Lessee that, within 90 days of such purchase, is incurred to finance part or all of (but not more than) the purchase price of a tangible asset in which the Lessee had at any time prior to such purchase any interest other than a security interest or an interest as lessee under an operating lease and renewals, extensions or refundings, thereof, but not any increases in the principal amounts thereof or interest rates thereon, except for increases in interest rates upon the occasion of any such renewal, extension or refunding that are commercially reasonable at such time.

“Permitted Investments” means negotiable instruments or securities maturing on or before the Distribution Date next occurring after the investment therein, payable in Dollars,

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issued by an entity organized under the laws of the United States of America and represented by instruments in bearer or registered or in book-entry form which evidence:

(i) obligations the full and timely payment of which are to be made by or is fully guaranteed by the United States of America other than financial contracts whose value depends on the values or indices of asset values;

(ii) demand deposits of, time deposits in, or certificates of deposit issued by, any depository institution or trust company incorporated under the laws of the United States of America or any state thereof whose short-term debt is rated P-1 or higher by Moody's and A-1 or higher by Standard & Poor's and subject to supervision and examination by Federal or state banking or depository institution authorities; provided, however, that at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, the certificates of deposit or short-term deposits, if any, or long-term unsecured debt obligations (other than such obligation whose rating is based on collateral or on the credit of a Person other than such institution or trust company) of such depository institution or trust company shall have a credit rating from Standard & Poor's of "A-1+", in the case of certificates of deposit or short-term deposits, or a rating from Standard & Poor's not lower than "AA", in the case of long-term unsecured debt obligations;

(iii) commercial paper having, at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, a rating from Standard & Poor's of "A-1+" and from Moody's of "P-1";

(iv) bankers' acceptances issued by any depository institution or trust company described in clause (ii) above;

(v) investments in money market funds rated "AAm" by Standard & Poor's or otherwise approved in writing by Standard & Poor's;

(vi) Eurodollar time deposits having a credit rating from Standard & Poor's of "A-1+" and from Moody's of "P-1";

(vii) repurchase agreements involving any of the Permitted Investments described in clauses (i) and (vi) above and the certificates of deposit described in clause (ii) above which are entered into with a depository institution or trust company, having a commercial paper or short-term certificate of deposit rating of "A-1+" by Standard & Poor's and "P-1" by Moody's or which otherwise is approved as to collateralization by the Rating Agencies; and

(viii) any other instruments or securities, if the Rating Agencies confirm in writing that the investment in such instruments or securities will not adversely affect any ratings with respect to any Series of Notes.

"Permitted Liens" means (i) Liens for current taxes not delinquent or for taxes being contested in good faith and by appropriate proceedings, and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP,

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(ii) mechanics', materialmen's, landlords', warehousemen's and carrier's Liens, and other Liens imposed by law, securing obligations arising in the ordinary course of business that are not more than thirty days past due or are being contested in good faith and by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP, (iii) Liens noted on the Certificate of Title in the name of a Nominee Lienholder and (iv) the Liens in favor of the Trustee pursuant to the Indenture.

"Person" means any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, joint stock company, corporation, trust, unincorporated organization or Governmental Authority.

"Potential Amortization Event" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an Amortization Event.

"Potential Lease Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Lease Event of Default.

"Power of Attorney" means a power of attorney in the form of Exhibit A to a Nominee Agreement with respect to BTF, as nominee titleholder thereunder, and in the form of Exhibit B to the Nominee Agreement with respect to the Nominee Lienholder.

"Principal Collections" means any Collections other than Interest Collections.

"Principal Terms" has the meaning specified in Section 2.2 of the Base Indenture.

"Proceeds" has the meaning specified in Section 9-102(a)(64) of the applicable UCC.

"Qualified Institution" means a depository institution or trust company (which may include the Trustee) organized under the laws of the United States of America or any one of the states thereof or the District of Columbia or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States of America or any one of the states thereof and subject to the supervision and examination by federal or state banking authorities which at all times has the Required Ratings and, in the case of any such institution organized under the laws of the United States of America, whose deposits are insured by the FDIC.

"Qualified Trust Institution" means an institution organized under the laws of the United States of America or any State thereof or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities which at all times (i) is authorized under such laws to act as a trustee or in any other fiduciary capacity, (ii) has capital, surplus and undivided profits of not less than \$50,000,000 as set forth in its most recent published annual report of condition, and (iii) has a long term deposits rating of not less than "A-" by S&P and "A3" by Moody's.

"Record Date" means, with respect to any Series of Notes and any Distribution Date, the date specified in the applicable Series Supplement.

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“Registrar” has the meaning specified in Section 2.5(a) of the Base Indenture.

“Related Documents” means, collectively, the Indenture, the Notes, any Nominee Agreements, the Administration Agreement, the Collection Account Control Agreement, any agreements relating to the issuance or the purchase of any of the Notes, any Enhancement Agreements, the BTF Lease and the Supplemental Documents relating to the BTF Lease.

“Related Month” means, (i) with respect to any Distribution Date or Determination Date, the most recently ended calendar month, (ii) with respect to any other date, the calendar month in which such date occurs and (iii) with respect to an Interest Period, the month in which such Interest Period commences; provided, however, that with respect to the above clause (i), the initial Related Month shall be the period from and including the Initial Closing Date to and including the last day of the calendar month following the month in which the Initial Closing Date occurs.

“Required Borrowing Base” means, with respect to each Series of Notes, the amount specified in the applicable Series Supplement.

“Required Enhancement Amount” has the meaning specified, with respect to any Series, in the applicable Series Supplement.

“Required Ratings” means (i) a short-term certificate of deposit rating of “P-1” from Moody’s and at least “A-1” from Standard & Poor’s and (ii) a long-term unsecured debt rating of not less than “Aa3” from Moody’s and “AA-” from Standard & Poor’s.

“Required Noteholders” has the meaning specified, with respect to any Series, in the applicable Series Supplement.

“Requirements of Law” means, with respect to any Person or any of its property, the certificate of incorporation or articles of association and by-laws, limited liability company agreement, partnership agreement or other organizational or governing documents of such Person or any of its property, and any law, treaty, rule or regulation, or determination of any arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, whether Federal, state or local (including, without limitation, usury laws, the Federal Truth in Lending Act and retail installment sales acts).

“Requisite Investors” means Noteholders holding in excess of 66% of the aggregate Invested Amount of all outstanding Series of Notes (excluding, for the purposes of making the foregoing calculation, any Notes held by (i) BTF or any Affiliate of BTF and (ii) ABCR or any Affiliate of ABCR).

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc.

“Secured Parties” has the meaning specified in Section 3.1 of the Base Indenture.

“Securities Act” means the Securities Act of 1933, as amended.

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“Series Accounts” means, with respect to any Series of Notes, the account or accounts established pursuant to the Series Supplement for such Series of Notes.

“Series Closing Date” means, with respect to any Series of Notes, the date of issuance of such Series of Notes, as specified in the applicable Series Supplement.

“Series of Notes” or “Series” means each Series of Notes issued and authenticated pursuant to the Base Indenture and the applicable Series Supplement.

“Series Supplement” means a supplement to the Base Indenture complying (to the extent applicable) with the terms of Section 2.3 of the Base Indenture.

“Series Termination Date” means, with respect to any Series of Notes, the date stated in the applicable Series Supplement as the termination date.

“Subsidiary” means, with respect to any Person (herein referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent or (b) that is, at the time any determination is being made, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Supplement” means a supplement to the Base Indenture complying (to the extent applicable) with the terms of Article 12 of the Base Indenture.

“Supplemental Documents” has the meaning specified in Section 2.1 of the BTF Lease.

“Supplemental Rent” means any and all amounts due under the BTF Lease other than Monthly Base Rent.

“Tax Opinion” means an Opinion of Counsel to be delivered in connection with the issuance of a new Series of Notes to the effect that, for United States federal income tax purposes, the issuance of such new Series of Notes will not result in any of the Outstanding Series of Notes failing to be characterized as debt for United States federal income tax purposes.

“Term” has the meaning specified in Section 3.2 of the BTF Lease.

“Termination Value” means, with respect to any BTF Truck, as of any date, an amount equal to (i) the Capitalized Cost of such BTF Truck minus (ii) all Depreciation Charges accrued with respect to such BTF Truck through but excluding such date.

“Termination Value Curve Schedule” means the Termination Value Curve Schedule, prepared by Deutsche Bank Securities, Inc. and attached as Schedule I hereto, setting forth Termination Value Curve for each type of Truck on the Eligible Truck Appendix with the expected net book values of such Trucks expressed as a percentage of the original Capitalized Cost of such Trucks in monthly increments, as such schedule may be amended from time to time

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by Deutsche Bank Securities, Inc. to add Additional BTF Trucks of a new type or otherwise subject to the consent of BTF.

“Termination Value Percentage” means, with respect to each type of Eligible Truck, the percentages of the original Capitalized Cost of such Eligible Truck as set forth on, or derived from, the Termination Value Curve Schedule.

“Titling Procedures” means, (a) with respect to any BTF Truck for which an Oklahoma Certificate of Title has not been issued, (i) the proper completion and filing with the Oklahoma Tax Commission (the “OTC”) or any Oklahoma motor vehicle license agent (“License Agent”) of (w) an Application for Oklahoma Certificate of Title for a Vehicle (including the Affidavit for Title/Registration of Rental Vehicles, and, if applicable, the Affidavit for Issuance of Title for a Proportionally Registered Vehicle), (x) the manufacturer’s certificate of origin for such BTF Truck, (y) the Lien Entry Form containing the name and address of the Trustee and the Closing Date in the manner prescribed by the OTC or any applicable License Agent, and (z) the payment of the applicable lien filing fee for such BTF Truck, and (ii) the satisfaction of any other requirements for perfection of the Trustee’s Lien on such BTF Truck and (b) with respect to any BTF Truck for which an Oklahoma Certificate of Title has been issued, (i) the titling of such BTF Truck in the name of BTF, (ii) the notation of the Trustee or a Nominee Titleholder as the first lienholder on the Certificate of Title for such BTF Truck and (iii) the Administrator or its agent, as custodian and agent for the Trustee for the benefit of the Secured Parties, or the Trustee, being in possession such Certificate of Title.

“Truck” has the meaning specified in the recitals to the BTF Lease.

“Truck Funding Date” has the meaning specified in Section 3.1 of the BTF Lease.

“Truck Special Damage Payments” has the meaning specified in Section 13.2(a) of the BTF Lease.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended.

“Trust Officer” means, with respect to the Trustee, any Senior Vice President, Vice President, Assistant Vice President, Assistant Secretary or Assistant Treasurer of the Corporate Trust Office, or any trust officer, or any officer customarily performing functions similar to those performed by the person who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject, or any successor thereto responsible for the administration of the Base Indenture.

“Trustee” means the party named as such in the Indenture until a successor replaces it in accordance with the applicable provisions of the Indenture and thereafter means the successor serving thereunder.

“UCC” means the Uniform Commercial Code as in effect from time to time in the specified jurisdiction.

“United States” or “U.S.” means the United States of America, its fifty States and the District of Columbia.

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“U.S. Government Obligations” means direct obligations of the United States of America, or any agency or instrumentality thereof for the payment of which the full faith and credit of the United States of America is pledged as to full and timely payment of such obligations.

“Vehicle Lease Commencement Date” has the meaning specified in Section 3.1 of the BTF Lease.

“Vehicle Lease Expiration Date” has the meaning specified in Section 3.1 of the BTF Lease.

“Vehicle Perfection and Documentation Requirements” means, with respect to an BTF Truck, submission of an application for the issuance of a certificate of title for such BTF Truck with the department of registry of motor vehicles of the applicable state in which such BTF Truck is to be registered, which application shall reflect BTF as the registered owner and any Nominee Lienholder or the Trustee as the first lienholder.

“Vehicle Purchase Price” has the meaning specified in Section 2.5 of the BTF Lease.

“Vehicle Term” has the meaning specified in Section 3.1 of the BTF Lease.

“VIN” means vehicle identification number.

“Wholly-Owned Subsidiary” means, with respect to any Person (herein referred to as the “parent”), any corporation, partnership, association or other business entity of which securities or other ownership interests representing 100% of the equity or 100% of the ordinary voting power or 100% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent.

“written” or “in writing” means any form of written communication, including, without limitation, by means of telex, telecopier device, telegraph or cable.

BUDGET TRUCK FUNDING, LLC,

as Issuer

BUDGET TRUCK RENTAL, LLC

as Administrator

DEUTSCHE BANK SECURITIES, INC.,

as Administrative Agent

CERTAIN CP 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

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SERIES 2006-1 SUPPLEMENT

dated as of May 11, 2006

to

BASE INDENTURE

dated as of May 11, 2006

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## EXHIBITS

<u>Exhibit A:</u>	Form of Variable Funding Note
<u>Exhibit B:</u>	Form of Notice of Increase
<u>Exhibit C:</u>	Form of Lease Payment Deficit Notice
<u>Exhibit D:</u>	Form of Demand Notice
<u>Exhibit E:</u>	Form of Transfer Supplement
<u>Exhibit F:</u>	Form of Purchaser Group Supplement
<u>Exhibit G:</u>	Form of Series 2006-1 Demand Note
<u>Exhibit H:</u>	Form of Series 2006-1 Letter of Credit

SERIES 2006-1 SUPPLEMENT, dated as of May 11, 2006 (this "Series Supplement"), among BUDGET TRUCK FUNDING, LLC, a special purpose limited liability company established under the laws of Delaware ("BTF"), BUDGET TRUCK RENTAL, LLC, ("BTR"), a Delaware limited liability company, as administrator (the "Administrator"), DEUTSCHE BANK SECURITIES, INC. ("DBSI"), in its capacity as administrative agent for the CP Conduit Purchasers, the APA Banks and the Funding Agents (the "Administrative Agent"), the several commercial paper conduits listed on Schedule I and their respective permitted successors and assigns (the "CP Conduit Purchasers"; each, individually, a "CP Conduit Purchaser"), the several banks set forth opposite the name of each CP Conduit Purchaser on Schedule I and the other banks parties hereto pursuant to Section 10.1 (each an "APA Bank" with respect to such CP Conduit Purchaser), the agent bank set forth opposite the name of each CP Conduit Purchaser on Schedule I and its permitted successor and assign (the "Funding Agent" with respect to such CP Conduit Purchaser) and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as trustee (together with its successors in trust thereunder as provided in the Base Indenture, the "Trustee"), as agent for the benefit of the Series 2006-1 Noteholders (the "Series 2006-1 Agent") and in its capacity as "securities intermediary" (as defined in Section 8-102 of the New York UCC) and a "bank" (as defined in Section 9-102 of the New York UCC) (in such capacities, the "Securities Intermediary"), to the Base Indenture, dated as of May 11, 2006, between BTF and the Trustee.

#### **PRELIMINARY STATEMENT**

WHEREAS, Sections 2.2 and 12.1 of the Base Indenture provide, among other things, that BTF 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 Series Supplement and such Series of Notes shall be designated generally as Variable Funding Rental Truck Asset Backed Notes, Series 2006-1.

The proceeds from the initial sale of the Series 2006-1 Notes shall be deposited in the Collection Account and shall be paid to BTF and used to pay a portion of the purchase price of the BTF Trucks. The proceeds of any Increase shall be deposited in the Collection Account and shall be released to BTF pursuant to Section 3.2(b).

#### **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 or Subsection references herein shall refer to Articles, Sections or Subsections of this Series 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

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term used or defined herein shall relate only to the Series 2006-1 Notes and not to any other Series of Notes issued by BTF.

(b) The following words and phrases shall have the following meanings with respect to the Series 2006-1 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:

(c) The Required Enhancement Percentage and Required Liquid Enhancement Percentage for any Truck as of any date shall be the enhancement percentage and liquid enhancement percentage applicable to the make and model of such Truck and the month in the life of such Truck in which such date falls, in each case, as set forth on Schedule II hereto.

“10’ GMC Savana Percentage” means, as of any date of determination, the percentage equivalent of a fraction the numerator of which is the Net Book Value of all Eligible Trucks that are 10’ GMC Savana Trucks as of such date and the denominator of which is the Net Book Value of all Eligible Trucks as of such date.

“16’ GMC Savana Percentage” means, as of any date of determination, the percentage equivalent of a fraction the numerator of which is the Net Book Value of all Eligible Trucks that are 16’ GMC Savana Trucks as of such date and the denominator of which is the Net Book Value of all Eligible Trucks as of such date.

“16’ Ford E350 Percentage” means, as of any date of determination, the percentage equivalent of a fraction the numerator of which is the Net Book Value of all Eligible Trucks that are 16’ Ford E350 Trucks as of such date and the denominator of which is the Net Book Value of all Eligible Trucks as of such date.

“24’ GMC TC7500 Percentage” means, as of any date of determination, the percentage equivalent of a fraction the numerator of which is the Net Book Value of all Eligible Trucks that are 24’ GMC TC7500 Trucks as of such date and the denominator of which is the Net Book Value of all Eligible Trucks as of such date.

“24’ Int’l 4200 Percentage” means, as of any date of determination, the percentage equivalent of a fraction the numerator of which is the Net Book Value of all Eligible Trucks that are 24’ Int’l 4200 Trucks as of such date and the denominator of which is the Net Book Value of all Eligible Trucks as of such date.

“ABCR” means Avis Budget Car Rental, LLC, a Delaware corporation, and its successors, acting in its capacity as Guarantor.

“Accrued Amounts” means, as on any Distribution Date, the sum of (i) accrued and unpaid interest on the Series 2006-1 Notes as of such Distribution Date and (ii) the product of (A) the Series 2006-1 Percentage as of the beginning of the Series 2006-1 Interest Period ending on such Distribution Date and (B) the sum of (1) the Monthly Administration Fee payable by BTF on such Distribution Date, (2) the sum of all other accrued and unpaid Trustee’s fees and expenses payable by BTF on such Distribution Date, (3) any Article VI Costs payable on such

Distribution Date and (4) any Carrying Charges (other than Carrying Charges provided for above) payable on such Distribution Date.

“Acquiring APA Bank” is defined in Section 10.1(c).

“Acquiring Purchaser Group” is defined in Section 10.1(e).

“Adjusted LIBO Rate” means, with respect to each day during each Eurodollar Period, pertaining to a portion of the Purchaser Group Invested Amount with respect to any Purchaser Group allocated to a Eurodollar Tranche, an interest rate per annum (rounded upwards, if necessary, to the nearest 1/16<sup>th</sup> of 1%) equal to the LIBO Rate for such Eurodollar Period multiplied by the Statutory Reserve Rate.

“Administrative Agent” is defined in the recitals hereto.

“Administrator” is defined in the recitals hereto.

“Affected Party” means any CP Conduit Purchaser and any Program Support Provider with respect to such CP Conduit Purchaser.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“APA Bank” is defined in the recitals hereto.

“APA Bank Funded Amount” means, with respect to any Purchaser Group for any day, the excess, if any, of the Purchaser Group Invested Amount with respect to such Purchaser Group over the CP Conduit Funded Amount for such day.

“APA Bank Percentage” means, with respect to any APA Bank, the percentage set forth opposite the name of such APA Bank on Schedule I.

“Applicable Margin” is defined in the Fee Letter.

“Article VI Costs” means any amounts due pursuant to Article VI.

“Asset Purchase Agreement” means, with respect to any CP Conduit Purchaser, the asset purchase agreement, liquidity agreement or other agreement among such CP Conduit Purchaser, the Funding Agent with respect to such CP Conduit Purchaser and the APA Bank with respect to such CP Conduit Purchaser, as amended, modified or supplemented from time to time.

“Available APA Bank Funding Amount” means, with respect to any Purchaser Group for any Business Day, the sum of (i) the portion of such Purchaser Group’s Commitment Percentage of the Series 2006-1 Initial Invested Amount not to be funded by such Purchaser

Group by issuing Commercial Paper if such Business Day is the Series 2006-1 Closing Date, (ii) the portion of the APA Bank Funded Amount with respect to such Purchaser Group not allocated to a Eurodollar Tranche on such Business Day, (iii) the portion of the APA Bank Funded Amount with respect to such Purchaser Group allocated to any Eurodollar Tranche the Eurodollar Period in respect of which expires on such Business Day and (iv) the portion of such Purchaser Group's Purchaser Group Increase Amount for such Business Day not to be funded by such Purchaser Group by issuing Commercial Paper.

"Available CP Funding Amount" means, with respect to any Purchaser Group for any Business Day, the sum of (i) the portion of such Purchaser Group's Commitment Percentage of the Series 2006-1 Initial Invested Amount to be funded by such Purchaser Group by issuing Commercial Paper if such Business Day is the Series 2006-1 Closing Date, and (ii) the portion of such Purchaser Group's Purchaser Group Increase Amount for such Business Day to be funded by such Purchaser Group by issuing Commercial Paper.

"Benefited Purchaser Group" is defined in Section 10.3.

"Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"BTR" is defined in the recitals hereto.

"Business Day" means any day other than (a) a Saturday or a Sunday or (b) a day on which banking institutions in New York, New York or 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 in the form of Annex A to the Series 2006-1 Letters of Credit.

"Certificate of Termination Date Demand" means a certificate in the form of Annex D to the Series 2006-1 Letters of Credit.

"Certificate of Termination Demand" means a certificate in the form of Annex C to the Series 2006-1 Letters of Credit.

"Certificate of Unpaid Demand Note Demand" means a certificate in the form of Annex B to the Series 2006-1 Letters of Credit.

"Change in Law" means (a) any law, rule or regulation or any change therein or in the interpretation or application thereof (whether or not having the force of law), in each case, adopted, issued or occurring after the Series 2006-1 Closing Date or (b) any request, guideline or directive (whether or not having the force of law) from any government or political subdivision or agency, authority, bureau, central bank, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, or any accounting board or authority (whether or not part of government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case, whether foreign or domestic (each an "Official Body") charged with the administration, interpretation or application thereof, or the compliance

with any request or directive of any Official Body (whether or not having the force of law) made, issued or occurring after the Series 2006-1 Closing Date.

“Claim” is defined in Section 2.7.

“Commercial Paper” means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

“Commitment” means, with respect to the APA Banks included in any Purchaser Group, the obligation of such APA Banks to purchase a Series 2006-1 Note on the Series 2006-1 Closing Date and, thereafter, subject to certain conditions, increase the Purchaser Group Invested Amount with respect to such Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Invested Amount with respect to such Purchaser Group.

“Commitment Fee” is defined in Section 2.6(e).

“Commitment Fee Rate” is defined in the Fee Letter.

“Commitment Percentage” means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group’s Maximum Purchaser Group Invested Amount bears to the Series 2006-1 Maximum Invested Amount on such date.

“Company indemnified person” is defined in Section 2.7.

“Conduit Assignee” means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Invested Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 10.1(b).

“CP Conduit Funded Amount” means, with respect to any Purchaser Group for any day, the portion of the Purchaser Group Invested Amount with respect to such Purchaser Group funded by such Purchaser Group through the issuance of Commercial Paper outstanding on such day.

“CP Conduit Purchaser” is defined in the recitals hereto.

“DBSI” is defined in the recitals hereto.

“Decrease” is defined in Section 2.5.

“Demand Note Preference Payment Amount” means, as of any day, (i) the aggregate amount of all proceeds of demands made on the Series 2006-1 Demand Notes pursuant to Section 3.5(c)(iii) or 3.5 (d)(ii) that were deposited into the Series 2006-1 Distribution Account and paid to the Series 2006-1 Noteholders during the one-year period ending on such day; 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 BRAC shall have occurred during such one-year period, the Demand Note Preference Payment Amount as of such day shall equal the Demand Note Preference Payment Amount as if it were calculated as of the date of such occurrence minus (ii) the aggregate amount withdrawn from the Series 2006-1 Reserve Account or the Series 2006-1 Cash Collateral Account and paid to a Funding Agent pursuant to Section 3.7(e) on account of a Preference Amount.

“Disbursement” means any Lease Deficit Disbursement, any Unpaid Demand Note Disbursement, any Termination Date Disbursement or any Termination Disbursement under a Series 2006-1 Letter of Credit, or any combination thereof, as the context may require.

“Discount” means with respect to any CP Conduit Purchaser, the amount of interest or discount to accrue on or in respect of the Commercial Paper issued by such CP Conduit Purchaser allocated, in whole or in part, by the Funding Agent with respect to such CP Conduit Purchaser, to fund the purchase or maintenance of the CP Conduit Funded Amount with respect to such CP Conduit Purchaser (including, without limitation, any interest attributable to the commissions of placement agents and dealers in respect of such Commercial Paper and any costs associated with funding small or odd-lot amounts, to the extent that such commissions or costs are allocated, in whole or in part, to such Commercial Paper by such Funding Agent).

“Effective Date” is defined in Section 5.1.

“Eligible Assignee” means a financial institution having short-term debt ratings of at least A-1 from Standard & Poor’s and P-1 from Moody’s.

“Eurodollar Period” means, with respect to any Eurodollar Tranche and any Purchaser Group:

(a) initially, the period commencing on the Series 2006-1 Closing Date, Increase Date or a conversion date, as the case may be, with respect to such Eurodollar Tranche and ending one month thereafter (or such other period which is acceptable to the Funding Agent with respect to such Purchaser Group and which in no event will be less than 7 days); and

(b) thereafter, each period commencing on the last day of the immediately preceding Eurodollar Period applicable to such Eurodollar Tranche and ending one month thereafter (or such other period which is acceptable to the Funding Agent with respect to such Purchaser Group and which in no event will be less than 7 days);

provided that all Eurodollar Periods must end on the next Distribution Date and all of the foregoing provisions relating to Eurodollar Periods are subject to the following:

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

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

“Eurodollar Tranche” means, with respect to any Purchaser Group, a portion of the APA Bank Funded Amount with respect to such Purchaser Group allocated to a particular Eurodollar Period and an Adjusted LIBO Rate determined by reference thereto.

“Excluded Taxes” means, with respect to the Administrative Agent, any CP Conduit Purchaser, any APA Bank, any Funding Agent, any Program Support Provider or any other recipient of any payment to be made by or on account of any obligation of BTF hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America or by any other Governmental Authority, in each case, as a result of a present or former connection between the United States of America or the jurisdiction of such Governmental Authority imposing such tax, as the case may be, and the Administrative Agent, such CP Conduit Purchaser, such APA Bank, such Funding Agent, such Program Support Provider or any other such recipient (except a connection arising solely from the Administrative Agent’s, such CP Conduit Purchaser’s, such APA Bank’s, such Program Support Provider’s or such recipient’s having executed, delivered or performed its obligations hereunder, receiving a payment hereunder or enforcing the Series 2006-1 Notes) and (b) any branch profits tax imposed by the United States of America or any similar tax imposed by any other jurisdiction in which BTF is located (except any such branch profits or similar tax imposed as a result of a connection with the United States of America or other jurisdiction as a result of a connection arising solely from the Administrative Agent’s, such CP Conduit Purchaser’s, such APA Bank’s, such Program Support Provider’s or such recipient’s having executed, delivered or performed its obligations hereunder, receiving a payment hereunder or enforcing the Series 2006-1 Notes).

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Fee Letter” means the letter dated the date hereof, from BTF addressed to the Administrative Agent and each of the CP Conduit Purchasers, the Funding Agents and the APA Banks setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

“Floating Tranche” means, with respect to any Purchaser Group, the portion of the APA Bank Funded Amount with respect to such Purchaser Group not allocated to a Eurodollar Tranche.

“Funding Agent” is defined in the recitals hereto.

“Increase” is defined in Section 2.3(a).

“Increase Amount” is defined in Section 2.3(a).

“Increase Date” is defined in Section 2.3(a).

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Interest Rate Hedge Counterparty” means BTF’s counterparty under a Series 2006-1 Interest Rate Hedge.

“Lease Deficit Disbursement” means an amount drawn under a Series 2006-1 Letter of Credit pursuant to a Certificate of Lease Deficit Demand.

“LIBO Rate” means, with respect to each day during each Eurodollar Period pertaining to a Eurodollar Tranche, the rate appearing on Telerate Page 3750 of the Dow Jones Telerate Service (or on any successor or substitute page of such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time in accordance with its customary practices for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m. (London time) on the second London Banking Day prior to the commencement of such Eurodollar Period, as the rate for dollar deposits with a maturity comparable to the Eurodollar Period applicable to such Eurodollar Tranche.

“Liquid Enhancement Percentage” means, for any make and model Eligible Truck, as of any date of determination, the “Liquid Enhancement Percentage” set forth on Schedule II for the age (in months) for such Eligible Truck.

“LOC Pro Rata Share” means, with respect to any Series 2006-1 Letter of Credit Provider as of any date, the fraction (expressed as a percentage) obtained by dividing (A) the available amount under such Series 2006-1 Letter of Credit Provider’s Series 2006-1 Letter of Credit as of such date by (B) an amount equal to the aggregate available amount under all Series 2006-1 Letters of Credit as of such date; provided that only for purposes of calculating the LOC Pro Rata Share with respect to any Series 2006-1 Letter of Credit Provider as of any date, if such Series 2006-1 Letter of Credit Provider has not complied with its obligation to pay the Trustee the amount of any draw under its Series 2006-1 Letter of Credit made prior to such date, the available amount under such Series 2006-1 Letter of Credit Provider’s Series 2006-1 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 2006-1 Letter of Credit Provider has paid such amount to the Trustee and been reimbursed by the Lessee or ABCR, 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 2006-1 Letter of Credit).

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

“Maximum Purchaser Group Invested Amount” means, with respect to any Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such Purchaser Group on Schedule I.

“Measurement Month” on any date, means, each calendar month, or the smallest number of consecutive calendar months, in which (a) at least 100 BTF Trucks were sold or (b) at least one twelfth of the aggregate Termination Value of the BTF Trucks leased under the BTF Lease as of the last day of each such period were sold.

“Measurement Month Average” means, with respect to any Measurement Month, the percentage equivalent of a fraction, the numerator of which is the aggregate amount of Disposition Proceeds of all BTF Trucks sold during such Measurement Month and the two Measurement Months immediately preceding such Measurement Month, and the denominator of which is the aggregate Termination Value of such BTF Trucks on the dates of their respective sales.

“Monthly Funding Costs” means, with respect to each Series 2006-1 Interest Period and any Purchaser Group, the sum of:

(a) for each day during such Series 2006-1 Interest Period, with respect to a CP Conduit Purchaser, the aggregate amount of Discount accruing on or otherwise in respect of the Commercial Paper issued by, or for the benefit of, such CP Conduit Purchaser allocated, in whole or in part, by the Funding Agent with respect to such CP Conduit Purchaser, to fund the purchase or maintenance of the Funded Amount with respect to such CP Conduit Purchaser; plus

(b) for each day during such Series 2006-1 Interest Period, the sum of: (i) the product of (A) the portion of the APA Bank Funded Amount with respect to such Purchaser Group allocated to the Floating Tranche with respect to such Purchaser Group on such day times (B) the Alternate Base Rate plus the Applicable Margin, divided by (C) 365 (or 366, as the case may be) plus

(ii) the product of (A) the portion of the APA Bank Funded Amount with respect to such Purchaser Group allocated to Eurodollar Tranches with respect to such Purchaser Group on such day times (B) the weighted average Adjusted LIBO Rate with respect to such Eurodollar Tranches plus the Applicable Margin on such day in effect with respect thereto divided by (C) 360; plus

(c) for each day during such Series 2006-1 Interest Period, the product of (A) the CP Conduit Funded Amount with respect to such Purchaser Group on such day times (B) the Program Fee Rate per annum divided by (C) 360.

“Monthly Principal Payment Amount” is defined in Section 3.5(a).

“Moody’s” means Moody’s Investors Service.

“OC Enhancement Percentage” means, for any make and model Eligible Truck, as of any date of determination, the “OC Enhancement Percentage” set forth on Schedule II for the age (in months) for such Eligible Truck.

“Other Taxes” means any and all current or future stamp or documentary taxes or other excise or property taxes, charges or similar levies arising from any payment made under this Supplement, the Base Indenture, or any Related Documents or from the execution, delivery or enforcement of, or otherwise with respect to, this Series Supplement, the Base Indenture or any Related Document.

“Outstanding” means, with respect to the Series 2006-1 Notes, the Series 2006-1 Invested Amount shall not have been reduced to zero and all accrued interest and other amounts owing on the Series 2006-1 Notes and to the Administrative Agent, the Funding Agents, the CP Conduit Purchasers and the APA Banks hereunder shall not have been paid in full.

“Participants” is defined in Section 10.1(d).

“Past Due Rent Payment” is defined in Section 3.2(c).

“Preference Amount” means any amount previously distributed to a member or members of a Purchaser Group on or relating to a Series 2006-1 Note that is recoverable or that has been recovered as a voidable preference by the trustee in a bankruptcy proceeding of BRAC pursuant to the United States Bankruptcy Code (11 U.S.C.), as amended from time to time, in accordance with a final nonappealable order of a court having competent jurisdiction.

“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 2006-1 Demand Notes included in the Series 2006-1 Demand Note Payment Amount as of the Series 2006-1 Letter of Credit Termination Date that were paid by BRAC 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 60 consecutive days) with respect to BRAC 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 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 2006-1 Demand Note Payment Amount as of the date of the conclusion or dismissal of such proceedings.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by Deutsche Bank, AG, New York Branch as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Pro Rata Share” means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Invested Amount with respect to

such Purchaser Group bears to the Series 2006-1 Invested Amount on such date; provided that, for purposes of Section 3.5(e) and amounts payable to Series 2006-1 Termination Purchasers, “Pro Rata Share” means the ratio, expressed as a percentage, which the principal amount of the Series 2006-1 Notes held by each Series 2006-1 Terminating Purchaser bears to the principal amount of the Series 2006-1 Notes held by all Series 2006-1 Terminating Purchasers.

“Program Fee Rate” is defined in the Fee Letter.

“Program Support Provider” means, with respect to any CP Conduit Purchaser, the APA Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser’s securitization program.

“Purchaser Group” means, collectively, a CP Conduit Purchaser and the APA Banks with respect to such CP Conduit Purchaser.

“Purchaser Group Increase Amount” means, with respect to any Purchaser Group, for any Business Day during the Series 2006-1 Revolving Period, such Purchaser Group’s Commitment Percentage of the Increase Amount, if any, on such Business Day.

“Purchaser Group Invested Amount” means, with respect to any Purchaser Group, (a) when used with respect to the Series 2006-1 Closing Date, such Purchaser Group’s Commitment Percentage of the Series 2006-1 Initial Invested Amount and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Invested Amount with respect to such Purchaser Group on the immediately preceding Business plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.5(b) or (e) on such date plus (iv) the amount of principal payments recovered from such Purchaser Group by a trustee as a preference payment in a bankruptcy proceeding of ABCR or otherwise.

“Purchaser Group Supplement” is defined in Section 10.1(e).

“Qualified Interest Rate Hedge Counterparty” means a bank or other financial institution, which has a short-term senior and unsecured debt rating of at least “A-1” and a long-term senior and unsecured rating of at least “A”, in each case, from S&P and a short-term senior and unsecured debt rating of “P-1” and a long-term senior and unsecured rating of at least “A2”, in each case, from Moody’s.

“Record Date” means, with respect to each Distribution Date, the immediately preceding Business Day.

“Required 10’ GMC Savana Enhancement Percentage” means, as of any date of determination, the sum of (1) the Required 10’ GMC Savana Liquid Enhancement Percentage as of such date and (2) the Required 10’ GMC Savana OC Enhancement Percentage as of such date.

“Required 10’ GMC Savana Liquid Enhancement Percentage” means, as of any date of determination, the sum, for each 10’ GMC Savana Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the Liquid Enhancement Percentage for such 10’ GMC Savana Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 10’ GMC Savana Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 10’ GMC Savana Trucks as of such date.

“Required 10’ GMC Savana OC Enhancement Percentage” means, as of any date of determination, the sum, for each 10’ GMC Savana Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the OC Enhancement Percentage for such 10’ GMC Savana Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 10’ GMC Savana Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 10’ GMC Savana Trucks as of such date.

“Required 16’ GMC Savana Enhancement Percentage” means, as of any date of determination, the sum of (1) the Required 16’ GMC Savana Liquid Enhancement Percentage as of such date and (2) the Required 16’ GMC Savana OC Enhancement Percentage as of such date.

“Required 16’ GMC Savana Liquid Enhancement Percentage” means, as of any date of determination, the sum, for each 16’ GMC Savana Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the Liquid Enhancement Percentage for such 16’ GMC Savana Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 16’ GMC Savana Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 16’ GMC Savana Trucks as of such date.

“Required 16’ GMC Savana OC Enhancement Percentage” means, as of any date of determination, the sum, for each 16’ GMC Savana Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the OC Enhancement Percentage for such 16’ GMC Savana Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 16’ GMC Savana Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 16’ GMC Savana Trucks as of such date.

“Required 16’ Ford E350 Enhancement Percentage” means, as of any date of determination, the sum of (1) the Required 16’ Ford E350 Liquid Enhancement Percentage as of such date and (2) the Required 16’ Ford E350 OC Enhancement Percentage as of such date.

“Required 16’ Ford E350 Liquid Enhancement Percentage” means, as of any date of determination, the sum, for each 16’ Ford E350 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the Liquid Enhancement Percentage for such 16’ Ford E350 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 16’ Ford E350 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 16’ Ford E350 Trucks as of such date.

“Required 16’ Ford E350 OC Enhancement Percentage” means, as of any date of determination, the sum, for 16’ Ford E350 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the OC Enhancement Percentage for such 16’ Ford E350 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 16’ Ford E350 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 16’ Ford E350 Trucks as of such date.

“Required 24’ GMC TC7500 Enhancement Percentage” means, as of any date of determination, the sum of (1) the Required 24’ GMC TC7500 Liquid Enhancement Percentage as of such date and (2) the Required 24’ GMC TC7500 OC Enhancement Percentage as of such date.

“Required 24’ GMC TC7500 Liquid Enhancement Percentage” means, as of any date of determination, the sum, for each 24’ GMC TC7500 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the Liquid Enhancement Percentage for such 24’ GMC TC7500 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 24’ GMC TC7500 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 24’ GMC TC7500 Trucks as of such date.

“Required 24’ GMC TC7500 OC Enhancement Percentage” means, as of any date of determination, the sum, for each 24’ GMC TC7500 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the OC Enhancement Percentage for such 24’ GMC TC7500 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 24’ GMC TC7500 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 24’ GMC TC7500 Trucks as of such date.

“Required 24’ Int’l 4200 Enhancement Percentage” means, as of any date of determination, the sum of (1) the Required 24’ Int’l 4200 Liquid Enhancement Percentage as of such date and (2) the Required 24’ Int’l 4200 OC Enhancement Percentage as of such date.

“Required 24’ Int’l 4200 Liquid Enhancement Percentage” means, as of any date of determination, the sum, for each 24’ Int’l 4200 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the Liquid Enhancement Percentage for such 24’ Int’l 4200 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 24’ Int’l 4200 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 24’ Int’l 4200 Trucks as of such date.

“Required 24’ Int’l 4200 OC Enhancement Percentage” means, as of any date of determination, the sum, for each 24’ Int’l 4200 Truck that is an Eligible Truck as of such date, of the percentage obtained by multiplying (i) the OC Enhancement Percentage for such 24’ Int’l 4200 Truck as of such date and (ii) the percentage equivalent of a fraction the numerator of which is the Net Book Value of such 24’ Int’l 4200 Truck as of such date and the denominator of which is the Net Book Value of all Eligible Trucks that are 24’ Int’l 4200 Trucks as of such date.



“Related Purchaser Group” means, with respect to any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule I and each APA Bank identified on Schedule I next to such CP Conduit Purchaser.

“Series Supplement” is defined in the recitals hereto.

“Series 2006-1 Accrued Interest Account” is defined in Section 3.1(b).

“Series 2006-1 Adjusted Required Enhancement Percentage” means, as of any date of determination, the greater of (a) the Series 2006-1 Required Enhancement Percentage as of such date and (b) the sum of (i) Series 2006-1 Required Enhancement Percentage as of such date plus (ii) the highest, for any calendar month within the preceding twelve calendar months, of an amount (not less than zero) equal to 100% minus the Measurement Month Average for the immediately preceding Measurement Month.

“Series 2006-1 Agent” is defined in the recitals hereto.

“Series 2006-1 Available Cash Collateral Account Amount” means, as of any date of determination, the amount on deposit in the Series 2006-1 Cash Collateral Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

“Series 2006-1 Available Reserve Account Amount” means, as of any date of determination, the amount on deposit in the Series 2006-1 Reserve Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

“Series 2006-1 Borrowing Base” means, as of any date of determination, the sum of (a) the product of (i) the Borrowing Base and (ii) the Series 2006-1 Borrowing Base Percentage as of such date and (b) the amount on deposit in the Series 2006-1 Principal Subaccount as of such date.

“Series 2006-1 Borrowing Base Percentage” means, as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the sum of the Series 2006-1 Invested Amount and the Series 2006-1 Required Overcollateralization Amount as of the end of the immediately preceding Business Day and the denominator of which is the sum of the numerators used to determine invested percentages for allocations with respect to Principal Collections (for all Series of Notes and all classes of such Series of Notes).

“Series 2006-1 Cash Collateral Account” is defined in Section 3.8(e).

“Series 2006-1 Cash Collateral Account Collateral” is defined in Section 3.8(a).

“Series 2006-1 Cash Collateral Account Surplus” means, with respect to any Distribution Date, the lesser of (a) the Series 2006-1 Available Cash Collateral Account Amount and (b) the lesser of (A) the excess, if any, of the Series 2006-1 Liquidity Amount (after giving effect to any withdrawal from the Series 2006-1 Reserve Account on such Distribution Date) over the Series 2006-1 Required Liquidity Amount on such Distribution Date and (B) the excess, if any, of the Series 2006-1 Invested Amount over the Series 2006-1 Permitted Principal Amount (after giving effect to any withdrawal from the Series 2006-1 Reserve Account on such

Distribution Date) on such Distribution Date; provided, however, that, on any date after the Series 2006-1 Letter of Credit Termination Date, the Series 2006-1 Cash Collateral Account Surplus shall mean the excess, if any, of (x) the Series 2006-1 Available Cash Collateral Account Amount over (y) the Series 2006-1 Demand Note Payment Amount minus the Pre-Preference Period Demand Note Payments as of such date.

“Series 2006-1 Cash Collateral Percentage” means, as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the Series 2006-1 Available Cash Collateral Amount as of such date and the denominator of which is the Series 2006-1 Letter of Credit Liquidity Amount as of such date.

“Series 2006-1 Closing Date” is defined in Section 2.1(a).

“Series 2006-1 Collateral” means the Collateral, each Series 2006-1 Letter of Credit, each Series 2006-1 Demand Note, the Series 2006-1 Interest Rate Hedge Collateral, the Series 2006-1 Distribution Account Collateral, the Series 2006-1 Cash Collateral Account Collateral and the Series 2006-1 Reserve Account Collateral.

“Series 2006-1 Collection Account” is defined in Section 3.1(b).

“Series 2006-1 Commitment Termination Date” means the Series 2006-1 Initial Commitment Termination Date; provided that the Series 2006-1 Commitment Termination Date may be extended to the 364th day (or, if the 364th day following a Series 2006-1 Commitment Termination Date is not a Business Day, the immediately preceding Business Day) following each Series 2006-1 Commitment Termination Date upon the written agreement of the Series 2006-1 Required Noteholders.

“Series 2006-1 Demand Note” means each demand note made by ABCR or BRAC, substantially in the form of Exhibit G to this Series Supplement, as amended, modified or restated from time to time.

“Series 2006-1 Demand Note Payment Amount” means, as of the Series 2006-1 Letter of Credit Termination Date, the aggregate amount of all proceeds of demands made on the Series 2006-1 Demand Notes pursuant to Section 3.5(c)(iii) or 3.5(d)(ii) that were deposited into the Series 2006-1 Distribution Account and paid to the Series 2006-1 Noteholders during the one-year period ending on the Series 2006-1 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 60 consecutive days) with respect to BRAC shall have occurred during such one-year period, the Series 2006-1 Demand Note Payment Amount as of the Series 2006-1 Letter of Credit Termination Date shall equal the Series 2006-1 Demand Note Payment Amount as if it were calculated as of the date of such occurrence.

“Series 2006-1 Deposit Date” is defined in Section 3.2.

“Series 2006-1 Distribution Account” is defined in Section 3.9(a).

“Series 2006-1 Distribution Account Collateral” is defined in Section 3.9(d).

“Series 2006-1 Eligible Letter of Credit Provider” means a person satisfactory to ABCR and the Administrative Agent and having, at the time of the issuance of the related Series 2006-1 Letter of Credit, a long-term senior unsecured debt rating of at least “A” from S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P and a long-term senior unsecured debt rating of at least “A2” from Moody’s and a short-term senior unsecured debt rating of “P-1” from Moody’s that is a commercial bank having total assets in excess of \$500,000,000.

“Series 2006-1 Enhancement” means the Series 2006-1 Cash Collateral Account Collateral, the Series 2006-1 Letters of Credit, the Series 2006-1 Demand Notes and the Series 2006-1 Overcollateralization Amount and the Series 2006-1 Reserve Account Amount.

“Series 2006-1 Enhancement Amount” means, as of any date of determination, the sum of (i) the Series 2006-1 Overcollateralization Amount as of such date, (ii) the Series 2006-1 Letter of Credit Amount as of such date and (iii) the Series 2006-1 Available Reserve Account Amount as of such date.

“Series 2006-1 Enhancement Deficiency” means, as of any date of determination, the amount, if any, by which the Series 2006-1 Invested Amount as of such date exceeds the Series 2006-1 Permitted Principal Amount as of such date.

“Series 2006-1 Excess Borrowing Base Amount” means, as of any date of determination during the Series 2006-1 Revolving Period, the excess, if any, of the Series 2006-1 Permitted Principal Amount as of such date over the Series 2006-1 Invested Amount as of such date.

“Series 2006-1 Initial Invested Amount” is defined in Section 2.3(a).

“Series 2006-1 Initial Commitment Termination Date” means May 10, 2007.

“Series 2006-1 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 2006-1 Interest Period shall commence on and include the Series 2006-1 Closing Date and end on and include May 21, 2006.

“Series 2006-1 Interest Rate Hedge” has the meaning specified in Section 3.11(a).

“Series 2006-1 Interest Rate Hedge Collateral” has the meaning specified in Section 3.11(d).

“Series 2006-1 Interest Rate Hedge Payments” means the amounts payable by BTF to an Interest Rate Hedge Counterparty from time to time in respect of a Series 2006-1 Interest Rate Hedge.

“Series 2006-1 Interest Rate Hedge Proceeds” means the amounts received by the Trustee from an Interest Rate Hedge Counterparty from time to time in respect of a Series 2006-1 Interest Rate Hedge (including amounts received from a guarantor or from collateral).

“Series 2006-1 Invested Amount” means on any date of determination, the sum of the Purchaser Group Invested Amounts with respect to each of the Purchaser Groups on such date.

“Series 2006-1 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 2006-1 Invested Amount and the Series 2006-1 Required Overcollateralization Amount, as of the immediately preceding Business Day, and the denominator of which shall be the greater as of the end of the immediately preceding Business Day of (x) the Borrowing Base and (y) the sum of the numerators used to determine invested percentages for allocations with respect to Principal Collections (for all Series of Notes and all classes of such Series of Notes); 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 2006-1 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 2006-1 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 3.2(a) would have been allocated to the Series 2006-1 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 3.2(a) have been allocated to the Series 2006-1 Accrued Interest Account (excluding any amounts paid into the Series 2006-1 Accrued Interest Account pursuant to the proviso in Section 3.2(a)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

“Series 2006-1 Lease Payment Deficit” means either a Series 2006-1 Lease Interest Payment Deficit or a Series 2006-1 Lease Principal Payment Deficit.

“Series 2006-1 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 2006-1 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 3.5(c)(i) and (ii) of this Series Supplement on account of such Series 2006-1 Lease Principal Payment Deficit.

“Series 2006-1 Lease Principal Payment Deficit” means on any Distribution Date the sum of (a) the Series 2006-1 Monthly Lease Principal Payment Deficit for such Distribution Date and (b) the Series 2006-1 Lease Principal Payment Carryover Deficit for such Distribution Date.

“Series 2006-1 Letter of Credit” means an irrevocable letter of credit, if any, substantially in the form of Exhibit I to this Series Supplement issued by a Series 2006-1 Eligible Letter of Credit Provider in favor of the Trustee for the benefit of the Series 2006-1 Noteholders.

“Series 2006-1 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 2006-1 Letter of Credit, as specified therein, and (ii) if the Series 2006-1 Cash Collateral Account has been established and funded pursuant to Section 3.8, the Series 2006-1 Available Cash Collateral Account Amount on such date and (b) the aggregate outstanding principal amount of the Series 2006-1 Demand Notes on such date.

“Series 2006-1 Letter of Credit Expiration Date” means, with respect to any Series 2006-1 Letter of Credit, the expiration date set forth in such Series 2006-1 Letter of Credit, as such date may be extended in accordance with the terms of such Series 2006-1 Letter of Credit.

“Series 2006-1 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 2006-1 Letter of Credit, as specified therein, and (b) if the Series 2006-1 Cash Collateral Account has been established and funded pursuant to Section 3.8 of this Series Supplement, the Series 2006-1 Available Cash Collateral Account Amount on such date.

“Series 2006-1 Letter of Credit Provider” means the issuer of a Series 2006-1 Letter of Credit.

“Series 2006-1 Letter of Credit Termination Date” means the first to occur of (a) the date on which the Series 2006-1 Notes are fully paid and (b) the Series 2006-1 Termination Date.

“Series 2006-1 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 (m) of Article IV.

“Series 2006-1 Liquidity Amount” means, as of any date of determination, the sum of (a) the Series 2006-1 Letter of Credit Liquidity Amount on such date and (b) the Series 2006-1 Available Reserve Account Amount on such date.

“Series 2006-1 Maximum Invested Amount” means the sum of the Maximum Purchaser Group Invested Amounts with respect to each of the Purchaser Groups.

“Series 2006-1 Monthly Interest” means, with respect to any Series 2006-1 Interest Period, an amount equal to the product of (a) the average daily Series 2006-1 Invested Amount during such Series 2006-1 Interest Period, (b) the Series 2006-1 Note Rate for such Series 2006-1 Interest Period and (c) the number of days in such Series 2006-1 Interest Rate Period divided by 360.

“Series 2006-1 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 3.2(a) would have been allocated to the Series 2006-1 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 3.2(a) have been allocated to the Series 2006-1 Collection Account (without giving effect to any amounts paid into the Series 2006-1 Accrued Interest Account pursuant to the proviso in Section 3.2(a)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

“Series 2006-1 Note” means any one of the Series 2006-1 Variable Funding Rental Truck Asset Backed Notes, executed by BTF and authenticated and delivered by or on behalf of the Trustee, substantially in the form of Exhibit A.

“Series 2006-1 Note Rate” means for any Series 2006-1 Interest Period, the interest rate equal to the product of (a) the percentage equivalent of a fraction, the numerator of which is equal to the sum of the Monthly Funding Costs with respect to each Purchaser Group for such Series 2006-1 Interest Period and the denominator of which is equal to the average daily Series 2006-1 Invested Amount during such Series 2006-1 Interest Period and (b) a fraction, the numerator of which is 360 and the denominator of which is the number of days in such Series 2006-1 Interest Period; provided, however, that the Series 2006-1 Note Rate will in no event be higher than the maximum rate permitted by applicable law.

“Series 2006-1 Noteholder” means a Person in whose name a Series 2006-1 Note is registered in the Note Register.

“Series 2006-1 Overcollateralization Amount” means, as of any date of determination, the Series 2006-1 Required Overcollateralization Amount as of such date.

“Series 2006-1 Partial Commitment Termination” means that the Commitment of an APA Bank included in a Purchaser Group is not extended on or before the 30<sup>th</sup> day preceding a Series 2006-1 Commitment Termination Date and such Commitment is not assumed by another APA Bank in accordance with Section 2.10 on or before the applicable Series 2006-1 Commitment Termination Date.

“Series 2006-1 Partial Commitment Termination Percentage” means, with respect to any Series 2006-1 Partial Commitment Termination, the percentage equivalent of a fraction the numerator of which is the aggregate Commitment of the applicable Series 2006-1 Terminating Purchasers and the denominator of which is the aggregate Commitments of all APA Banks, prior to giving effect to such Series 2006-1 Partial Commitment Termination.

“Series 2006-1 Past Due Rent Payment” is defined in Section 3.2(c).

“Series 2006-1 Percentage” means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the Series 2006-1 Invested Amount as of such date and the denominator of which is the sum of the Invested Amount of each Series of Notes outstanding as of such date.

“Series 2006-1 Permitted Principal Amount” means, as of any date of determination, the excess of (a) the sum of (i) the Series 2006-1 Borrowing Base as of such date, plus (ii) the Series 2006-1 Letter of Credit Amount as of such date plus (iii) the Series 2006-1 Available Reserve Account Amount as of such date over (b) the Series 2006-1 Required Enhancement Amount as of such date.

“Series 2006-1 Principal Deficit Amount” means, as of any date of determination, the excess, if any, of (a) the Series 2006-1 Invested Amount as of such date over (b) the excess of the Series 2006-1 Borrowing Base over the Series 2006-1 Required Overcollateralization Amount as of such date.

“Series 2006-1 Principal Subaccount” is defined in Section 3.1(b).

“Series 2006-1 Reimbursement Agreement” means any and each agreement providing for the reimbursement of a Series 2006-1 Letter of Credit Provider for draws under its Series 2006-1 Letter of Credit as the same may be amended, supplemented, restated or otherwise modified from time to time.

“Series 2006-1 Required Borrowing Base” means, as of any date of determination, the sum of (a) the Series 2006-1 Required Overcollateralization Amount as of such date and (b) the Series 2006-1 Invested Amount as of such date.

“Series 2006-1 Required Enhancement Amount” means, as of any date of determination, the product of (a) the Series 2006-1 Adjusted Required Enhancement Percentage as of such date and (b) the Series 2006-1 Borrowing Base as of such date minus the aggregate amount of cash and Permitted Investments on deposit in the Series 2006-1 Principal Subaccount Account as of such date.

“Series 2006-1 Required Enhancement Percentage” means, as of any date of determination, the sum of (a) the product of (i) the 10’ GMC Savana Percentage as of such date times (ii) the Required 10’ GMC Savana Enhancement Percentage as of such date plus (b) the product of (i) the 16’ GMC Savana Percentage as of such date times (ii) the Required 16’ GMC Savana Enhancement Percentage as of such date plus (c) the product of (i) the 24’ GMC TC7500 Percentage as of such date times (ii) the Required 24’ GMC TC7500 Enhancement Percentage as of such date plus (d) the product of (i) the 16’ Ford E350 Percentage as of such date times (ii) the Required 16’ Ford E350 Enhancement Percentage as of such date plus (e) the product of (i) the 24’ Int’l 4200 Percentage as of such date times (ii) the Required 24’ Int’l 4200 Enhancement Percentage as of such date.

“Series 2006-1 Required Liquid Enhancement Percentage” means, as of any date of determination, the sum of (a) the product of (i) the 10’ GMC Savana Percentage as of such date times (ii) the Required 10’ GMC Savana Liquid Enhancement Percentage as of such date plus (b) the product of (i) the 16’ GMC Savana Percentage as of such date times (ii) the Required 16’ GMC Savana Liquid Enhancement Percentage as of such date plus (c) the product of (i) the 24’ GMC TC7500 Percentage as of such date times (ii) the Required 24’ GMC TC7500 Liquid Enhancement Percentage as of such date plus (d) the product of (i) the 16’ Ford E350 Percentage as of such date times (ii) the Required 16’ Ford E350 Liquid Enhancement Percentage as of such

date plus (e) the product of (i) the 24' Int'l 4200 Percentage as of such date times (ii) the Required 24' Int'l 4200 Liquid Enhancement Percentage as of such date.

“Series 2006-1 Required Liquidity Amount” means, as of any date of determination, the product of (a) the Series 2006-1 Required Liquid Enhancement Percentage and (b) the Series 2006-1 Borrowing Base as of such date minus the aggregate amount of Permitted Investments on deposit in the Series 2006-1 Principal Subaccount as of such date.

“Series 2006-1 Required Noteholders” means Purchaser Groups having Purchaser Group Invested Amounts, in the aggregate, exceeding 50% of the Series 2006-1 Invested Amount.

“Series 2006-1 Required Overcollateralization Amount” means, as of any date of determination, the excess of (a) the Series 2006-1 Required Enhancement Amount as of such date over (b) the sum of (i) the Series 2006-1 Letter of Credit Amount as of such date, (ii) the Series 2006-1 Available Reserve Account Amount as of such date.

“Series 2006-1 Required Reserve Account Amount” means, with respect to any Distribution Date, an amount equal to the sum of (a) the greater of (i) the excess, if any, of the Series 2006-1 Required Liquidity Amount on such Distribution Date over the Series 2006-1 Liquidity Amount on such Distribution Date (excluding therefrom the Series 2006-1 Available Reserve Account Amount) and (ii) the excess, if any, of the Series 2006-1 Invested Amount over the Series 2006-1 Permitted Principal Amount on such Distribution Date (excluding therefrom the Series 2006-1 Available Reserve Account Amount) plus (b) the Demand Note Preference Payment Amount.

“Series 2006-1 Reserve Account” is defined in Section 3.7(a).

“Series 2006-1 Reserve Account Collateral” is defined in Section 3.7(d).

“Series 2006-1 Reserve Account Surplus” means, with respect to any Distribution Date, the excess, if any, of the Series 2006-1 Available Reserve Account Amount over the Series 2006-1 Required Reserve Account Amount on such Distribution Date.

“Series 2006-1 Revolving Period” means the period from and including the Series 2006-1 Closing Date to the earlier to occur of (a) the Series 2006-1 Termination Date, and (b) the close of business on the Business Day immediately preceding the day on which an Amortization Event is deemed to have occurred or been declared with respect to the Series 2006-1 Notes.

“Series 2006-1 Shortfall” is defined in Section 3.3(f).

“Series 2006-1 Terminating Purchaser” means, in the event of a Series 2006-1 Partial Commitment Termination, each APA Bank that is not extending its commitment and the related CP Conduit Purchaser collectively.

“Series 2006-1 Termination Date” means, the date that is the third anniversary of the Series 2006-1 Commitment Termination Date, as the same may be extended from time to time.



“Series 2006-1 Unpaid Demand Amount” means, with respect to any single draw pursuant to Section 3.5(c) or (d) on the Series 2006-1 Letters of Credit, the aggregate amount drawn by the Trustee on all Series 2006-1 Letters of Credit.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal (rounded up to the nearest 1/100th of 1%) established by the Board with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to Regulation D. Eurodollar Tranches shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time under such Regulation D or comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in the reserve percentage.

“Structuring Fee” is defined in the Fee Letter.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Termination Date Disbursement” means an amount drawn under a Series 2006-1 Letter of Credit pursuant to a Certificate of Termination Date Demand.

“Termination Disbursement” means an amount drawn under a Series 2006-1 Letter of Credit pursuant to a Certificate of Termination Demand.

“Transfer Supplement” is defined in Section 10.1(c).

“Transferee” is defined in Section 10.1(f).

“Trustee” is defined in the recitals hereto.

“Unpaid Demand Note Disbursement” means an amount drawn under a Series 2006-1 Letter of Credit pursuant to a Certificate of Unpaid Demand Note Demand.

“Voting Stock” of any Person means the common stock or membership interests of such Person and any other security of, or ownership interest in, such Person having ordinary voting power to elect a majority of the board of directors or a majority of the managers (or other Persons serving similar functions) of such Person.

## ARTICLE II

### PURCHASE AND SALE OF SERIES 2006-1 NOTES; INCREASES AND DECREASES OF SERIES 2006-1 INVESTED AMOUNT

#### Section 2.1 Purchases of the Series 2006-1 Notes.

(a) Series 2006-1 Closing Date. Subject to the terms and conditions of this Series Supplement, including delivery of notice in accordance with Section 2.3, (i) each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2006-1 Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2006-1 Initial Invested Amount on any Business Day specified by BTF in such notice provided pursuant to Section 2.3 (the “Series 2006-1 Closing Date”) and if such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2006-1 Note in an amount equal to its Commitment Percentage of the Series 2006-1 Initial Invested Amount on the Series 2006-1 Closing Date, each APA Bank with respect to such CP Conduit Purchaser shall fund on the Series 2006-1 Closing Date its APA Bank Percentage of that portion of such Series 2006-1 Note not to be funded by such CP Conduit Purchaser and (ii) thereafter, (A) if a CP Conduit Purchaser shall have purchased a Series 2006-1 Note on the Series 2006-1 Closing Date, such CP Conduit Purchaser may, in its sole discretion, increase the outstanding principal amount of its Series 2006-1 Note during the Series 2006-1 Revolving Period in accordance with the provisions of this Series Supplement and (B) the APA Banks with respect to such CP Conduit Purchaser shall increase their respective APA Bank Percentages of the outstanding principal amount of the Series 2006-1 Note with respect to such Purchaser Group during the Series 2006-1 Revolving Period in accordance with the provisions of this Series Supplement. Payments by each CP Conduit Purchaser and/or the APA Banks with respect to such CP Conduit Purchaser shall be made in immediately available funds on the Series 2006-1 Closing Date to the Funding Agent with respect to such CP Conduit Purchaser for remittance to the Trust for deposit into the Series 2006-1 Collection Account.

(b) Form of Series 2006-1 Notes. The Series 2006-1 Notes shall be issued in fully registered form without interest coupons, substantially in the form set forth in Exhibit A hereto.

#### Section 2.2 Delivery.

(a) On the Series 2006-1 Closing Date, BTF shall sign and shall direct the Trustee in writing pursuant to Section 2.2 of the Base Indenture to duly authenticate, and the Trustee, upon receiving such direction, shall so authenticate a Series 2006-1 Note in the name of the Funding Agent with respect to each Purchaser Group in an amount equal to the Maximum Purchaser Group Invested Amount with respect to such Purchaser Group and deliver such Series 2006-1 Note to such Funding Agent in accordance with such written directions.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Invested Amount outstanding with respect to each Purchaser Group and the actual Series 2006-1 Invested Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Invested Amounts and outstanding Series 2006-1 Invested Amount from time to time. Upon a written request from the Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents, the Purchaser Group Invested Amount for each Purchaser Group and the Pro Rata Share with respect to such Purchaser Group to the Trustee.

#### Section 2.3 Procedure for Issuance of the Series 2006-1 Initial Invested Amount and for Increasing the Series 2006-1 Invested Amount.

(a) Subject to Section 2.3(c), (i) on the Series 2006-1 Closing Date, each CP Conduit Purchaser may agree, in its sole discretion, to purchase, and the APA Banks with respect to such CP Conduit Purchaser shall purchase, a Series 2006-1 Note in accordance with Section 2.1; and (ii) on any Business Day during the Series 2006-1 Revolving Period, each CP Conduit Purchaser may agree, in its sole discretion, and each APA Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Invested Amount with respect to such Purchaser Group may be increased by an amount equal to its APA Bank Percentage of the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an “Increase”), upon the request of BTF (each date upon which an Increase occurs hereunder being referred to as the “Increase Date” applicable to such Increase); provided, however, that BTF shall have given the Administrative Agent (with a copy to the Trustee) irrevocable written notice (effective upon receipt), by telecopy (receipt confirmed), substantially in the form of Exhibit B hereto, of such request no later than 3:00 p.m. (New York City time) on the second Business Day prior to the Series 2006-1 Closing Date or such Increase Date, as the case may be. Such notice shall state (x) the Series 2006-1 Closing Date or the Increase Date, as the case may be, and (y) the initial aggregate principal amount of the Series 2006-1 (the “Series 2006-1 Initial Invested Amount”) or the proposed amount of the Increase (an “Increase Amount”), as the case may be.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of the Series 2006-1 Initial Invested Amount or a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and each APA Bank with respect to such CP Conduit Purchaser shall fund its APA Bank Percentage of the portion of the Commitment Percentage with respect to such Purchaser Group of the Series 2006-1 Initial Invested Amount or such Increase, as the case may be, not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to make the initial purchase of a Series 2006-1 Note on the Series 2006-1 Closing Date or to increase its Purchaser Group Invested Amount on any Increase Date hereunder unless:

(i) such Purchaser Group’s Commitment Percentage of the Series 2006-1 Initial Invested Amount or such Increase Amount is equal to (A) \$1,000,000 or an integral multiple of \$100,000 in excess thereof or (B) if less, the excess of the Maximum Purchaser Group Invested Amount with respect to such Purchaser Group over the Purchaser Group Invested Amount with respect to such Purchaser Group;

(ii) after giving effect to the initial purchase of the Series 2006-1 Notes or such Increase, as the case may be, (A) the Purchaser Group Invested Amount with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Invested Amount with respect to such Purchaser Group and (B) the Series 2006-1 Invested Amount would not exceed the Series 2006-1 Maximum Invested Amount;

(iii) after giving effect to the initial purchase of the Series 2006-1 Notes or such Increase, as the case may be, no Series 2006-1 Enhancement Deficiency would occur and be continuing;

(iv) no Amortization Event with respect to the Series 2006-1 Notes or Potential Amortization Event with respect to the Series 2006-1 Notes would occur and be continuing prior to or after giving effect to the issuance of the Series 2006-1 Notes or such Increase, as the case may be;

(v) in the case of an Increase, the Increase Amount shall not be greater than the Series 2006-1 Excess Borrowing Base as of such date; and

(vi) all of the representations and warranties made by each of BTF, the Lessee, the Guarantor and the Administrator in the Base Indenture, this Series Supplement and the Related Documents to which each is a party are true and correct on and as of the Series 2006-1 Closing Date or such Increase Date, as the case may be, as if made on and as of such date (except to the extent such representations and warranties are expressly made as of another date).

BTF's acceptance of funds in connection with (x) the initial purchase of Series 2006-1 Notes on the Series 2006-1 Closing Date and (y) each Increase occurring on any Increase Date shall constitute a representation and warranty by BTF to the Purchaser Groups as of the Series 2006-1 Closing Date or such Increase Date (except to the extent such representations and warranties are expressly made as of another date), as the case may be, that all of the conditions contained in this Section 2.3(c) have been satisfied.

(d) Upon receipt of any notice required by Section 2.3(a) from BTF, the Administrative Agent shall forward (by telecopy or electronic messaging system) a copy of such notice to the Funding Agent with respect to each Purchaser Group, no later than 5:00 p.m. (New York City time) on the day received. After receipt by any Funding Agent with respect to a Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 2.3(a) and (c) are satisfied, promptly provide telephonic notice to the related CP Conduit Purchaser and the related APA Banks of the Series 2006-1 Closing Date or Increase Date, as the case may be, and of such Purchaser Group's Commitment Percentage of the Series 2006-1 Initial Invested Amount or such Increase Amount, as the case may be. If such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2006-1 Initial Invested Amount or Increase Amount, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2006-1 Initial Invested Amount or such Increase on the Series 2006-1 Closing Date or such Increase Date, as the case may be, to the Funding Agent with respect to such Purchaser Group for deposit into the Series 2006-1 Collection Account. If such CP Conduit Purchaser does not fund the full amount of its Commitment Percentage of the Series 2006-1 Initial Invested Amount or the Increase Amount, as the case may be, and the related APA Banks are required to fund the portion thereof not funded by the CP Conduit Purchaser, each such APA Bank shall pay in immediately available funds its APA Bank Percentage of such portion on the Series 2006-1 Closing Date or such Increase Date to the Funding Agent with respect to such Purchaser Group for deposit in the Series 2006-1 Collection Account. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related APA Banks pursuant to this Section 2.3(d) to the Trustee for deposit into the Series 2006-1 Collection Account.

Section 2.4 Sales by CP Conduit Purchasers of Series 2006-1 Notes to APA Banks. Notwithstanding any limitation to the contrary contained herein, each CP Conduit Purchaser may, in its own discretion, at any time, sell or assign all or any portion of its interest in its Series 2006-1 Note to any Conduit Assignee or to the APA Banks with respect to such CP Conduit Purchaser pursuant to, and subject to the terms and conditions of the Asset Purchase Agreement with respect to such CP Conduit Purchaser or otherwise.

Section 2.5 Procedure for Decreasing the Series 2006-1 Invested Amount. On any Business Day prior to the occurrence of an Amortization Event with respect to the Series 2006-1 Notes, upon the written request of BTF or the Administrator on behalf of BTF, the Series 2006-1 Invested Amount may be reduced (a "Decrease") by the Trustee's withdrawing from the Series 2006-1 Principal Subaccount, depositing into the Series 2006-1 Distribution Account and distributing to the Administrative Agent funds on deposit in the Series 2006-1 Principal Subaccount on such day in accordance with Section 3.5(b) in an amount not to exceed the amount of such funds on deposit on such day; provided that (i) BTF shall have given the Administrative Agent (with a copy to the Trustee) irrevocable written notice (effective upon receipt) of the amount of such Decrease prior to 9:30 a.m. (New York City time) on the second Business Day prior to such Decrease, in the case of any such Decrease in an amount less than \$100,000,000, and prior to 9:30 a.m. (New York City time) on a Business Day that is at least ten days prior to such Decrease, in the case of any such Decrease in an amount of \$100,000,000 or more; and (ii) any such Decrease shall be in an amount equal to \$5,000,000 and integral multiples of \$250,000 in excess thereof (or, if such Decrease will be used to reduce the Series 2006-1 Invested Amount to zero, such Decrease may be in such amount as is necessary to reduce the Series 2006-1 Invested Amounts to zero). Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Invested Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 2.5 from BTF, the Administrative Agent shall forward (by telecopy or electronic messaging system) a copy of such notice to the Funding Agent with respect to each Purchaser Group, no later than 1:00 p.m. (New York City time) on the day received.

Section 2.6 Interest; Fees.

(a) Interest shall be payable on the Series 2006-1 Notes on each Distribution Date pursuant to Section 3.3.

(b) On any Business Day, BTF may, subject to Sections 2.6(c) and 6.4, elect to allocate all or any portion of the Available APA Bank Funding Amount with respect to any Purchaser Group to one or more Eurodollar Tranches with Eurodollar Periods commencing on such Business Day by giving the Administrative Agent and the Funding Agent with respect to such Purchaser Group irrevocable written or telephonic (confirmed in writing) notice thereof, which notice must be received by such Funding Agent prior to 1:00 p.m. (New York City time) three Business Days prior to such Business Day. Such notice shall specify (i) the applicable Business Day, (ii) the Eurodollar Period for each Eurodollar Tranche to which a portion of the Available APA Bank Funding Amount with respect to such Purchaser Group is to be allocated and (iii) the portion of such Available APA Bank Funding Amount being allocated to each such Eurodollar Tranche. Upon receipt of any such notice, the Funding Agent with respect to a

Purchaser Group shall notify the CP Conduit Purchaser and the APA Bank with respect to such Purchaser Group of the contents of such notice promptly upon receipt thereof.

(c) Notwithstanding anything to the contrary contained in this Section 2.6, (A) the portion of the Available APA Bank Funding Amount with respect to any Purchaser Group allocable to each Eurodollar Tranche must be in an amount equal to \$100,000 or an integral multiple of \$100,000 in excess thereof, (B) no more than 7 Eurodollar Tranches with respect to such Purchaser Group shall be outstanding at any one time, and (C) after the occurrence and during the continuance of any Amortization Event or Potential Amortization Event with respect to the Series 2006-1 Notes, BTF may not elect to allocate any portion of the Available APA Bank Funding Amount with respect to any Purchaser Group to a Eurodollar Tranche.

(d) [RESERVED]

(e) BTF shall pay with funds available pursuant to Section 3.3(a) to the Administrative Agent, for the account of each Purchaser Group, on each Distribution Date, a commitment fee with respect to the Series 2006-1 Interest Period ending on the day preceding such Distribution Date (the "Commitment Fee") during the Series 2006-1 Revolving Period equal to the Commitment Fee Rate times the Maximum Purchaser Group Invested Amount with respect to such Purchaser Group during such Series 2006-1 Interest Period less the average daily Purchaser Group Invested Amount with respect to such Purchaser Group during such Series 2006-1 Interest Period. The Commitment Fees shall be due and payable monthly in arrears on each Distribution Date and on the date the Series 2006-1 Revolving Period terminates.

(f) On the Closing Date, BTF shall pay to Administrative Agent, the Structuring Fee.

(g) Calculations of per annum rates under this Series Supplement shall be made on the basis of a 360- (or 365-/366- in the case of interest on the Floating Tranche based on the Prime Rate) day year. Each determination of the Adjusted LIBO Rate by the Administrative Agent shall be conclusive and binding upon each of the parties hereto in the absence of manifest error.

Section 2.7 Indemnification by BTF. BTF agrees to indemnify and hold harmless the Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each APA Bank and each of their respective officers, directors, agents and employees (each, a "Company indemnified person") from and against any loss, liability, expense, damage or injury suffered or sustained by (a "Claim") such Company indemnified person by reason of (i) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of BTF pursuant to the Indenture or the other Related Documents to which it is a party, (ii) a breach of any representation or warranty made or deemed made by BTF (or any of its officers) in the Indenture or other Related Document or (iii) a failure by BTF to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Indenture or the other Related Documents, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability,

expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Company indemnified person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by BTF pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section 3.3(e), shall be non-recourse other than with respect to such funds, and shall not constitute a claim against BTF to the extent that such funds are insufficient to make such payment.

Section 2.8 Funding Agents.

(a) The Funding Agent with respect to each Purchaser Group is hereby authorized to record on each Business Day the CP Funded Amount with respect to such Purchaser Group and the aggregate amount of Discount accruing with respect thereto on such Business Day and the APA Bank Funded Amount with respect to such Purchaser Group and the amount of interest accruing with respect thereto on such Business Day and, based on such recordations, to determine the Monthly Funding Costs with respect to each Series 2006-1 Interest Period and such Purchaser Group. Any such recordation by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the information so recorded. Furthermore, the Funding Agent with respect to each Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and each APA Bank with respect to such Purchaser Group holding an interest in the Series 2006-1 Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds from the Administrative Agent on each Distribution Date and the date of any Decrease, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related APA Bank owed such funds in accordance with the recordations maintained by it in accordance with Section 2.8(a) with respect to such CP Conduit Purchaser. If a Funding Agent shall have paid to any CP Conduit Purchaser or APA Bank any funds that (i) must be returned for any reason (including bankruptcy) or (ii) exceeds that which such CP Conduit Purchaser or APA Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or APA Bank.

Section 2.9 Partial Termination.

(a) If any APA Bank that is part of a Purchaser Group has not extended its Commitment on or before the 30<sup>th</sup> day prior to a Series 2006-1 Commitment Termination Date, the Administrative Agent may, but shall not be obligated to, offer any other APA Bank the right to increase its Commitment by the amount of the Commitment of such non-extending APA Bank. In the event that any APA Bank agrees to such an increase, the non-extending APA Bank and related CP Conduit Purchaser and the APA Bank assuming such non-extending APA Bank's Commitment and its related CP Conduit Purchaser shall execute a Purchaser Group Supplement in accordance with Section 10.1(e).

### **ARTICLE III**

#### **SERIES 2006-1 ALLOCATIONS**

With respect to the Series 2006-1 Notes, the following shall apply:

Section 3.1 Establishment of Series 2006-1 Collection Account, Series 2006-1 Principal Subaccount and Series 2006-1 Accrued Interest Account.

(a) All Collections allocable to the Series 2006-1 Notes shall be allocated to the Collection Account.

(b) The Trustee shall create three administrative subaccounts within the Collection Account for the benefit of the Series 2006-1 Noteholders: the Series 2006-1 Collection Account (such sub-account, the "Series 2006-1 Collection Account"), the Series 2006-1 Principal Subaccount (such sub-account, the "Series 2006-1 Principal Subaccount") and the Series 2006-1 Accrued Interest Account (such sub-account, the "Series 2006-1 Accrued Interest Account").

Section 3.2 Allocations with Respect to the Series 2006-1 Notes.

(a) The net proceeds from the initial sale of the Series 2006-1 Notes and any Increase 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 2006-1 Deposit Date"), the Administrator shall direct the Trustee in writing pursuant to the Administration Agreement to allocate all amounts deposited into the Collection Account prior to 11:00 a.m. (New York City time) on such Series 2006-1 Deposit Date as set forth below:

(i) allocate to the Series 2006-1 Collection Account an amount equal to the sum of (A) the Series 2006-1 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 2006-1 Interest Rate Hedges. All such amounts allocated to the Series 2006-1 Collection Account shall be further allocated to the Series 2006-1 Accrued Interest Account; and

(ii) allocate to the Series 2006-1 Principal Subaccount the sum of (A) the Series 2006-1 Invested Percentage (as of such day) of the aggregate amount of Principal Collections on such day and (B) the proceeds from the issuance of the Series 2006-1 Notes and from any Increase; 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 2006-1 Notes, Series 2006-1 Interest Rate Hedge Proceeds and other amounts available pursuant to Section 3.3 to pay Series 2006-1 Monthly Interest with respect to the Series 2006-1 Interest Period ending on the day preceding the next succeeding Distribution Date and any Series 2006-1 Interest Rate Hedge Payments due on such Distribution Date will be less than such Series 2006-1 Monthly Interest and such Series 2006-1 Interest Rate Hedge Payments and (B) the Series 2006-1 Excess Borrowing Base Amount is greater than zero, the Administrator shall direct the Trustee in writing to reallocate a portion of the Principal Collections allocated to the Series 2006-1 Notes during the Related Month equal to the lesser of such insufficiency and the Series 2006-1 Excess Borrowing Base Amount to the Series 2006-1 Accrued Interest Account to be treated as Interest Collections on such Distribution Date.



(b) Series 2006-1 Principal Subaccount. If on any Business Day the Series 2006-1 Available Reserve Account Amount is less than the Series 2006-1 Required Reserve Account Amount prior to the occurrence of an Amortization Event with respect to the Series 2006-1 Notes, the Administrator shall instruct the Trustee in writing to withdraw funds in an amount equal to such insufficiency from the Series 2006-1 Principal Subaccount and deposit such amount into the Series 2006-1 Reserve Account. On any Business Day prior to the occurrence of the Series 2006-1 Commitment Termination Date or an Amortization Event with respect to the Series 2006-1 Notes, upon the written request of BTF or the Administrator on behalf of BTF, the Trustee shall withdraw funds from the Series 2006-1 Principal Subaccount and pay such funds to BTF, provided, that no Borrowing Base Deficiency or Series 2006-1 Principal Deficit Amount would result therefrom or exist immediately thereafter as certified to the Trustee in writing by the Administrator; provided, however that, on each Business Day following the occurrence of a Series 2006-1 Partial Commitment Termination and prior to the occurrence of the Series 2006-1 Commitment Termination Date or an Amortization Event with respect to the Series 2006-1 Notes, prior to such withdrawal of funds from the Series 2006-1 Principal Subaccount to pay BTF, the Administrator shall direct the Trustee to, and the Trustee shall, as so directed by the Administrator, withdraw the Series 2006-1 Partial Commitment Termination Percentage of funds on deposit in the Series 2006-1 Principal Subaccount, deposit such amounts in the Series 2006-1 Distribution Account and use such amounts to make payments to the Series 2006-1 Terminating Purchasers on the immediately succeeding Distribution Date in respect of the Series 2006-1 Notes held by such Series 2006-1 Terminating Purchasers until the principal amount of such Series 2006-1 Notes is reduced to zero in accordance with Section 3.5(e). Amounts allocated to the Series 2006-1 Principal Subaccount during any Related Month and not applied to make a voluntary Decrease in the Series 2006-1 Invested Amount pursuant to Section 2.5, paid to BTF pursuant to this Section 3.2(b) on or prior to the immediately succeeding Determination Date or withdrawn for payment to the Series 2006-1 Terminating Purchasers pursuant to this section 3.2(b) shall be withdrawn from the Series 2006-1 Principal Subaccount, deposited in the Series 2006-1 Distribution Account on the immediately succeeding Distribution Date and used to make principal payments in respect of the Series 2006-1 Notes ratably, without preference of priority of any kind, until the Series 2006-1 Invested Amount is reduced to zero in accordance with Section 3.5(e). Notwithstanding anything to the contrary herein, no funds on deposit in the Series 2006-1 Principal Subaccount shall be paid or distributed to BTF after the occurrence of an Amortization Event with respect to the Series 2006-1 Notes until the Series 2006-1 Notes have been paid in full.

(c) Past Due Rental Payments. Notwithstanding Section 3.2(a), if after the occurrence of a Series 2006-1 Lease Payment Deficit, the Lessee shall make payments of Monthly Base Rent or other amounts payable by the Lessee under the BTF Lease on or prior to the fifth Business Day after the occurrence of such Series 2006-1 Lease Payment Deficit (a "Past Due Rent Payment"), the Administrator shall direct the Trustee in writing pursuant to the Administrative Agreement to allocate to the Series 2006-1 Collection Account an amount equal to the Series 2006-1 Invested Percentage as of the date of the occurrence of such Series 2006-1 Lease Payment Deficit of the Collections attributable to such Past Due Rent Payment (the "Series 2006-1 Past Due Rent Payment"). The Administrator shall instruct the Trustee in writing pursuant to the Administrative Agreement to withdraw from the Series 2006-1 Collection Account and apply the Series 2006-1 Past Due Rent Payment in the following order:

(i) if the occurrence of such Series 2006-1 Lease Payment Deficit resulted in a withdrawal being made from the Series 2006-1 Reserve Account pursuant to Section 3.3(d), deposit in the Series 2006-1 Reserve Account an amount equal to the lesser of (x) the Series 2006-1 Past Due Rent Payment and (y) the excess, if any, of the Series 2006-1 Required Reserve Account Amount over the Series 2006-1 Available Reserve Account Amount on such day;

(ii) if the occurrence of the related Series 2006-1 Lease Payment Deficit resulted in one or more Lease Deficit Disbursements being made under the Series 2006-1 Letters of Credit, pay to each Series 2006-1 Letter of Credit Provider who made such a Lease Deficit Disbursement for application in accordance with the provisions of the applicable Series 2006-1 Reimbursement Agreement an amount equal to the lesser of (x) the unreimbursed amount of such Series 2006-1 Letter of Credit Provider's Lease Deficit Disbursement and (y) such Series 2006-1 Letter of Credit Provider's pro rata share, calculated on the basis of the unreimbursed amount of each Series 2006-1 Letter of Credit Provider's Lease Deficit Disbursement, of the amount of the Series 2006-1 Past Due Rent Payment remaining after payment pursuant to clause (i) above;

(iii) if the occurrence of such Series 2006-1 Lease Payment Deficit resulted in a withdrawal being made from the Series 2006-1 Cash Collateral Account, deposit in the Series 2006-1 Cash Collateral Account an amount equal to the lesser of (x) the amount of the Series 2006-1 Past Due Rent Payment remaining after any payment pursuant to clauses (i) and (ii) above and (y) the amount withdrawn from the Series 2006-1 Cash Collateral Account on account of such Series 2006-1 Lease Payment Deficit;

(iv) allocate to the Series 2006-1 Accrued Interest Account the amount, if any, by which the Series 2006-1 Lease Interest Payment Deficit, if any, relating to such Series 2006-1 Lease Payment Deficit exceeds the amount of the Series 2006-1 Past Due Rent Payment applied pursuant to clauses (i), (ii) and (iii) above; and

(v) treat the remaining amount of the Series 2006-1 Past Due Rent Payment as Principal Collections allocated to the Series 2006-1 Notes in accordance with Section 3.2(a)(ii).

Section 3.3 Payments to Noteholders. The Funding Agent with respect to each Purchaser Group shall provide written notice to the Administrative Agent (x) no later than two Business Days prior to each Determination Date, setting forth the Monthly Funding Costs with respect to such Purchaser Group with respect to the portion of the current Series 2006-1 Interest Period ending on such Business Day and a reasonable estimation of the Monthly Funding Costs with respect to such Purchaser Group for the remainder of such Series 2006-1 Interest Period and (y) within three Business Days after the end of each calendar month, setting forth the Monthly Funding Costs (calculated as if such calendar month were a Series 2006-1 Interest Period) with respect to such Purchaser Group for such calendar month. The Administrative Agent shall, within two Business Days following its receipt of such information from each Funding Agent,

compile the information provided in such written notice provided pursuant to clause (x) or (y) above, as applicable, into one written notice for all Purchaser Groups and forward such notice to the Administrator. On each Determination Date, the Administrator shall determine the Series 2006-1 Note Rate for the current Series 2006-1 Interest Period. If the actual amount of the Monthly Funding Costs with respect to any Purchaser Group for a Series 2006-1 Interest Period is less than or greater than the amount thereof estimated by the Funding Agent with respect to such Purchaser Group on a Determination Date, such Funding Agent shall notify the Administrator and the Administrative Agent thereof on the next succeeding Determination Date and the Administrator shall reduce or increase the Monthly Funding Costs with respect to such Purchaser Group for the next succeeding Series 2006-1 Interest Period accordingly. The Administrator shall determine the Series 2006-1 Note Rate for the last Series 2006-1 Interest Period on the Determination Date immediately preceding the final Distribution Date based on the information provided by the Funding Agents. If a Funding Agent determines that the actual Monthly Funding Costs with respect to its Purchaser Group for the last Series 2006-1 Interest Period will be more or less than the estimate thereof provided to the Administrator and informs the Administrator of such variance prior to the Distribution Date for such Series 2006-1 Interest Period, the Administrator shall recalculate the Series 2006-1 Note Rate for such Series 2006-1 Interest Period. 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 Sections 3.3(a) below in respect of all funds available from Series 2006-1 Interest Rate Hedge Proceeds and Interest Collections processed since the preceding Distribution Date and allocated to the holders of the Series 2006-1 Notes.

(a) Note Interest with respect to the Series 2006-1 Notes. 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 3.4 from the Series 2006-1 Accrued Interest Account to the extent funds are anticipated to be available from Interest Collections allocable to the Series 2006-1 Notes and the Series 2006-1 Interest Rate Hedge 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 2006-1 Monthly Interest for the Series 2006-1 Interest Period ending on the day preceding the related Distribution Date, (x) second, an amount equal to the Series 2006-1 Interest Rate Hedge Payments payable on such Distribution Date, (y) third, an amount equal to the accrued and unpaid Commitment Fees for each Purchaser Group for the Series 2006-1 Interest Period ending on the day preceding the related Distribution Date, and (z) fourth, an amount equal to the amount of any unpaid Series 2006-1 Shortfall as of the preceding Distribution Date (together with any accrued interest on such Series 2006-1 Shortfall). On the following Distribution Date, the Trustee shall withdraw the amounts described in the first sentence of this Section 3.3(a) from the Series 2006-1 Accrued Interest Account and deposit such amounts in the Series 2006-1 Distribution Account.

(b) Withdrawals from Series 2006-1 Reserve Account. If the Administrator determines on any Distribution Date that the amounts available from the Series 2006-1 Accrued Interest Account are insufficient to pay the sum of the amounts described in

clauses (w), (x), (y) and (z) of Section 3.3(a) above on such Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2006-1 Reserve Account and deposit in the Series 2006-1 Distribution Account on such Distribution Date an amount equal to the lesser of the Series 2006-1 Available Reserve Account Amount and such insufficiency. The Trustee shall withdraw such amount from the Series 2006-1 Reserve Account and deposit such amount in the Series 2006-1 Distribution Account.

(c) 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 of the amount of any Series 2006-1 Lease Payment Deficit, such notification to be in the form of Exhibit C to this Series Supplement (each a "Lease Payment Deficit Notice").

(d) Draws on Series 2006-1 Letters of Credit For Series 2006-1 Lease Interest Payment Deficits. If the Administrator determines on any Distribution Date that there exists a Series 2006-1 Lease Interest Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2006-1 Letters of Credit, if any, and, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date draw an amount (identified by the Administrator) equal to the least of (i) such Series 2006-1 Lease Interest Payment Deficit, (ii) the excess, if any, of the sum of the amounts described in clauses (w), (x), (y) and (z) of Section 3.3(a) above on such Distribution Date over the amounts available from the Series 2006-1 Accrued Interest Account plus the amount withdrawn from the Series 2006-1 Reserve Account pursuant to Section 3.3(b) on such Distribution Date and (iii) the Series 2006-1 Letter of Credit Liquidity Amount, on the Series 2006-1 Letters of Credit by presenting to each Series 2006-1 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 2006-1 Distribution Account on such Distribution Date for distribution in accordance with Section 3.4; provided, however, that if the Series 2006-1 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2006-1 Cash Collateral Account and deposit in the Series 2006-1 Distribution Account an amount equal to the lesser of (x) the Series 2006-1 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 2006-1 Available Cash Collateral Account Amount on such Distribution Date and draw an amount equal to the remainder of such amount on the Series 2006-1 Letters of Credit.

(e) 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 3.3(a)), if any, of the amounts available from the Series 2006-1 Accrued Interest Account as follows:

(i) first, to the Administrator, an amount equal to the Series 2006-1 Percentage as of the beginning of such Series 2006-1 Interest Period of the Monthly Administration Fee payable by BTF (as specified in Section 6 of the Administrative Agreement) for such Series 2006-1 Interest Period;

(ii) second, to the Trustee, an amount equal to the Series 2006-1 Percentage as of the beginning of such Series 2006-1 Interest Period of the Trustee's fees for such Series 2006-1 Interest Period;

(iii) third, to the Series 2006-1 Distribution Account to pay any Article VI Costs;

(iv) fourth, 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 2006-1 Percentage as of the beginning of such Series 2006-1 Interest Period of such Carrying Charges (other than Carrying Charges provided for above) for such Series 2006-1 Interest Period; and

(v) fifth, the balance, if any, shall be treated as Principal Collections.

(f) Shortfalls. If the amounts described in Section 3.3 are insufficient to pay the Series 2006-1 Monthly Interest and the Commitment Fees of the Purchaser Groups on any Distribution Date, payments of interest to the Series 2006-1 Noteholders and payments of Commitment Fees to the Purchaser Groups 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 2006-1 Shortfall." Interest shall accrue on the Series 2006-1 Shortfall at the Alternate Base Rate plus 2% per annum.

#### Section 3.4 Payment of Note Interest and Commitment Fees.

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 Administrative Agent for the accounts of the Purchaser Groups from the Series 2006-1 Distribution Account the amounts deposited in the Series 2006-1 Distribution Account pursuant to Section 3.3. Upon the receipt of funds from the Paying Agent on each Distribution Date on account of Series 2006-1 Monthly Interest, the Administrative Agent shall pay to each Funding Agent with respect to a Purchaser Group an amount equal to the Monthly Funding Costs with respect to such Purchaser Group with respect to the Series 2006-1 Interest Period ending on the day preceding such Distribution Date plus the amount of any unpaid Series 2006-1 Shortfalls relating to unpaid Series 2006-1 Monthly Interest payable to such Purchaser Group as of the preceding Distribution Date, together with any interest thereon at the Alternate Base Rate plus 2% per annum. If the amount paid to the Administrative Agent on any Distribution Date pursuant to this Section 3.4 on account of Series 2006-1 Monthly Interest for the Series 2006-1 Interest Period ending on the day preceding such Distribution Date is less than such Series 2006-1 Monthly Interest, the Administrative Agent shall pay the amount available to the Funding Agents, on behalf of the Purchaser Groups, on a rata basis, based on the Monthly Funding Costs with respect to each Purchaser Group with respect to such Series 2006-1 Interest Period. Upon the receipt of funds from the Paying Agent on each Distribution Date on account of Commitment Fees, the Administrative Agent shall pay to each Funding Agent with respect to a Purchaser Group an amount equal to the Commitment Fee payable to such Purchaser Group with respect to the Series 2006-1 Interest Period ending on the day preceding such Distribution Date plus the amount of any unpaid Series 2006-1 Shortfalls relating to unpaid Commitment Fees payable to such Purchaser Group as of the preceding

Distribution Date, together with any interest thereon at the Alternate Base Rate plus 2% per annum. If the amount paid to the Administrative Agent on any Distribution Date pursuant to this Section 3.4 on account of Commitment Fees is less than the Commitment Fees payable on such Distribution Date, the Administrative Agent shall pay the amount available to the Funding Agents, on behalf of the Purchaser Groups, on a pro rata basis, based on the Commitment Fee payable to each Purchaser Group on such Distribution Date. Upon the receipt of funds from the Trustee or the Paying Agent on any Distribution Date on account of Article VI Costs, the Administrative Agent shall pay such amounts to the Funding Agent with respect to the CP Conduit Purchaser or the APA Bank owed such amounts. If the amounts paid to the Administrative Agent on any Distribution Date pursuant to Section 3.3(e) on account of Article VI Costs are less than the Article VI Costs due and payable on such Distribution Date, the Administrative Agent shall pay the amounts available to the Funding Agents with respect to the CP Conduit Purchasers and APA Banks owed such amounts, on a pro rata basis, based on the Article VI Costs owing to such CP Conduit Purchasers and APA Banks. Due and unpaid Article VI Costs owing to a Purchaser Group shall accrue interest at the Alternate Base Rate plus 2%; provided that Article VI Costs shall not be considered due until the first Distribution Date following five days notice to BTF and the Administrator of such Article VI Costs.

Section 3.5 Payment of Note Principal.

(a) Monthly Principal Payments. On each Determination Date, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement and in accordance with this Section 3.5 as to (i) the amount allocated to the Series 2006-1 Notes during the Related Month pursuant to Section 3.2(a)(ii) less (w) the amount thereof paid to BTF pursuant to Section 3.2(b), (x) the amount thereof withdrawn for deposit into the Series 2006-1 Distribution Account and payment to the Series 2006-1 Terminating Purchasers pursuant to Section 3.2(b), (y) the amount thereof applied to make voluntary Decreases in the Series 2006-1 Invested Amount pursuant to Section 2.5 and (z) the amount thereof withdrawn from the Series 2006-1 Principal Subaccount and deposited into the Series 2006-1 Reserve Account pursuant to Section 3.2(b), in each case, on or prior to such Determination Date (the "Monthly Principal Payment Amount"), (ii) any amounts to be withdrawn from the Series 2006-1 Reserve Account and deposited into the Series 2006-1 Distribution Account or (iii) any amounts to be drawn on the Series 2006-1 Demand Notes and/or on the Series 2006-1 Letters of Credit (or withdrawn from the Series 2006-1 Cash Collateral Account). On the Distribution Date following each such Determination Date, the Trustee shall withdraw the Monthly Principal Payment Amount from the Series 2006-1 Principal Subaccount and deposit such amount in the Series 2006-1 Distribution Account, to be paid to the holders of the Series 2006-1 Notes.

(b) Decreases. On any Business Day prior to the occurrence of an Amortization Event with respect to the Series 2006-1 Notes on which a Decrease is to be made pursuant to Section 2.5, the Trustee shall withdraw from the Series 2006-1 Principal Subaccount in accordance with the written instructions of the Administrator an amount equal to the lesser of (i) the funds then allocated to the Series 2006-1 Principal Subaccount and (ii) the amount of such Decrease, and deposit such amount in the Series 2006-1 Distribution Account, to be paid to the Administrative Agent. Upon the receipt of funds on account of a Decrease from the Trustee, the Administrative Agent shall pay to each Funding Agent with respect to a Purchaser Group, such

Purchaser Group's Pro Rata Share of the amount of such Decrease. Each Purchaser Group's share of the amount of any Decrease on any Business Day shall be allocated by such Purchaser Group first to reduce the Available CP Funding Amount with respect to such Purchaser Group and the Available APA Bank Funding Amount with respect to such Purchaser Group on such Business Day and then to reduce the portion of the Purchaser Group Invested Amount with respect to such Purchaser Group allocated to Eurodollar Tranches in such order as such Purchaser Group may select in order to minimize costs payable pursuant to Section 6.3.

(c) Principal Deficit Amount. On each Distribution Date on which the Series 2006-1 Principal Deficit Amount is greater than zero or the Administrator determines that there exists a Series 2006-1 Lease Principal Payment Deficit, amounts shall be transferred to the Series 2006-1 Distribution Account as follows:

(i) Reserve Account Withdrawal. The Administrator shall instruct the Trustee in writing prior to 12:00 noon (New York City time) on such Distribution Date, in the case of a Series 2006-1 Lease Principal Payment Deficit or a Series 2006-1 Principal Deficit Amount resulting from a Series 2006-1 Lease Payment Deficit, or prior to 12:00 noon (New York City time) on the second Business Day prior to such Distribution Date, in the case of any other Series 2006-1 Principal Deficit Amount, to withdraw from the Series 2006-1 Reserve Account, an amount equal to the lesser of (x) the Series 2006-1 Available Reserve Account Amount and (y) the greater of (1) such Series 2006-1 Principal Deficit Amount and (2) such Series 2006-1 Lease Principal Payment Deficit and deposit it in the Series 2006-1 Distribution Account on such Distribution Date.

(ii) Principal Draws on Series 2006-1 Letters of Credit. If the Administrator determines on any Distribution Date that there exists a Series 2006-1 Lease Principal Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2006-1 Letters of Credit, if any, as provided below. Upon receipt of a notice by the Trustee from the Administrator in respect of a Series 2006-1 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 least of (i) the greater of the amount by which the Series 2006-1 Principal Deficit Amount on such Distribution Date or the Series 2006-1 Lease Principal Payment Deficit on such Distribution Date exceeds the amount to be deposited in the Series 2006-1 Distribution Account in accordance with clause (i) of this Section 3.5(c) and (ii) the Series 2006-1 Letter of Credit Amount on the Series 2006-1 Letters of Credit by presenting to each Series 2006-1 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 2006-1 Distribution Account on such Distribution Date; provided, however, that if the Series 2006-1 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2006-1 Cash Collateral Account and deposit in the Series 2006-1 Distribution Account an amount equal to the lesser of (x) the Series 2006-1 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 2006-1 Available Cash Collateral Account Amount on such

Distribution Date and draw an amount equal to the remainder of such amount on the Series 2006-1 Letters of Credit.

(iii) Demand Note Draw. If on any Determination Date, the Administrator determines that the Series 2006-1 Principal Deficit Amount on the next succeeding Distribution Date (even assuming that there is no Series 2006-1 Lease Principal Payment Deficit on such Distribution Date) will be greater than zero and there are any Series 2006-1 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 to deliver a Demand Notice to BRAC demanding payment of an amount equal to the lesser of (A) the Series 2006-1 Principal Deficit Amount less the amount to be deposited in the Series 2006-1 Distribution Account in accordance with clause (i) of this Section 3.5(c) on such Distribution Date and (B) the Series 2006-1 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 BRAC; 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 BRAC shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to BRAC. The Trustee shall cause the proceeds of any demand on the Series 2006-1 Demand Note to be deposited into the Series 2006-1 Distribution Account.

(iv) 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 a Distribution Date, BRAC shall have failed to pay to the Trustee or deposit in the Series 2006-1 Distribution Account the amount specified in a Demand Notice delivered pursuant to clause (iii) of this Section 3.5(c) 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 BRAC, the Trustee shall not have delivered such Demand Notice to BRAC 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 2006-1 Letters of Credit an amount equal to the lesser of (i) Series 2006-1 Letter of Credit Amount and (ii) the aggregate amount that BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) by presenting to each Series 2006-1 Letter of Credit Provider a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2006-1 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2006-1 Cash Collateral Account and deposit in the Series 2006-1 Distribution Account an amount equal to the lesser of (x) the Series 2006-1 Cash Collateral Percentage on such Business Day of the aggregate amount that BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2006-1 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the aggregate amount that BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2006-1 Letters of Credit. The Trustee shall deposit into, or cause the deposit of, the proceeds of any draw on the Series 2006-1 Letters of Credit and the



proceeds of any withdrawal from the Series 2006-1 Cash Collateral Account to be deposited in the Series 2006-1 Distribution Account.

(d) Series 2006-1 Termination Date. The entire Series 2006-1 Invested Amount shall be due and payable on the Series 2006-1 Termination Date. In connection therewith:

(i) Reserve Account Withdrawal. If, after giving effect to the deposit into the Series 2006-1 Distribution Account of the amount to be deposited in accordance with Section 3.5(a), together with any amounts to be deposited therein in accordance with Section 3.5(c) on the Series 2006-1 Termination Date, the amount to be deposited in the Series 2006-1 Distribution Account with respect to the Series 2006-1 Termination Date is or will be less than the Series 2006-1 Invested Amount, then, prior to 12:00 noon (New York City time) on the second Business Day prior to the Series 2006-1 Termination Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2006-1 Reserve Account, an amount equal to the lesser of the Series 2006-1 Available Reserve Account Amount and such insufficiency and deposit it in the Series 2006-1 Distribution Account on the Series 2006-1 Termination Date.

(ii) Demand Note Draw. If the amount to be deposited in the Series 2006-1 Distribution Account in accordance with Section 3.5(a) together with any amounts to be deposited therein in accordance with Section 3.5(c) and Section 3.5(d)(i) on the Series 2006-1 Termination Date is less than the Series 2006-1 Invested Amount, and there are any Series 2006-1 Letters of Credit on such date, then, prior to 10:00 a.m. (New York City time) on the second Business Day prior to the Series 2006-1 Termination Date, the Administrator shall instruct the Trustee in writing to make a demand (a "Demand Notice") substantially in the form attached hereto as Exhibit D on BRAC for payment under the Series 2006-1 Demand Notes in an amount equal to the lesser of (i) such insufficiency and (ii) the Series 2006-1 Letter of Credit Amount. The Trustee shall, prior to 12:00 noon (New York City time) on the second Business Day preceding the Series 2006-1 Termination Date, deliver such Demand Notice to ABCR; 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 BRAC shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to BRAC. The Trustee shall cause the proceeds of any demand on the Series 2006-1 Demand Notes to be deposited into the Series 2006-1 Distribution Account.

(iii) 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 BRAC pursuant to clause (ii) of this Section 3.5(d) BRAC shall have failed to pay to the Trustee or deposit into the Series 2006-1 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 BRAC, the Trustee shall not have delivered such Demand Notice to BRAC on the second Business

Day preceding the Series 2006-1 Termination Date, then, in the case of (x) or (y) the Trustee shall draw on the Series 2006-1 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 BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (b) the Series 2006-1 Letter of Credit Amount on such Business Day by presenting to each Series 2006-1 Letter of Credit Provider a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2006-1 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2006-1 Cash Collateral Account and deposit in the Series 2006-1 Distribution Account an amount equal to the lesser of (x) the Series 2006-1 Cash Collateral Percentage on such Business Day of the amount that BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2006-1 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the amount that BRAC failed to pay under the Series 2006-1 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2006-1 Letters of Credit. The Trustee shall deposit, or cause the deposit of, the proceeds of any draw on the Series 2006-1 Letters of Credit and the proceeds of any withdrawal from the Series 2006-1 Cash Collateral Account to be deposited in the Series 2006-1 Distribution Account.

(e) Distribution. On each Distribution Date, the Paying Agent shall, in accordance with Section 6.1 of the Base Indenture, (i) pay to the Administrative Agent for the accounts of the Purchaser Groups from the Series 2006-1 Distribution Account the amount deposited therein pursuant to Section 3.5(a), (c) and/or (d) or (ii) pay to the Administrative Agent for the account of the applicable Purchaser Groups constituting the Series 2006-1 Terminating Purchasers from the Series 2006-1 Distribution Account the amount deposited therein pursuant to Section 3.2(b). Upon the receipt of funds from the Trustee pursuant to Sections 3.5(a), (c) and/or (d) on any Distribution Date, the Administrative Agent shall pay to each Funding Agent with respect to a Purchaser Group, such Purchaser Group's Pro Rata Share of such funds. Upon the receipt of funds from the Trustee pursuant to Sections 3.2(b) on any Distribution Date, the Administrative Agent shall pay to each Funding Agent with respect to a Series 2006-1 Terminating Purchaser, such Series 2006-1 Terminating Purchasers Pro Rata Share of such funds.

Section 3.6 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 3.7 Series 2006-1 Reserve Account. (a) Establishment of Series 2006-1 Reserve Account. BTF shall establish and maintain in the name of the Trustee for the benefit of the Series 2006-1 Noteholders, or cause to be established and maintained, an account (the “Series 2006-1 Reserve Account”), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-1 Noteholders. The Series 2006-1 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 2006-1 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 depository institution or trust company shall be reduced to below “BBB-” by S&P or “Baa2” by Moody’s, then BTF shall, within 30 days of such reduction, establish a new Series 2006-1 Reserve Account with a new Qualified Institution. If the Series 2006-1 Reserve Account is not maintained in accordance with the previous sentence, BTF shall establish a new Series 2006-1 Reserve Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall instruct the Trustee in writing to transfer all cash and investments from the non-qualifying Series 2006-1 Reserve Account into the new Series 2006-1 Reserve Account. Initially, the Series 2006-1 Reserve Account shall be established with The Bank of New York Trust Company, N.A.; provided that if the Series 2006-1 Reserve Account is established with any other institution, BTF shall cause such institution to enter into an agreement in form and substance reasonably satisfactory to the Administrative Agent establishing “control” within the meaning of Section 8-106 of the New York UCC by the Trustee over the Series 2006-1 Reserve Account, including agreements by such institution to (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 2006-1 Reserve Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2006-1 Reserve Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

(b) Administration of the Series 2006-1 Reserve Account. The Administrator may instruct the institution maintaining the Series 2006-1 Reserve Account to invest funds on deposit in the Series 2006-1 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 2006-1 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 2006-1 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 Securities Intermediary; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Securities Intermediary pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Securities Intermediary by causing the Securities Intermediary to become the registered holder of such securities.

(c) Earnings from Series 2006-1 Reserve Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2006-1 Reserve Account shall be deemed to be on deposit therein and available for distribution.

(d) Series 2006-1 Reserve Account Constitutes Additional Collateral for Series 2006-1 Notes. In order to secure and provide for the repayment and payment of the Note Obligations with respect to the Series 2006-1 Notes, BTF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2006-1 Noteholders, all of BTF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2006-1 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 2006-1 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 2006-1 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 2006-1 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 2006-1 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 2006-1 Reserve Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2006-1 Reserve Account. The Series 2006-1 Reserve Account Collateral shall be under the sole dominion and control of the Trustee for the benefit of the Series 2006-1 Noteholders. The Securities Intermediary 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 2006-1 Reserve Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2006-1 Reserve Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

(e) Preference Amount Withdrawals from the Series 2006-1 Reserve Account or the Series 2006-1 Cash Collateral Account. If a member of a Purchaser Group notifies the Trustee in writing of the existence of a Preference Amount, then, subject to the satisfaction of the conditions set forth in the next succeeding sentence, on the Business Day on which those conditions are first satisfied, the Trustee shall withdraw from either (x) on or prior to the Series 2006-1 Letter of Credit Termination Date, the Series 2006-1 Reserve Account or (y) after the Series 2006-1 Letter of Credit Termination Date, the Series 2006-1 Cash Collateral Account and pay to the Funding Agent for such member an amount equal to such Preference Amount. Prior to any withdrawal from the Series 2006-1 Reserve Account or the Series 2006-1 Cash Collateral Account pursuant to this Section 3.7(e), the Trustee shall have received (i) a certified copy of the order requiring the return of such Preference Amount; (ii) an opinion of counsel satisfactory to the Trustee that such order is final and not subject to appeal; and (iii) a release as to any claim against BTF by the Purchaser Group for any amount paid in respect of such Preference Amount. On the Business Day after the Series 2006-1 Letter of Credit Termination Date, the Trustee shall

transfer the amount on deposit in the Series 2006-1 Reserve Account to the Series 2006-1 Cash Collateral Account.

(f) Series 2006-1 Reserve Account Surplus. In the event that the Series 2006-1 Reserve Account Surplus on any Distribution Date, after giving effect to all withdrawals from the Series 2006-1 Reserve Account, is greater than zero, the Trustee, acting in accordance with the written instructions of the Administrator pursuant to the Administration Agreement, shall withdraw from the Series 2006-1 Reserve Account an amount equal to the Series 2006-1 Reserve Account Surplus and shall pay such amount to BTF.

(g) Termination of Series 2006-1 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 2006-1 Noteholders and payable from the Series 2006-1 Reserve Account as provided herein, shall withdraw from the Series 2006-1 Reserve Account all amounts on deposit therein for payment to BTF.

Section 3.8 Series 2006-1 Letters of Credit and Series 2006-1 Cash Collateral Account.

(a) Series 2006-1 Letters of Credit and Series 2006-1 Cash Collateral Account Constitute Additional Collateral for Series 2006-1 Notes. In order to secure and provide for the repayment and payment of the Note Obligations with respect to the Series 2006-1 Notes, BTF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2006-1 Noteholders, all of BTF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) each Series 2006-1 Letter of Credit; (ii) the Series 2006-1 Cash Collateral Account, including any security entitlement thereto; (iii) all funds on deposit in the Series 2006-1 Cash Collateral Account from time to time; (iv) all certificates and instruments, if any, representing or evidencing any or all of the Series 2006-1 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 2006-1 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 2006-1 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 2006-1 Cash Collateral Account Collateral"). The Trustee shall, for the benefit of the Series 2006-1 Noteholders, possess all right, title and interest in all funds on deposit from time to time in the Series 2006-1 Cash Collateral Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2006-1 Cash Collateral Account. The Series 2006-1 Cash Collateral Account shall be under the sole dominion and control of the Trustee for the benefit of the Series 2006-1 Noteholders. The Securities Intermediary 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 2006-1 Cash Collateral Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series

2006-1 Cash Collateral Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

(b) **Series 2006-1 Letter of Credit Expiration Date.** If prior to the date which is ten (10) days prior to the then scheduled Series 2006-1 Letter of Credit Expiration Date with respect to any Series 2006-1 Letter of Credit, excluding the amount available to be drawn under such Series 2006-1 Letter of Credit but taking into account each substitute Series 2006-1 Letter of Credit which has been obtained from a Series 2006-1 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2006-1 Permitted Principal Amount would be equal to or more than the Series 2006-1 Invested Amount and the Series 2006-1 Liquidity Amount would be equal to or greater than the Series 2006-1 Required Liquidity Amount, then the Administrator shall notify the Trustee in writing no later than two Business Days prior to such Series 2006-1 Letter of Credit Expiration Date of such determination. If prior to the date which is ten (10) days prior to the then scheduled Series 2006-1 Letter of Credit Expiration Date with respect to any Series 2006-1 Letter of Credit, excluding the amount available to be drawn under such Series 2006-1 Letter of Credit but taking into account a substitute Series 2006-1 Letter of Credit which has been obtained from a Series 2006-1 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2006-1 Permitted Principal Amount would be less than the Series 2006-1 Invested Amount or the Series 2006-1 Liquidity Amount would be less than the Series 2006-1 Required Liquidity Amount, then the Administrator shall notify the Trustee in writing no later than two Business Days prior to such Series 2006-1 Letter of Credit Expiration Date of (x) the greater of (A) the excess, if any, of the Series 2006-1 Permitted Principal Amount over the Series 2006-1 Invested Amount, excluding the available amount under such expiring Series 2006-1 Letter of Credit but taking into account any substitute Series 2006-1 Letter of Credit which has been obtained from a Series 2006-1 Eligible Letter of Credit Provider and is in full force and effect, on such date, and (B) the excess, if any, of the Series 2006-1 Required Liquidity Amount over the Series 2006-1 Liquidity Amount, excluding the available amount under such expiring Series 2006-1 Letter of Credit but taking into account any substitute Series 2006-1 Letter of Credit which has been obtained from a Series 2006-1 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 2006-1 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 p.m. (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 p.m. (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 2006-1 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 2006-1 Cash Collateral Account.

If the Trustee does not receive the notice from the Administrator described in the first paragraph of this Section 3.8(b) on or prior to the date that is two Business Days prior to each Series 2006-1 Letter of Credit Expiration Date, the Trustee shall, by 12:00 p.m. (New York City time) on such Business Day draw the full amount of such Series 2006-1 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 2006-1 Cash Collateral Account.

(c) Series 2006-1 Letter of Credit Providers. The Administrator shall notify the Trustee in writing within one Business Day of becoming aware that (i) the long-term senior unsecured debt credit rating of any Series 2006-1 Letter of Credit Provider has fallen below “A” as determined by Standard & Poor’s or “A2” as determined by Moody’s or (ii) the short-term senior unsecured debt credit rating of any Series 2006-1 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 2006-1 Required Enhancement Amount over the Series 2006-1 Enhancement Amount, excluding the available amount under the Series 2006-1 Letter of Credit issued by such Series 2006-1 Letter of Credit Provider, on such date, and (B) the excess, if any, of the Series 2006-1 Required Liquidity Amount over the Series 2006-1 Liquidity Amount, excluding the available amount under such Series 2006-1 Letter of Credit, on such date, and (ii) the amount available to be drawn on such Series 2006-1 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 p.m. (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 p.m. (New York City time) on the next following Business Day), draw on such Series 2006-1 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 2006-1 Cash Collateral Account.

(d) Draws on the Series 2006-1 Letters of Credit. If there is more than one Series 2006-1 Letter of Credit on the date of any draw on the Series 2006-1 Letters of Credit pursuant to the terms of this Series Supplement, the Administrator shall instruct the Trustee, in writing, to draw on each Series 2006-1 Letter of Credit in an amount equal to the LOC Pro Rata Share of the Series 2006-1 Letter of Credit Provider issuing such Series 2006-1 Letter of Credit of the amount of such draw on the Series 2006-1 Letters of Credit.

(e) Establishment of Series 2006-1 Cash Collateral Account. On or prior to the Series 2006-1 Closing Date, BTF shall establish and maintain in the name of the Trustee for the benefit of the Series 2006-1 Noteholders, or cause to be established and maintained, an account (the “Series 2006-1 Cash Collateral Account”), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-1 Noteholders. The Series 2006-1 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 2006-1 Cash Collateral 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 depository institution or trust company shall be reduced to below “BBB-” by S&P or “Baa3” by Moody’s, then BTF shall, within 30 days of such reduction, establish a new Series 2006-1 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 2006-1 Cash Collateral Account. If a new Series 2006-1 Cash Collateral Account is established, BTF shall instruct the Trustee in writing to transfer all cash and investments from the non-qualifying Series 2006-1 Cash Collateral Account into the new Series 2006-1 Cash Collateral Account. Initially, the Series 2006-1 Cash Collateral

Account shall be established with The Bank of New York Trust Company, N.A.; provided that if the Series 2006-1 Cash Collateral Account is established with any other institution, BTF shall cause such institution to enter into an agreement in form and substance reasonably satisfactory to the Administrative Agent establishing “control” within the meaning of Section 8-106 of the New York UCC by the Trustee over the Series 2006-1 Cash Collateral Account, including agreements by such institution to (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 2006-1 Cash Collateral Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2006-1 Cash Collateral Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

(f) Administration of the Series 2006-1 Cash Collateral Account. BTF may instruct (by standing instructions or otherwise) the institution maintaining the Series 2006-1 Cash Collateral Account to invest funds on deposit in the Series 2006-1 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 2006-1 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 2006-1 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 Securities Intermediary; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Securities Intermediary pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Securities Intermediary by causing the Trustee to become the registered holder of such securities. The Securities Intermediary shall, at the expense of BTF, take such action as is required to maintain the Trustee’s security interest in the Permitted Investments credited to the Series 2006-1 Cash Collateral Account. BTF shall not direct the Securities Intermediary 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 principal of such Permitted Investment. In the absence of written investment instructions hereunder, funds on deposit in the Series 2006-1 Cash Collateral Account shall remain uninvested.

(g) Earnings from Series 2006-1 Cash Collateral Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2006-1 Cash Collateral Account shall be deemed to be on deposit therein and available for distribution.

(h) Series 2006-1 Cash Collateral Account Surplus. In the event that the Series 2006-1 Cash Collateral Account Surplus on any Distribution Date (or, after the Series 2006-1 Letter of Credit Termination Date, on any date) is greater than zero, the Trustee, acting in accordance with the written instructions of the Administrator, shall withdraw from the Series 2006-1 Cash Collateral Account an amount equal to the Series 2006-1 Cash Collateral Account Surplus and shall pay such amount: first, to the Series 2006-1 Letter of Credit Providers to the



extent of any unreimbursed drawings under the related Series 2006-1 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2006-1 Reimbursement Agreement, and, second, to BTF any remaining amount.

(i) Termination of Series 2006-1 Cash Collateral Account. Upon the termination of this Series 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 2006-1 Noteholders and payable from the Series 2006-1 Cash Collateral Account as provided herein, shall withdraw from the Series 2006-1 Cash Collateral Account all amounts on deposit therein (to the extent not withdrawn pursuant to Section 3.8(h) above) and shall pay such amounts: first, to the Series 2006-1 Letter of Credit Providers to the extent of any unreimbursed drawings under the related Series 2006-1 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2006-1 Reimbursement Agreement, and, second, to BTF any remaining amount.

(j) Termination Date Demands on the Series 2006-1 Letters of Credit. Prior to 10:00 a.m. (New York City time) on the Business Day immediately succeeding the Series 2006-1 Letter of Credit Termination Date, the Administrator shall determine the Series 2006-1 Demand Note Payment Amount as of the Series 2006-1 Letter of Credit Termination Date. If the Series 2006-1 Demand Note Payment Amount is greater than zero, then the Administrator shall instruct the Trustee in writing to draw on the Series 2006-1 Letters of Credit prior to 11:00 a.m. (New York City time) on such Business Day. 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 excess of the Series 2006-1 Demand Note Payment Amount over the Series 2006-1 Available Reserve Account Amount (prior to giving effect to any transfer to the Series 2006-1 Cash Collateral Account pursuant to Section 3.7(e) on such date) and (ii) the Series 2006-1 Letter of Credit Liquidity Amount on the Series 2006-1 Letters of Credit by presenting to each Series 2006-1 Letter of Credit Provider a draft accompanied by a Certificate of Termination Date Demand; provided, however, that if the Series 2006-1 Cash Collateral Account has been established and funded, the Trustee shall draw an amount equal to the product of (a) 100% minus the Series 2006-1 Cash Collateral Percentage and (b) the lesser of the amounts referred to in clause (i) or (ii) on such Business Day on the Series 2006-1 Letters of Credit as calculated by the Administrator and provided in writing to the Trustee. The Trustee shall cause the Termination Date Disbursement to be deposited in the Series 2006-1 Cash Collateral Account.

### Section 3.9 Series 2006-1 Distribution Account.

(a) Establishment of Series 2006-1 Distribution Account. The Trustee shall establish and maintain in the name of the Trustee for the benefit of the Series 2006-1 Noteholders, or cause to be established and maintained, an account (the "Series 2006-1 Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2006-1 Noteholders. The Series 2006-1 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 2006-1 Distribution 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 depository institution or trust company shall be reduced to below “BBB-” by S&P or “Baa3” by Moody’s, then BTF shall, within 30 days of such reduction, establish a new Series 2006-1 Distribution Account with a new Qualified Institution. If the Series 2006-1 Distribution Account is not maintained in accordance with the previous sentence, BTF shall establish a new Series 2006-1 Distribution Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall instruct the Trustee in writing to transfer all cash and investments from the non-qualifying Series 2006-1 Distribution Account into the new Series 2006-1 Distribution Account. Initially, the Series 2006-1 Distribution Account shall be established with The Bank of New York Trust Company, N.A.; provided that if the Series 2006-1 Distribution Account is established with any other institution, BTF shall cause such institution to enter into an agreement in form and substance reasonably satisfactory to the Administrative Agent establishing “control” within the meaning of Section 8-106 of the New York UCC by the Trustee over the Series 2006-1 Distribution Account, including agreements by such institution to (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 2006-1 Distribution Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2006-1 Cash Collateral Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

(b) Administration of the Series 2006-1 Distribution Account. The Administrator may instruct the institution maintaining the Series 2006-1 Distribution Account to invest funds on deposit in the Series 2006-1 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 2006-1 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 2006-1 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 Securities Intermediary; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Securities Intermediary pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Securities Intermediary by causing the Securities Intermediary to become the registered holder of such securities.

(c) Earnings from Series 2006-1 Distribution Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2006-1 Distribution Account shall be deemed to be on deposit and available for distribution.

(d) Series 2006-1 Distribution Account Constitutes Additional Collateral for Series 2006-1 Notes. In order to secure and provide for the repayment and payment of the Note Obligations with respect to the Series 2006-1 Notes, BTF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2006-1 Noteholders, all of BTF’s right, title and interest in and to the following (whether now or

hereafter existing or acquired): (i) the Series 2006-1 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 2006-1 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 2006-1 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 2006-1 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 2006-1 Distribution Account Collateral”). The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Series 2006-1 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 2006-1 Distribution Account. The Series 2006-1 Distribution Account Collateral shall be under the sole dominion and control of the Trustee for the benefit of the Series 2006-1 Noteholders. The Securities Intermediary 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 2006-1 Distribution Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2006-1 Distribution Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee without further consent of BTF.

Section 3.10 Series 2006-1 Demand Notes Constitute Additional Collateral for Series 2006-1 Notes. In order to secure and provide for the repayment and payment of the obligations with respect to the Series 2006-1 Notes, BTF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2006-1 Noteholders, all of BTF’s right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2006-1 Demand Notes; (ii) all certificates and instruments, if any, representing or evidencing the Series 2006-1 Demand Notes; and (iii) all proceeds of any and all of the foregoing, including, without limitation, cash. On the date hereof, BTF shall deliver to the Trustee, for the benefit of the Series 2006-1 Noteholders, each Series 2006-1 Demand Note, endorsed in blank. The Trustee, for the benefit of the Series 2006-1 Noteholders, shall be the only Person authorized to make a demand for payments on the Series 2006-1 Demand Notes.

Section 3.11 Series 2006-1 Interest Rate Hedges.

(a) On or before the thirtieth day following the Series 2006-1 Closing Date, BTF shall enter into one or more interest rate protection agreements (each a “Series 2006-1 Interest Rate Hedge”) in form and substance acceptable to the Administrative Agent, from a Qualified Interest Rate Hedge Counterparty, having an aggregate notional amount at least equal to the Series 2006-1 Invested Amount.

(b) On each Distribution Date, the aggregate notional amount of all Series 2006-1 Interest Rate Hedges with Qualified Interest Rate Hedge Counterparties or with Counterparties who, if they are not Qualified Interest Rate Hedge Counterparties, shall have complied with their obligations described in Section 3.11(c), maintained by BTF shall be at least equal to the Series 2006-1 Invested Amount on such Distribution Date, after giving effect to any payments of principal made pursuant to Section 3.5(e) on such Distribution Date.

(c) If, at any time, an Interest Rate Hedge Counterparty is not a Qualified Interest Rate Hedge Counterparty, then BTF shall cause the Interest Rate Hedge Counterparty within 30 days following such occurrence, at the Interest Rate Hedge Counterparty's expense, to do one of the following (the choice of such action to be determined by the Interest Rate Hedge Counterparty) (i) obtain a replacement interest rate hedge on the same terms as the Series 2006-1 Interest Rate Hedge from a Qualified Interest Rate Hedge Counterparty and simultaneously with such replacement BTF shall terminate the Series 2006-1 Interest Rate Hedge being replaced, (ii) obtain a guaranty from, or contingent agreement of, another person who qualifies as a Qualified Interest Rate Hedge Counterparty to honor the Interest Rate Hedge Counterparty's obligations under the Series 2006-1 Interest Rate Hedge in form and substance satisfactory to the Administrative Agent or (iii) post and maintain collateral satisfactory to the Administrative Agent; provided that no termination of the Series 2006-1 Interest Rate Hedge shall occur until BTF has entered into a replacement Interest Rate Hedge. Each Series 2006-1 Interest Rate Hedge must provide that if the Interest Rate Hedge Counterparty is required to take any of the actions described in clauses (i), (ii) or (iii) of the preceding sentence and such action is not taken within 30 days, then the Interest Rate Hedge Counterparty must, until a replacement Series 2006-1 Interest Rate Hedge is executed and in effect, collateralize its obligations under such Series 2006-1 Interest Rate Hedge in an amount equal to the greatest of (i) the marked to market value of such Series 2006-1 Interest Rate Hedge, (ii) the next payment due from the Interest Rate Hedge Counterparty and (iii) 1% of the notional amount of such Series 2006-1 Interest Rate Hedge.

(d) To secure payment of all obligations to the Series 2006-1 Noteholders, BTF grants a security interest in, and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2006-1 Noteholders, all of BTF's right, title and interest in the Series 2006-1 Interest Rate Hedges and all proceeds thereof (the "Series 2006-1 Interest Rate Hedge Collateral"). BTF shall require all Series 2006-1 Interest Rate Hedge Proceeds to be paid to, and the Trustee shall allocate all Series 2006-1 Interest Rate Hedge Proceeds to, the Series 2006-1 Accrued Interest Account of the Series 2006-1 Collection Account.

#### **ARTICLE IV 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 2006-1 Notes and collectively shall constitute the Amortization Events set forth in Section 9.1(1) of the Base Indenture with respect to the Series 2006-1 Notes (without notice or other action on the part of the Trustee or any holders of the Series 2006-1 Notes):

(a) a Series 2006-1 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 2006-1 Enhancement Deficiency shall have been cured in accordance with the terms and conditions of the Indenture and the Related Documents;

(b) the Series 2006-1 Liquidity Amount shall be less than the Series 2006-1 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 2006-1 Collection Account, the Series 2006-1 Principal Subaccount, the Series 2006-1 Accrued Interest Account, the Series 2006-1 Distribution Account or the Series 2006-1 Reserve Account shall be subject to an injunction, estoppel or other stay or a Lien (other than Liens permitted under the Related Documents);

(d) the Series 2006-1 Invested Amount shall not have been reduced to zero on or prior to the Series 2006-1 Termination Date;

(e) any Series 2006-1 Letter of Credit shall not be in full force and effect for at least two (2) Business Days and either (x) a Series 2006-1 Enhancement Deficiency would result from excluding such Series 2006-1 Letter of Credit from the Series 2006-1 Enhancement Amount or (y) the Series 2006-1 Liquidity Amount, excluding therefrom the available amount under such Series 2006-1 Letter of Credit, would be less than the Series 2006-1 Required Liquidity Amount;

(f) from and after the funding of the Series 2006-1 Cash Collateral Account, the Series 2006-1 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 2006-1 Enhancement Deficiency would result from excluding the Series 2006-1 Available Cash Collateral Account Amount from the Series 2006-1 Enhancement Amount or (y) the Series 2006-1 Liquidity Amount, excluding therefrom the Series 2006-1 Available Cash Collateral Account, would be less than the Series 2006-1 Required Liquidity Amount;

(g) an Event of Bankruptcy shall have occurred with respect to any Series 2006-1 Letter of Credit Provider or any Series 2006-1 Letter of Credit Provider repudiates its Series 2006-1 Letter of Credit or refuses to honor a proper draw thereon and either (x) a Series 2006-1 Enhancement Deficiency would result from excluding such Series 2006-1 Letter of Credit from the Series 2006-1 Enhancement Amount or (y) the Series 2006-1 Liquidity Amount, excluding therefrom the available amount under such Series 2006-1 Letter of Credit, would be less than the Series 2006-1 Required Liquidity Amount;

(h) a Borrowing Base Deficiency shall occur and continue for at least seven (7) days;

(i) BTF fails to maintain the Series 2006-1 Interest Rate Hedges in accordance with Sections 3.11(a) and (b) and the Related Documents for at least two Business Days;

(j) BTF defaults in the payment of any amount payable hereunder when the same becomes due and payable or fails to make any deposits required hereunder and, in any such case, such default continues for a period of two (2) Business Days

(k) On or before the 45<sup>th</sup> day following the Series 2006-1 Closing Date, the Certificates of Title to all of the BTF Trucks that are Eligible Trucks subject to the lien of the Indenture, shall not be in the possession of the Administrator as agent of the Trustee pursuant to Section 2(b) of the Administration Agreement with the title of BTF and the lien of the Trustee in each case noted thereon;

(l) BTF fails to deliver the Agreed Upon Procedures Letter pursuant to Section 7.2(c) to the Administrative Agent within 45 days of the Series 2006-1 Closing Date; or

(m) BTF fails to obtain and deliver to the Trustee and Administrative Agent, within six weeks of the Closing Date, evidence of confirmation of qualification of BTF to do business in each State in the United States of America and the District of Columbia in the form as issued by each such State and the District of Columbia.

In the case of an event described in (i), (j), (k), (l) or (m), an Amortization Event with respect to the Series 2006-1 Notes shall have occurred with respect to the Series 2006-1 Notes only if the Trustee or the Series 2006-1 Required Noteholders declare that an Amortization Event has occurred. In the case of an event described in the (a), (b), (c), (d), (e), (f), (g), or (h), an Amortization Event with respect to the Series 2006-1 Notes shall have occurred without any notice or other action on the part of the Trustee or any Series 2006-1 Noteholders, immediately upon the occurrence of such event.

Upon the occurrence of an Amortization Event with respect to the Series 2006-1 Notes, (i) interest shall accrue on such amounts at the Alternate Base Rate plus 2% per annum on all unpaid principal of the Series 2006-1 Notes, together with all accrued and unpaid interest thereon and other amounts payable hereunder and (ii) all Collections shall be allocated and distributed to the Series 2006-1 Noteholders in accordance with Article III hereof.

## ARTICLE V

### CONDITIONS PRECEDENT

Section 5.1 Conditions Precedent to Effectiveness of Series Supplement. This Series Supplement shall become effective on the date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) Documents. The Administrative Agent shall have received copies for each CP Conduit Purchaser and the Funding Agent and the APA Banks with respect to such CP Conduit Purchaser, each executed and delivered in form and substance satisfactory to it of (i) the Base Indenture, executed by a duly authorized officer of each of BTF and the Trustee, (ii) this Series Supplement, executed by a duly authorized officer of each of BTF, the Administrator, the Trustee, the Administrative Agent, the Funding Agents, the CP Conduit Purchasers and the APA Banks, (iii) the Fee Letter, executed by a duly authorized officer of BTF, (iv) the BTF Lease, executed by a duly authorized officer of each of BTR, the Guarantor, the Administrator and BTF, (v) the Administration Agreement, executed by a duly authorized officer of each of BTF, the Administrator and the Trustee, and (vi) the Collection Account Control Agreement, executed by a duly authorized officer of each of the parties thereto.

(b) Corporate Documents; Proceedings of BTF, the Administrator, Lessee and the Guarantor. The Administrative Agent shall have received, with a copy for each CP Conduit Purchaser and the Funding Agent and the APA Banks with respect to such CP Conduit Purchaser, from BTF, the Administrator, BTR, and the Guarantor true and complete copies of:

(i) to the extent applicable, the certificate of incorporation or certificate of formation, including all amendments thereto, of such Person, certified as of a recent date by the Secretary of State or other appropriate authority of the state of incorporation or organization, as the case may be, and a certificate of compliance, of status or of good standing, as and to the extent applicable, of each such Person as of a recent date, from the Secretary of State or other appropriate authority of such jurisdiction;

(ii) a certificate of the Secretary or an Assistant Secretary of such Person, dated on or prior to the Effective Date and certifying (A) that attached thereto is a true and complete copy of the bylaws, limited liability company agreement or partnership agreement of such Person, as the case may be, as in effect on the Series 2006-1 Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of the resolutions, in form and substance reasonably satisfactory to each Funding Agent, of the Board of Directors or Managers of such Person or committees thereof authorizing the execution, delivery and performance of this Series Supplement and the Related Documents to which it is a party and the transactions contemplated thereby, and that such resolutions have not been amended, modified, revoked or rescinded and are in full force and effect, (C) that the certificate of incorporation or certificate of formation of such Person has not been amended since the date of the last amendment thereto shown on the certificate of good standing (or its equivalent) furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer or authorized signatory executing this Series Supplement and the Related Documents or any other document delivered in connection herewith or therewith on behalf of such Person; and

(iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above.

(c) Representations and Warranties. All representations and warranties of each of BTF, the Administrator, BTR, and the Guarantor contained in the Indenture and each of the Related Documents shall be true and correct as of the Series 2006-1 Closing Date.

(d) No Amortization Event or Potential Amortization Event. No Amortization Event or Potential Amortization Event in respect of the Series 2006-1 Notes or any other Series of Notes shall exist and, after giving effect to the issuance of the Series 2006-1 Notes, no Amortization Event or Potential Amortization Event shall exist.

(e) Series 2006-1 Enhancement Deficiency. After giving effect to the issuance of the Series 2006-1 Notes, no Series 2006-1 Enhancement Deficiency shall exist.

(f) Lien Searches. The Administrative Agent shall have received a written search report listing all effective financing statements that name BTF or BTR as debtor or assignor and that are filed in the State of Delaware and in any other jurisdictions that the Administrative Agent determines are necessary or appropriate, together with copies of such financing statements, and tax and judgment lien searches showing no such liens that are not permitted by the Base Indenture, this Series Supplement or the Related Documents.

(g) Legal Opinions. The Administrative Agent shall have received, with a counterpart addressed to each CP Conduit Purchaser and the Funding Agent, the Program Support Provider and the APA Banks with respect to such CP Conduit Purchaser and the Trustee, opinions of counsel required by Section 2.2(b) of the Base Indenture and opinions of counsel with respect to such other matters as may be reasonably requested by any Funding Agent, in form and substance reasonably acceptable to the addressees thereof and their counsel.

(h) Fees and Expenses. Each Funding Agent with respect to a CP Conduit Purchaser shall have received payment of all fees, out-of-pocket expenses and other amounts due and payable to such CP Conduit Purchaser or the APA Banks with respect to such CP Conduit Purchaser on or before the Effective Date.

(i) Establishment of Accounts. The Administrative Agent shall have received written evidence reasonably satisfactory to it that the Collection Account (and the Series 2006-1 Collection Account, the Series 2006-1 Reserve Account, Series 2006-1 Principal Subaccount and the Series 2006-1 Accrued Interest Account as administrative subaccounts within the Collection Account) and the Series 2006-1 Distribution Account shall have been established in accordance with the terms and provisions of the Indenture.

(j) Opinion. The Administrative Agent shall have received, with a counterpart addressed to each CP Conduit Purchaser and the Funding Agent, the Program



Support Provider and the APA Banks with respect such CP Conduit Purchaser, an opinion of counsel to the Trustee as to the due authorization, execution and delivery by the Trustee of this Series Supplement and the due execution, authentication and delivery by the Trustee of the Series 2006-1 Notes.

(k) Truck Schedules. The Administrative Agent shall have received a copy of Attachment A and Attachment B to the BTF Lease at least two Business Days prior to the Series 2006-1 Closing Date.

(l) Commercial Paper Ratings. The Administrative Agent shall have received confirmation of the ratings of the Commercial Paper of each of the CP Conduit Purchasers requiring such confirmation after giving effect to their respective investments in the Series 2006-1 Notes.

(m) Filings. The Administrative Agent shall have received (i) executed originals of any documents (including, without limitation, financing statements) required to be filed in each jurisdiction necessary to perfect (A) BTF's interest in the BTF Trucks and the related property acquired pursuant to the BTF Lease and (B) the security interest of the Trustee in the Collateral (other than copies of all documents filed with the appropriate office within the State of Oklahoma pursuant to the Oklahoma Vehicle License and Registration Act, Title 47, Okla. Stat. §§1101 et seq., to obtain Certificates of Title to all BTF Trucks that are Eligible Trucks indicating that BTF holds title to such BTF Trucks and noting the lien of the Trustee thereon) and (ii) evidence reasonably satisfactory to it of each such filing and reasonably satisfactory evidence of the payment of any necessary fee or tax relating thereto.

(n) Release of Liens. Each Funding Agent shall have received evidence satisfactory to it of the release of the BTF Trucks from any existing Liens.

(o) Proceedings. All corporate and other proceedings and all other documents and legal matters in connection with the transactions contemplated by the Related Documents shall be satisfactory in form and substance to each Funding Agent and its counsel.

## ARTICLE VI

### CHANGE IN CIRCUMSTANCES

#### Section 6.1 Increased Costs.

(a) If any Change in Law (except with respect to Taxes which shall be governed by Section 6.2) shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Affected Party (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Affected Party or the London interbank market any other condition affecting the Indenture or the Related Documents or the funding of Eurodollar Tranches by such Affected Party; and the result of any of the foregoing shall be to increase the cost to such Affected Party of making, converting into, continuing or maintaining Eurodollar Tranches (or maintaining its obligation to do so) or to reduce any amount received or receivable by such Affected Party hereunder or in connection herewith (whether principal, interest or otherwise), then BTF shall pay to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional costs incurred or reduction suffered.

(b) If any Affected Party determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Affected Party's capital or the capital of any corporation controlling such Affected Party as a consequence of its obligations hereunder to a level below that which such Affected Party or such corporation could have achieved but for such Change in Law (taking into consideration such Affected Party's or such corporation's policies with respect to capital adequacy), then from time to time, BTF shall pay to such Affected Party such additional amount or amounts as will compensate such Affected Party for any such reduction suffered.

(c) A certificate of an Affected Party setting forth the amount or amounts necessary to compensate such Affected Party as specified in subsections (a) and (b) of this Section 6.1 shall be delivered to BTF (with a copy to the Administrative Agent and the Funding Agent with respect to such Affected Party) and shall be conclusive absent manifest error. Any payments made by BTF pursuant to this Section 6.1 shall be made solely from funds available in the Series 2006-1 Distribution Account for the payment of Article VI Costs, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against BTF to the extent that insufficient funds exist to make such payment. The agreements in this Section shall survive the termination of this Series Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder.

(d) Failure or delay on the part of an Affected Party to demand compensation pursuant to this Section 6.1 shall not constitute a waiver of such Affected Party's right to demand such compensation; provided that BTF shall not be required to compensate any Affected Party pursuant to this Section 6.1 for any increased costs or reductions incurred more than 270 days prior to the date that such Affected Party notifies BTF of the Change in Law giving rise to such increased costs or reductions and of such Affected Party's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270 day period referred to above shall be extended to include the period of retroactive effect thereof.

#### Section 6.2 Taxes.

(a) Any and all payments by or on account of any obligation of BTF hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if BTF shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) subject to Section 6.2(c) below, the sum payable shall be increased as necessary so that after making all required deductions (including deductions

applicable to additional sums payable under this Section 6.2) the recipient receives an amount equal to the sum that it would have received had no such deductions been made, (ii) BTF shall make such deductions and (iii) BTF shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

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

(c) BTF shall indemnify the Administrative Agent, each Funding Agent, each Program Support Provider and each member of each Purchaser Group within the later of 10 days after written demand therefor and the Distribution Date next following such demand for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group on or with respect to any payment by or on account of any obligation of BTF hereunder or under the Indenture (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 6.2) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that no Person shall be indemnified pursuant to this Section 6.2(c) or entitled to receive additional amounts under the proviso of Section 6.2(a) to the extent that the reason for such indemnification results from the failure by such Person to comply with the provisions of Section 6.2(e) or (g). A certificate as to the amount of such payment or liability delivered to BTF by the Administrative Agent, any Funding Agent, any Program Support Provider or any member of any Purchaser Group shall be conclusive absent manifest error. Any payments made by BTF pursuant to this Section 6.2 shall be made solely from funds available in the Series 2006-1 Distribution Account for the payment of Article VI Costs, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against BTF to the extent that insufficient funds exist to make such payment. The agreements in this Section shall survive the termination of this Series Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by BTF to a Governmental Authority, BTF shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) The Administrative Agent, each Funding Agent, each member of each Purchaser Group and each Program Support Provider, if entitled to an exemption from or reduction of an Indemnified Tax or Other Tax with respect to payments made hereunder or under the Indenture shall (to the extent legally able to do so) deliver to BTF (with a copy to the Administrative Agent) such properly completed and executed documentation prescribed by applicable law and reasonably requested by BTF on the later of (i) 30 Business Days after such request is made and the applicable forms are provided to the Administrative Agent, such Funding Agent, such member of such Purchaser Group or such Program Support Provider or (ii) 30 Business Days before prescribed by applicable law as will permit such payments to be made

without withholding or with an exemption from or reduction of Indemnified Taxes or Other Taxes.

(f) If the Administrative Agent, any Funding Agent, any Program Support Provider or any member of any Purchaser Group receives a refund solely in respect of Indemnified Taxes or Other Taxes, it shall pay over such refund to BTF to the extent that it has already received indemnity payments or additional amounts pursuant to this Section 6.2 with respect to such Indemnified Taxes or Other Taxes giving rise to the refund, net of all out-of-pocket expenses and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that BTF shall, upon request of the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group, repay such refund (plus interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group if the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group is required to repay such refund to such Governmental Authority. Nothing contained herein shall require the Administrative Agent, any Funding Agent, any Program Support Provider or any member of any Purchaser Group to make its tax returns (or any other information relating to its taxes which it deems confidential) available to BTF or any other Person.

(g) The Administrative Agent, each Funding Agent, each Program Support Provider and each member of each Purchaser Group (other than any such entity which is a domestic corporation) shall:

(i) upon or prior to becoming a party hereto, deliver to BTF and the Administrative Agent two (2) duly completed copies of IRS Form W-8BEN, W-8ECI or W-9, or successor applicable forms or documents, as the case may be, establishing a complete exemption from withholding of United States federal income taxes or backup withholding taxes with respect to payments under the Series 2006-1 Notes and this Series Supplement;

(ii) deliver to BTF and the Administrative Agent two (2) further copies of any such form or certification establishing a complete exemption from withholding of United States federal income taxes or backup withholding taxes with respect to payments under the Series 2006-1 Notes and this Series Supplement on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to BTF; and

(iii) obtain such extensions of time for filing and completing such forms or certifications as may reasonably be requested by BTF and the Administrative Agent;

unless, in any such case, any change in treaty, law or regulation has occurred after the Series 2006-1 Closing Date (or, if later, the date the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group becomes an indemnified party hereunder) and prior to the date on which any such delivery would otherwise be required which renders the relevant form inapplicable or which would prevent the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group

from duly completing and delivering the relevant form with respect to it, and the Administrative Agent, such Funding Agent, such Program Support Provider or such member of such Purchaser Group so advises BTF and the Administrative Agent.

(h) If a beneficial or equity owner of the Administrative Agent, a Funding Agent, a Program Support Provider or a member of a Purchaser Group (instead of the Administrative Agent, the Funding Agent, the Program Support Provider or the member of the Purchaser Group itself) is required under United States federal income tax law or the terms of a relevant treaty to provide IRS Form W-8BEN, W-8ECI or W-9, or any successor applicable forms or documents, as the case may be, in order to claim an exemption from withholding of United States federal income taxes or backup withholding taxes, then each such beneficial owner or equity owner shall be considered to be the Administrative Agent, a Funding Agent, a Program Support Provider or a member of a Purchaser Group for purposes of Section 6.2(g).

Section 6.3 Break Funding Payments. BTF agrees to indemnify each Purchaser Group and to hold each Purchaser Group harmless from any loss or expense which such Purchaser Group may sustain or incur as a consequence of (a) the failure by BTF to accept any Increase or the failure of the continuation or conversion of a Eurodollar Tranche to occur after BTF has given irrevocable notice requesting the same in accordance with the provisions of this Series Supplement, (b) the conversion into or continuation of a Eurodollar Tranche that occurs other than on the last day of the applicable Eurodollar Period, (c) default by BTF in making any prepayment in connection with a Decrease after BTF has given irrevocable notice thereof in accordance with the provisions of Section 2.5 or any Increase not being continued as, or converted into, an Increase under the Eurodollar Tranche after a request for such an Advance has been made in accordance with the terms contained herein, or (d) the making of a prepayment of a Eurodollar Tranche (including, without limitation, any Decrease) prior to the termination of the Eurodollar Period for such Eurodollar Tranche, as the case may be, or the making of a Decrease on a date other than as specified in any notice of a Decrease or in a greater amount than contained in any notice of a Decrease. Such indemnification shall include an amount determined by the Funding Agent with respect to such Purchaser Group and shall equal (a) in the case of the losses or expenses associated with a Eurodollar Tranche, either (x) the excess, if any, of (i) such Purchaser Group's cost of funding the amount so prepaid or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of the Eurodollar Period (or in the case of a failure to borrow, convert or continue, the Eurodollar Period that would have commenced on the date of such prepayment or of such failure), as the case may be, over (ii) the amount of interest earned by such Purchaser Group upon redeployment of an amount of funds equal to the amount prepaid or not borrowed, converted or continued for a comparable period or (y) if such Purchaser Group is able to terminate the funding source before its scheduled maturity, any costs associated with such termination and (b) in the case of the losses or expenses incurred by a CP Conduit Purchaser, the losses and expenses incurred by such CP Conduit Purchaser in connection with the liquidation or reemployment of deposits or other funds acquired by such CP Conduit Purchaser as a result of a failure to accept an Increase, a default in the making of a Decrease or the making of a Decrease in an amount or on a date not contained in a notice of a Decrease. Notwithstanding the foregoing, any payments made by BTF pursuant to this subsection shall be made solely from funds available in the Series 2006-1 Distribution Account for the payment of Article VI Costs, shall be non-recourse other than with respect to such funds, and shall not constitute a claim

against BTF to the extent that such funds are insufficient to make such payment. This covenant shall survive the termination of this Series Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by any Funding Agent on behalf of a Purchaser Group to BTF shall be conclusive absent manifest error.

Section 6.4 Alternate Rate of Interest. If prior to the commencement of any Eurodollar Period:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Eurodollar Period, or

(b) the Administrative Agent is advised by any APA Bank that the Adjusted LIBO Rate for such Eurodollar Period will not adequately and fairly reflect the cost to such APA Bank of making or maintaining the Eurodollar Tranches during such Eurodollar Period,

then the Administrative Agent shall promptly give teletype or telephonic notice thereof to BTF and the Trustee, whereupon until the Administrative Agent notifies BTF and the Trustee that the circumstances giving rise to such notice no longer exist, the Available APA Bank Funding Amount with respect to any Purchaser Group (in the case of clause (a) above) or with respect to the related Purchaser Group (in the case of clause (b) above) shall not be allocated to any Eurodollar Tranche.

Section 6.5 Mitigation Obligations. If an Affected Party requests compensation under Section 6.1, or if BTF is required to pay any additional amount to any Purchaser Group or any Governmental Authority for the account of any Purchaser Group pursuant to Section 6.2, then, upon written notice from BTF, such Affected Party or Purchaser Group, as the case may be, shall use commercially reasonable efforts to designate a different lending office for funding or booking its obligations hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, which pays a price for such assignment which is acceptable to such Purchaser Group and its assignee, in the judgment of such Affected Party or Purchaser Group, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 6.1 or 6.2, as the case may be, in the future and (ii) would not subject such Affected Party or Purchaser Group to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Affected Party or Purchaser Group. BTF hereby agrees to pay all reasonable costs and expenses incurred by such Affected Party or Purchaser Group in connection with any such designation or assignment.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES, COVENANTS

Section 7.1 Representations and Warranties of BTF and the Administrator.

(a) BTF and the Administrator each hereby represents and warrants to the Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser and each APA Bank that:

(i) each and every of their respective representations and warranties contained in the Related Documents is true and correct as of the Series 2006-1 Closing Date and as of the Series 2006-1 Initial Funding Date and true and correct in all material respects as of each Increase Date; provided, however, that, with respect to the representation of BTF in Section 7.14 of the Base Indenture regarding the notation of the Trustee's Lien for the benefit of the Secured Parties on the Certificate of Title for any BTF Truck as of the Series 2006-1 Closing Date, such representation shall be deemed to be true and correct as of any such date on or before June 25, 2006 so long as the Titling Procedures with respect to such BTF Truck have been satisfied;

(ii) as of the Series 2006-1 Closing Date, they have not engaged, in connection with the offering of the Series 2006-1 Notes, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act; and

(iii) each is solvent and is not 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 both before and after giving effect to the transactions contemplated herein and in the Related Documents; and

(b) BTF hereby represents and warrants to the Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser and each APA Bank that each of the Series 2006-1 Notes has been duly authorized and executed by BTF, and when duly authenticated by the Trustee and delivered to the Funding Agents in accordance with the terms of this Series Supplement, will constitute legal, valid and binding obligations of BTF enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency, or other similar laws relating to or affecting generally the enforcement of creditors' rights or by general equitable principles.

(c) Assuming the accuracy of the representations and warranties of each CP Conduit Purchaser and APA Bank in Section 10.2, the Series 2006-1 Notes are exempt from registration under Section 4(2) of the Securities Act of 1933, as amended; and

(d) BTF hereby represents and warrants to the Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser and each APA Bank, as of the Series 2006-1 Closing Date, the Series 2006-1 Initial Funding Date and each Increase Date, that with respect to each BTF Truck included in the Borrowing Base, the Titling Procedures have been satisfied for such BTF Truck and, as of any such date on or after June 25, 2006, the Oklahoma Certificate of Title has been issued for such BTF Truck.

Section 7.2 Covenants of BTF and the Administrator. BTF and the Administrator hereby agree, in addition to their obligations hereunder, that:

(a) they shall observe in all material respects each and every of their respective covenants (both affirmative and negative) contained in the Base Indenture and all other Related Documents to which each is a party;

(b) they shall afford each Funding Agent with respect to a Purchaser Group, the Trustee or any representatives of any such Funding Agent or the Trustee access to all records relating to the BTF Lease and the BTF Trucks at any reasonable time during regular business hours, upon reasonable prior notice (and with one Business Day's prior notice if an Amortization Event with respect to the Series 2006-1 Notes shall have been deemed to have occurred or shall have been declared to have occurred), for purposes of inspection and shall permit such Funding Agent, the Trustee or any representative of such Funding Agent or the Trustee to visit any of BTF's or the Administrator's, as the case may be, offices or properties during regular business hours and as often as may reasonably be desired to discuss the business, operations, properties, financial and other conditions of BTF or the Administrator with their respective officers and employees and with their independent certified public accountants;

(c) no later than 45 days after the Series 2006-1 Closing Date, they shall provide to each Funding Agent, a report in form and substance acceptable to the Administrative Agent from a nationally-recognized auditing firm approved by the Administrative Agent regarding the performance by such auditing firm of the agreed upon procedures concerning the BTF Trucks (the "Agreed Upon Procedures Letter");

(d) on or before the Distribution Date in May of each year, commencing May 21, 2007, unless such requirement is waived by the Administrative Agent, they shall provide to each Funding Agent a report in form and substance acceptable to the Administrative Agent from a nationally-recognized auditing firm approved by the Administrative Agent regarding the performance by such auditing firm of the agreed upon procedures concerning the Collateral;

(e) they shall furnish to the Paying Agent a Monthly Noteholders' Statement pursuant to Section 4.1(d) of the Base Indenture with respect to the Series 2006-1 Notes in a form acceptable to the Administrative Agent;

(f) they shall promptly provide such additional financial and other information with respect to the Related Documents, BTF, the Administrator, the Lessee, the Guarantor or the Related Documents as the Administrative Agent may from time to time reasonably request;

(g) they shall provide to the Administrative Agent simultaneously with delivery to the Trustee copies of information furnished to the Trustee or BTF pursuant to the Related Documents as such information relates to all Series of Notes generally or specifically to the Series 2006-1 Notes or the Series 2006-1 Collateral. The Administrative Agent shall distribute to the Funding Agents copies of all information delivered to it pursuant to this Section 7.2(f); and



(h) they shall not agree to any amendment to the Base Indenture or any other Related Document, which amendment requires the consent of the Requisite Investors, without having received the prior written consent of the Series 2006-1 Required Noteholders

(i) that BTF shall cause the Trustee to hold in the State of New York the Series 2006-1 Demand Note and any other Series 2006-1 Collateral that may be perfected by possession in the State of New York under the New York UCC.

## ARTICLE VIII

### THE ADMINISTRATIVE AGENT

Section 8.1 Appointment. Each of the CP Conduit Purchasers, the APA Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Series Supplement and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Series Supplement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Series Supplement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Series Supplement, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser, any APA Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Series Supplement or otherwise exist against the Administrative Agent.

Section 8.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Series Supplement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 8.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Base Indenture, this Series Supplement or any other Related Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers, the APA Banks or the Funding Agents for any recitals, statements, representations or warranties made by BTF, the Lessee, the Guarantor, the Administrator or any officer thereof contained in this Series Supplement or any other Related Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Series Supplement or any other Related Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Series Supplement, any other Related Document, or for any failure of any of BTF, the Lessee, the Guarantor or the Administrator to perform its obligations hereunder or thereunder. The Administrative Agent

shall not be under any obligation to any CP Conduit Purchaser, any APA Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Series Supplement, any other Related Document or to inspect the properties, books or records of BTF, the Lessee, the Guarantor or the Administrator.

Section 8.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to BTF or the Administrator), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the registered holder of any Series 2006-1 Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Series Supplement or any other Related Document unless it shall first receive such advice or concurrence of the Series 2006-1 Required Noteholders, as it deems appropriate or it shall first be indemnified to its satisfaction by the Funding Agents against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Series Supplement and the other Related Documents in accordance with a request of the Series 2006-1 Required Noteholders (unless, in the case of any action relating to the giving of consent hereunder, the giving of such consent requires the consent of all Series 2006-1 Noteholders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the CP Conduit Purchasers, the APA Banks and the Funding Agents.

Section 8.5 Notice of Administrator Default or Amortization Event or Potential Amortization Event. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Amortization Event or Potential Amortization Event or any Administrator Default unless the Administrative Agent has received written notice from a CP Conduit Purchaser, an APA Bank, a Funding Agent, BTF or the Administrator referring to the Indenture or this Series Supplement, describing such Amortization Event or Potential Amortization Event, or Administrator Default and stating that such notice is a "notice of an Amortization Event or Potential Amortization Event" or "notice of an Administrator Default," as the case may be. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Funding Agents, the Trustee, BTF and the Administrator. The Administrative Agent shall take such action with respect to such event as shall be reasonably directed by the Series 2006-1 Required Noteholders, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the Purchaser Groups.

Section 8.6 Non-Reliance on the Administrative Agent and Other Purchaser Groups. Each of the CP Conduit Purchasers, the APA Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no

act by the Administrative Agent hereinafter taken, including any review of the affairs of BTF, the Lessee, the Guarantor or the Administrator shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the CP Conduit Purchasers, the APA Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other CP Conduit Purchaser, APA Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of BTF, the Lessee, the Guarantor and the Administrator and made its own decision to enter into this Series Supplement. Each of the CP Conduit Purchasers, the APA Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other CP Conduit Purchaser, APA Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Series Supplement and the other Related Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of BTF, the Lessee, the Guarantor and the Administrator. Except for notices, reports and other documents expressly required to be furnished to the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any CP Conduit Purchaser, any APA Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of BTF, the Lessee, the Guarantor or the Administrator which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 8.7 Indemnification. Each of the APA Banks in a Purchaser Group agrees to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by BTF and the Administrator and without limiting the obligation of BTF and the Administrator to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section 8.7 (or if indemnification is sought after the date upon which the Commitments shall have terminated and the Purchaser Group Invested Amounts shall have been reduced to zero, ratably in accordance with their Commitment Percentages immediately prior to such date of payment) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Series Supplement, any of the other Related Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no APA Bank or Funding Agent shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

Section 8.8 The Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with BTF, the Administrator or any of their Affiliates as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2006-1 Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Series Supplement and the other Related Documents as any APA Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms “APA Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

Section 8.9 Resignation of Administrative Agent; Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent at any time by giving 30 days’ notice to the Funding Agents, the Trustee, BTF and the Administrator. If DBSI shall resign as Administrative Agent under this Series Supplement, then the Series 2006-1 Required Noteholders shall appoint a successor administrative agent from among the Funding Agents, which successor administrative agent shall be approved by BTF and the Administrator (which approval shall not be unreasonably withheld or delayed) whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Series Supplement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 10 days following a retiring Administrative Agent’s notice of resignation, the retiring Administrative Agent’s resignation shall nevertheless thereupon become effective and the Administrator shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Series 2006-1 Required Noteholders appoint a successor agent as provided for above. After any retiring Administrative Agent’s resignation as Administrative Agent, the provisions of Section 2.7 and this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Series Supplement.

## ARTICLE IX

### THE FUNDING AGENTS

Section 9.1 Appointment. Each CP Conduit Purchaser and each APA Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser’s name on Schedule I as the agent of such Person under this Series Supplement and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Series Supplement and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Series Supplement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Series Supplement, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or APA

Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Series Supplement or otherwise exist against each Funding Agent.

Section 9.2 Delegation of Duties. Each Funding Agent may execute any of its duties under this Series Supplement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any APA Bank in its Purchaser Group for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 9.3 Exculpatory Provisions. Each Funding Agent and any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Base Indenture, this Series Supplement or any other Related Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or APA Banks for any recitals, statements, representations or warranties made by BTF, the Lessee, the Guarantor, the Administrator, the Administrative Agent, or any officer thereof contained in this Series Supplement or any other Related Document or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Series Supplement or any other Related Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Series Supplement, any other Related Document, or for any failure of any of BTF, the Lessee, the Guarantor, the Administrative Agent, or the Administrator to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any APA Bank in its Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Series Supplement, any other Related Document or to inspect the properties, books or records of BTF, the Lessee, the Guarantor, the Administrative Agent, or the Administrator.

Section 9.4 Reliance by Each Funding Agent. Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to BTF or the Administrator), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Series Supplement or any other Related Document unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

Section 9.5 Notice of Administrator Default or Amortization Event or Potential Amortization Event. Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Amortization Event or Potential Amortization Event or any Administrator

Default unless such Funding Agent has received written notice from a CP Conduit Purchaser, an APA Bank, BTF, the Administrative Agent or the Administrator referring to the Indenture or this Series Supplement, describing such Amortization Event or Potential Amortization Event, or Administrator Default and stating that such notice is a “notice of an Amortization Event or Potential Amortization Event” or “notice of an Administrator Default,” as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and APA Banks in its Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and APA Banks in its Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and APA Banks in its Purchaser Group.

Section 9.6 Non-Reliance on Each Funding Agent and Other Purchaser Groups. Each CP Conduit Purchaser and each of the related APA Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of BTF, the Lessee, the Guarantor, the Administrative Agent, or the Administrator shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related APA Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of BTF, the Lessee, the Guarantor, the Administrative Agent, and the Administrator and made its own decision to enter into this Series Supplement. Each CP Conduit Purchaser and each of the related APA Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Series Supplement and the other Related Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of BTF, the Lessee, the Guarantor, the Administrative Agent, and the Administrator.

Section 9.7 Indemnification. Each APA Bank in a Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by BTF and the Administrator and without limiting the obligation of BTF and the Administrator to do so), ratably according to its respective APA Bank Percentage in effect on the date on which indemnification is sought under this Section 9.7 (or if indemnification is sought after the date upon which the Commitments shall have been terminated, ratably in accordance with its APA Bank Percentage at the time of termination) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Series Supplement, any of the other Related Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding

Agent under or in connection with any of the foregoing; provided that no APA Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

## ARTICLE X

### GENERAL

#### Section 10.1 Successors and Assigns.

(a) This Series Supplement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that BTF may not assign or transfer any of its rights under this Series Supplement without the prior written consent of all of the Series 2006-1 Noteholders, no CP Conduit Purchaser may assign or transfer any of its rights under this Series Supplement other than in accordance with the Asset Purchase Agreement with respect to such CP Conduit Purchaser or otherwise to the APA Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 10.1 and no APA Bank may assign or transfer any of its rights or obligations under this Series Supplement except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 10.1. Notwithstanding anything to the contrary set forth herein or any Related Document, any CP Conduit Purchaser may at any time, without the consent of BTF, transfer and assign all or a portion of the Purchaser Group Invested Amount with respect to such CP Conduit Purchaser and all of its rights and obligations under this Series Supplement and any other Related Documents to which it is a party (or otherwise to which it has rights) to the APA Bank with respect to such CP Conduit Purchaser.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign, without the consent of BTF, all or a portion of the Purchaser Group Invested Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Series Supplement and any other Related Documents to which it is a party (or otherwise to which it has rights) to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent, BTF, the Trustee and the Administrator thereof. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (A) such Conduit Assignee shall be the owner of the Purchaser Group Invested Amount or such portion thereof with respect to such CP Conduit Purchaser, (B) the related administrative or managing agent for such Conduit Assignee shall act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder or under the other Related Documents, (C) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein and in the other Related Documents (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph), (D) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder or under the Base Indenture or

under any other Related Document with respect to such portion of the Purchaser Group Invested Amount and such CP Conduit Purchaser shall be released from such obligations, (E) all distributions in respect of the Purchaser Group Invested Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee, (F) the definitions of the terms “Monthly Funding Costs” and “Discount” shall be determined in the manner set forth in the definition of “Monthly Funding Costs” and “Discount” applicable to such CP Conduit Purchaser on the basis of the interest rate or discount applicable to commercial paper issued by such Conduit Assignee (rather than such CP Conduit Purchaser), (G) the defined terms and other terms and provisions of this Series Supplement, the Base Indenture and the other Related Documents shall be interpreted in accordance with the foregoing, and (H) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties shall execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Invested Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the APA Bank with respect to such CP Conduit Purchaser under Section 2.3 to fund any Increase.

(c) Any APA Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell all or any part of its rights and obligations under this Series Supplement and the Series 2006-1 Notes, with the prior written consent of the Administrative Agent, BTF and the Administrator (in each case, which consent shall not be unreasonably withheld), to one or more banks (an “Acquiring APA Bank”) pursuant to a transfer supplement, substantially in the form of Exhibit E (the “Transfer Supplement”), executed by such Acquiring APA Bank, such assigning APA Bank, the Funding Agent with respect to such APA Bank, the Administrative Agent, BTF and the Administrator and delivered to the Administrative Agent. Notwithstanding the foregoing, no APA Bank shall so sell its rights hereunder if such Acquiring APA Bank is not an Eligible Assignee.

(d) Any APA Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities (“Participants”) participations in its APA Bank Percentage of the Maximum Purchaser Group Invested Amount with respect to it and the other APA Banks included in the related Purchaser Group, its Series 2006-1 Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such APA Bank and the Participant; provided, however, that (i) in the event of any such sale by an APA Bank to a Participant, (A) such APA Bank’s obligations under this Series Supplement shall remain unchanged, (B) such APA Bank shall remain solely responsible for the performance thereof and (C) BTF and the Administrative Agent shall continue to deal solely and directly with such APA Bank in connection with its rights and obligations under this Series Supplement and (ii) no APA Bank shall sell any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Series Supplement, the Base Indenture or any Related Document, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all APA Banks hereunder. A Participant shall have the right to receive Article VI Costs but only to the extent that the related selling APA Bank would have had such right absent the sale of the related participation and, with respect to



amounts due pursuant to Section 6.2, only to the extent such Participant shall have complied with the provisions of Section 6.2(e) and (g) as if such Participant were the Administrative Agent, a Funding Agent, a Program Support Provider or a member of a Purchaser Group.

(e) Any CP Conduit Purchaser and the APA Bank with respect to such CP Conduit Purchaser may at any time sell all or any part of their respective rights and obligations under this Series Supplement and the Series 2006-1 Notes, with the prior written consent of the Administrative Agent, BTF and the Administrator (in each case, which consent shall not be unreasonably withheld), to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit (an “Acquiring Purchaser Group”) pursuant to a transfer supplement, substantially in the form of Exhibit F, (the “Purchaser Group Supplement”), executed by such Acquiring Purchaser Group, the Funding Agent with respect to such Acquiring Purchaser Group (including the CP Conduit Purchaser and the APA Banks with respect to such Purchaser Group), such assigning CP Conduit Purchaser and the APA Banks with respect to such CP Conduit Purchaser, the Funding Agent with respect to such assigning CP Conduit Purchaser and APA Banks, the Administrative Agent, BTF and the Administrator and delivered to the Administrative Agent.

(f) BTF authorizes each APA Bank to disclose to any Participant or Acquiring APA Bank (each, a “Transferee”) and any prospective Transferee any and all financial information in such APA Bank’s possession concerning BTF, the Collateral, the Administrator and the Related Documents which has been delivered to such APA Bank by BTF or the Administrator in connection with such APA Bank’s credit evaluation of BTF, the Collateral and the Administrator.

Section 10.2 Securities Law. Each CP Conduit Purchaser and APA Bank hereby represents and warrants to BTF that it is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D under the Securities Act and has sufficient assets to bear the economic risk of, and sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of, its investment in a Series 2006-1 Note. Each CP Conduit Purchaser and APA Bank agrees that its Series 2006-1 Note will be acquired for investment only and not with a view to any public distribution thereof, and that such CP Conduit Purchaser and APA Bank will not offer to sell or otherwise dispose of its Series 2006-1 Note (or any interest therein) in violation of any of the registration requirements of the Securities Act, or any applicable state or other securities laws. Each CP Conduit Purchaser and APA Bank acknowledges that it has no right to require BTF to register its Series 2006-1 Note under the Securities Act or any other securities law. Each CP Conduit Purchaser and APA Bank hereby confirms and agrees that in connection with any transfer by it of an interest in the Series 2006-1 Note, such CP Conduit Purchaser or APA Bank has not engaged and will not engage in a general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

Section 10.3 Adjustments; Set-off.

(a) If any CP Conduit Purchaser or APA Bank in a Purchaser Group (a “Benefited Purchaser Group”) shall at any time receive in respect of its Purchaser Group Invested Amount any distribution of principal, interest, Commitment Fees or any interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off or otherwise) in a greater proportion than any such distribution received by any other Purchaser Group, if any, in respect of such other Purchaser Group’s Purchaser Group Invested Amount, or interest thereon, the APA Banks in such Benefited Purchaser Group shall purchase for cash from the CP Conduit Purchaser or APA Banks in the other Purchaser Group such portion of such other CP Conduit Purchaser’s or APA Banks’ interest in the Series 2006-1 Notes, or shall provide such other CP Conduit Purchaser or APA Bank with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Purchaser Group to share the excess payment or benefits of such collateral or proceeds ratably with the other Purchaser Group; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Purchaser Group, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. BTF agrees that any CP Conduit Purchaser or APA Bank so purchasing a portion of another Purchaser Group’s Purchaser Group Invested Amount may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such CP Conduit Purchaser or APA Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Purchaser Groups provided by law, each CP Conduit Purchaser and APA Bank shall have the right, without prior notice to BTF, any such notice being expressly waived by BTF to the extent permitted by applicable law, upon any amount becoming due and payable by BTF hereunder or under the Series 2006-1 Notes to set-off and appropriate and apply against any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Purchaser Group to or for the credit or the account of BTF. Each CP Conduit Purchaser and APA Bank agrees promptly to notify BTF, the Administrator and the Administrative Agent after any such set-off and application made by such CP Conduit Purchaser or APA Bank; provided that the failure to give such notice shall not affect the validity of such set-off and application.

#### Section 10.4 No Bankruptcy Petition.

(a) Each of the Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents hereby covenants and agrees that, prior to the date which is one year and one day after the later of payment in full of all Series of Notes, it will not institute against, or join any other Person in instituting against, BTF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other similar proceedings under any federal or state bankruptcy or similar law.

(b) BTF, the Administrator, the Trustee, the Administrative Agent, each Funding Agent and each APA Bank hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all outstanding Commercial Paper issued by, or for the benefit of, a CP Conduit Purchaser, it will not institute against, or join any other Person in instituting against, such CP Conduit Purchaser (or the Person issuing Commercial Paper for the

benefit of such CP Conduit Purchaser) any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other similar proceedings under any federal or state bankruptcy or similar law.

(c) This covenant shall survive the termination of this Series Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder.

#### Section 10.5 Limited Recourse.

(a) Notwithstanding anything to the contrary contained herein, any obligations of each CP Conduit Purchaser hereunder to any party hereto are solely the corporate obligations of such CP Conduit Purchaser and shall be payable at such time as funds are received by or are available to such CP Conduit Purchaser in excess of funds necessary to pay in full all of its outstanding Commercial Paper and, to the extent funds are not available to pay such obligations, the claims relating thereto shall not constitute a claim against such CP Conduit Purchaser but shall continue to accrue. Each party hereto agrees that the payment of any claim (as defined in Section 101 of Title 11 of the Bankruptcy Code) of any such party against a CP Conduit Purchaser shall be subordinated to the payment in full of all of its Commercial Paper.

(b) No recourse under any obligation, covenant or agreement of any CP Conduit Purchaser contained herein shall be had against any incorporator, stockholder, officer, director, employee or agent of such CP Conduit Purchaser, its administrative agent, the Funding Agent with respect to such CP Conduit Purchaser or any of their Affiliates by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Series Supplement is solely a corporate obligation of such CP Conduit Purchaser individually, and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, employee or agent of such CP Conduit Purchaser, its administrative agent, the Funding Agent with respect to such CP Conduit Purchaser or any of its Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of such CP Conduit Purchaser contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such CP Conduit Purchaser of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such incorporator, stockholder, officer, director, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Series Supplement; provided that the foregoing shall not relieve any such Person from any liability it might otherwise have as a result of fraudulent actions taken or omissions made by them. The provisions of this Section 10.5 shall survive termination of this Series Supplement and the Base Indenture.

Section 10.6 Costs and Expenses. BTF agrees to pay on demand (x) all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, reasonable fees and disbursements of counsel to the Administrative Agent) and of each Purchaser Group (including in connection with the preparation, execution and delivery of this Series Supplement the reasonable fees and disbursements of one counsel, other than counsel to the Administrative Agent, for all such Purchaser Groups) in connection with (i) the preparation, execution and delivery of this Series Supplement, the Base Indenture and the other Related Documents and any amendments or waivers of, or consents under, any such documents

and (ii) the enforcement by the Administrative Agent or any Funding Agent of the obligations and liabilities of BTF, the Lessee, the Guarantor and the Administrator under the Indenture, this Series Supplement, the other Related Documents or any related document and all costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the enforcement of this Series Supplement, the Base Indenture and the other Related Documents, (y) all reasonable out of pocket costs and expenses of the Administrative Agent (including, without limitation, reasonable fees and disbursements of counsel to the Administrative Agent) in connection with the administration of this Series Supplement, the Base Indenture and the other Related Documents and (z) the rating agency fees and expenses incurred by each CP Conduit in connection with its investment in the Series 2006-1 Notes. Any payments made by BTF pursuant to this Section 10.6 shall be made solely from funds available in the Series 2006-1 Distribution Account for the payment of the Article VI Costs, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against BTF to the extent that insufficient funds exist to make such payment. The agreements in this Section shall survive the termination of this Series Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder.

Section 10.7 Exhibits. The following exhibits attached hereto supplement the exhibits included in the Indenture.

<u>Exhibit A:</u>	Form of Variable Funding Note
<u>Exhibit B:</u>	Form of Notice of Increase
<u>Exhibit C:</u>	Form of Lease Payment Deficit Notice
<u>Exhibit D:</u>	Form of Demand Notice
<u>Exhibit E:</u>	Form of Transfer Supplement
<u>Exhibit F:</u>	Form of Purchaser Group Supplement
<u>Exhibit G:</u>	Form of Series 2006-1 Demand Note
<u>Exhibit H:</u>	Form of Series 2006-1 Letter of Credit

Section 10.8 Ratification of Base Indenture. As supplemented by this Series Supplement, the Base Indenture is in all respects ratified and confirmed and the Base Indenture as so supplemented by this Series Supplement shall be read, taken, and construed as one and the same instrument.

Section 10.9 Counterparts. This Series 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 10.10 Governing Law. This Series 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 10.11 Amendments. This Series Supplement may be modified or amended from time to time in accordance with the terms of the Base Indenture.

Section 10.12 Discharge of Indenture. Notwithstanding anything to the contrary contained in the Base Indenture, no discharge of the Indenture pursuant to Section 10.1(b) of the

Base Indenture will be effective as to the Series 2006-1 Notes without the consent of the Series 2006-1 Required Noteholders.

Section 10.13 Series 2006-1 Demand Notes. Other than pursuant to a demand thereon pursuant to Section 3.5 of this Series Supplement, BTF shall not reduce the amount of the Series 2006-1 Demand Notes or forgive amounts payable thereunder so that the outstanding principal amount of the Series 2006-1 Demand Notes after such reduction or forgiveness is less than the Series 2006-1 Letter of Credit Liquidity Amount. BTF shall not agree to any amendment of the Series 2006-1 Demand Notes without the prior written consent of the Required Noteholders.

Section 10.14 Termination of Series Supplement. This Series Supplement shall cease to be of further effect when all outstanding Series 2006-1 Notes theretofore authenticated and issued have been delivered (other than destroyed, lost, or stolen Series 2006-1 Notes which have been replaced or paid) to the Trustee for cancellation and BTF has paid all sums payable hereunder and, if the Series 2006-1 Demand Note Payment Amount on the Series 2006-1 Letter of Credit Termination Date was greater than zero, the Series 2006-1 Cash Collateral Account Surplus shall equal zero, the Demand Note Preference Payment Amount shall have been reduced to zero and all amounts have been withdrawn from the Series 2006-1 Cash Collateral Account in accordance with Section 3.8(h) of this Series Supplement.

Section 10.15 Collateral Representations and Warranties of BTF.

(a) BTF owns and has good and marketable title to the Series 2006-1 Collateral, free and clear of all Liens other than Permitted Liens. This Indenture constitutes a valid and continuing Lien on the Series 2006-1 Collateral in favor of the Trustee on behalf of the Secured Parties, which Lien on the Series 2006-1 Collateral has been perfected and is prior to all other Liens (other than Permitted Liens), enforceable as such as against creditors of and purchasers from BTF in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. BTF has received all consents and approvals required by the terms of the Series 2006-1 Collateral to the pledge of the Series 2006-1 Collateral to the Trustee.

(b) Other than the security interest granted to the Trustee hereunder, BTF has not pledged, assigned, sold or granted a security interest in the Series 2006-1 Collateral. All action necessary to protect and perfect the Trustee's security interest in the Series 2006-1 Collateral has been duly and effectively taken. No security agreement, financing statement, equivalent security or lien instrument or continuation statement listing BTF as debtor covering all or any part of the Series 2006-1 Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by BTF in favor of the Trustee on behalf of the Secured Parties in connection with this Indenture, and BTF has not authorized any such filing.

Section 10.16 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trustee, the Administrative Agent, any Funding Agent, any CP Conduit Purchaser or any APA Bank, any right, remedy, power or privilege hereunder shall

operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 10.17 Waiver of Setoff. Notwithstanding any other provision of this Series Supplement or any other agreement to the contrary, all payments to the Administrative Agent, the Funding Agents, the CP Conduit Purchasers and the APA Banks hereunder shall be made without set-off or counterclaim.

Section 10.18 Notices. All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (i) in the case of BTF, the Administrator and the Trustee, in the manner set forth in Section 13.1 of the Base Indenture and (ii) in the case of the Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule I, in the case of the CP Conduit Purchasers, the APA Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative  
Agent: Deutsche Bank Securities, Inc.  
60 Wall Street, 19<sup>th</sup> Floor  
New York, New York 10005  
Attention: Mary Connors  
Fax: 212-797-5150

Section 10.19 Collateral Covenants of the Trustee. The Trustee shall hold the Series 2006-1 Demand Note and any other Series 2006-1 Collateral in the State of New York pursuant to instructions of BTF in accordance with Section 7.2(i) or as otherwise directed by the Administrative Agent.

IN WITNESS WHEREOF, each of the parties hereto has caused this Series Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

BUDGET TRUCK FUNDING, LLC,  
as Issuer

By: /s/ Alex Georgianna  
Name: Alex Georgianna  
Title: Vice President

BUDGET TRUCK RENTAL, LLC,  
as Administrator

By: /s/ Alex Georgianna  
Name: Alex Georgianna  
Title: Vice President

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DEUTSCHE BANK SECURITIES, INC.,  
as Administrative Agent

By: /s/: Eric Shea  
Name: Eric Shea  
Title: Director

By: /s/: Peter Kim  
Name: Peter Kim  
Title: Vice President

RIVERSIDE FUNDING LLC,  
as a CP Conduit Purchaser

By: /s/: Andrew L. Stidd  
Name: Andrew L. Stidd  
Title: President

DEUTSCHE BANK SECURITIES, INC., as a  
Funding Agent

By: /s/: Eric Shea  
Name: Eric Shea  
Title: Director

By: /s/: Peter Kim  
Name: Peter Kim  
Title: Vice President

DEUTSCHE BANK AG, New York Branch, as an  
APA Bank

By: /s/: Eric Shea  
Name: Eric Shea  
Title: Director

By: /s/: Peter Kim  
Name: Peter Kim  
Title: Vice President

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THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Trustee

By: /s/: Marian Onischak

\_\_\_\_\_  
Name: Marian Onischak

Title: Assistant Vice President

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Series 2006-1 Agent

By: /s/: Marian Onischak

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Name: Marian Onischak

Title: Assistant Vice President

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SCHEDULE I TO SERIES 2006-1 SUPPLEMENT

<u>CP Conduit</u>	<u>APA Banks</u>	<u>Funding Agent</u>	<u>APA Bank Percentage</u>	<u>Maximum Purchaser Group Invested Amount</u>
Riverside Funding LLC	Deutsche Bank, AG, New York Branch	Deutsche Bank Securities, Inc.	100%	\$ 200,000,000

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BUDGET TRUCK FUNDING, LLC  
FORM OF SERIES 2006-1 NOTE  
VARIABLE FUNDING RENTAL CAR ASSET  
BACKED NOTES SERIES 2006-1

BUDGET TRUCK FUNDING, LLC, a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Riverside Funding LLC, as the CP Conduit Purchaser, or registered assigns, the principal sum of TWO HUNDRED MILLION DOLLARS, or, if less, the aggregate unpaid principal amount hereof shown on the records of the Administrative Agent pursuant to Section 2.2(b) of the Series 2006-1 Supplement, which amount shall be payable in the amounts and at the times set forth in the Indenture, provided, however, that the entire unpaid principal amount of this Series 2006-1 Note shall be due on the Series 2006-1 Termination Date. The Company shall pay interest on this Series 2006-1 Note as provided in Sections 3.4 and 3.5 of the Series 2006-1 Supplement. Such interest shall be payable on each Distribution Date until the principal of this Series 2006-1 Note is paid or made available for payment, to the extent funds will be available from Interest Collections allocable to the Series 2006-1 Notes processed from but not including the preceding Distribution Date through each such Distribution Date. The principal amount of this Series 2006-1 Note shall be subject to Increases and Decreases on any Business Day, and accordingly, such principal amount is subject to prepayment at any time. In addition, the principal of this Series 2006-1 Note shall be paid in installments on each Distribution Date to the extent of funds available for payment therefor pursuant to the Indenture, and shall be subject to scheduled amortization commencing on the initial Series 2006-1 Scheduled Amortization Distribution Date. Such principal of and interest on this Series 2006-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2006-1 Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Company with respect to this Series 2006-1 Note shall be applied first to interest due and payable on this Series 2006-1 Note as provided above and then to the unpaid principal of this Series 2006-1 Note.

Reference is made to the further provisions of this Series 2006-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2006-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2006-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Company and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: The Bank of New York Trust Company, N.A., 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

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Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Series 2006-1 Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: \_\_\_\_\_

BUDGET TRUCK FUNDING, LLC

By: \_\_\_\_\_

Name:

Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2006-1 Notes of a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_

Authorized Signature

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## REVERSE OF VARIABLE FUNDING NOTE

This Series 2006-1 Note is one of a duly authorized issue of Series 2006-1 Notes of the Company, designated as its Variable Funding Rental Truck Asset Backed Notes (herein called the “Series 2006-1 Notes”), all issued under (i) a Base Indenture, dated as of May 11, 2006 (such Base Indenture, as amended or modified (exclusive of any Supplements thereto creating a new Series of Notes), is herein called the “Base Indenture”), between the Company and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”, which term includes any successor Trustee under the Base Indenture) and (ii) a Series 2006-1 Supplement dated as of May 11, 2006 (such supplement, as may be amended or modified, is herein called the “Series 2006-1 Supplement”), among the Company, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the Funding Agents and APA Banks named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent. The Base Indenture and the Series 2006-1 Supplement are referred to herein as the “Indenture”. The Series 2006-1 Notes are subject to all terms of the Indenture. All terms used in this Series 2006-1 Note that are defined in the Indenture, shall have the meanings assigned to them in or pursuant to the Indenture.

The Series 2006-1 Notes are and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture and the Series 2006-1 Supplement.

“Distribution Date” means the 20th day of each month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing May 22, 2006.

As described above, principal of this Series 2006-1 Note shall be payable in the amounts and at the times set forth in the Indenture, provided, however, the entire unpaid principal amount of this Series 2006-1 Note shall be due and payable on the Series 2006-1 Termination Date. All principal payments on the Series 2006-1 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Series 2006-1 Note due and payable on each Distribution Date, together with the installment of principal then due, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2006-1 Note, shall be made by wire transfer to the Administrative Agent for the accounts of the Purchaser Groups. Any reduction in the principal amount of this Series 2006-1 Note (or any one or more predecessor Series 2006-1 Notes) effected by any payments made in accordance with the terms hereof and of the Indenture shall be binding upon all future Holders of this Series 2006-1 Note and of any Series 2006-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Company shall pay interest on overdue installments of interest at a rate per annum equal to the Alternate Base Rate, plus 2% per annum, to the extent lawful.

This Series 2006-1 Note is nontransferable except in accordance with the Series 2006-1 Supplement.

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Each Noteholder, by acceptance of a Series 2006-1 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, the Administrator or the Trustee on the Series 2006-1 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee or the Administrator in its individual capacity, (ii) any owner of a beneficial interest in the Company or (iii) any partner, owner, beneficiary, agent, officer, director or employee of the Trustee or the Administrator in its individual capacity, any holder of a beneficial interest in the Company or the Trustee or of any successor or assign of the Trustee in its individual capacity, except (a) as any such Person may have expressly agreed and (b) any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Company for any and all liabilities, obligations and undertakings contained in the Indenture or in this Series 2006-1 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder, by acceptance of a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will not, for a period of one year and one day following payment in full of all Notes institute against the Company, or join in any institution against the Company of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, the Indenture or the Related Documents.

Prior to the due presentment for registration of transfer of this Series 2006-1 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Series 2006-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2006-1 Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

It is the intent of the Company and each Noteholder that, for Federal, state and local income and franchise tax purposes, the Series 2006-1 Notes will evidence indebtedness of the Company secured by the Series 2006-1 Collateral. Each Noteholder, by the acceptance of this Series 2006-1 Note, agrees to treat this Series 2006-1 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Series 2006-1 Notes under the Indenture at any time by the Company with the consent of Purchaser Groups having in the aggregate Commitment Percentages in excess of 50%. The Indenture also contains provisions permitting the Holders of Series 2006-1 Notes representing specified percentages of the aggregate outstanding amount of the Series 2006-1 Notes, on behalf of the Holders of all the Series 2006-1 Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Series 2006-1 Note (or any one or more predecessor Series 2006-1 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Series 2006-1 Note and of any

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Series 2006-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2006-1 Note. The Indenture also permits the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Series 2006-1 Notes issued thereunder.

The term "Company" as used in this Series 2006-1 Note includes any successor to the Company under the Indenture.

The Series 2006-1 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2006-1 Note and the Indenture shall be construed in accordance with the law of the State of New York, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such law.

No reference herein to the Indenture and no provision of this Series 2006-1 Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Series 2006-1 Note at the times, place, and rate, and in the coin or currency herein prescribed, subject to any duty of the Company to deduct or withhold any amounts as required by law, including any applicable U.S. withholding taxes.

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ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

(name and address of assignee)

the within Series 2006-1 Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer said Series 2006-1 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature Guaranteed: \*

\_\_\_\_\_

\_\_\_\_\_

\* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

\_\_\_\_\_



FORM OF NOTICE OF INCREASE

Deutsche Bank Securities, Inc.  
220 Park Avenue, 5<sup>th</sup> Floor  
New York, New York 10166  
Telecopier:

Ladies and Gentlemen:

Reference is hereby made to the Series 2006-1 Supplement, dated as of May 11, 2006 (as amended, modified, restated or supplemented, the "Series 2006-1 Supplement"), among Budget Truck Funding, LLC, as Issuer ("BTF"), Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and Funding Agents named therein and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Series 2006-1 Agent, to the Base Indenture, dated as of May 11, 2006 (the "Base Indenture"), between BTF and the Trustee. Capitalized terms used in this Notice of Increase and not otherwise defined herein shall have the meanings assigned thereto in the Series 2006-1 Supplement.

This letter constitutes the notice required in connection with any Increase pursuant to Section 2.3(a) of the Series 2006-1 Supplement.

BTF hereby requests that an Increase be made by each Purchaser Group on \_\_\_\_\_ in the aggregate amount equal to its Commitment Percentage of \$ \_\_\_\_\_. The Series 2006-1 Invested Amount will equal \$ \_\_\_\_\_ after giving effect thereto. BTF hereby represents and warrants as of the date of such Increase after giving effect thereto, the conditions set forth in Sections 2.3(a) and (c) of the Series 2006-1 Supplement with respect to such Increase have been satisfied.

IN WITNESS WHEREOF, the undersigned has caused this Increase Notice to be executed by its duly authorized officer as of the date first above written.

BUDGET TRUCK FUNDING, LLC

By: \_\_\_\_\_  
Name:  
Title:

cc: The Bank of New York Trust Company, N.A.,  
as Trustee

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FORM OF LEASE PAYMENT DEFICIT NOTICE

[DATE]

The Bank of New York Trust Company, N.A., as Trustee  
2 North LaSalle Street  
Chicago, IL 60602

Attn: Corporate Trust Officer

Reference is made to the Series 2006-1 Supplement, dated as of May 11, 2006 (the "Series 2006-1 Supplement"), among Budget Truck Funding, LLC ("BTF"), Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Series 2006-1 Agent, to the Base Indenture, dated as of May 11, 2006, between BTF and the Trustee. Capitalized terms used herein and not defined herein have the meanings set forth in the Series 2006-1 Supplement.

Pursuant to Section 3.3(c) of the Series 2006-1 Supplement, Budget Truck Rental, LLC, in its capacity as Administrator under the Series 2006-1 Supplement and the Related Documents, hereby provides notice of a Series 2006-1 Lease Payment Deficit in the amount of \$[\_\_\_\_\_].

BUDGET TRUCK RENTAL, LLC

By: \_\_\_\_\_  
Name:  
Title:

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FORM OF DEMAND NOTICE

[DATE]

[Insert Demand Note Issuer]

Ladies and Gentlemen:

Reference is made to the Series 2006-1 Supplement, dated as of May 11, 2006 (the "Series 2006-1 Supplement"), among Budget Truck Funding, LLC ("BTF"), Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Series 2006-1 Agent, to the Base Indenture, dated as of May 11, 2006, between BTF and the Trustee. Capitalized terms used herein and not defined herein have the meanings set forth in the Series 2006-1 Supplement.

Pursuant to Section 3.5[(c)(iii)][(d)(ii)] of the Series 2006-1 Supplement, the Trustee under the Series 2006-1 Supplement hereby makes a demand for payment on the Series 2006-1 Demand Notes in the amount of \$[\_\_\_\_\_].

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Name:  
Title:

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[FORM OF TRANSFER SUPPLEMENT]

TRANSFER SUPPLEMENT, dated as of \_\_\_\_\_, \_\_\_\_\_ among [NAME OF APA BANK] (the "Transferor"), each purchaser listed as an Acquiring APA Bank on the signature pages hereof (each, an "Acquiring APA Bank"), the Funding Agent with respect to such Acquiring APA Bank listed in the signature pages hereof (each, a "Funding Agent"), Budget Truck Funding, LLC, a Delaware limited liability company (the "Company") and Deutsche Bank Securities, Inc., as Administrative Agent (in such capacity, the "Administrative Agent") and Budget Truck Rental, LLC, as Administrator (the "Administrator").

W I T N E S S E T H:

WHEREAS, this Transfer Supplement is being executed and delivered in accordance with subsection 10.1(c) of the Series 2006-1 Supplement, dated as of May 11, 2006 (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Series 2006-1 Supplement"; terms defined therein being used herein as therein defined), among the Company, the Administrator, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Administrative Agent and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Series 2006-1 Agent, to the Base Indenture, dated as of May 11, 2006 (as may be amended, supplemented or otherwise modified, the "Base Indenture" and, together with the Series 2006-1 Supplement, the "Indenture"), between the Company and the Trustee;

WHEREAS, each Acquiring APA Bank (if it is not already an existing APA Bank) wishes to become an APA Bank party to the Series 2006-1 Supplement; and

WHEREAS, the Transferor is selling and assigning to each Acquiring APA Bank, rights, obligations and commitments under the Series 2006-1 Supplement and the Series 2006-1 Notes;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Upon the execution and delivery of this Transfer Supplement by each Acquiring APA Bank, each Funding Agent, the Transferor, the Company, the Administrator and the Administrative Agent (the date of such execution and delivery, the "Transfer Issuance Date"), each Acquiring APA Bank shall be an APA Bank party to the Series 2006-1 Supplement for all purposes thereof.

2. The Transferor acknowledges receipt from each Acquiring APA Bank of an amount equal to the purchase price, as agreed between the Transferor and such Acquiring APA Bank (the "Purchase Price"), of the portion being purchased by such Acquiring APA Bank (such Acquiring APA Bank's "Purchased Percentage") of the Transferor's Commitment under the Series 2006-1 Supplement and the Transferor's Purchaser Group Invested Amount. The Transferor hereby irrevocably sells, assigns and transfers to each Acquiring APA Bank, without

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EXHIBIT E  
to  
Series 2006-1  
Supplement

recourse, representation or warranty, and each Acquiring APA Bank hereby irrevocably purchases, takes and assumes from the Transferor, such Acquiring APA Bank's Purchased Percentage of the Transferor's Commitment under the Series 2006-1 Supplement and the Transferor's Purchaser Group Invested Amount.

3. The Transferor has made arrangements with each Acquiring APA Bank with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by such Acquiring APA Bank to the Transferor of any Commitment Fees heretofore received by the Transferor pursuant to the Series 2006-1 Supplement prior to the Transfer Issuance Date and (ii) the portion, if any to be paid, and the date or dates for payment, by such Acquiring APA Bank to the Transferor of Commitment Fees or Series 2006-1 Monthly Interest received by such Acquiring APA Bank pursuant to the Series 2006-1 Supplement from and after the Transfer Issuance Date.

4. From and after the Transfer Issuance Date, amounts that would otherwise be payable to or for the account of the Transferor pursuant to the Series 2006-1 Supplement shall, instead, be payable to or for the account of the Transferor and the Acquiring APA Banks, as the case may be, in accordance with their respective interests as reflected in this Transfer Supplement, whether such amounts have accrued prior to the Transfer Issuance Date or accrue subsequent to the Transfer Issuance Date.

5. Each of the parties to this Transfer Supplement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Transfer Supplement.

6. By executing and delivering this Transfer Supplement, the Transferor and each Acquiring APA Bank confirm to and agree with each other and the APA Banks as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Transferor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Series 2006-1 Supplement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Indenture, the Series 2006-1 Notes, the Related Documents or any instrument or document furnished pursuant thereto; (ii) the Transferor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of the Company's obligations under the Indenture, the Related Documents or any other instrument or document furnished pursuant hereto; (iii) each Acquiring APA Bank confirms that it has received a copy of the Indenture and such other Related Documents and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Transfer Supplement; (iv) each Acquiring APA Bank will, independently and without reliance upon the Administrative Agent, the Transferor or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not

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EXHIBIT E  
to  
Series 2006-1  
Supplement

taking action under the Indenture; (v) each Acquiring APA Bank appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Series 2006-1 Supplement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 9 of the Series 2006-1 Supplement; (vi) each Acquiring APA Bank appoints and authorizes a Funding Agent to take such action as agent on its behalf and to exercise such powers under the Series 2006-1 Supplement as are delegated to such Funding Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 10 of the Series 2006-1 Supplement; (vii) each Acquiring APA Bank agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Indenture are required to be performed by it as an Acquiring APA Bank and (viii) each Acquiring APA Bank confirms that it is an Eligible Assignee.

7. Schedule I hereto sets forth the revised Commitment Percentages of the Transferor and each Acquiring APA Bank as well as administrative information with respect to each Acquiring APA Bank and its Funding Agent.

8. This Transfer Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

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EXHIBIT E  
to  
Series 2006-1  
Supplement

IN WITNESS WHEREOF, the parties hereto have caused this Transfer Supplement to be executed by their respective duly authorized officers as of the date first set forth above.

[NAME OF SELLING APA BANK], as  
Transferor

By: \_\_\_\_\_  
Name:  
Title:

[NAME OF ACQUIRING APA BANK], as  
Acquiring APA Bank

By: \_\_\_\_\_  
Name:  
Title:

[NAME OF FUNDING AGENT FOR  
ACQUIRING APA BANK], as Funding Agent

By: \_\_\_\_\_  
Name:  
Title:

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CONSENTED AND ACKNOWLEDGED:

BUDGET TRUCK FUNDING, LLC

By: \_\_\_\_\_  
Title:

BUDGET TRUCK RENTAL, LLC,  
as Administrator

By: \_\_\_\_\_  
Title:

DEUTSCHE BANK SECURITIES, INC.,  
as Administrative Agent

By: \_\_\_\_\_  
Title:

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LIST OF ADDRESSES FOR NOTICES  
AND OF COMMITMENT PERCENTAGES

DEUTSCHE BANK SECURITIES, INC., as  
Administrative Agent

60 Wall Street, 19th Floor  
New York, New York 10005

Attention:  
Telecopier:

[TRANSFEROR]

Address:

Prior Commitment Percentage:

Revised Commitment Percentage:

Prior Purchaser Group Invested Amount:

Revised Purchaser Group Invested Amount:

[ACQUIRING APA BANK]

[FUNDING AGENT]

Address:

Address:

[Prior] Commitment Percentage:

[Revised Commitment Percentage:]

[Prior Purchaser Group Invested Amount:]

[Revised] Purchaser Group Invested Amount:

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## [FORM OF PURCHASER GROUP SUPPLEMENT]

PURCHASER GROUP SUPPLEMENT, dated as of \_\_\_\_\_, \_\_\_\_\_ among [NAME OF CP CONDUIT PURCHASER] and [NAME OF APA BANK] (collectively, the "Transferor Purchaser Group"), the CP Conduit Purchaser and the APA Bank or Banks listed on the signature pages hereof (collectively, the "Acquiring Purchaser Group"), the Funding Agent with respect to such Acquiring Purchaser Group listed in the signature pages hereof (each, a "Funding Agent"), BUDGET TRUCK FUNDING, LLC, a Delaware limited liability company (the "Company") and DEUTSCHE BANK SECURITIES, INC., as Administrative Agent (in such capacity, the "Administrative Agent") and BUDGET TRUCK RENTAL, LLC, as Administrator, as Administrator (the "Administrator").

WITNESSETH:

WHEREAS, this Purchaser Group Supplement is being executed and delivered in accordance with subsection 10.1(e) of the Series 2006-1 Supplement, dated as of May 11, 2006 (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Series 2006-1 Supplement"; terms defined therein being used herein as therein defined), among the Company, the Administrator, the CP Conduit Purchasers, the APA Banks and the Funding Agents from time to time parties thereto, the Administrative Agent and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Series 2006-1 Agent, to the Base Indenture, dated as of May 11, 2006 (as may be amended, supplemented or otherwise modified, the "Base Indenture" and, together with the Series 2006-1 Supplement, the "Indenture"), between the Company and the Trustee;

WHEREAS, the Acquiring Purchaser Group wishes to become a CP Conduit Purchaser and the APA Banks with respect to such CP Conduit Purchaser; and

WHEREAS, the Transferor Purchaser Group is selling and assigning to the Acquiring Purchaser Group their respective rights, obligations and commitments under the Series 2006-1 Supplement and the Series 2006-1 Notes;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Upon the execution and delivery of this Purchaser Group Supplement by the Acquiring Purchaser Group, the Funding Agent with respect thereto, the Transferor Purchaser Group, the Company, the Administrator and the Administrative Agent (the date of such execution and delivery, the "Transfer Issuance Date"), the CP Conduit Purchaser and the APA Banks with respect to such Acquiring Purchaser Group shall be parties to the Series 2006-1 Supplement for all purposes thereof.

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2. The Transferor Purchaser Group acknowledges receipt from the Acquiring Purchaser Group of an amount equal to the purchase price, as agreed between the Transferor Purchaser Group and such Acquiring Purchaser Group (the "Purchase Price"), of the portion being purchased by such Acquiring Purchaser Group (such Acquiring Purchaser Group's "Purchased Percentage") of the Maximum Purchaser Group Invested Amount with respect to the APA Banks included in the Transferor Purchaser Group under the Series 2006-1 Supplement and the Transferor Purchaser Group's Purchaser Group Invested Amount. The Transferor Purchaser Group hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser Group, without recourse, representation or warranty, and the Acquiring Purchaser Group hereby irrevocably purchases, takes and assumes from the Transferor Purchaser Group, such Acquiring Purchaser Group's Purchased Percentage of the Transferor Purchaser Group's Purchaser Group Invested Amount.

3. The Transferor Purchaser Group has made arrangements with the Acquiring Purchaser Group with respect to (i) the portion, if any, to be paid and the date or dates for payment, by such Acquiring Purchaser Group to the Transferor Purchaser Group of Commitment Fees or Series 2006-1 Monthly Interest received by such Acquiring Purchaser Group pursuant to the Series 2006-1 Supplement from and after the Transfer Issuance Date and (ii) the portion, if any, to be paid and the date or dates for payment, by such Acquiring Purchaser Group to the Transferor Purchaser Group of Series 2006-1 Monthly Interest received by such Acquiring Purchaser Group pursuant to the Series 2006-1 Supplement from and after the Transfer Issuance Date.

4. From and after the Transfer Issuance Date, amounts that would otherwise be payable to or for the account of the Transferor Purchaser Group pursuant to the Series 2006-1 Supplement shall, instead, be payable to or for the account of the Transferor Purchaser Group and the Acquiring Purchaser Group, as the case may be, in accordance with their respective interests as reflected in this Purchaser Group Supplement, whether such amounts have accrued prior to the Transfer Issuance Date or accrue subsequent to the Transfer Issuance Date.

5. Each of the parties to this Purchaser Group Supplement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Purchaser Group Supplement.

6. By executing and delivering this Purchaser Group Supplement, the Transferor Purchaser Group and the Acquiring Purchaser Group confirm to and agree with each other as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Transferor Purchaser Group makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Series 2006-1 Supplement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Indenture, the Series 2006-1 Notes, the Related Documents or any instrument or document furnished pursuant thereto; (ii) the Transferor Purchaser Group makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of the Company's obligations under the Indenture, the Related Documents or any other instrument or document furnished pursuant

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hereto; (iii) the Acquiring Purchaser Group confirms that it has received a copy of the Indenture and such other Related Documents and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Purchaser Group Supplement; (iv) the Acquiring Purchaser Group will, independently and without reliance upon the Administrative Agent, the Transferor Purchaser Group or any other Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Indenture; (v) the Acquiring Purchaser Group appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Series 2006-1 Supplement as are delegated to the Administrative Agent by the terms thereof together with such powers as are reasonably incidental thereto, all in accordance with Article VIII of the Series 2006-1 Supplement; (vi) each member of the Acquiring Purchaser Group appoints and authorizes the Funding Agent to take such action as agent on its behalf and to exercise such powers under the Series 2006-1 Supplement as are delegated to such Funding Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article IX of the Series 2006-1 Supplement; (vii) each member of the Acquiring Purchaser Group agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Indenture are required to be performed by it as a member of the Acquiring Purchaser Group and (viii) each member of the Acquiring Purchaser Group confirms that it is an Eligible Assignee.

7. Schedule I hereto sets forth the revised Commitment Percentages of the Transferor Purchaser Group and each Acquiring Purchaser Group as well as administrative information with respect to the Acquiring Purchaser Group and its Funding Agent.

8. This Purchaser Group Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Purchaser Group Supplement to be executed by their respective duly authorized officers as of the date first set forth above.

[NAME OF SELLING CP CONDUIT  
PURCHASER], as  
Transferor Purchaser Group

By: \_\_\_\_\_  
Title:

[NAME OF SELLING APA BANK], as  
Transferor Purchaser Group

By: \_\_\_\_\_  
Title:

[NAME OF ACQUIRING CP CONDUIT  
PURCHASER], as  
Acquiring Purchaser Group

By: \_\_\_\_\_  
Title:

[NAME OF ACQUIRING APA BANK],  
as Acquiring Purchaser Group

By: \_\_\_\_\_  
Title:

[NAME OF FUNDING AGENT FOR  
ACQUIRING PURCHASER GROUP], as  
Funding Agent

By: \_\_\_\_\_  
Title:

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CONSENTED AND ACKNOWLEDGED:

BUDGET TRUCK FUNDING, LLC

By: \_\_\_\_\_  
Title:

BUDGET TRUCK RENTAL, LLC,  
as Administrator

By: \_\_\_\_\_  
Title:

DEUTSCHE BANK SECURITIES, INC.,  
as Administrative Agent

By: \_\_\_\_\_  
Title:

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**DEMAND NOTE**  
**(Series 2006-1)**

\$\_[\_\_\_\_\_]

New York, New York  
[\_\_\_\_\_] , 2006

FOR VALUE RECEIVED, the undersigned, Budget Rent A Car System, Inc., a Delaware corporation (the "Demand Note Issuer"), promises to pay to the order of Budget Truck Funding, LLC, a Delaware corporation, or its permitted assigns ("Holder") on any date of demand (each, a "Demand Date") the principal sum of \$[\_\_\_\_\_], together with interest thereon at a rate per annum (the "Interest Rate") equal to LIBOR plus [\_\_\_\_\_]%, computed on the basis of a 360-day year for the actual number of days elapsed (including the first day but excluding the last day).

Definitions. Capitalized terms used, but not defined, in this Demand Note shall have the respective meanings assigned to them in the Base Indenture, dated as of May 11, 2006 (as may be amended, restated, supplemented or modified from time to time, exclusive of Series Supplements thereto creating a new Series of Notes, the "Base Indenture"), between Budget Truck Funding, LLC and The Bank of New York Trust Company, N.A., a national banking association, as trustee (the "Trustee"), as supplemented by the Series 2006-1 Supplement, dated as of May 11, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Series 2006-1 Supplement"), among Budget Truck Funding, LLC, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Trust Company, N.A., as Trustee and Series 2006-1 Agent.

Principal. The outstanding principal balance (or any portion thereof) of this Demand Note shall be due and payable on each Demand Date to the extent demand is made therefor by Holder. No portion of the outstanding principal amount of this Demand Note may be voluntarily prepaid.

Interest. Interest shall be paid monthly on the 20<sup>th</sup> day (or the first Business Day thereafter) of each calendar month commencing [\_\_\_\_\_, \_\_\_\_]. In addition, interest shall be paid on each Demand Date to the extent demand is made therefor.

Calculation of Principal and Interest. The interest shall be computed on a monthly basis by applying the Interest Rate effective for the Series 2006-1 Interest Period to the outstanding principal balance for such Series 2006-1 Interest Period. The outstanding principal balance as of any day shall be the outstanding principal balance as of the beginning of such day, less any payments of principal credited to the Demand Note Issuer's account on that day. The records of Holder with respect to amounts due and payments received hereunder shall be presumed to be correct evidence thereof.

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**Maturity Date.** On the Demand Date on which payment of the remaining principal balance of this Demand Note is to be made, or such earlier date as payment of the indebtedness evidenced hereby shall be due, whether by mandatory prepayment, acceleration or otherwise (the “**Maturity Date”**), the entire outstanding principal balance of this Demand Note, together with accrued interest and any other sums then outstanding under this Demand Note, shall be due and payable.

**Payments.** All payments shall be made in lawful money of the United States of America by wire transfer in immediately available funds and shall be applied first to fees and costs, including collection costs, if any, next to interest and then to principal. Payments shall be made to the account designated in the written demand for payment.

**Collection Costs.** The Demand Note Issuer agrees to pay all costs of collection of this Demand Note, including, without limitation, reasonable attorney’s fees, paralegal’s fees and other legal costs (including court costs) incurred in connection with consultation, arbitration and litigation (including trial, appellate, administrative and bankruptcy proceedings) regardless of whether or not suit is brought, and all other costs and expenses incurred by Holder exercising its rights and remedies hereunder. Such costs of collection shall bear interest at the Default Rate (as defined below) until paid.

**Default.** (a) If the Demand Note Issuer shall fail to pay any principal, interest or other amounts on the date of written demand for payment; provided that such demand is made prior to 2:00 p.m. (New York City time) on a Business Day, or on the next Business Day if written demand is made on or after 2:00 p.m. (New York City time) on a Business Day, or (b) upon the occurrence of an Event of Bankruptcy with respect to the Demand Note Issuer (each, an “**Event of Default”**), the entire outstanding principal balance of this Demand Note, together with all accrued and unpaid interest, shall (x) in the case of an Event of Default under clause (a) above, at the option of Holder and without further notice (any notice of such event being hereby waived by the Demand Note Issuer), or (y) in the case of an Event of Default under clause (b) above, automatically without notice (any notice of any such event being waived by the Demand Note Issuer), become immediately due and payable and may be collected forthwith, and Holder may exercise any and all rights and remedies provided herein, in law or in equity.

**Default Interest.** After the Maturity Date or the occurrence of an Event of Default, the outstanding principal balance of this Demand Note and, to the extent permitted by applicable law, accrued and unpaid interest, shall bear interest (the “**Default Rate”**) at the Interest Rate plus two percent (2%) until paid in full, provided, however, in no event shall such rate exceed the highest rate permissible under applicable law.

**Waivers.** The Demand Note Issuer waives all applicable exemption rights and also waives valuation and appraisal, demand, presentment, protest and demand, and notice of protest, demand and dishonor, and nonpayment of this Demand Note, and agrees that Holder shall have the right, without notice, to grant any extension or extensions of time for payment of any of said indebtedness or any other indulgences or forbearances whatsoever.

**No Waiver.** No delay or omission on the part of Holder in exercising its rights under this Demand Note, or delay or omission on the part of Holder in exercising its rights hereunder, or course of conduct relating thereto, shall operate as a waiver of such rights or any other right of

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Holder, nor shall any waiver by Holder of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion. Acceptance by Holder of any payment after its due date shall not be deemed a waiver of the right to require prompt payment when due of all other sums, and acceptance of any payment after Holder has declared the indebtedness evidenced by this Demand Note due and payable shall not cure any Event of Default or operate as a waiver of any right of Holder.

Modifications. No amendment, modification or waiver of, or consent with respect to, any provision of this Demand Note shall in any event be effective unless (a) the same shall be in writing and signed and delivered by each of Holder and the Demand Note Issuer, and (b) all consents required for such actions under the Base Indenture and the Related Documents shall have been received by the appropriate Persons.

Binding Effect. This Demand Note shall be binding upon the Demand Note Issuer and its successors and assigns, and shall inure to the benefit of Holder and its successors and assigns.

Governing Law. THIS DEMAND NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

No Negotiation. This Demand Note is not negotiable other than to the Trustee for the benefit of the Secured Parties under the Series 2006-1 Supplement. The parties intend that this Demand Note will be pledged by the initial Holder to the Trustee for the benefit of the Secured Parties under the Series 2006-1 Supplement and the Demand Note Issuer consents and agrees thereto. Upon such pledge, this Demand Note shall be subject to all of the rights and remedies of the Trustee in the Base Indenture, the Series 2006-1 Supplement and the other Related Documents and payments hereunder shall be made only to said Trustee.

Reduction of Principal. The principal amount of this Demand Note may be reduced only in accordance with the provisions of the Series 2006-1 Supplement.

Acknowledgment. The Demand Note Issuer hereby acknowledges receipt of [cash/capital contribution] on the date of the issuance of this Demand Note in the principal amount of \$[\_\_\_\_\_].

Captions. Paragraph captions used in this Demand Note are provided solely for convenience of reference only and shall not affect the meaning or interpretation of any provision of this Demand Note.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the undersigned has executed this Demand Note or caused this Demand Note to be duly executed by its officer thereunto duly authorized as of the day and year first above written.

BUDGET RENT A CAR SYSTEM, INC.

By: \_\_\_\_\_  
Name:  
Title:

ENDORSEMENT

Pay to the Order of \_\_\_\_\_, without recourse

BUDGET TRUCK FUNDING, LLC

By: \_\_\_\_\_  
Name:  
Title:

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PAYMENT GRID

<b>Date</b>	<b>Principal Amount</b>	<b>Amount of Principal Payment</b>	<b>Outstanding Principal Balance</b>	<b>Notation Made By</b>

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FORM OF IRREVOCABLE SERIES 2006-1 LETTER OF CREDIT  
No. [ ]

[ ], 2006

The Bank of New York Trust Company, N.A., as Trustee  
2 North LaSalle Street, 10<sup>th</sup> Floor  
Chicago, Illinois 60602

Attention:

Dear Sir or Madam:

The undersigned ("Series 2006-1 Letter of Credit Provider") hereby establishes, at the request and for the account of Avis Budget Car Rental, LLC, a Delaware limited liability company ("ABCR"), pursuant to, and in accordance with, that certain [Credit Agreement], dated as of \_\_\_\_\_, 200\_\_ (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "Credit Agreement"), among ABCR and the financial institutions party thereto (collectively, the "Series 2006-1 Letter of Credit Providers"), in accordance with the terms of such Credit Agreement (i) in your favor in respect of Lease Deficit Demands (as defined below), (ii) in your favor in respect of Unpaid Demand Note Demands (as defined below) and (iii) in your favor in respect of Termination Demands (as defined below) this Irrevocable Letter of Credit No. [ ], in an aggregate maximum amount of [ ] DOLLARS (\$[ ]) (such amount, as the same may be reduced and reinstated from time to time as provided herein, being the "Letter of Credit Amount"), effective immediately and expiring at 4:00 p.m. (New York time) at our [ ] office located at [ ] Attention: [ ], Telephone No.: [ ], Facsimile No.: [ ] (such office or any other office which may be designated by the Series 2006-1 Letter of Credit Provider by written notice delivered to you, being the "Series 2006-1 Letter of Credit Provider's Office") on the date (the "Expiration Date") that is the earlier of (i) \_\_\_\_\_, 200\_\_ or such later date to which the term of this Series 2006-1 Letter of Credit is extended (or, if such date is not a Business Day (as defined below), the immediately succeeding Business Day) (the "Scheduled Expiration Date") and (ii) the date on which we receive written notice from you that the Series 2006-1 Letter of Credit Termination Date shall have occurred. You are the Trustee under that certain Base Indenture (the "Base Indenture"), dated as of May 11, 2006, between you and Budget Truck Funding, LLC ("BTF"), as the same may be amended, supplemented or otherwise modified from time to time, and are referred to herein (and in each Annex hereto), as the Trustee (the "Trustee"). "Series 2006-1 Supplement" means the Series 2006-1 Supplement to the Base Indenture, dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein and you, as Trustee and Series 2006-1 Agent, as the same may be amended, supplemented, restated or otherwise modified from time to time. Capitalized terms used herein and in the Annexes hereto and not

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otherwise defined herein shall have the meaning set forth in the Series 2006-1 Supplement and the Base Indenture.

The Series 2006-1 Letter of Credit Provider irrevocably authorizes you to draw on it, in accordance with the terms and conditions and subject to the reductions in amount as hereinafter set forth, (1) in one or more drawings by the Trustee pursuant to the Trustee's written and completed certificate signed by the Trustee substantially in the form of Annex A attached hereto (any such certificate being a "Lease Deficit Demand"), each presented to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider's Office, payable at sight on a Business Day (as defined below), in each case, in an amount equal to the amount set forth in such Lease Deficit Demand but in an aggregate amount not exceeding the Letter of Credit Amount as in effect on such Business Day, (2) in one or more drawings by the Trustee pursuant to the Trustee's written and completed certificate signed by the Trustee substantially in the form of Annex B attached hereto (any such certificate being an "Unpaid Demand Note Demand"), each presented to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider's Office, payable at sight on a Business Day, in each case, in an amount equal to the amount set forth in such Unpaid Demand Note Demand but in the aggregate amount not exceeding the Letter of Credit Amount as in effect on such Business Day, (3) in a single drawing by the Trustee pursuant to the Trustee's written and completed certificate signed by the Trustee substantially in the form of Annex C attached hereto (such certificate being a "Termination Demand"), presented to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider's Office, payable at sight on a Business Day, in an amount equal to the amount set forth in such Termination Demand but not exceeding the Letter of Credit Amount as in effect on such Business Day, provided that only one such Termination Demand may be made hereunder and (4) in a single drawing by the Trustee pursuant to the Trustee's written and completed certificate signed by the Trustee substantially in the form of Annex D attached hereto (such certificate being a "Termination Date Demand"), presented to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider's Office, payable at sight on a Business Day, in an amount equal to the amount set forth in such Termination Date Demand but not exceeding the Letter of Credit Amount as in effect on such Business Day, provided that only one such Termination Date Demand may be made hereunder. In the event that there is more than one draw request payable on the same Business Day, the draw requests shall be honored in the following order: (1) the Lease Deficit Demand; (2) the Unpaid Demand Note Demand; (3) the Termination Demand and (4) the Termination Date Demand; provided that in no event shall the Series 2006-1 Letter of Credit Provider be required to honor any draw request to the extent such draw request is in an amount greater than the Letter of Credit Amount at such time after giving effect to all other draw requests honored on such day. Upon the honoring of a Termination Date Demand in full, the Series 2006-1 Letter of Credit Provider shall have no obligation to honor any other draw request. Any payments made by the Series 2006-1 Letter of Credit Provider shall be paid from funds of the Series 2006-1 Letter of Credit Provider. Any Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand may be delivered by facsimile transmission to the Series 2006-1 Letter of Credit Provider's Office as herein provided. "Business Day" means any day other than a Saturday, Sunday or other day on which banks are required or authorized by law to close in New York City, New York or Chicago, Illinois. Upon the Series 2006-1 Letter of Credit Provider's honoring any Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand presented hereunder, the Letter of Credit Amount shall automatically be decreased by an amount equal to

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the amount of the Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand paid by the Series 2006-1 Letter of Credit Provider to the Trustee. In addition to the foregoing reduction, upon the Series 2006-1 Letter of Credit Provider's honoring any Termination Date Demand presented to it hereunder in full, the Letter of Credit Amount shall automatically be reduced to zero and this Series 2006-1 Letter of Credit shall be terminated.

The Letter of Credit Amount shall be automatically reinstated when and to the extent, but only when and to the extent, that (i) the Series 2006-1 Letter of Credit Provider is reimbursed by the Lessee or ABCR for any amount drawn hereunder as a Lease Deficit Demand or Unpaid Demand Note Demand, (ii) the Series 2006-1 Letter of Credit Provider receives written notice from ABCR substantially in the form of Annex E hereto that the Letter of Credit Amount should be reinstated in an amount set forth therein (which shall equal the amount reimbursed pursuant to clause (i)) and that no Event of Bankruptcy (as defined in Annex E attached hereto) with respect to ABCR or the Lessee has occurred and is continuing and (iii) this Series 2006-1 Letter of Credit has not been terminated in accordance with the terms hereof.

Each Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand and Termination Date Demand shall be dated the date of its presentation, shall have a cover letter clearly marked "PAYMENT DEMAND-IMMEDIATE ACTION REQUIRED" and shall be presented to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider's Office. If the Series 2006-1 Letter of Credit Provider receives any Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand at such office on or prior to the Scheduled Expiration Date, all in conformity with the terms and conditions of this Series 2006-1 Letter of Credit, not later than 12:00 noon (New York City time) on a Business Day, the Series 2006-1 Letter of Credit Provider will make such funds available by 4:00 p.m. (New York City time) on the same day in accordance with your payment instructions. If the Series 2006-1 Letter of Credit Provider receives any Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand at such office on or prior to the termination hereof, all in conformity with the terms and conditions of this Series 2006-1 Letter of Credit, after 12:00 noon (New York City time) on a Business Day, the Series 2006-1 Letter of Credit Provider will make the funds available by 4:00 p.m. (New York City time) on the next succeeding Business Day in accordance with your payment instructions. If you so request the Series 2006-1 Letter of Credit Provider, payment under this Series 2006-1 Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system or by deposit of same day funds into a designated account.

Upon the earliest of (i) the date on which the Series 2006-1 Letter of Credit Provider honors a Termination Date Demand presented hereunder, (ii) the date on which the Series 2006-1 Letter of Credit Provider receives written notice from you that this Series 2006-1 Letter of Credit has been replaced by an alternate letter of credit and such alternate letter of credit has been received by you, (iii) the date on which the Series 2006-1 Letter of Credit Provider receives written notice from you substantially in the form attached hereto as Annex F, and (iv) the Scheduled Expiration Date, this Series 2006-1 Letter of Credit shall automatically terminate and you shall surrender this Series 2006-1 Letter of Credit to the undersigned Series 2006-1 Letter of Credit Provider on such day.

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For purposes of the certificates to be delivered by you in the form attached hereto as Annexes A, B and D: “Pro Rata Share” means, with respect to any Series 2006-1 Letter of Credit Provider as of any date, the fraction (expressed as a percentage) obtained by dividing (A) such Series 2006-1 Letter of Credit Provider’s Letter of Credit Amount as of such date by (B) an amount equal to the aggregate amount of the Letter of Credit Amounts of all the Series 2006-1 Letter of Credit Providers under their respective Series 2006-1 Letters of Credit as of such date; provided, that only for purposes of calculating the Pro Rata Share with respect to any Series 2006-1 Letter of Credit Provider as of any date, if such Series 2006-1 Letter of Credit Provider has not complied with its obligation to pay the Trustee the amount of any Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand (as defined in the related Series 2006-1 Letter of Credit) made prior to such date, such Series 2006-1 Letter of Credit Provider’s Letter of Credit Amount, as of such date shall be treated as reduced (for calculation purposes only) by the amount of such unpaid Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand, as the case may be, and shall not be reinstated for purposes of such calculation unless and until the date as of which such Series 2006-1 Letter of Credit Provider has paid such amount to the Trustee and been reimbursed by the Lessee or ABCR, 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 Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand).

This Series 2006-1 Letter of Credit is transferable in its entirety to any transferee(s) who you certify to the Series 2006-1 Letter of Credit Provider has succeeded you, as Trustee, and may be successively transferred. Transfer of this 2006-1 Letter of Credit to such transferee shall be effected by the presentation to the Series 2006-1 Letter of Credit Provider of this Series 2006-1 Letter of Credit accompanied by a certificate substantially in the form of Annex G attached hereto. Upon such presentation the Series 2006-1 Letter of Credit Provider shall forthwith transfer this Series 2006-1 Letter of Credit to the transferee.

This Series 2006-1 Letter of Credit sets forth in full the undertaking of the Series 2006-1 Letter of Credit Provider, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the certificates referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates. In furtherance of the foregoing, with regard to any conflict between the terms hereof and those contained in the Credit Agreement, the terms hereof shall govern.

On the Business Day immediately following any Business Day on which the Series 2006-1 Invested Amount shall have been reduced (each a “Decrease Day”), the Letter of Credit Amount may be reduced upon prior written notice (which may be by facsimile transmission with telephone confirmation of receipt as herein provided) delivered to the Series 2006-1 Letter of Credit Provider on or before such Decrease Day purportedly signed by the Administrator by an amount (which will be expressed in United States Dollars in such notice) set forth in such notice equal to the lesser of the Pro Rata Share of (1) the excess, if any, of the Series 2006-1 Permitted Principal Amount over the Series 2006-1 Invested Amount and (2) the excess, if any, of the Series 2006-1 Liquidity Amount over the Series 2006-1 Required Liquidity

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Amount, in the case of (1) and (2) calculated as of such Decrease Day after giving effect to all payments of principal on such Decrease Day with respect to the Series 2006-1 Notes.

Making a non-complying drawing, withdrawing a drawing or failing to make any drawing does not waive or otherwise prejudice the right to make another timely drawing or a timely redrawing. Article 41 of the Uniform Customs (as defined below) shall not apply to this Series 2006-1 Letter of Credit.

**This Series 2006-1 Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500 (the “Uniform Customs”), except as otherwise provided above and except that notwithstanding any provisions of Article 17 of the Uniform Customs which contains provisions to the contrary, if this Series 2006-1 Letter of Credit expires during an interruption of business (as described in Article 17), we agree to effect payment under this Series 2006-1 Letter of Credit, if a drawing which conforms to the terms and conditions of this Series 2006-1 Letter of Credit is made within twenty (20) days after the resumption of business, and, as to matters not covered by the Uniform Customs, shall be governed by the law of the State of New York, including the Uniform Commercial Code as in effect in the State of New York.** Communications with respect to this Series 2006-1 Letter of Credit shall be in writing and shall be addressed to the Series 2006-1 Letter of Credit Provider at the Series 2006-1 Letter of Credit Provider’s Office, specifically referring to the number of this Series 2006-1 Letter of Credit.

Very truly yours,

[Series 2006-1 Letter of Credit Provider]

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX A

CERTIFICATE OF LEASE DEFICIT DEMAND

[Series 2006-1 Letter of Credit Provider]

[Address]

Attention: [       ]

Certificate of Lease Deficit Demand under the Irrevocable Letter of Credit No. [ \_\_\_\_\_ ] (the "Series 2006-1 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined or incorporated), dated as of \_\_\_\_\_, 200\_, issued by \_\_\_\_\_, as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. [                    ] is the Trustee under the Indenture.

2. [The Trustee is making a drawing under the Series 2006-1 Letter of Credit as required by Section 3.3(d) of the Series 2006-1 Supplement in an amount equal to \$\_\_\_\_\_ (the "Interest Lease Deficit Disbursement"), which amount is equal to the lesser of (i) the product of (A) the Series 2006-1 Letter of Credit Provider's Pro Rata Share as of the date hereof and (B) the lesser of (x) the Series 2006-1 Lease Interest Payment Deficit, and (y) the excess, if any, of (A) the sum (1) the Series 2006-1 Monthly Interest for the Series 2006-1 Interest Period ending on the day preceding the date hereof, (2) the Commitment Fees for each Purchase Group for the Series 2006-1 Interest Period ending on the day preceding the related Distribution Date and (3) any unpaid Series 2006-1 Shortfall as of the date hereof over (B) the sum of (1) the amounts available from the Series 2006-1 Accrued Interest Account on the date hereof (2) the amount withdrawn from the Series 2006-1 Reserve Account pursuant to Section 3.3(b) of the Series 2006-1 Supplement, and (ii) the Letter of Credit Amount as in effect on the date of this certificate.] [The Trustee is making a drawing under the Series 2006-1 Letter of Credit as required by Section 3.5(c)(ii) of the Series 2006-1 Supplement in an amount equal to \$\_\_\_\_\_ (the "Principal Lease Deficit Disbursement"), which amount is equal to the lesser of (i) the product of (A) the Series 2006-1 Letter of Credit Provider's Pro Rata Share as of the date hereof and (B) the lesser of (x) the Series 2006-1 Lease Principal Payment Deficit and (y) the amount by which the Series 2006-1 Principal Deficit Amount on the date hereof exceeds the amount to be deposited in the Series 2006-1 Distribution Account in accordance with Section

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3.5(c)(i) of the Series 2006-1 Supplement, and (ii) the Letter of Credit Amount as in effect on the date of this certificate.] The "Lease Deficit Disbursement" on any day shall be the sum of the Interest Lease Deficit Disbursement and the Principal Lease Deficit Disbursement.

3. Concurrently with the draw being demanded hereby, the undersigned is making a draw under each of the other Series 2006-1 Letters of Credit in an amount equal to the related other Series 2006-1 Letter of Credit Providers' Pro Rata Share as of the date hereof of the amount to be drawn on the Series 2006-1 Letters of Credit pursuant to Section [3.3(d)] [3.5(c)(ii)] of the Series 2006-1 Supplement on the date hereof.

4. The related Series 2006-1 Lease Payment Deficit is attributable to the Lessee's failure to pay amounts due under the Leases.

5. You are requested to deliver an amount equal to the Lease Deficit Disbursement pursuant to the following instructions:

[insert payment instructions for wire to the  
Trustee and payment date] [deposit in account in same day funds]

6. The Trustee acknowledges that, pursuant to the terms of the Series 2006-1 Letter of Credit, upon the Series 2006-1 Letter of Credit Provider's honoring in full the draw amount set forth in this certificate, the Letter of Credit Amount shall be automatically reduced by an amount equal to the amount paid by the Series 2006-1 Letter of Credit Provider in respect of such draw.

IN WITNESS WHEREOF, the duly authorized officer of the Trustee has executed and delivered this certificate on behalf of the Trustee on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[ \_\_\_\_\_ ],  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX B

CERTIFICATE OF UNPAID DEMAND NOTE DEMAND

[Series 2006-1 Letter of Credit Provider]

[Address]

Attention: [ ]

Certificate of Unpaid Demand Note Demand under the Irrevocable Letter of Credit No. [ ] (the "Series 2006-1 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined or incorporated therein), dated as of \_\_\_\_\_, 200\_, issued by \_\_\_\_\_, as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.
  2. The Trustee is making a drawing under the Series 2006-1 Letter of Credit as required by Section 3.5[(c)(iv)],[(d)(iii)] of the Series 2006-1 Supplement in an amount equal to \$\_\_\_\_\_ (the "Unpaid Demand Note Disbursement"), which amount is equal to the lesser of (i) the product of the Series 2006-1 Letter of Credit Provider's Pro Rata Share as of the date hereof and the Series 2006-1 Unpaid Demand Amount and (ii) the Letter of Credit Amount as in effect on the date of this certificate.
  3. Concurrently with the draw being demanded hereby, the undersigned is making a draw under each of the other Series 2006-1 Letters of Credit in an amount equal to the related other Series 2006-1 Letter of Credit Providers' Pro Rata Share as in effect on the date hereof of the Series 2006-1 Unpaid Demand Amount.
  4. You are requested to deliver an amount equal to the Unpaid Demand Note Disbursement pursuant to the following instructions:

[Insert payment instructions for wire to the  
Trustee and payment date]
  5. The Trustee acknowledges that, pursuant to the terms of the Series 2006-1 Letter of Credit, upon the Series 2006-1 Letter of Credit Provider's honoring in full the draw
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amount set forth in this certificate, the Letter of Credit Amount shall be automatically reduced by an amount equal to the amount paid by the Series 2006-1 Letter of Credit Provider in respect of such draw.

IN WITNESS WHEREOF, a duly authorized officer of the Trustee has executed and delivered this certificate on behalf of the Trustee on this \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[ \_\_\_\_\_ ],  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX C

CERTIFICATE OF TERMINATION DEMAND

[Series 2006-1 Letter of Credit Provider]

[Address]

Attention: [                    ]

Certificate of Termination Demand under the Irrevocable Letter of Credit No. [                    ] (the "Series 2006-1 Letter of Credit"; the terms defined therein or incorporated therein and not otherwise defined herein being used herein as therein defined), dated as of \_\_\_\_\_, 200\_, issued by \_\_\_\_\_, as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. [                    ] is the Trustee under the Indenture.

2. The Trustee is making a drawing under the Series 2006-1 Letter of Credit as required by Section 3.8(b),(c) of the Series 2006-1 Supplement in an amount equal to \$\_\_\_\_\_ (the "Termination Disbursement"), which amount is equal to the lesser of (i) the Pro Rata Share of the greater of (A) the excess, if any, of the Series 2006-1 Required Enhancement Amount over the Series 2006-1 Enhancement Amount, excluding the Letter of Credit Amount as in effect on the date of this certificate and (B) the excess, if any, of the Series 2006-1 Required Liquidity Amount over the Series 2006-1 Liquidity Amount, excluding the Letter of Credit Amount as in effect on the date of this certificate and (ii) the Letter of Credit Amount as in effect on the date of this certificate.

3. You are requested to deliver an amount equal to the Termination Disbursement pursuant to the following instructions:

[Insert payment instructions for wire to the  
Trustee and payment date]

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4. The Trustee acknowledges that, pursuant to the terms of the Series 2006-1 Letter of Credit, upon the Series 2006-1 Letter of Credit Provider's honoring in full the draw amount set forth in this certificate, the Letter of Credit Amount shall be automatically reduced to zero and the Series 2006-1 Letter of Credit shall terminate and be immediately returned to the Series 2006-1 Letter of Credit Provider.

IN WITNESS WHEREOF, a duly authorized officer of the Trustee has executed and delivered this certificate on behalf of the Trustee on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[ \_\_\_\_\_ ],  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX D

CERTIFICATE OF TERMINATION DATE DEMAND

[Series 2006-1 Letter of Credit Provider]

[Address]

Attention: [                    ]

Certificate of Termination Date Demand under the Irrevocable Letter of Credit No. [                    ] (the "Series 2006-1 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined), dated as of [                    ]; issued by [                    ], as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as the Trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, the CP Conduits, the APA Banks and the Funding Agents named therein, Deutsche Bank Securities, Inc., as Administrative Agent, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. The Bank of New York Trust Company, N.A., is the Trustee under the Indenture.
2. The Trustee is making a drawing under the Series 2006-1 Letter of Credit as required by Section 3.8(j) of the Series 2006-1 Supplement in an amount equal to \$                    (the "Termination Date Disbursement"), which amount is equal to the lesser of (i) the [product of the Series 2006-1 Letter of Credit Provider's Pro Rata Share as of the date hereof and the]\* Series 2006-1 Demand Note Payment Amount and (ii) the Letter of Credit Amount as in effect on the date of this certificate.
3. [Concurrently with the draw being demanded hereby, the undersigned is making a draw under each of the other Series 2006-1 Letters of Credit in an amount equal to the related other Series 2006-1 Letter of Credit Providers' Pro Rata Share of the Series 2006-1 Demand Note Payment Amount.]\*
4. You are requested to deliver an amount equal to the Termination Date Disbursement pursuant to the following instructions:

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\* If there is more than one Series 2006-1 Letter of Credit Provider

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[insert payment instructions for wire to the  
Trustee and payment date]

5. The Trustee acknowledges that, pursuant to the terms of the Series 2006-1 Letter of Credit, upon the Series 2006-1 Letter of Credit Provider's honoring in full the draw amount set forth in this certificate, the Letter of Credit Amount shall be automatically reduced to zero and the Series 2006-1 Letter of Credit shall terminate and be immediately returned to the Series 2006-1 Letter of Credit Provider.

IN WITNESS WHEREOF, a duly authorized officer of the Trustee has executed and delivered this certificate on behalf of the Trustee on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

The Bank of New York Trust Company, N.A.,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX E

CERTIFICATE OF REINSTATEMENT OF LETTER OF CREDIT AMOUNT

[Series 2006-1 Letter of Credit Provider]  
[Address]

Attention: [                    ]

Certificate of Reinstatement of Letter of Credit Amount under the Irrevocable Letter of Credit No. [            ] (the "Series 2006-1 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined or incorporated therein), dated as of \_\_\_\_\_, 200\_, issued by \_\_\_\_\_, as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, a duly authorized officer of Avis Budget Car Rental, LLC ("ABCR"), hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. As of the date of this certificate, the Series 2006-1 Letter of Credit Provider has been reimbursed by [            ] in the amount of \$[            ] (the "Reimbursement Amount") in respect of the [Lease Deficit Demand] [Unpaid Demand Note Demand] (the "Demand") made on \_\_\_\_\_.

2. ABCR hereby notifies you that, pursuant to the terms and conditions of the Series 2006-1 Letter of Credit, the Letter of Credit Amount of the Series 2006-1 Letter of Credit Provider is hereby reinstated in the amount of \$[            ] (the "Reinstatement Amount") [*NOT TO EXCEED REIMBURSEMENT AMOUNT*] so that the Letter of Credit Amount of the Series 2006-1 Letter of Credit Provider after taking into account such reinstatement is in amount equal to \$[            ] [*NOT TO EXCEED MAXIMUM AMOUNT OF LETTER OF CREDIT PRIOR TO DRAWING*].

3. As of the date of this Certificate, no Event of Bankruptcy with respect to ABCR or the Lessee has occurred and is continuing. "Event of Bankruptcy", with respect to the Lessee or ABCR, means (a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or any substantial part of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or

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composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 60 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or (b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors; or (c) the board of directors of such Person (if such Person is a corporation or similar entity) shall vote to implement any of the actions set forth in clause (b) above.

IN WITNESS WHEREOF, ABCR has executed and delivered this certificate on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AVIS BUDGET CAR RENTAL, LLC

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and Agreed:

The undersigned hereby acknowledges receipt of the Reimbursement Amount (as defined above) in the amount set forth above in paragraph 1 and agrees for the benefit of the Trustee that the undersigned's Letter of Credit Amount is in an amount equal to \$\_\_\_\_\_ as of the date hereof after taking into account the reinstatement of the undersigned's Letter of Credit Amount by an amount equal to the Reinstatement Amount.

[Series 2006-1 Letter of Credit Provider]

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX F

CERTIFICATE OF TERMINATION

[Series 2006-1 Letter of Credit Provider]

[Address]

Attention: [                    ]

Certificate of Termination of Letter of Credit Amount under the Irrevocable Letter of Credit No. [                    ] (the "Series 2006-1 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined), dated as of \_\_\_\_\_, \_\_\_\_\_ 200\_, issued by \_\_\_\_\_, as the Series 2006-1 Letter of Credit Provider, in favor of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), under that certain Base Indenture, dated as of May 11, 2006, between the Trustee and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent (the "Indenture").

The undersigned, duly authorized officer of the Trustee, hereby certifies to the Series 2006-1 Letter of Credit Provider as follows:

1. [                    ] is the Trustee under the Indenture.
  2. As of the date of this certificate, the Series 2006-1 Letter of Credit Termination Date has occurred under the Series 2006-1 Supplement.
  3. The Trustee hereby notifies the Series 2006-1 Letter of Credit Provider that as a result of the occurrence of the Series 2006-1 Letter of Credit Termination Date, the undersigned is returning herewith the Series 2006-1 Letter of Credit Provider's Series 2006-1 Letter of Credit to the Series 2006-1 Letter of Credit Provider.
-

IN WITNESS WHEREOF, a duly authorized officer of the Trustee has executed and delivered this certificate on behalf of the Trustee on this \_\_\_\_ day of \_\_\_\_\_.

[ \_\_\_\_\_ ],  
as the Trustee

By: \_\_\_\_\_

Name:

Title:



ANNEX G

INSTRUCTION TO TRANSFER

[Series 2006-1 Letter of Credit Provider]  
[Address]

Attention: [                    ]

Re: Irrevocable Letter of Credit No. [ \_\_\_\_\_ ]

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

\_\_\_\_\_  
[Name of Transferee]

\_\_\_\_\_  
[Address]

all rights of the undersigned beneficiary to draw under the above-captioned Series 2006-1 Letter of Credit (the "Series 2006-1 Letter of Credit") issued by the Series 2006-1 Letter of Credit Provider named therein in favor of the undersigned. The transferee has succeeded the undersigned as Trustee under that certain Base Indenture, dated as of May 11, 2006, between The Bank of New York Trust Company, N.A., as trustee (the "Trustee") and Budget Truck Funding, LLC ("BTF"), as amended or supplemented (exclusive of any Series Supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2006-1 Supplement thereto (as amended from time to time, the "Series 2006-1 Supplement"), dated as of May 11, 2006, among BTF, Budget Truck Rental, LLC, Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein, the Trustee and The Bank of New York Trust Company, N.A., as Series 2006-1 Agent.

By this transfer, all rights of the undersigned beneficiary in the Series 2006-1 Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Series 2006-1 Letter of Credit pertaining to transfers.

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The Series 2006-1 Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effective and that the Series 2006-1 Letter of Credit Provider transfer the Series 2006-1 Letter of Credit to our transferee or that, if so requested by the transferee, the Series 2006-1 Letter of Credit Provider issue a new irrevocable letter of credit in favor of the transferee with provisions consistent with the Series 2006-1 Letter of Credit.

IN WITNESS WHEREOF, a duly authorized officer of the Trustee has executed and delivered this certificate on this \_\_\_\_\_ day of \_\_\_\_\_.

[ \_\_\_\_\_ ],  
as the Trustee

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

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  
as Lessee

and

AVIS BUDGET CAR RENTAL, LLC.,  
as Guarantor

AS SET FORTH IN SECTION 23 HEREOF, LESSOR 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]

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## MASTER MOTOR VEHICLE

### OPERATING LEASE AGREEMENT

This Master Motor Vehicle Operating Lease Agreement (this "Agreement"), dated as of May 11, 2006, is made by and among BUDGET TRUCK FUNDING, LLC ("BTF"), a Delaware limited liability company (the "Lessor"), BUDGET TRUCK RENTAL, LLC, a Delaware limited liability company ("BTR"), as lessee (the "Lessee") and as administrator (the "Administrator"), and AVIS BUDGET CAR RENTAL, LLC, a Delaware limited liability company ("ABCR"), as guarantor (the "Guarantor").

#### W I T N E S S E T H :

WHEREAS, the Lessor intends to purchase trucks (the "Trucks") that are manufactured by Eligible Truck Manufacturers with the proceeds obtained by the issuance of the Series 2006-1 Notes pursuant to the Base Indenture (referred to below) and the Series 2006-1 Supplement thereto and any additional Series of Notes issued from time to time under the Base Indenture and related Series Supplements thereto.

WHEREAS, the Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor the BTF Trucks set forth on Attachments A hereto for use in the daily rental business of the Lessee; and

WHEREAS, the Guarantor has, pursuant to Section 22 hereof, guaranteed the obligations of the Lessee 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 as follows:

1. DEFINITIONS. Unless otherwise specified herein, capitalized terms used herein (including the preamble and recitals hereto) shall have the meanings ascribed to such terms in the Definitions List attached as Annex I to the Base Indenture, dated as of May 11, 2006 (the "Base Indenture"), between the Lessor, as issuer, and The Bank of New York Trust Company, N.A., as Trustee, as such Definitions List may from time to time be amended in accordance with the Base Indenture.

2. GENERAL AGREEMENT. (a) The Lessee and the Lessor intend that this Agreement is an operating lease and that the relationship between the Lessor and the Lessee pursuant hereto shall always be only that of lessor and lessee, and the Lessee hereby declares, acknowledges and agrees that the Lessor is the owner of, and the Lessor holds legal title to, the BTF Trucks. The Lessee shall not acquire by virtue of this Agreement any right, equity, title or interest in or to any BTF Trucks, except the right to use the same under the terms hereof. The

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parties agree that this Agreement is a “true lease” and agree to treat this Agreement as a lease for all purposes, including tax, accounting and otherwise and each party hereto will take no position on its tax returns and filings contrary to the position that the Lessor is the owner of the BTF Trucks for federal and state income tax purposes.

(b) If, notwithstanding the intent of the parties to this Agreement, this Agreement is characterized by any third party as a financing arrangement or as otherwise not constituting a “true lease,” then 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, the Lessee hereby grants to the Lessor a security interest in all of the 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 the Lessee under this Agreement, as the same 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 the Lessee is a party (the “Lessee Agreements”), including, without limitation, (a) all monies, if any, due and to become due to the Lessee from the Guarantor 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 the 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 the 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 the Lessee arising under or in connection with the Lessee Agreements, together with 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 the Lessee pursuant to the Lessee Agreements;

(ii) all BTF Trucks which, notwithstanding that this Agreement is intended to convey only a leasehold interest, are determined to be owned by the Lessee, and all Certificates of Title with respect to the BTF Trucks;

(iii) all right, title and interest of the Lessee in and to any proceeds from the sale of BTF Trucks which, notwithstanding that this Agreement is intended to convey only a leasehold interest, are determined to be owned by the Lessee, including all monies due in respect of such BTF Trucks, whether payable as the purchase price of such BTF Trucks or as fees, expenses, costs, indemnities, insurance recoveries or otherwise;

(iv) all payments under insurance policies (whether or not the Lessor 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 BTF Trucks;

(v) 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 the Lessee or by anyone on its behalf; and

(vi) 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 Note Obligations, the Lessee hereby grants to the Trustee, on behalf of the Secured Parties, a first priority security interest in all of the 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) The Lessee agrees to deliver to the Lessor and the Trustee on or before the Initial Closing Date:

(i) a written search report from a Person satisfactory to the Lessor and the Trustee listing all effective financing statements that name the 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 and the Trustee showing no evidence of liens filed against the Lessee that purport to affect any BTF Trucks or any Collateral under the Base Indenture;

(ii) evidence of the filing in the State of Delaware of proper financing statements on Form UCC-1 naming the Lessee, as debtor, and the Lessor, as secured party, covering the collateral described in Section 2(b) hereof; and

(iii) evidence of the filing in the State of Delaware of proper financing statements on Form UCC-1 naming the Lessee, as debtor, and the Trustee as secured party covering the collateral described in Section 2(b) hereof.

2.1. Lease of BTF Trucks. From time to time, subject to the terms and provisions hereof, the Lessor agrees to lease to the Lessee and the Lessee agrees to lease from the Lessor, subject to the terms hereof, (i) the BTF Trucks identified in Attachment A hereto (which Attachment A shall set forth the VIN, the model, the manufacturer, and the Initial Closing Date Net Book Value of each BTF Truck) and (ii) each additional Truck purchased by the Lessee as agent for the Lessor, as identified in a supplement to Attachment A (in the form of Attachment B) setting forth the VIN, the model, the manufacturer, the Initial Purchase Net Book Value of such Truck (each, a "Vehicle Acquisition Schedule"), produced from time to time by such

Lessee. The Lessor shall, subject to Section 2.5 below and compliance with the terms of the Indenture, make available BTF Trucks for lease to the Lessee. In addition, each Lessee shall provide such other information regarding such Trucks as the Lessor may reasonably require from time to time. The Lessor shall lease to the Lessees, and the Lessees shall lease from the Lessor, only Trucks that are Eligible Trucks. This Agreement and any other related documents attached to this Agreement (collectively, the “Supplemental Documents”), will constitute the entire agreement regarding the leasing of BTF Trucks by the Lessor to the Lessee.

2.2. Right of Lessees to Act as Lessor’s Agent. (a) The Lessor agrees that the Lessee may act as the Lessor’s agent in acquiring Additional BTF Trucks on behalf of the Lessor, as well as filing claims on behalf of the Lessor for damage in transit, and other delivery related claims with respect to the BTF Trucks leased hereunder; provided, however, that the Lessor may hold the Lessee liable for such Lessee’s actions in performing as the Lessor’s agent hereunder. In addition, the Lessor agrees that the Lessee may make arrangements for delivery of Trucks to a location selected by the Lessee at the Lessee’s expense. The Lessee may accept or reject Eligible Trucks upon delivery in accordance with the Lessee’s customary business practices, and any Eligible Trucks, if rejected, will be deemed a Casualty hereunder. The Lessee, acting as agent for the Lessor, shall be responsible for pursuing any rights of the Lessor with respect to the return of any Eligible Trucks to the manufacturer thereof pursuant to the preceding sentence. The Lessee agrees that all Trucks ordered as provided herein shall be Eligible Vehicles.

(b) The Lessee, acting as agent for the Lessor, shall be responsible for complying with the Titling Procedures for all BTF Trucks promptly upon the acquisition thereof (but in no event later than three (3) Business Days after such acquisition).

2.3. Payment of Purchase Price by Lessor. Upon receipt of the manufacturer’s invoice and certificate of origin in respect of any new Truck, the Lessor or its agent shall pay or cause to be paid to the related manufacturer the costs and expenses incurred in connection with the acquisition of such Truck as established by the invoice of the manufacturer (the “Initial Acquisition Cost”), for such Truck and the Lessee shall pay all applicable costs and expenses of freight, packing, handling, storage, shipment and delivery of such Truck to the extent that the same have not been included within the Initial Acquisition Cost.

2.4. Non-Liability of Lessor. The Lessor shall not be liable to the Lessee for any failure or delay in making delivery of BTF Trucks. AS BETWEEN THE LESSOR AND THE LESSEE, ACCEPTANCE FOR LEASE OF THE BTF TRUCKS LEASED BY THE LESSEE SHALL CONSTITUTE THE LESSEE’S ACKNOWLEDGMENT AND AGREEMENT THAT THE LESSEE HAS FULLY INSPECTED SUCH BTF TRUCKS, THAT SUCH BTF TRUCKS ARE IN GOOD ORDER AND CONDITION AND ARE OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY REQUIRED BY THE LESSEE, THAT THE 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 BTF TRUCKS, AND HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, WARRANTY OR COVENANT WITH RESPECT TO MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE BTF

TRUCK IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES OR USES OF THE 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 BTF Truck leased 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 BTF TRUCK, AND THERE SHALL BE NO ABATEMENT OF MONTHLY BASE RENT, SUPPLEMENTAL RENT OR OTHER AMOUNTS PAYABLE HEREUNDER BECAUSE OF THE SAME.

2.5. Lessee's Rights to Purchase BTF Trucks. The Lessee shall have the option, exercisable with respect to any BTF Truck during the Vehicle Term with respect to such BTF Truck, to purchase any BTF Truck leased by the Lessee at the greater of (i) the Termination Value or (ii) the fair market value of such BTF Truck (the greater of such amounts being referred to as the "Vehicle Purchase Price"), in which event the Lessee will pay the Vehicle Purchase Price to the Lessor on or before the Distribution Date with respect to the Related Month in which the Lessee elects to purchase such BTF Truck and the Lessee will pay to the Lessor on or before such Distribution Date all accrued and unpaid Monthly Base Rent and any Supplemental Rent then due and payable with respect to such BTF Truck through such Distribution Date. The Lessor may request title to any such BTF Truck to be transferred to the Lessee and the Administrator shall request the Trustee to remove notation of its Lien (or, if applicable, to cause any Nominee Lienholder to remove notation of its Lien) from the Certificate of Title for such BTF Truck, concurrently with or promptly after the Vehicle Purchase Price for such BTF Truck (and any such unpaid Monthly Base Rent and Supplemental Rent) is deposited in the Collection Account.

2.6. Lessor's Right to Cause BTF Trucks to be Sold. If the Lessee does not elect to purchase any BTF Truck leased by the Lessee hereunder pursuant to Section 2.5 hereof, then:

(a) The Lessee shall use commercially reasonable efforts to arrange for the sale of each BTF Truck to a third party for the Vehicle Purchase Price with respect to such BTF Truck on or prior to the applicable Vehicle Lease Expiration Date. Notwithstanding the disposition of a BTF Truck by the Lessee prior to the applicable Vehicle Lease Expiration Date, the 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 BTF Truck through the Distribution Date with respect to the Related Month during which such disposition occurred, unless such BTF Truck is a Casualty, payment for which will be made in accordance with Section 6 hereof. If a sale of such BTF Truck is arranged by the Lessee pursuant to this Section 2.6(a), then (i) the Lessee shall deliver the BTF Truck to the purchaser thereof, (ii) the Lessee shall cause to be delivered to the Lessor the funds paid for such BTF Truck by the purchaser and (iii) if applicable, the Administrator shall request the Trustee to remove notation of its Lien (or, if applicable, to cause any



Nominee Lienholder to remove notation of its Lien) from the Certificate of Title of such BTF Truck.

(b) In the event any BTF Truck or BTF Trucks are not purchased by the Lessee of such BTF Truck pursuant to Section 2.5 or sold to a third party pursuant to Section 2.6(a), then, the Lessee shall return such BTF Truck to the Lessor on or before the Distribution Date with respect to the Related Month in which the applicable Vehicle Lease Expiration Date falls.

2.7. Conditions to Each Lease of Trucks. The agreement of the Lessor to make available any BTF Truck for lease to the applicable Lessee upon such Lessee's acquisition of such BTF Truck, as agent of the Lessor, is subject to the terms and conditions of the Indenture and subject to the satisfaction of the following conditions precedent as of the Vehicle Lease Commencement Date for such Vehicle:

2.7.1. No Default. No Lease Event of Default or Amortization Event shall have occurred and be continuing on such date or would result from the leasing of such BTF Truck or BTF Trucks.

2.7.2. Limitations of the Acquisition of Certain Trucks. After giving effect to the inclusion of such Vehicle under this Lease, there shall not be a failure or violation of any of the conditions, requirements, or restrictions specified in the Base Indenture or any related Series Supplement with respect to the leasing of Eligible Trucks under this Lease.

2.7.3. Truck Order. The Lessee shall have complied with the applicable provisions of Section 2.1 of this Lease.

2.7.4. Funding. The aggregate amount of funds to be expended by the Lessor on any one date to acquire any Trucks shall not exceed the aggregate Net Book Value of all such Trucks.

2.7.5. Eligible Trucks. Each Truck that shall meet the requirements as set forth in clauses (a)(i), (ii), (iii), (iv) and (vi) and (b) in the definition of "Eligible Truck."

### 3. TERM.

3.1. Vehicle Term. The "Vehicle Lease Commencement Date" (x) for each BTF Truck (other than an Additional BTF Truck) shall mean the Initial Closing Date and (y) for each Additional BTF Truck shall mean the earlier of (a) the date referenced in the Truck Acquisition Schedule with respect to such Truck, and (b) the date that funds are expended by the Lessor to acquire such Truck (with respect to such Truck, the "Truck Funding Date"). The "Vehicle Term" with respect to each BTF Truck shall extend from the Truck Lease Commencement Date through the earliest of (i) if such BTF Truck is sold to a third party, the date on which funds in the amount of the Vehicle Purchase Price in respect of such sale are deposited in the Collection Account (by such third party or by the Lessee or the Guarantor on behalf of such third party), (ii) if such BTF Truck becomes a Casualty, the date funds in the amount of the Termination Value thereof are deposited in the Collection Account by the Lessee, (iii) if such BTF Truck becomes

an Ineligible Truck, the date such BTF Truck has become an Ineligible Truck, (iv) the date that such BTF Truck is purchased by the Lessee pursuant to Section 2.5 hereof and the Vehicle Purchase Price with respect to such purchase (along with any unpaid Monthly Base Rent and Supplemental Rent with respect to such BTF Truck) is deposited in the Collection Account by the Lessee, and (v) if such BTF Truck is a Gasoline Truck, the date that is the first Business Day that is 42 months after the date of manufacture of such Gasoline Truck or, if such BTF Truck is a Diesel Truck, the date that is the first Business Day that is 54 months after the date of manufacture of such Diesel Truck (the earliest of such five dates being referred to as the “Vehicle Lease Expiration Date”).

3.2. Term. The “BTF Lease Commencement Date” shall mean the Initial Closing Date. The “BTF Lease Expiration Date” shall mean the latest of (i) the date of the payment in full of all Notes (including any interest thereon) and all outstanding Carrying Charges, (ii) the latest Vehicle Lease Expiration Date for all BTF Trucks and (iii) the date on which all amounts payable hereunder have been paid in full. The “Term” of this Agreement shall mean the period commencing on the BTF Lease Commencement Date and ending on the BTF Lease Expiration Date.

4. RENT AND CHARGES. The Lessee will pay Monthly Base Rent and any Supplemental Rent due and payable on a monthly basis as set forth in this Section 4.

4.1. Payment of Rent. On each Distribution Date the Lessee shall pay in immediately available funds to the Lessor not later than 11:00 a.m. New York City time, on such Distribution Date, (i) all Monthly Base Rent that has accrued during the Related Month with respect to each BTF Truck leased hereunder during or prior to the Related Month and (ii) all Supplemental Rent due and payable on such Distribution Date.

4.2. Net Lease. THIS AGREEMENT SHALL BE A NET LEASE, AND THE 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 the Lessee hereunder shall in no way be released, discharged or otherwise affected (except as may be expressly provided herein) for any reason, including without limitation: (i) any defect in the condition, merchantability, quality or fitness for use of the BTF Trucks or any part thereof; (ii) any damage to, removal, abandonment, salvage, loss, scrapping or destruction of or any requisition or taking of the BTF Trucks or any part thereof; (iii) any restriction, prevention or curtailment of or interference with any use of the BTF Trucks or any part thereof; (iv) any defect in or any Lien on title to the BTF Trucks or any part thereof; (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of the Lessee or the Lessor; (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the 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 the Lessee has or might have against any Person, including without limitation the Lessor; (viii) any failure on the part of the Lessor or the 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 the Lessee or otherwise; (x) any insurance premiums payable by the Lessee with respect to the BTF Trucks; or (xi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the 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 Lessee and, except as expressly provided herein, the 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 the Lessee hereunder. All payments by the Lessee made hereunder shall be final (except to the extent of adjustments provided for herein), absent manifest error and, except as otherwise provided herein, the 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, the Lessee shall nonetheless pay 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 the Lessee herein shall be performed at its cost, expense and risk unless expressly otherwise stated.

5. **INSURANCE.** The 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 26.3 hereof. In addition, the Lessee will maintain with respect to the Lessee's 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 10 days after the Initial Closing Date, the Lessee or the Guarantor shall deliver to the Lessor a certificate(s) of insurance naming the Lessor, BTF and the Trustee as additional insureds as to the item required by Section 26.3. 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 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 Trustee shall be required to grant its consent to any proposed change in such insurance upon compliance with the following conditions:

- (i) The Lessee or the Guarantor shall deliver not less than 30 days' prior written notice of any proposed change in such insurance to the Trustee; and
- (ii) The Required Noteholders of each Series of Notes Outstanding shall have consented to the proposed change.

## 6. RISK OF LOSS: CASUALTY OBLIGATIONS.

6.1. Risk of Loss Borne by Lessee. Upon delivery of each BTF Truck to the Lessee, as between the Lessor and the Lessee, the Lessee assumes and bears the risk of loss, damage, theft, taking, destruction, attachment, seizure, confiscation or requisition with respect to such BTF Truck, however caused or occasioned, and all other risks and liabilities, including personal injury or death and property damage, arising with respect to such BTF Truck due to 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 BTF Truck, howsoever arising.

6.2. Casualty. If a BTF Truck becomes a Casualty, then the Lessee will (i) promptly notify the Lessor thereof and (ii) promptly, but in no event later than the Distribution Date with respect to the Related Month during which such BTF Truck became a Casualty, pay to the Lessor the Termination Value of such BTF Truck (as of the date such BTF Truck became a Casualty). Upon payment by the Lessee to the Lessor of the Termination Value of any BTF Truck that has become a Casualty (i) the Lessor shall cause title to such BTF Truck to be transferred to the Lessee to facilitate liquidation of such BTF Truck by the Lessee, (ii) the Lessee shall be entitled to any physical damage insurance proceeds applicable to such BTF Truck and (iii) the Administrator shall request the Trustee to remove notation of its Lien (or, if applicable, to cause any Nominee Lienholder to remove notation of its Lien) from the Certificate of Title for such BTF Truck.

7. BTF TRUCK USE. So long as no Lease Event of Default, Liquidation Event of Default or Limited Liquidation Event of Default has occurred (subject, however, to Section 2.5 hereof), the Lessee may use BTF Trucks leased hereunder in its regular course of business. Such use shall be confined solely to the United States, and the principal place of business or rental office of the Lessee with respect to the BTF Trucks shall be 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 or the Trustee shall from time to time reasonably request in order to establish, perfect and maintain the Lessor's rights to and interest in the BTF Trucks and the Certificates of Title as against the Lessee or any third party in any applicable jurisdiction and to establish, perfect and maintain the Trustee's Lien on the BTF Trucks and the Certificates of Title as a perfected first lien in any applicable jurisdiction. The Lessee may, at its sole expense, change the place of principal location of any BTF Trucks. 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 BTF Trucks and the Certificates of Title with respect to such BTF Trucks shall have been taken and (y) all legal requirements applicable to such BTF Trucks shall have been met or obtained. Following the occurrence of a Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default, the Lessee shall advise the Lessor in writing where all BTF Trucks leased hereunder as of such date are principally located. The Lessee shall not knowingly use any BTF Trucks or knowingly permit the same to be used for any unlawful purpose. The Lessee shall use reasonable precautions to prevent loss or damage to BTF Trucks. The Lessee shall comply with all applicable statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring and disposing of BTF Trucks and shall take reasonable steps to

ensure that operators are licensed. The Lessee and the Lessor agree that the Lessee shall perform, at the Lessee's own expense, such BTF Truck preparation and conditioning services with respect to BTF Trucks leased by the Lessee hereunder as are customary. The Lessor or the Trustee or any authorized representative of the Lessor or the Trustee may during reasonable business hours from time to time, without disruption of the Lessee's business, subject to applicable law, inspect BTF Trucks and registration certificates, Certificates of Title and related documents covering BTF Trucks wherever the same be located. The Lessee shall not sublease any BTF Trucks or assign any right or interest herein or in any BTF Trucks; provided, however, the foregoing shall not be deemed to prohibit the Lessee from renting BTF Trucks to third party customers in the ordinary course of its business.

8. LIENS. Except for Permitted Liens, the Lessee shall keep all BTF Trucks leased by it hereunder free of all Liens arising during the Term. Upon the Vehicle Lease Expiration Date for each BTF Truck, should any such Lien exist on such BTF Truck, 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 upon demand by the Lessor. The Lessor may grant security interests in the BTF Trucks leased by the Lessee hereunder without consent of the Lessee; provided, however, that if any such Liens would interfere with the rights of the Lessee under this Agreement, the Lessor must obtain the prior written consent of the Lessee. The Lessee agrees and acknowledges that the granting of Liens and the taking of other actions pursuant to the Indenture and the other Related Documents does not interfere with the rights of the Lessee under this Agreement.

9. NON-DISTURBANCE. So long as the Lessee satisfies its obligations hereunder, its quiet enjoyment, possession and use of the BTF Trucks leased by the Lessee hereunder will not be disturbed during the Term, subject, however, to Sections 2.6 and 18 hereof and except that the Lessor and the Trustee each retains the right, but not the duty, to inspect the BTF Trucks without disturbing the ordinary conduct of the Lessee's business. Upon the request of the Lessor or the Trustee from time to time, the Lessee will make reasonable efforts to confirm to the Lessor and the Trustee the location, mileage and condition of each BTF Truck leased by the Lessee hereunder and to make available for the Lessor's or the Trustee's inspection within a reasonable time period, not to exceed 45 days, the BTF Trucks at the location where such BTF Trucks are normally domiciled. Further, the Lessee will, during normal business hours and with a notice of three Business Days, make its records pertaining to the BTF Trucks available to the Lessor or the Trustee for inspection at the location where the Lessee's records are normally domiciled.

10. REGISTRATION; LICENSE; TRAFFIC SUMMONSES; PENALTIES AND FINES. The Lessee, at its expense, shall be responsible for proper registration and licensing of the BTF Trucks and titling of the BTF Trucks in the name of the Lessor (with the Lien of the Trustee, in its name or in the name of a Nominee Lienholder, on behalf of the Trustee, noted thereon), and, where required, shall have such BTF Trucks inspected by any appropriate governmental authority; provided, however, that notwithstanding the foregoing, possession of all Certificates of Title shall at all times remain with the Administrator, or an Affiliate of the Administrator identified to the Trustee in writing, which will hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Trustee. The 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 BTF Truck during the Vehicle Term for such BTF Truck or imposed during the Vehicle Term for such BTF Truck by any Governmental Authority or any court of law or equity with respect to such BTF Trucks in connection with the Lessee's operation of such BTF Trucks. The Lessor agrees to execute a power of attorney in substantially the form of Attachment C hereto (each, a "Power of Attorney"), and such other documents as may be necessary in order to allow the Lessee to title, register and dispose of the BTF Trucks 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 Affiliate identified to the Trustee in writing which will hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Trustee, and the Lessee acknowledges and agrees that it has no right, title or interest in or with respect to any Certificate of Title. Notwithstanding anything herein to the contrary, the Lessor may terminate such Power of Attorney as provided in Section 18.3(iii) hereof.

11. MAINTENANCE AND REPAIRS. The Lessee shall pay for all maintenance and repairs to keep BTF Trucks in good working order and condition, and the Lessee will maintain the BTF Trucks as required in order to keep the manufacturer's warranty in force. The Lessee will return BTF Trucks to a facility authorized by the manufacturer of such BTF Truck or the Lessee's warranty station authorized by the manufacturer of such BTF Truck for warranty work. The Lessee will comply with any manufacturer's recall of any BTF Truck. The Lessee will pay, or cause to be paid, all usual and routine expenses incurred in the use and operation of BTF Trucks including, but not limited to, fuel, lubricants, and coolants. The Lessee agrees that it shall not make any material alterations to any BTF Trucks without the prior consent of the Lessor. Any improvements or additions to any BTF Trucks shall become and remain the property of the Lessor, except that any addition to BTF Trucks made by the Lessee shall remain the property of the Lessee if such addition can be disconnected from such BTF Trucks without impairing the functioning of such BTF Trucks or its resale value, excluding such addition.

12. BTF TRUCK WARRANTIES.

12.1. No Lessor Warranties. THE LESSEE ACKNOWLEDGES THAT THE LESSOR IS NOT THE MANUFACTURER, THE AGENT OF THE MANUFACTURER, OR THE DISTRIBUTOR OF THE BTF TRUCKS LEASED BY THE 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 BTF TRUCKS NOR ANY WARRANTY THAT THE BTF TRUCKS WILL SATISFY THE REQUIREMENTS OF ANY LAW OR ANY CONTRACT SPECIFICATION, AND AS BETWEEN THE LESSOR AND THE LESSEE, THE 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 BTF TRUCK FOR BREACH OF ANY WARRANTY OF ANY KIND WHATSOEVER AND, AS TO THE LESSOR, THE LESSEE LEASES THE BTF TRUCKS "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 BTF Truck is covered by an manufacturer's warranty, the Lessee, during the Vehicle Term for such BTF Truck, shall have the right to make any claims under such warranty which the Lessor could make.

13. BTF TRUCK USAGE GUIDELINES AND RETURN; TRUCK SPECIAL DAMAGE PAYMENTS.

13.1. Usage. As used herein "Truck Turn-In Condition" with respect to each BTF Truck shall mean such BTF Truck shall have no: body dents, rust, corrosion; dented, rusted, broken, missing chrome or trim; ripped or stained upholstery, seats, dash, headliner or carpeting; missing interior trim; sprung or misaligned doors or their openings; worn, cracked, split, broken or leaking weather-stripping; faulty window mechanisms; broken, cracked, 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; worn or faulty shock absorbers or other suspension or steering parts, systems or mechanisms, excessively worn tires; or any other condition that adversely affects the appearance or operating condition of such BTF Truck, in each case other than any such condition that would reasonably be considered to be normal wear and tear or otherwise de minimis by a purchaser of such BTF Truck.

13.2. Truck Special Damage Payments. (a) The Lessee will use its best efforts to maintain the BTF Trucks in a manner such that no Truck Special Damage Payments (as defined below) shall be due upon disposition of the BTF Trucks by or for the benefit of the Lessor. Upon disposition of each BTF Truck leased hereunder by or for the benefit of the Lessor, other than the sale of any BTF Truck to the Lessee in accordance with the terms hereof, if such BTF Truck fails to satisfy the Truck Turn-In Condition standard established pursuant to Section 13.1, the Lessor will charge the Lessee for the amount that the Administrator estimates in good faith to be the reduction in the saleable value of such BTF Truck as a result of such failure to satisfy the Truck Turn-In Condition Standard (any such amounts are referred to as the "Truck Special Damage Payments").

(b) On each Distribution Date, the Lessee shall pay to the Lessor all Truck Special Damage Payments that have accrued during the Related Month. The obligation of the Lessee to pay Truck Special Damage Payments shall constitute the sole remedy respecting the breach of its covenant contained in the first sentence of Section 13.2(a). The provisions of this Section 13.2 will survive the expiration or earlier termination of the Term.

14. DISPOSITION PROCEDURE. The Lessee shall comply with the requirements of law in connection with, among other things, the delivery of Certificates of Title and documents of transfer signed as necessary, and signed odometer statements to be submitted with the BTF Trucks upon any disposition thereof pursuant to the terms hereof.

15. ODOMETER DISCLOSURE REQUIREMENT. The Lessee agrees to comply with all requirements of law with respect to BTF Trucks in connection with the transfer of ownership by the Lessor of any BTF Truck, 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 Lessee and the Guarantor. The Lessee and the Guarantor agree jointly and severally to indemnify and hold harmless the Lessor, the Administrator and the Trustee and the Lessor's, the Administrator's and the Trustee's 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 the Lessee or the Guarantor of title and registration documents, use, non-use, misuse, operation, deficiency, defect, transportation, repair, control or disposition of any BTF Truck leased hereunder or to be leased hereunder pursuant to a request by the 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. all (i) federal, state, county, municipal or foreign license, qualification, registration, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and all federal, state and local income taxes, and penalties and interest thereon, and all other taxes, fees and assessments of any kind whatsoever whether assessed, levied against or payable by the Lessor or otherwise, with respect to any BTF Truck leased hereunder or the acquisition, purchase, sale, rental, delivery, use, operation, control, ownership or disposition of any such BTF Truck or measured in any way by the value thereof or by the business of, investment in, ownership by the Lessor with respect thereto and (ii) documentary, stamp, filing, recording, mortgage or other taxes, if any, which may be payable by the Lessor in connection with this Agreement or any other Related Documents; provided, however, that the following taxes are excluded from the indemnity provided in clauses (i) and (ii) above:

(i) any tax on, based on, with respect to, or measured by net income (including federal alternative minimum tax), other than any taxes or other charges which may be imposed as a result of any determination by a taxing authority that the Lessor is not the owner for tax purposes of the BTF Trucks leased hereunder or that this Agreement is not a "true lease" for tax purposes or that depreciation deductions that would be available to the owner of such BTF Trucks are disallowed, or that the Lessor is not entitled to include the full purchase price for any such BTF Truck in basis including any amounts payable in respect of interest charges, additions to tax and penalties that may be imposed, and all attorneys and accountants fees and expenses and all other fees and expenses that may be incurred in defending against or contesting any such determination;

(ii) any withholding tax imposed by the United States federal government other than such a tax imposed as a result of a change in law enacted (includ-



ing new interpretations thereof), adopted or promulgated after the Initial Closing Date or, if later, the date the Trustee acquires its interest (A) in the BTF Trucks leased hereunder, (B) the Indenture, (C) the Assignment Agreements, or (D) any other related operative documents that causes it to be an Indemnified Person hereunder unless such a tax is enacted, adopted or promulgated as a tax in lieu of, or in substitution for a tax not otherwise indemnifiable hereunder;

(iii) any tax with respect to any BTF Truck leased by the Lessee hereunder or any transaction relating to such BTF Truck to the extent it covers any period beginning after the earlier of (A) the discharge in full of the Lessee's obligation to pay Monthly Base Rent, Supplemental Rent and any other amount payable hereunder with respect to such BTF Truck or (B) the expiration or other termination of this Agreement with respect to such BTF Truck, unless such tax accrues in respect of any period during which the Lessee holds over such BTF Truck; and

(iv) any tax that is imposed on an Indemnified Person or any of its Affiliates, to the extent that such tax results from the willful misconduct or gross negligence of such Indemnified Person or such Affiliates;

16.1.3. any violation by the Lessee or the Guarantor of this Agreement or of any Related Documents to which the Lessee or the 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 BTF Truck leased hereunder or any action or transaction by the Lessee or the 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 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 Lessor under the Related Documents; 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.

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 Lessee or the Guarantor, as applicable (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 the Lessee or the Guarantor, as applicable, shall be made while any Lease Event of Default shall have occurred and be continuing.

16.2. Reimbursement Obligation by the Lessee and the Guarantor. The Lessee and the 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, if so requested by the Lessee or the Guarantor, the Lessor shall submit to the Lessee or the Guarantor, as applicable, a statement documenting any such demand for reimbursement or prepayment. To the extent that the Lessee or the Guarantor in fact indemnifies the Lessor under the indemnity provisions of this Agreement, the Lessee or the Guarantor, as applicable, shall be subrogated to the Lessor'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 BTF Truck hereunder.

16.3. Defense of Claims. The Lessor agrees to notify the Lessee of any claim made against it for which the Lessee may be liable pursuant to this Section 16 and, if the Lessee requests, to contest or allow the Lessee to contest such claim. If any 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 the 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 the 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 Lessee or the Guarantor, as applicable. The Lessee or the 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 the Lessee's or the Guarantor's assertion of such claim or defense. The Lessee and the Guarantor agree that no Indemnified Person will be liable to the Lessee or the Guarantor, as applicable, for any claim caused directly or indirectly by the inadequacy of any BTF Truck leased 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 failing 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 the Lessee or the 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 the Lessee or the 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 the Lessee or the 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 the BTF Trucks by selling or assigning, in whole or in part, its right, title and interest in this Agreement, including, without limitation, in moneys due from the Lessee, the Guarantor and any third party under this Agreement; provided, however, that any such sale or assignment shall be subject to the rights and interest of the Lessee in the BTF Trucks, including but not limited to the Lessee's right of quiet and peaceful possession of the BTF Trucks as set forth in Section 9 hereof, and under this Agreement.

17.2. Limitations on the Right of the Lessee to Assign this Agreement. The Lessee agrees that it shall not, without prior written consent of the Lessor and the consent of the Required Noteholders of each Series of Notes Outstanding, assign this Agreement or any of its rights hereunder to any other party; provided, however, that the Lessee may rent the BTF Trucks under the terms of its normal daily rental programs. 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 the 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 "Lease Event of Default") as that term is used herein:

18.1.1. there occurs a default in the payment of any portion of Monthly Base Rent or Supplemental Rent and the continuance thereof for a period of five Business Days;

18.1.2. any unauthorized assignment or transfer of this Agreement by the Lessee or the Guarantor occurs;

18.1.3. the failure, in any material respect, of the Lessee and the Guarantor to maintain, or cause to be maintained, insurance as required in Section 5 or Section 26.3;

18.1.4. the failure of the Lessee and the Guarantor to observe or perform any other covenant, condition, agreement or provision hereof, including, but not limited to, usage, and maintenance, and such default continues for more than 30 days after the date the Lessee or Guarantor has actual knowledge of such default or written notice thereof is delivered by the Lessor or the Trustee to the Lessee or the Guarantor;

18.1.5. if any representation or warranty made by the Lessee or the 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 state-

ment, report, notice, or other writing furnished by or on behalf of the Lessee or the Guarantor 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 30 days after the earlier of (x) the date of the receipt of written notice thereof from the Lessor or the Trustee to the Guarantor or the Lessee and (y) the date the Guarantor or the Lessee learns of such circumstance or condition;

18.1.6. an Event of Bankruptcy occurs with respect to the Lessee, the Guarantor, the Administrator or BRAC;

18.1.7. any Change in Control of the Lessee, the Guarantor, or BRAC without the approval of the Requisite Investors.

18.1.8. the Pension Benefit Guaranty Corporation or the Internal Revenue Service shall have filed notice of one or more liens against the Lessee (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 30 days unless, prior to the expiration of such period, the Lessee 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, the Lessee 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 Lease Event of Default or Liquidation Event of Default. If any Lease Event of Default described in Section 18 or any Liquidation Event of Default shall occur, the Lessor, acting at the direction of the Trustee may terminate this Agreement and then (x) any accrued and unpaid Monthly Base Rent, Supplemental Rent and all other charges and payments accrued but unpaid under this Agreement (calculated as if the full amount of interest on the Notes 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) the Lessee shall, at the request of the Lessor or the Trustee, return or cause to be returned all BTF Trucks (and the Administrator shall deliver to the Trustee the Certificates of Title relating thereto) to the Lessor or the Trustee.

18.3. Rights of Lessor Upon Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default. If a Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default shall occur, then the Lessor or the Trustee at its option may:

(i) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee or the 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; or

(ii) By notice in writing to the Lessee, terminate this Agreement in its entirety and/or the right of possession hereunder of the Lessee of the BTF Trucks, and the Lessor or the Trustee may direct delivery by the Lessee or the Guarantor of documents of title to the BTF Trucks, whereupon all rights and interests of the Lessee or the Guarantor to the BTF Trucks will cease and terminate and the 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 the Trustee or its agents may peaceably enter upon the premises of the Lessee or other premises where the BTF Trucks may be located and take possession of them and thenceforth hold, possess and enjoy the same free from any right of the Lessee or the Guarantor, or their successors or assigns, to use the BTF Trucks for any purpose whatsoever, and the Lessor will, nevertheless, have a right to recover from the Lessee or the 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 Lessee with written notice of the place and time of any sale of BTF Trucks at least five days prior to the proposed sale, which shall be deemed commercially reasonable, and the Lessee may purchase such BTF Truck(s) at the sale. Each and every power and remedy hereby specifically given to the Lessor and the Trustee will be in addition to every other power and remedy hereby specifically given to the Lessor or the Trustee 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 or the Trustee; provided, however, that the measure of damages recoverable against the Lessee and the 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 Lessee or the Guarantor will not otherwise alter or affect the Lessor's rights or the obligations hereunder of the Lessee and the 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 or the Trustee's rights hereunder with respect to any subsequent payments or defaults therein; or

(iii) By notice in writing to the Lessee, terminate the Power of Attorney.

**18.4. Rights of 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 Lessor and the Trustee, to the extent provided in the Indenture, shall have the rights against the Guarantor, the Lessee, and the Collateral provided in the Indenture, including the right to take possession of all or a portion of the BTF Trucks immediately from the Lessee.

(ii) Upon a default in the performance (after giving effect to any applicable grace periods provided herein) by the Guarantor or the Lessee of its obligations hereunder to keep the BTF Trucks free of Liens (other than Permitted Liens) and to maintain the Trustee's first priority perfected security interest in the Collateral, the Lessor or the Trustee shall have the right to take actions reasonably necessary to correct such default with respect to the subject BTF Trucks including the execution of UCC financing statements with respect to general intangibles and the completion of Vehicle Perfection and Documentation Requirements on behalf of the Guarantor or the Lessee as applicable.

(iii) Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Lessee shall dispose of the BTF Trucks in accordance with the instructions of the Trustee. To the extent the Lessee fails to so dispose of any BTF Trucks, the Trustee shall have the right to otherwise dispose of such BTF Trucks. In addition, following the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Trustee shall have all of the rights, remedies, powers, privileges and claims vis-à-vis the Guarantor or the Lessee, necessary or desirable to allow the Trustee to exercise the rights, remedies, powers, privileges and claims set forth in Sections 3.3 and 9.2 of the Base Indenture and each of the Guarantor and the Lessee acknowledges that it has hereby granted to the Lessor all of the rights, remedies, powers, privileges and claims granted by the Lessor to the Trustee pursuant to Article 3 of the Base Indenture and that the Trustee may act in lieu of the Lessor in the exercise of such rights, remedies, powers, privileges and claims.

18.5. Measure of Damages. If a Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default occurs and the Lessor or the Trustee exercises the remedies granted to the Lessor 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 amounts due and 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 or the Trustee will have sustained by reason of the 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 BTF Trucks 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 Carrying Cost Interest Rate plus 1.0% from time to time computed from the date of the 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 which is recoverable from the Lessee

pursuant to this Section 18, as applicable, to and including the date payments are made by the Lessee.

18.6. Application of Proceeds. The proceeds of any sale or other disposition pursuant to Section 18.2 or 18.3 shall be applied in the following order: (i) to the reasonable costs and expenses incurred by the Lessor in connection with such sale or disposition, including any reasonable costs associated with repairing any BTF Trucks, and reasonable attorneys' fees in connection with the enforcement of this Agreement, (ii) to the payment of outstanding Monthly Base Rent and Supplement Rent, (iii) to the payment of all other amounts due hereunder, and (iv) any remaining amounts to the Lessor, or such Person(s) as may be lawfully entitled thereto.

18.7. Special Default. If on any Business Day, the Lessee or the Guarantor obtains actual knowledge that a BTF Truck included in the Borrowing Base is not titled in the name of BTF with the Trustee or a Nominee Titleholder noted as the first lienholder on the Certificate of Title for such BTF Truck (or, if such Business Day is on or before June 25, 2005, the Lessee or Guarantor obtains actual knowledge that the Titling Procedures (with respect to any BTF Truck for which an Oklahoma Certificate of Title has not been issued) have not been properly satisfied with respect to any BTF Truck included in the Borrowing Base), then the Lessee shall within three (3) Business Days make an application (or correct its application, as the case may be) with the Oklahoma Tax Commission (the "OTC") or any Oklahoma motor vehicle license agent ("License Agent") to properly title such BTF Truck in the name of BTF with a lien in favor of the Trustee (or a Nominee Titleholder, as the case may be). If the Lessee fails to perform under the preceding sentence by the close of business on the third Business Day after obtaining such knowledge, then the Lessee shall promptly, but in no event later than three (3) Business Days thereafter, sell or purchase any improperly titled BTF Vehicles (or any such BTF Truck which respect to which the Titling Procedures have not been properly satisfied). If the proceeds of the sale of any such BTF Vehicle are less than the applicable Vehicle Purchase Price for such improperly titled BTF Truck, then the Lessee shall pay to BTF an amount equal to such deficiency; provided that if the Lessee purchases any such BTF Truck, it shall pay to the Lessor the applicable Vehicle Purchase Price therefor.

19. CERTIFICATION OF TRADE OR BUSINESS USE. The Lessee hereby warrants and certifies, under penalties of perjury, that (i) it intends to use the BTF Trucks which are subject to this Agreement in its trade or business and (ii) it has been advised that it will not be treated as the owner of such BTF Trucks for federal tax income purposes.

20. SURVIVAL. In the event that, during the term of this Agreement, the Lessee or the 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 the Lessee or the Guarantor.

21. TITLE. This is an agreement to lease only and title to BTF Trucks will at all times remain in the Lessor's name or in the name of a Nominee. Neither the Lessee nor the Guarantor will have any rights or interest in BTF Trucks whatsoever other than the right of possession and use as provided by this Agreement.

## 22. GUARANTY.

22.1. Guaranty. In order to induce the Lessor to execute and deliver this Agreement and to lease BTF Trucks to the Lessee, and in consideration thereof, the Guarantor hereby (i) unconditionally and irrevocably guarantees to the Lessor the obligations of the Lessee to make any payments required to be made by them under this Agreement, (ii) agrees to cause the Lessee to duly and punctually perform and observe all of the terms, conditions, covenants, agreements and indemnities of the Lessee under this Agreement and (iii) agrees that, if for any reason whatsoever, the Lessee fails to so perform and observe such terms, conditions, covenants, agreements and indemnities, the 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 Guarantor under the guaranty contained in this Section 22 (this "Guaranty.") will be absolute and unconditional under all circumstances. This Guaranty shall be a guaranty of payment and performance and not merely of collection, and the Guarantor hereby agrees that it shall not be required that the Lessor or the Trustee assert or enforce any rights against the Lessee or any other person before or as a condition to the obligations of the Guarantor pursuant to this Guaranty.

22.2. Scope of Guarantor's Liability. The Guarantor's obligations hereunder are independent of the obligations of the Lessee, 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 Guarantor without first proceeding against the Lessee, any other guarantor or any other Person, or any security held by the Lessor, and regardless of whether the Lessee or any other guarantor or any other Person is joined in any such action. The Guarantor's liability hereunder shall at all times remain effective with respect to the full amount due from the Lessee hereunder, notwithstanding any limitations on the liability of the 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 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 the Lessee, any other guarantor or any other Person, or otherwise, all as though such amount had not been paid.

22.3. Lessor's Right to Amend this Agreement, Etc. The Guarantor hereby authorizes the Lessor, at any time and from time to time without notice and without affecting the liability of the 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 the 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 Guaranty in whole or in part.

22.4. Waiver of Certain Rights by Guarantor. The 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 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;

(ii) any act or omission of the Lessor or any other Person that directly or indirectly results in the discharge or release of the Lessee or any other Person or any of the Guaranteed Obligations or any security therefor; or

(iii) any disability or any other defense of the 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 Guaranty, to:

(i) accelerate the Guaranteed Obligations;

(ii) give notice to the Guarantor of the terms, time and place of any public or private sale of any security for the Guaranteed Obligations; or

(iii) proceed against the 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 the 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 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 Guarantor hereunder.

22.5. Guarantor to Pay Lessor's Expenses. The 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 Guaranty, or in the enforcement of this 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 Carrying Cost Interest Rate plus 2.0%.

22.6. Reinstatement. This 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 the 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 the Lessee or the Guarantor or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Lessee or the Guarantor or any substantial part of their respective property, or otherwise, all as though such payment had not been made.

22.7. Pari Passu Indebtedness. The Guarantor (i) represents and warrants that, as of the date hereof, the obligations of the Guarantor under this Guaranty will rank pari passu with any existing unsecured indebtedness of the Guarantor and (ii) covenants and agrees that from and after the date hereof the obligations of the Guarantor under this Guaranty will rank pari passu with any unsecured indebtedness of the Guarantor incurred after the date hereof.

23. RIGHTS OF LESSOR ASSIGNED. Notwithstanding anything to the contrary contained in this Agreement, each of the Lessee and the Guarantor acknowledges that the Lessor has assigned all of its rights under this Agreement to the Trustee pursuant to the Indenture. Accordingly, each of the Lessee and the Guarantor agrees that:

(i) Subject to the terms of the Indenture, the Trustee shall have all the rights, powers, privileges and remedies of the Lessor hereunder and the obligations of the Guarantor and of the Lessee 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 Guarantor or the Lessee may have against the Lessor or, in the case of the Guarantor, the 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 Lessee and the Guarantor agrees that, upon the occurrence of a 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 the Lessee or the Guarantor provided for herein and neither the Lessee nor the 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 the Lessee or the Guarantor stating that a Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default has occurred, the Lessee or the Guarantor, as the case may be, will, if so requested by the Trustee, treat the Trustee or the Trustee's designee for all purposes 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 the Lessee or the Guarantor has received any such notice from the Lessor; provided, however, that the Trustee shall in no event be liable to the Lessee 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 Lessee and the Guarantor acknowledges that pursuant to the Indenture the Lessor has irrevocably authorized and directed the Lessee or the Guarantor to, and the Lessee and the Guarantor shall, make payments of Monthly Base Rent and Supplemental Rent hereunder (and any other payments hereunder) directly to the Trustee for deposit in the Collection Account established by the Trustee for receipt of such payments pursuant to the Indenture and such payments shall discharge the obligation of the Lessee and the Guarantor to the Lessor hereunder to the extent of such payments. Upon written notice to the Lessee or the 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, the Lessee or the Guarantor, as the case may be, shall thereafter make payments of all Monthly Base Rent and Supplemental Rent (and any other payments hereunder) to the party specified in such notice;

(iv) Upon request made by the Trustee at any time, each of the Lessee and the Guarantor shall take such actions as are requested by the Trustee to assist the Trustee in maintaining the Trustee's first priority perfected security interest in this Agreement, the BTF Trucks, the Certificates of Title with respect thereto and any other Collateral; and

(v) In the event that the Indenture terminates and all obligations owing under the Indenture have been paid in full, the Lessor shall have all rights under this Agreement previously assigned to the Trustee.

24. MODIFICATION AND SEVERABILITY. The terms of this Agreement will not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever unless the same shall be in writing and signed and delivered by the Lessor, the Guarantor and the Lessee and consented to in writing by the Trustee and by the Required Noteholders of each Series of Notes Outstanding. If any part of this Agreement is not valid or enforceable according to law, all other parts will remain enforceable.

25. CERTAIN REPRESENTATIONS AND WARRANTIES. The Lessee represents and warrants to the Lessor and the Trustee as to itself, and the Guarantor represents and warrants to the Lessor and the Trustee as to itself and as to the Lessee, that as of the date hereof and as of each Series Closing Date:

25.1. Organization; Ownership; Power; Qualification. Each of the Guarantor and the Lessee 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.

25.2. Authorization; Enforceability. Each of the Guarantor and the Lessee 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 Guarantor and the Lessee and is, and each of the other Related Documents to which the Guarantor or the Lessee is a party is, a legal, valid and binding obligation of the Guarantor and the Lessee, enforceable in accordance with its terms.

25.3. Compliance. The execution, delivery and performance, in accordance with their respective terms, by the Guarantor and the Lessee 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 Guarantor or the 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 Guarantor or the Lessee, (iv) conflict with, result in a breach of, or constitute a default under any indenture, agreement, or other instrument to which the Guarantor or the Lessee is a party or by which its properties may be bound 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 Lessee.

25.4. 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 Trustee or any Noteholder for the purposes of or in connection with this Agreement or the Related Documents have been and, except as noted therein, will be prepared in accordance with GAAP 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, the Noteholders and the Trustee on or prior to the date hereof or such Closing Date:

(i) the audited consolidated financial statements consisting of a statement of financial position of the Guarantor and its consolidated subsidiaries as of December 31, 2005, and the related statements of operations, stockholder's equity and cash flows of the Guarantor and its consolidated subsidiaries for the year ended December 31, 2005; and

(ii) the unaudited consolidated financial statements consisting of a statement of financial position of the Guarantor and its consolidated subsidiaries as of March 31,

2006, and the related statements of operations, stockholder's equity and cash flows of the Guarantor and its consolidated subsidiaries for the three months ended March 31, 2006;

25.5. Litigation. Except as set forth in Schedule 25.5 hereto and except for claims as to which an insurer has admitted coverage in writing and which are fully covered by insurance provided by a Person who is not an Affiliate of BTR and for which adequate reserves have been set aside in accordance with GAAP, no claims, litigation (including, without limitation, derivative actions), arbitration, governmental investigation or proceeding or inquiry is pending or, to the best of the Guarantor's or the Lessee's knowledge, threatened against the Guarantor or the Lessee which would, if adversely determined, have a Material Adverse Effect.

25.6. Liens. The BTF Trucks and other Collateral are free and clear of all Liens other than (i) Permitted Liens and (ii) Liens in favor of the Trustee. The Trustee has obtained, and shall continue to obtain, for the benefit of the Secured Parties pursuant to the Indenture, a first priority perfected Lien on all BTF Trucks leased hereunder. All Vehicle Perfection and Documentation Requirements with respect to all BTF Trucks on or after the date hereof have and shall continue to be satisfied.

25.7. Employee Benefit Plans. (a) During the 12 consecutive month period prior to the date hereof and of each Series Closing Date: (i) no steps have been taken by the Guarantor, the Lessee or any member of the Controlled Group, or to the knowledge of the 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 Guarantor, the 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 Guarantor or the Lessee or any member of the Controlled Group of liabilities, fines or penalties in an amount that could have a Material Adverse Effect, and (c) neither Guarantor nor the Lessee has any material contingent liability with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in Subtitle B of Part 6 of Title 1 of ERISA and liability which would have a Material Adverse Effect.

25.8. Investment Company Act. Neither the Guarantor nor the 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 Guarantor nor the 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 or performance by the Guarantor or the Lessee of this Agreement violates any provision of such Act.

25.9. Regulations T, U and X. Neither the Guarantor nor the 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 Guarantor, the Lessee, 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 Notes, the making or existence of the Notes or the use of proceeds of the Notes to violate Regulation T, U, or X of the Board of Governors of the Federal Reserve System.

25.10. Jurisdiction of Organization; Principal Places of Business Locations. Schedule 25.10 lists each of the locations where each of the Lessee and the Guarantor is organized, the Lessee's and the Guarantor's legal names and each name under or by which the Lessee and the Guarantor conducts its business. Except as set forth on Schedule 25.10 neither the Lessee nor the Guarantor has maintained a principal place of business or a chief executive office other than in , respectively, Parsippany, New Jersey and Denver, Colorado during the four years preceding the date of this Agreement.

25.11. Taxes. Each of the Guarantor and the Lessee 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 Guarantor's or the Lessee's knowledge, there is no unresolved claim by a taxing authority concerning the Guarantor's or the 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.

25.12. Governmental Authorization. Each of the Guarantor and the Lessee 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.

25.13. Compliance with Laws. Each of the Guarantor and the Lessee: (i) is not in violation of any Requirement of Law, 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 Authority (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.

25.14. Eligible Trucks. Each BTF Truck is or will be, as the case may be, on the BTF Lease Commencement Date with respect to such BTF Truck, an Eligible Truck.

25.15. Supplemental Documents True and Correct. All information contained in any other Supplemental Document which has been submitted, or which may hereafter be submitted by the Lessee to the Lessor is, or will be, true, correct and complete.

25.16. Absence of Default. Each of the Guarantor and the Lessee 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 Lease Event of Default or a Potential Lease Event of Default or (ii) a default or event of default by the Guarantor or the Lessee under any indenture, agreement or other instrument, or any judgment, decree or final order to which the Guarantor or the Lessee is a party or by which the Guarantor or the Lessee or any of their properties may be bound or affected. Neither the Guarantor nor BRAC is liable in respect of any Indebtedness other than, in the case of the Guarantor, any Indebtedness incurred by the Guarantor hereunder the Indenture.

25.17. Title to Assets. Each of the Guarantor and the Lessee 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. None of such properties or assets is subject to any Liens, except, in the case of the Lessee, for Permitted Encumbrances. Except, in the case of the Lessee, 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 Guarantor or the Lessee as debtor or which covers or purports to cover any of the assets of the Guarantor or the Lessee is on file in any state or other jurisdiction, and neither the Guarantor nor the 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, in the case of the Lessee, with respect to Permitted Encumbrances and except, in the case of the Lessee, to the extent no Material Adverse Effect could result.

25.18. Burdensome Provisions. Neither the Guarantor nor the Lessee is a party to or bound by any Contractual Obligation that could have a Material Adverse Effect.

25.19. No Adverse Change. Since March 31, 2006, (x) no material adverse change in the business, assets, liabilities, financial condition, results of operations or business prospects of the Guarantor or the 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.

25.20. No Adverse Fact. No fact or circumstance is known to the Guarantor or the Lessee, as of the date hereof or as of such 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 Guarantor or the Lessee can foresee) a Material Adverse Effect.

25.21. Accuracy of Information. All data, certificates, reports, statements, Opinions of Counsel, documents and other information furnished to the Lessor, any Noteholder or the Trustee by or on behalf of the Guarantor or the 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, such Noteholder 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, such Noteholder or the Trustee, as the case may be, shall constitute a representation and warranty by the Guarantor and the Lessee made on the date the same are furnished to the Lessor, such Noteholder or the Trustee, as the case may be, to the effect specified in clauses (i), (ii) and (iii).

25.22. Solvency. Both before and after giving effect to the transactions contemplated by this Agreement and the other Related Documents, each of the Guarantor and the Lessee is solvent within the meaning of the Bankruptcy Code and each of the Guarantor and the Lessee is not 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 Guarantor or the Lessee.

26. CERTAIN AFFIRMATIVE COVENANTS. Until the expiration or termination of this Agreement, and thereafter until the obligations of the Lessee and the Guarantor under this Agreement and the Related Documents are satisfied in full, the Lessee covenants and agrees as to itself, and the Guarantor covenants and agrees as to itself and as to the Lessee that, unless at any time the Lessor and the Trustee shall otherwise expressly consent in writing, it will (and, in the case of the Guarantor, will cause the Lessee to):

26.1. 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 Guarantor and the Lessee (it being understood that, subject to Section 27.1, the Lessee shall remain a direct or indirect Wholly-Owned Subsidiary of the Guarantor); (ii) be, and ensure that the 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.

26.2. Books, Records and Inspections. (i) Maintain complete and accurate books and records with respect to the BTF Trucks leased under this Agreement and (ii) permit any Person designated by the Lessor or the Trustee in writing to visit and/or inspect any of the properties, corporate books and financial records of the Guarantor and its Subsidiaries and to discuss its affairs, finances and accounts with officers of the Guarantor and its Subsidiaries, agents of the Guarantor and with the Guarantor's independent public accountants, all at such reasonable times and as often as the Lessor or the Trustee may reasonably request.

26.3. Insurance. Obtain and maintain with respect to all BTF Trucks 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 Lessee at any time hereafter, whichever is greater, with respect to all trucks and vans comprising the Lessee's truck rental fleet. The Lessor acknowledges and agrees that the 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 the Requisite Investors, 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 Lessor and the Trustee as additional insured parties, in the case of catastrophic physical damage insurance on such BTF Trucks, shall name the Trustee as loss payee as its interest may appear and will provide that the Lessor and the Trustee shall receive at least ten days' prior written notice of cancellation of such policies. The Lessee will notify promptly the Lessor and the Trustee of any curtailment or cancellation of the Lessee's right to self-insure in any jurisdiction.

26.4. Reporting Requirements. Furnish, or cause to be furnished to the Lessor and the Trustee:

(i) Annual Report. As soon as available and in any event within 100 days after the end of each fiscal year thereafter, beginning with the fiscal year end of December 31, 2006, (A) the audited consolidated balance sheet of ABCR and its consolidated subsidiaries as at the end of, and the related consolidated statements of income, shareholders' equity and cash flows for such year, and the corresponding figures as at the end of, and for, the preceding fiscal year, accompanied by an opinion of Deloitte & Touche LLP or such other independent certified public accountants of recognized standing as shall be retained by ABCR, which report and opinion shall be prepared in accordance with generally accepted auditing standards relating to reporting (the "ABCR Financial Statements"), including, Supplemental Combined Statement of Income Information and Supplemental Combined Balance Sheet Information as at the end of, and for, such fiscal year together with an opinion of Deloitte & Touche LLP stating that while such supplemental information is unaudited, such information has been subjected to the auditing procedures applied in its audit of the ABCR Financial Statements and, in their opinion, are fairly stated in all material respects when considered in relation to ABCR's basic financial statements taken as a whole, and (B) unaudited combined financial statements consisting of a statement of financial position of BTR and its subsidiaries as of the end of such fiscal year and a statement of operations, stockholders' equity and cash flows of BTR and its subsidiaries for such fiscal year, certified by a senior financial officer of BTR as having been prepared in accordance with GAAP (except as otherwise noted therein).

(ii) Quarterly Statements. As soon as available and in any event within 55 days after the end of each of the first three quarters of each fiscal year, beginning with the end of the first quarter March 31, 2007, of the Guarantor, unaudited financial statements consisting of a combined statement of financial position of the Guarantor and its Subsidiaries as of the end of such quarter and a statement of operations, stockholders'

equity and cash flows of the Guarantor and its Subsidiaries for each such quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding fiscal year beginning with the quarterly statements for the first quarter ending March 31, 2008, all in reasonable detail and certified (subject to year-end adjustments) by a senior financial officer of the Guarantor as having been prepared in accordance with GAAP (except as otherwise noted therein);

(iii) Amortization Events and Lease Events of Default. As soon as possible but in any event within two Business Days after the occurrence of any Amortization Event, Potential Amortization Event, Lease Event of Default or Potential Lease Event of Default, a written statement of an Authorized Officer describing such event and the action that the Guarantor or the Lessee, as the case may be, proposes to take with respect thereto;

(iv) Reports. Promptly, from time to time, such information with respect to the Lessee, the Guarantor, BTF or the BTF Trucks leased hereunder as the Lessor may require to satisfy its reporting obligations pursuant to Section 4.1 of the Base Indenture; and

(v) Other. Promptly, from time to time, such other information, documents, or reports respecting the BTF Trucks leased hereunder or the condition or operations, financial or otherwise, of the Guarantor, the Lessee or the Administrator as the Lessor or the Trustee may from time to time reasonably request in order to protect the interests of the Lessor or the Trustee under or as contemplated by this Agreement or any other Related Document.

26.5. 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 Lessee, the 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 the Lessee nor the 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 the Lessee or the 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 Guarantor or the Lessee to settle any such contest).

26.6. Business. The Lessee will engage only in businesses in substantially the same or related fields as the businesses conducted on the date hereof and such other lines of business, which, in the aggregate, do not constitute a material part of the operations of the Lessee.

26.7. Maintenance of Separate Existence. Each of the Guarantor and the Lessee acknowledges its receipt of a copy of that certain opinion letter issued by White & Case LLP dated the Initial Closing Date and addressing the issue of substantive consolidation as it may relate to the Guarantor, the Lessee and the Lessor. The Guarantor and the Lessee hereby agree 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.

26.8. Maintenance of the BTF Trucks. Maintain and cause to be maintained in good repair, working order and condition all of the BTF Trucks leased in accordance with its ordinary business practices with respect to all other vehicles owned or leased 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 or the interests of the Secured Parties under the Indenture. From time to time the Guarantor and the Lessee will make or cause to be made all appropriate repairs, renewals and replacements with respect to the BTF Trucks. The Lessee shall 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 of the other Related Documents, and except to the extent no Material Adverse Effect could result. The Guarantor shall maintain, and shall cause BRAC and BTR to maintain, good, legal and marketable title to, or a valid leasehold interest, in all of their respective assets, free and clear of all Liens except Permitted Liens.

26.9. 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.

26.10. 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.

26.11. Disposal of BTF Trucks. Dispose of the BTF Trucks leased by the Lessee in accordance with Section 2.6(a) (unless the Lessee purchases such BTF Truck in accordance with the terms of Section 2.5).

26.12. Nominee Agreement. In the case of the Lessee only, if applicable, the Lessee shall acknowledge and consent to the terms of any Nominee Agreement.

27. CERTAIN NEGATIVE COVENANTS. Until the expiration or termination of this Agreement and thereafter until the obligations of the Lessee and the Guarantor under this Agreement and the Related Documents are satisfied in full, the Lessee covenants and agrees as to itself, and the Guarantor covenants and agrees as to itself and as to the 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 Guarantor, will not permit the Lessee to):

27.1. Mergers, Consolidations. Merge or consolidate with any Person, except that, if after giving effect thereto, no Potential Lease Event of Default or Lease Event of Default would exist, this Section 27.1 shall not apply to (i) any merger or consolidation, provided that the Guarantor or the Lessee, as applicable, is the surviving corporation and if the Lessee is the

surviving corporation, it is a direct or indirect Wholly-Owned Subsidiary of the Guarantor after such merger or consolidation and (ii) any merger or consolidation of the Lessee with or into another Subsidiary of the Guarantor, provided that the surviving entity executes an agreement of assumption to perform every obligation of the Lessee under this Agreement and such surviving entity is a direct or indirect Wholly-Owned Subsidiary of the Guarantor.

27.2. 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.

27.3. Liens. Create or permit to exist any Lien with respect to any BTF Truck, except for Permitted Liens.

27.4. Use of BTF Trucks. Use or allow the BTF Trucks to be used (i) for any illegal purposes or (ii) in any manner that would subject the BTF Trucks to confiscation.

28. ADMINISTRATOR ACTING AS AGENT OF THE LESSOR. The parties to this Agreement acknowledge and agree that BTR 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 Distribution Date (i) the Monthly Administration Fee payable 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 BTF Trucks returned to the Lessor in accordance with Section 2.6(b) 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 BTF Truck over the Termination Value thereof.

29. NO PETITION. Each of the Guarantor, the Lessee 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 or BTF 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 the Guarantor, the Lessee or the Administrator takes action in violation of this Section 29, 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 Guarantor, the Lessee or the Administrator against the Lessor or BTF or the commencement of such action and raise the defense that the Guarantor, the Lessee 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 29 shall survive the termination of this Agreement.

30. 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, the

Guarantor and the Lessee hereby irrevocably submits to the jurisdiction of such courts. The Guarantor and the Lessee further irrevocably consents to the service of process out of said courts by mailing a copy thereof, by registered mail, postage prepaid, to the Guarantor or the Lessee, 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 and the Lessor to serve process in any other manner permitted by law or preclude the Lessor or the Trustee from bringing an action or proceeding in respect hereof in any other country, state or place having jurisdiction over such action. The Guarantor and the Lessee 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.

31. GOVERNING LAW. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT FOR SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). 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 the Guarantor and the Lessee and all rights of the Lessor 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.

32. 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.

33. 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 a copy of all notices, requests and other communications that are sent by the Lessee or the Guarantor to each other that pertain to this Agreement shall be sent to the Lessor and the Trustee.

Copies of notices, requests and other communications delivered to the Trustee and/or the Lessor pursuant to the foregoing sentence shall be sent to the following addresses:

**TRUSTEE:** The Bank of New York Trust Company, N.A.  
2 N. LaSalle Street, Suite 1020  
Chicago, IL 60602  
Attention: Corporate Trust/Structured Finance  
Telephone: (312) 827-8569  
Fax: (312) 827-8562

**LESSOR:** Budget Truck Funding, LLC  
6 Sylvan Way  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-7312  
Fax: (973) 496-5852

with a copy to the Administrator: Budget Truck Rental, LLC  
1 Campus Drive  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-5285  
Fax: (973) 496-5852

Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given three (3) days after the date that such notice is mailed, (iii) delivered by telex or telecopier shall be deemed given on the date of delivery of such notice, and (iv) delivered by overnight air courier shall be deemed delivered one Business Day after the date that such notice is delivered to such overnight courier. Copies of all notices must be sent by first class mail promptly after transmission by facsimile.

34. **LIABILITY.** The Lessee shall be held jointly and severally liable for all of the obligations of the Guarantor hereunder. The Guarantor shall be held jointly and severally liable for all the obligations of the Lessee hereunder.

35. **HEADINGS.** Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

36. **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.

37. **EFFECTIVE DATE.** This Agreement shall become effective on the date hereof.

38. **NO RECOURSE.** The obligations of the Lessor under this Agreement are solely the corporate obligations of the Lessor. 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, director or incorporator of the Lessor.

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:

BUDGET TRUCK FUNDING, LLC

By: /s/: Alex Georiganna

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Address:

6 Sylvan Way  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-7312  
Fax: (973) 496-5852

LESSEE:

BUDGET TRUCK RENTAL, LLC

By: /s/: Alex Georiganna

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Address:

1 Campus Drive  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-5285  
Fax: (973) 496-5852

ADMINISTRATOR:

BUDGET TRUCK RENTAL, LLC

By: /s/: Alex Georiganna

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Address:

1560 Broadway, Suite 1700  
Denver, Colorado 80202  
Attention: Treasurer  
Telephone:  
Fax:

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GUARANTOR:

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Elizabeth R. Cohen

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Address:

One Campus Drive  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-7312  
Fax: (973) 496-5852

COUNTERPART NO. \_\_\_\_ OF TEN (10) SERIALY 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.

## ADMINISTRATION AGREEMENT

This ADMINISTRATION AGREEMENT, dated as of May 11, 2006 (this "Agreement"), is by and among BUDGET TRUCK FUNDING, LLC, a Delaware limited liability corporation ("BTF"), BUDGET TRUCK RENTAL, LLC, a Delaware limited liability corporation, as administrator (the "Administrator"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, not in its individual capacity but solely as Trustee (the "Trustee") under the Base Indenture (as defined herein).

WHEREAS, BTF has entered into the Related Documents to which it is a party in connection with the issuance of certain notes (the "Notes") under the Base Indenture (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the "Base Indenture") and the applicable Series Supplements thereto (each a "Series Supplement", and the Base Indenture, together with all Series Supplements thereto, the "Indenture");

WHEREAS, pursuant to the Related Documents, BTF is required to perform certain duties in connection with the Notes and the collateral pledged therefor pursuant to the Indenture (the "Collateral");

WHEREAS, BTF desires to have the Administrator perform certain of its respective duties under the Related Documents and to provide such additional services consistent with the terms of this Agreement and the Related Documents as BTF may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services required hereby and is willing to perform such services for BTF on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions and Usage. Unless otherwise specified herein, capitalized terms used herein (including the preamble and recitals hereto) shall have the meaning assigned to such terms in the Definitions List attached as Annex I to the Base Indenture, dated as of May 11, 2006 (the "Base Indenture"), between BTF and the Trustee.

2. Duties of the Administrator. (a) Certain Duties with Respect to the Indenture. The Administrator agrees to perform the following duties on behalf of BTR under the Indenture:

(A) the preparation and delivery to the Trustee of written instructions with respect to the investment of funds on deposit in any account specified in a Series Supplement and the liquidation of such investments as required or permitted pursuant to the provisions of such Series Supplement;

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- (B) the preparation and delivery to the Trustee of the Daily Report required to be prepared pursuant to Section 4.1(a) of the Base Indenture;
- (C) the delivery to the Trustee of copies of all reports, certificates, information or other materials delivered to BTF under the BTF Lease pursuant to Section 4.1(b) of the Base Indenture;
- (D) the preparation and delivery to the Trustee and the Paying Agent of the Monthly Certificate required to be delivered pursuant to Section 4.1(c) of the Base Indenture;
- (E) the preparation and delivery to the Trustee of the Monthly Noteholders' Statement with respect to each Series of Notes required to be delivered pursuant to Section 4.1(d) of the Base Indenture;
- (F) the preparation and delivery to the Trustee of the Officer's Certificate pursuant to Section 4.1(e) of the Base Indenture;
- (G) the preparation and delivery to the Trustee of the Officer's Certificate pursuant to Section 4.1(f) of the Base Indenture;
- (H) the preparation and delivery of any additional information regarding the financial position, results of operations or business of the Lessee, the Guarantor, the Administrator, or BTF as the Trustee may reasonably request to the extent that such information is available to BTF pursuant to Section 4.1(g) of the Base Indenture and the Related Documents;
- (I) the preparation and delivery to the Trustee and the Paying Agent of written instructions to make withdrawals from and payments to the Collection Account and any other accounts specified in a Series Supplement and to make drawings under any Enhancement pursuant to Section 4.1(h) of the Base Indenture and the provisions of any Series Supplement;
- (J) the preparation of the Annual Noteholders' Tax Statement pursuant to Section 4.2(b) of the Base Indenture;
- (K) the delivery to any Noteholder and to any prospective purchaser of Notes of the information required by Rule 144A(d)(4) of the Securities Act pursuant to Section 4.3 of the Base Indenture;
- (L) the preparation and delivery to the Trustee of written instructions with respect to the investment of amounts in the Collection Account in accordance with the Collection Account Control Agreement pursuant to Sections 5.1(b) of the Base Indenture;
- (M) the preparation and delivery to the Trustee of written instructions to establish and maintain appropriate Series Accounts and/or administrative sub-accounts of the Collection Account pursuant to Section 5.1(d) of the Base Indenture;

(N) the preparation and delivery to the Trustee of the notice of defaults and the accompanying Officer's Certificate pursuant to Section 8.9 of the Base Indenture;

(O) the preparation and delivery to the Trustee of the notice of material proceedings pursuant to Section 8.10 of the Base Indenture;

(P) the preparation and delivery to the Trustee of other information as the Trustee may reasonably request pursuant to Section 8.11 of the Base Indenture;

(Q) the preparation and filing of all supplements, amendments, financing statements, continuation statements, if any, instruments of further assurance and other instruments necessary to protect the Collateral pursuant to Section 8.12(a) of the Base Indenture;

(R) the delivery to the Trustee of the Opinions of Counsel pursuant to Section 8.12(d) of the Base Indenture;

(S) the making of any required filings and the delivery to the Trustee of the Officer's Certificate, Opinion of Counsel and copies of such filings, in connection with a change of location or legal name pursuant to Section 8.20 of the Base Indenture;

(T) the arrangement for the prompt sale of each BTF Truck returned to BTF pursuant to Section 8.26 of the Base Indenture;

(U) the arrangement for the acquisition of additional Trucks by TFFC pursuant to 8.27 of the Base Indenture;

(V) the obtaining and maintenance of insurance coverage for the TFFC Trucks and the delivery of the written notice to the Trustee for any change or cancellation of such insurance coverage pursuant to Section 8.28 of the Base Indenture;

(W) the delivery to the Trustee of the written certification prepared by an independent certified public accountant, the Officer's Certificates and Opinions of Counsel, if so required, relating to termination of the Indenture pursuant to Section 11.1(b) of the Base Indenture;

(X) the delivery of the Opinion of Counsel, Officer's Certificate and any documentation required in connection with the amendments, modifications or waivers of the Indenture or any Series Supplement pursuant to Section 12.1 of the Base Indenture;

(Y) the delivery of the Officer's Certificate and/or the Opinion of Counsel to the extent required pursuant to Section 12.5 of the Base Indenture; and

(Z) the preparation and delivery of the Officer's Certificate pursuant to Section 13.3 of the Base Indenture.

(b) Administrator to Act as Custodian of Certificates of Title. (i) To assure uniform quality in servicing of the Collateral and to reduce administrative costs, the

Administrator hereby accepts the duty to act as the agent of the Trustee as custodian of the Certificates of Title. The Trustee may revoke such agency at any time, and upon such revocation the Administrator shall promptly deliver all Certificates of Title to the Trustee.

(ii) Following the Initial Closing Date, the Administrator shall deliver to the Trustee, the "Administrative Agent" under and as defined in each applicable Series Supplement (each, an "Administrative Agent") and each Enhancement Provider, if any, a copy of its written procedures and standards for handling and monitoring vehicle titles, including procedures upon the acquisition and disposition of vehicles. The Administrator shall comply with such procedures and standards in performing its duties hereunder as custodian of the Certificates of Title. The Administrator, in its capacity as custodian, shall hold the Certificates of Title on behalf of the Trustee for the use and benefit of all present and future Secured Parties with an interest therein, and maintain such accurate and complete records (either original execution documents or copies of such originally executed documents shall be sufficient for such purposes), and computer systems pertaining to each Certificate of Title as shall enable the Trustee to comply with this Agreement and the other Related Documents. The Administrator shall promptly report to the Trustee any material failure on its part to hold the Certificates of Title and maintain its records, and computer systems as herein provided and promptly take appropriate action to remedy any such failure. The Administrator hereby consents to the inspection of the Certificates of Title from time to time by the Trustee or any authorized representative of the Trustee and to the provisions relating to the Administrator set forth in Section 7 of the BTF Lease. Nothing herein shall be deemed to require an initial review or any periodic review by the Trustee of the Certificates of Title. The Trustee shall not be liable for the acts of the Administrator.

(iii) The Administrator shall notify the Trustee and each Enhancement Provider, if any, of the initial location of the Certificates of Title and the related records and computer systems maintained by the Administrator and shall notify the Trustee and each Enhancement Provider, if any, prior to any change in location of the Certificates of Title and such related records and computer systems.

(iv) Upon instruction from the Trustee, the Administrator shall release any Certificate of Title to the Trustee, at such place or places as the Trustee may reasonably designate as soon as reasonably practicable; provided, however, that upon the occurrence of an Amortization Event, a Liquidation Event of Default, or a Limited Liquidation Event of Default and at the request of the Trustee, the Administrator shall promptly deliver all Certificates of Title to the Trustee. In connection with any such instruction of the Trustee, the Administrator may, in lieu of delivering any original Certificates of Title, deliver copies thereof stored on microfiche, computer disk or on such other image storage or electronic media as the Administrator shall maintain in accordance with its customary practices and which is in a format acceptable to the Trustee; provided, however, that the Administrator shall deliver to the Trustee the original Certificates of Title if the Trustee so instructs the Administrator. The Administrator shall not be responsible for any loss occasioned by the failure of the Trustee, its agent or its designee to return any Certificate of Title or any delay in doing so. All instructions from the Trustee shall be in writing and signed by a Trust Officer, and the Administrator shall be deemed to have received proper instructions with respect to the Certificates of Title upon its receipt of such written instruction. A certified copy of a by-law or of a resolution of the Board of Directors of the

Trustee shall constitute conclusive evidence of the authority of any such Trust Officer to act and shall be considered in full force and effect until receipt by the Administrator of written notice to the contrary given by the Trustee.

(i) The Trustee hereby grants to the Administrator a power of attorney, with full power of substitution to take any and all actions, solely for the following limited purposes, in the name of the Trustee, (x) to note the Trustee as the holder of a first Lien on the Certificates of Title and/or otherwise ensure that the first Lien shown on any and all Certificates of Title is in the name of the Trustee and (y) to release the Lien in the name of the Trustee or the Nominee Lienholder on any Certificate of Title in connection with the sale or disposition of the related BTF Truck permitted pursuant to the provisions of the Related Documents. Nothing in this Agreement shall be construed as authorization from the Trustee to the Administrator to release any Lien on the Certificates of Title except upon compliance with the Related Documents. The Trustee shall have the right to terminate such power of attorney (including the related power granted pursuant to the following sentence) at any time by giving written notice to such effect to the Administrator. To further evidence such power of attorney, the Trustee agrees that upon request of the Administrator from time to time it will execute a separate power of attorney substantially in the form of Exhibit A hereto.

(c) Certain Duties with Respect to the BTF Lease. The Administrator agrees to perform its duties under the BTF Lease, including, but not limited to the following:

(A) to promptly and duly execute, deliver, file and record all documents, statements, filings and registrations, and take such further actions as may be requested to establish, perfect and maintain the related Lessor's title to and interest in, and the Trustee's perfected first Lien in the name of the Trustee or the Nominee Lienholder on, the BTF Trucks and the Certificates of Title therefor pursuant to Section 7 of the BTF Lease,;

(B) to determine the Truck Special Damage Payments applicable to BTF Trucks at the time of their sale, return or other disposition in accordance with the Related Documents pursuant to Section 13.2 of the BTF Lease;

(C) to indicate on its computer records that the Trustee is the holder of a Lien on each BTF Truck leased under such Lease pursuant to Section 26.8 of the BTF Lease;

(D) to arrange for the prompt sale of a BTF Truck and upon the sale of a BTF Truck, to request the Trustee to cause the Nominee Lienholder to remove notation of its Lien from the Certificate of Title therefor pursuant to Section 2.6(a) of the BTF Lease;

(E) upon payment by the Lessee to the Lessor of the Termination Value of any BTF Truck that has become a Casualty or an Ineligible Truck, to (i) cause title to such BTF Truck to be transferred to the Lessee to facilitate liquidation of such BTF Truck by the Lessee and (ii) request the Trustee to cause the Nominee Lienholder to remove notation of its Lien from the Certificate of Title for such BTF Truck pursuant to Section 6.2 of the BTF Lease;

(F) to make requests for, and to provide a statement documenting any request for, reimbursement or prepayment for costs identified therein pursuant to Section 16.2 of the BTF Lease;

(G) to notify the Lessee of any claim made against it for which the Lessee or the Lessor may be liable and, upon request by the Lessee, to contest or allow the Lessee to contest such claim pursuant to Section 16.3 of the BTF Lease; and

(H) upon a Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default, to pursue and enforce the rights of BTF thereunder pursuant to Section 18.3 of the BTF Lease.

3. Additional Duties; Additional Information. Subject to Section 9 of this Agreement, and in accordance with the directions of any party hereto, the Administrator shall administer, perform or supervise the performance of such other activities in connection with the Collateral and the Related Documents as are not covered by any of the foregoing provisions and as are expressly requested by such party and are reasonably within the capability of the Administrator. The Administrator shall furnish to any party hereto from time to time such additional information regarding the Collateral as such party shall reasonably request.

4. Records. The Administrator shall maintain appropriate books of account and records relating to services performed hereunder, which books of account and records shall be accessible for inspection by any party hereto at any time during normal business hours.

5. Compensation. As compensation for the performance of the Administrator's obligations under this Agreement and, as reimbursement for its expenses related thereto, the Administrator shall be entitled to a fee in the amount of one-twelfth of the product of 0.50% and the Net Book Value of all BTF Trucks as of the first day of the applicable Related Month (the "Monthly Administration Fee"); provided, however, that if an Amortization Event with respect to any Series of Notes shall have occurred and be continuing, the Monthly Administration Fee will equal the greater of (A) the amount of the Monthly Administration Fee calculated pursuant to the preceding clause, and (B) the product of (x) \$20.00 and (y) the number of BTF Trucks as of the first day of the applicable Related Month. The Monthly Administration Fee shall be payable by BTF on each Distribution Date. In addition, the Administrator shall also be entitled to the reasonable costs and expenses of the Administrator incurred by it as a result of arranging for the sale of any BTF Truck returned by the Lessee thereof to the applicable Lessor and sold to third parties; provided, however, that such costs and expenses shall be payable to the Administrator by such Lessor only to the extent of any excess of the sale price received by such Lessor for any such BTF Truck over the Termination Value thereof.

6. Use of Subcontractors. The Administrator may contract with other Persons to assist it in performing its duties under this Agreement, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Administrator shall be deemed to be action taken by the Administrator. Any such contract shall not relieve the Administrator of its liability and responsibility with respect to the duties to which such contract relates.

7. Transactions with Affiliates. In carrying out the foregoing duties or any of its other obligations under this Agreement, the Administrator may enter into transactions or otherwise deal with any of its Affiliates; provided, however, that the terms of any such transactions or dealings shall be in accordance with any directions received from BTF and the Trustee and shall be, in the Administrator's opinion, no less favorable to the parties hereto than would be available from unaffiliated parties.

8. Indemnification. The Administrator shall indemnify and hold harmless BTF, the Trustee, the Noteholders and their respective directors, officers, agents and employees (collectively, the "Indemnified Parties") from and against any loss, liability, expense, damage or injury (a "Loss") suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of the activities of the Administrator pursuant to this Agreement and the other Related Documents, 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, that the Administrator shall not indemnify any Indemnified Party if such acts, omissions or alleged acts or omissions constitute bad faith, negligence or willful misconduct by such Indemnified Party. The indemnity provided herein shall survive the termination of this Agreement and the removal of the Administrator. In furtherance and not in limitation of the foregoing, the Administrator shall indemnify and hold harmless each of the Indemnified Parties from and against any Losses arising out of or relating to:

- (i) any failure by the Administrator to perform its duties, covenants and obligations in accordance with the other provisions of this Agreement or any other Related Document to which it is a party;
- (ii) the failure by the Administrator to comply with any applicable law, rule or regulation with respect to its activities as Administrator hereunder; or
- (iii) any representation or warranty made by the Administrator under or in connection with any Related Document or any report, certificate, information or other material provided by the Administrator to the Trustee or the Noteholders (including, without limitation, any Daily Report, Monthly Certificate or Monthly Noteholders' Statement) (collectively, the "Administrator Information"), which shall have been false, incorrect or misleading in any material respect when made or deemed made.

9. Independence of the Administrator. Unless otherwise provided in the Related Documents, the Administrator shall be an independent contractor and shall not be subject to the supervision of BTF or the Trustee with respect to the manner in which it accomplishes the performance of its obligations hereunder. Other than pursuant to Section 2(b) hereof, unless expressly authorized by the Trustee, the Administrator shall have no authority to act for or represent the Trustee in any way and shall not otherwise be deemed an agent of the Trustee.

10. No Joint Venture. Nothing contained in this Agreement shall (i) constitute the Administrator and any of BTF and the Trustee (or any other Person) as members of any partnership, joint venture, association, syndicate, unincorporated business or other separate



entity, (ii) be construed to impose any liability as such on any of them or (iii) be deemed to confer on any of them any express, implied or apparent authority to incur any obligation or liability on behalf of the others.

11. **Other Activities of Administrator.** (a) Nothing herein shall prevent the Administrator or its Affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an administrator for any other person or entity even though such person or entity may engage in business activities similar to those of the parties hereto.

12. **Term of Agreement; No Resignation; Removal.** (a) This Agreement shall continue in force until the termination of the Indenture, the BTF Lease, and the Collection Account Control Agreement in accordance with their respective terms and the payment in full of all obligations owing thereunder, upon which event this Agreement shall automatically terminate. In the event that the Indenture terminates and all obligations owing thereunder have been paid in full, BTF shall have all rights of the Trustee under this Agreement.

(b) The Administrator shall not resign from the obligations and duties imposed hereunder.

(c) Subject to Sections 12(d) and 12(e) of this Agreement, the Trustee may, and at the written direction of the Requisite Investors shall, remove the Administrator upon written notice of termination from the Trustee to the Administrator if any of the following events (each, an “Administrator Default”) shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Agreement or any Related Document and, after notice of such default, shall not cure such default within ten (10) days of the earlier of receiving notice of or learning of such default (or, if such default cannot be cured in such time, shall not give within ten (10) days such assurance of cure as shall be reasonably satisfactory to BTF and the Trustee);

(ii) an Event of Bankruptcy occurs with respect to the Administrator;

(iii) any representation or warranty made by the Administrator under or in connection with any Related Document or any Administrator Information shall have been false, incorrect or misleading in any material respect when made or deemed made, and such representation or warranty shall continue to be incorrect ten (10) days after the earlier of the Administrator’s receiving notice or learning of such default; or

(iv) the Administrator shall fail to comply with any applicable law, rule or regulation, which failure would have a Material Adverse Effect.

The Administrator agrees that if any Administrator Default shall occur, it shall give written notice thereof to each other party hereto promptly after the happening of such event, but in no event longer than seven (7) days thereafter.

(d) No removal of the Administrator pursuant to this Section 12 shall be effective until (i) a successor Administrator acceptable to each Administrative Agent and each

Enhancement Provider, if any, shall have been appointed by BTF and the Trustee and (ii) such successor Administrator shall have agreed in writing to be bound by the terms of this Agreement in the same manner as the Administrator is bound hereunder. BTF shall provide written notice of any such removal to the Trustee and each Enhancement Provider, if any.

(e) The appointment of any successor Administrator shall be effective only upon the consent of the Required Noteholders of each Series of Notes Outstanding.

13. Action upon Termination or Removal. Promptly upon the effective date of termination of this Agreement pursuant to Section 13(a) or the removal of the Administrator pursuant to Section 13(c), the Administrator shall be entitled to be paid all fees and reimbursable expenses accruing to it to the date of such termination or removal. The Administrator shall forthwith upon such termination pursuant to Section 13(a) deliver to BTF all property and documents of or relating to the Collateral then in the custody of the Administrator. In the event of the removal of the Administrator pursuant to Section 13(c), the Administrator shall cooperate with BTF and the Trustee and take all reasonable steps requested to assist BTF and the Trustee in making an orderly transfer of the duties of the Administrator, including, without limitation, delivering to a successor Administrator all property and documents of or relating to the Collateral then in the custody of the retiring Administrator.

14. Notices. Any notice, report or other communication given hereunder shall be in writing and addressed as follows:

(a) If to BTF, to:

Budget Truck Funding, LLC  
6 Sylvan Way  
Parsippany, NJ 07054  
Attention: Treasurer  
Telephone: (973) 496-7312  
Fax: (973) 496-5852

(b) If to the Administrator, to:

Budget Truck Rental, LLC  
1 Campus Drive  
Parsippany, NJ 07054  
Attn: Treasurer  
Tel: (973) 496-5285  
Fax: (973) 496-5852

(c) If to the Trustee, to:

The Bank of New York Trust Company, N.A.  
2 North LaSalle Street, Suite 1020  
Chicago, IL 60602  
Attention: Corporate Trust/Structured Finance  
Telephone: (312) 827-8569  
Fax: (312) 827-8562

or to such other address as any party shall have provided to the other parties in writing. Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given three (3) days after the date that such notice is mailed, (iii) delivered by telex or telecopier shall be deemed given on the date of delivery of such notice, and (iv) delivered by overnight air courier shall be deemed delivered one Business Day after the date that such notice is delivered to such overnight courier. Copies of all notices must be sent by first class mail promptly after transmission by facsimile.

15. Amendments. This Agreement may be amended by a written amendment duly executed and delivered by BTF, the Administrator and the Trustee with the written consent of the Requisite Investors, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of Noteholders; provided, however, that no such amendment may (i) increase or reduce in any manner the amount of, or accelerate or delay the timing of, collections of payments on the Collateral or distributions that are required to be made for the benefit of the Noteholders or (ii) reduce the aforesaid percentage of the Noteholders which are required to consent to any such amendment, without the consent of the Noteholders of all the Notes Outstanding. The Trustee shall have no obligation to execute any amendment hereto which affects its rights, duties and obligations.

16. Successors and Assigns. This Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by BTF, the Trustee and the Required Noteholders of each Series of Notes Outstanding. An assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Agreement may be assigned by the Administrator without the consent of BTF or the Trustee to a corporation or other organization that is a successor (by merger, consolidation or purchase of assets) to the Administrator; provided that such successor organization executes and delivers to BTF or the Trustee an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Agreement shall bind any successors or assigns of the parties hereto. Each of the parties hereto acknowledges that BTF has pledged all of its rights under this Agreement to the Trustee on behalf of the Secured Parties pursuant to the Indenture.

17. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

18. Headings. The Section headings hereof have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Agreement.

19. Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same agreement.

20. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

21. Not Applicable to Budget Truck Rental, LLC in Other Capacities. Nothing in this Agreement shall affect any right or obligation Budget Truck Rental, LLC may have in any other capacity.

22. Nonpetition Covenant. 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 BTF 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. The provisions of this Section 22 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BUDGET TRUCK FUNDING, LLC

By: /s/: Alex Georgianna  
Name: Alex Georgianna  
Title: Vice President

BUDGET TRUCK RENTAL, LLC

By: /s/: Alex Georgianna  
Name: Alex Georgianna  
Title: Vice President

THE BANK OF NEW YORK TRUST COMPANY, N.A.,  
not in its individual capacity but solely as Trustee

By: /s/: Marian Onischak  
Name: Marian Onischak  
Title: Assistant Vice President

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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that THE BANK OF NEW YORK TRUST COMPANY, N.A., as trustee, does hereby make, constitute and appoint Budget Truck Rental, LLC ("BTR"), acting through any of its "District Managers", "City Managers", "Director — Field Administration", "Fleet Managers", "Turn-back Managers", "Fleet Administration Supervisors" or "Fleet Administrators" as its true and lawful attorney-in-fact for it and in its name, place and stead, for the special and limited purpose of (1) recording liens in favor of The Bank of New York Trust Company, N.A., as trustee, on the certificate of title on any motor vehicle, (2) executing such other documents as are necessary in order to record liens on such motor vehicles in favor of The Bank of New York Trust Company, N.A., as trustee, (3) receiving (by mail or in person) and retaining in trust for, and on behalf of, The Bank of New York Trust Company, N.A., as trustee, the certificate of title and other registration documentation relating to such motor vehicles, (4) designating c/o BTR and BTR's address as the mailing address of The Bank of New York Trust Company, N.A., as trustee, for all documentation relating to the title and registration of such motor vehicles, (5) applying for duplicate certificates of title indicating the lien of The Bank of New York Trust Company, N.A., as trustee, where original certificates of title have been lost or destroyed and (6) upon the sale of any such motor vehicle in accordance with the terms and conditions of the Related Documents, releasing the lien of The Bank of New York Trust Company, N.A. on such motor vehicle by executing any documents required in connection therewith.

The powers and authority granted hereunder shall, unless sooner terminated, revoked or extended, cease [five] years from the date of execution as set forth below.

IN WITNESS WHEREOF, THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee, has caused this instrument to be executed on its behalf by its duly authorized officer this \_\_\_\_ day of \_\_\_\_\_, 2006.

THE BANK OF NEW YORK TRUST COMPANY,  
N.A.,  
as Trustee

By: \_\_\_\_\_  
Title:

State of New York )  
County of New York )

Subscribed and sworn before me, a notary public, in and for said county and state, this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Notary Public

**Cendant Corporation and Subsidiaries**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(Dollars in millions)

	Six Months Ended June 30,	
	2006	2005
<b>Earnings before fixed charges:</b>		
Income before income taxes and minority interest	\$ 420	\$ 609
Plus: Fixed charges	512	411
Amortization of capitalized interest	3	3
Less: Capitalized interest	7	3
Earnings available to cover fixed charges	\$ 928	\$ 1,020
<b>Fixed charges (a):</b>		
Interest, including amortization of deferred financing costs (b)	\$ 434	\$ 341
Interest portion of rental payment	78	70
Total fixed charges	\$ 512	\$ 411
<b>Ratio of earnings to fixed charges</b>	1.81x	2.48x

(a) Consists of interest expense on all indebtedness (including amortization of deferred financing costs and capitalized interest) and the portion of operating lease rental expense that is representative of the interest factor. Interest expense on all indebtedness is detailed as follows:

	Six Months Ended June 30,	
	2006	2005
Related to the debt under management programs incurred by the Company's vehicle rental business	\$ 184	\$ 148
All other	250	193

(b) Does not include interest expense from discontinued operations of \$22 million and \$20 million for the six months ended June 30, 2006 and 2005, respectively.

\* \* \*

August 8, 2006

Cendant Corporation  
9 West 57th Street  
New York, New York

We have made reviews, in accordance with the standards of the Public Company Accounting Oversight Board (United States), of the unaudited interim financial information of Cendant Corporation and subsidiaries for the periods ended June 30, 2006 and 2005, as indicated in our report dated August 8, 2006 (which includes an explanatory paragraph relating to the adoption of the provisions for accounting for real estate time-sharing transactions); because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, is incorporated by reference in Cendant Corporation's Registration Statement Nos. 333-11035, 333-17323, 333-17411, 333-20391, 333-23063, 333-26927, 333-35707, 333-45155, 333-45227, 333-49405, 333-78447, 333-51586, 333-59246, 333-65578, 333-65456, 333-65858, 333-83334, 333-84626, 333-86674, 333-87464, 333-35709, and 333-86469 on Form S-3 and 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.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statements prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP  
New York, New York

\* \* \*



## CERTIFICATIONS

I, Henry R. Silverman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cendant Corporation;
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: August 9, 2006

/s/ HENRY R. SILVERMAN  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

I, Ronald L. Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cendant Corporation;
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: August 9, 2006

/s/ RONALD L. NELSON

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PRESIDENT AND CHIEF FINANCIAL OFFICER

**CERTIFICATION OF CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cendant Corporation (the "Company") on Form 10-Q for the period ended June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Henry R. Silverman, as Chief Executive Officer of the Company, and Ronald L. Nelson, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HENRY R. SILVERMAN

HENRY R. SILVERMAN  
CHIEF EXECUTIVE OFFICER  
AUGUST 9, 2006

/s/ RONALD L. NELSON

RONALD L. NELSON  
PRESIDENT AND CHIEF FINANCIAL OFFICER  
AUGUST 9, 2006