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

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, 2004

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

Cendant Corporation

(Exact name of registrant as specified in its charter)

Delaware	**06-0918165**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
9 West 57th Street, New York, NY	**10019**
(Address of principal executive offices)	*(Zip Code)*

(212) 413-1800

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in the Rule 12b-2 of the Exchange Act): Yes [X] No [ ]

The number of shares outstanding of the registrant's common stock was 1,017,694,422 shares as of June 30, 2004.

Table of Contents

Cendant Corporation and Subsidiaries

Table of Contents

FORWARD-LOOKING STATEMENTS

Forward-looking statements in our public filings or other public statements 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 were based on various factors 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:

- terrorist attacks, such as the September 11, 2001 terrorist attacks on New York City and Washington, D.C., other attacks, acts of war or measures taken by governments in response thereto may negatively affect the travel industry and our financial results and could also result in a disruption in our business;
- the effect of economic or political conditions or any outbreak or escalation of hostilities on the economy on a national, regional or international basis and the impact thereof on our businesses;
- the effects of a decline in travel, due to political instability, adverse economic conditions or otherwise, on our travel related businesses;
- the effects of a decline in the volume or value of U.S. existing home sales, due to adverse economic changes or otherwise, on our real estate related businesses;
- the effects of changes in current interest rates, particularly on our real estate franchise, real estate brokerage and mortgage businesses;
- the outcome of the Company's evaluation of strategic alternatives for its mortgage business;
- the final resolution or outcome of our unresolved pending litigation relating to the accounting irregularities announced on April 15, 1998;
- our ability to develop and implement operational, technological and financial systems to manage growing operations and to achieve enhanced earnings or effect cost savings;
- competition in our existing and potential future lines of business and the financial resources of, and products available to, competitors;
- failure to reduce quickly our substantial technology costs and other overhead costs in response to a reduction in revenue, particularly in our computer reservations, global distribution systems, vehicle rental and real estate brokerage businesses;
- our failure to provide fully integrated disaster recovery technology solutions in the event of a disaster;
- our ability to integrate and operate successfully acquired and merged businesses and risks associated with such businesses, the compatibility of the operating systems of the combining companies, and the degree to which our existing administrative and back-office functions and costs and those of the acquired companies are complementary or redundant;
- our ability to obtain financing on acceptable terms to finance our growth strategy and to operate within the limitations imposed by our financing arrangements and to maintain our credit ratings;
- in relation to our management and mortgage programs, (i) the deterioration in the performance of the underlying assets of such programs and (ii) our inability to access the secondary market for mortgage loans or certain of our securitization facilities and to act as servicer thereto, which could occur in the event that our credit ratings are downgraded below investment grade and, in certain circumstances, where we fail to meet certain financial ratios;
- competitive and pricing pressures in the travel industry, including the vehicle rental and global distribution services industries;
- changes in the vehicle manufacturer repurchase arrangements in our Avis and Budget vehicle rental business or changes in the credit quality of such vehicle manufacturers;

- filing of bankruptcy by, or the loss of business of, any of our significant customers, including our airline customers, and the ultimate disposition of UAL Corporation's bankruptcy reorganization; and

- changes in laws and regulations, including changes in accounting standards, global distribution services rules, telemarketing and timeshare sales regulations, mortgage and real estate related regulations, state, federal and international tax laws and privacy policy regulation.

Other factors and assumptions not identified above 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 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 publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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, 2004, and the related consolidated condensed statements of income for the three-month and six-month periods ended June 30, 2004 and 2003 the related consolidated condensed statements of cash flows for the six-month periods ended June 30, 2004 and 2003. 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.

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, 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended prior to presenting Jackson Hewitt as a discontinued operation (not presented herein); and in our report dated February 25, 2004 (April 29, 2004 as to Notes 1 and 27), we expressed an unqualified opinion (which included an explanatory paragraph with respect to the adoption of the fair value method of accounting for stock-based compensation and the adoption of the consolidation provisions for variable interest entities in 2003, the non-amortization provisions for goodwill and other indefinite-lived intangible assets in 2002, and the modification of the accounting treatment relating to securitization transactions and the accounting for derivative instruments and hedging activities in 2001, as discussed in Note 2 to the consolidated financial statements) on those consolidated financial statements. We also audited the adjustments described in Note 4 that were applied to recast the December 31, 2003 balance sheet of the Company. In our opinion, such adjustments are appropriate and have been properly applied and the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 2003 is fairly stated, in all material respects, in relation to the recast consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
New York, New York
July 30, 2004

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues				
Service fees and membership, net	$ 3,705	$ 3,145	$ 6,634	$ 5,802
Vehicle-related	1,485	1,442	2,820	2,743
Other	19	4	64	41
Net revenues	5,209	4,591	9,518	8,586
Expenses				
Operating	2,733	2,422	4,941	4,442
Vehicle depreciation, lease charges and interest, net	602	618	1,215	1,214
Marketing and reservation	518	410	997	803
General and administrative	378	331	774	670
Non-program related depreciation and amortization	130	126	258	252
Non-program related interest, net:				
Interest expense, net	72	81	153	160
Early extinguishment of debt	18	6	18	54
Acquisition and integration related costs:				
Amortization of pendings and listings	4	4	8	7
Other	3	8	6	15
Total expenses	4,458	4,006	8,370	7,617
Income before income taxes and minority interest	751	585	1,148	969
Provision for income taxes	257	194	273	316
Minority interest, net of tax	1	7	5	12
Income from continuing operations	493	384	870	641
Income (loss) from discontinued operations, net of tax	–	(2)	64	50
Gain on disposal of discontinued operations, net of tax	198	–	198	–
Net income	$ 691	$ 382	$ 1,132	$ 691
Earnings per share				
Basic				
Income from continuing operations	$ 0.48	$ 0.38	$ 0.86	$ 0.63
Net income	0.68	0.38	1.11	0.68
Diluted				
Income from continuing operations	$ 0.47	$ 0.37	$ 0.82	$ 0.62
Net income	0.66	0.37	1.07	0.67

See Notes to Consolidated Condensed Financial Statements.

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

	June 30, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 566	$ 839
Restricted cash	363	448
Receivables, net	1,608	1,665
Deferred income taxes	501	454
Assets of discontinued operations	–	556
Other current assets	884	1,060
Total current assets	3,922	5,022
Property and equipment, net	1,760	1,763
Deferred income taxes	1,960	1,040
Goodwill	10,989	10,716
Other intangibles, net	2,470	2,311
Other non-current assets	844	965
Total assets exclusive of assets under programs	21,945	21,817
Assets under management and mortgage programs:		
Program cash	367	542
Mortgage loans held for sale	3,173	2,508
Relocation receivables	707	534
Vehicle-related, net	11,955	10,143
Timeshare-related, net	2,125	1,803
Mortgage servicing rights, net	1,855	1,641
Other	276	468
	20,458	17,639
Total assets	$ 42,403	$ 39,456
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 4,758	$ 4,668
Current portion of long-term debt	1,082	1,629
Liabilities of discontinued operations	–	61
Deferred income	821	854
Total current liabilities	6,661	7,212
Long-term debt	3,535	4,373
Deferred income	315	311
Other non-current liabilities	923	883
Total liabilities exclusive of liabilities under programs	11,434	12,779
Liabilities under management and mortgage programs:		
Debt	10,507	9,141
Debt due to Cendant Rental Car Funding (AESOP) LLC—related party	6,646	5,644
Deferred income taxes	2,628	1,429
Other	74	277
	19,855	16,491
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $.01 par value—authorized 10 million shares; none issued and outstanding	–	–
CD common stock, $.01 par value—authorized 2 billion shares; issued 1,292,047,047 and 1,260,397,204 shares	13	13
Additional paid-in capital	10,853	10,284
Retained earnings	5,418	4,430
Accumulated other comprehensive income	191	209
CD treasury stock, at cost—274,352,625 and 251,553,531 shares	(5,361)	(4,750)
Total stockholders' equity	11,114	10,186
Total liabilities and stockholders' equity	$ 42,403	$ 39,456

See Notes to Consolidated Condensed Financial Statements.

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

	Six Months Ended June 30,	
	2004	2003
Operating Activities		
Net income	$ 1,132	$ 691
Adjustments to arrive at income from continuing operations	(262)	(50)
Income from continuing operations	870	641
Adjustments to reconcile income from continuing operations to net cash provided by operating activities exclusive of management and mortgage programs:		
Non-program related depreciation and amortization	258	252
Amortization of pendings and listings	8	7
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Receivables	(68)	(49)
Income taxes and deferred income taxes	175	280
Accounts payable and other current liabilities	65	(78)
Deferred income	(47)	(75)
Proceeds from (payments for) termination of fair value hedges	(7)	200
Other	65	89
Net cash provided by operating activities exclusive of management and mortgage programs	1,319	1,267
Management and mortgage programs:		
Vehicle depreciation	1,022	989
Amortization and impairment of mortgage servicing rights	65	453
Net loss (gain) on mortgage servicing rights and related derivatives	170	(132)
Origination of timeshare-related assets	(496)	(628)
Principal collection of investment in timeshare-related assets	326	602
Origination of mortgage loans	(19,920)	(31,512)
Proceeds on sale of and payments from mortgage loans held for sale	19,242	31,209
Other	3	39
	412	1,020
Net cash provided by operating activities	**1,731**	**2,287**
Investing Activities		
Property and equipment additions	(200)	(196)
Net assets acquired, net of cash acquired, and acquisition-related payments	(378)	(135)
Proceeds received on asset sales	24	86
Proceeds from dispositions of businesses, net of transaction-related payments	826	–
Other, net	40	70
Net cash provided by (used in) investing activities exclusive of management and mortgage programs	312	(175)
Management and mortgage programs:		
Decrease in program cash	174	42
Investment in vehicles	(8,898)	(7,815)
Payments received on investment in vehicles	5,564	6,196
Equity advances on homes under management	(2,148)	(2,566)
Repayment of advances on homes under management	2,133	2,474
Additions to mortgage servicing rights	(281)	(465)
Cash received (paid) on derivatives related to mortgage servicing rights, net	(109)	526
Other, net	45	20
	(3,520)	(1,588)
Net cash used in investing activities	**(3,208)**	**(1,763)**
Financing Activities		
Proceeds from borrowings	19	2,651
Principal payments on borrowings	(1,118)	(2,834)
Issuances of common stock	396	126
Repurchases of common stock	(962)	(461)
Payment of dividends	(144)	–
Other, net	(22)	(86)
Net cash used in financing activities exclusive of management and mortgage programs	(1,831)	(604)
Management and mortgage programs:		
Proceeds from borrowings	8,444	13,625
Principal payments on borrowings	(6,382)	(12,825)
Net change in short-term borrowings	914	(238)
Other, net	(17)	(9)
	2,959	553
Net cash provided by (used in) financing activities	**1,128**	**(51)**

Effect of changes in exchange rates on cash and cash equivalents	38	(20)
Cash provided by discontinued operations	38	49
Net increase (decrease) in cash and cash equivalents	(273)	502
Cash and cash equivalents, beginning of period	839	125
Cash and cash equivalents, end of period	**$ 566**	**$ 627**

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. Summary of Significant Accounting Policies

Basis of Presentation

Cendant Corporation is a global provider of a wide range of complementary consumer and business services, focusing primarily on travel and real estate services and operating in the following business segments:

- **Real Estate Franchise and Operations**—franchises the real estate brokerage businesses of four residential and one commercial brands, provides real estate brokerage services and facilitates employee relocations.
- **Mortgage Services**—provides home buyers with mortgage lending services and title, appraisal and closing services.
- **Hospitality Services**—sells and develops vacation ownership interests, provides consumer financing to individuals purchasing these interests, facilitates the exchange of vacation ownership interests, operates nine lodging franchise systems and markets vacation rental properties in Europe.
- **Travel Distribution Services**—provides primarily global distribution services for the travel industry and travel agency services.
- **Vehicle Services**—operates and franchises the Company's vehicle rental businesses and provides commercial fleet management and fuel card services.
- **Marketing Services (formerly, Financial Services)**—provides insurance, membership, loyalty and enhancement products and services to financial institutions and other partners and their customers.

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"). 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 judgment 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. These financial statements should be read in conjunction with the Company's 2003 Annual Report on Form 10-K filed on March 1, 2004 and Current Report on Form 8-K filed on August 2, 2004.

The Company's Consolidated Condensed Financial Statements present separately the financial data of the Company's management and mortgage 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, fleet management, relocation, mortgage services, vacation ownership and vacation rental businesses, assets under management and mortgage programs are funded largely through borrowings under asset-backed funding arrangements and unsecured borrowings at the Company's PHH subsidiary. Such borrowings are classified as debt under management and mortgage programs. 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 and mortgage programs. The Company believes it is appropriate to segregate the financial data of its management and mortgage programs because, ultimately, the source of repayment of such debt is the realization of such assets.

On June 25, 2004, the Company completed an initial public offering ("IPO") for the sale of 100% of its ownership interest in Jackson Hewitt Tax Service Inc. ("Jackson Hewitt"). 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 Jackson Hewitt have been segregated and reported as a discontinued operation for all periods presented. See Note 4 — Discontinued Operations for a more detailed discussion.

Changes in Accounting Policies

On March 9, 2004, the United States Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 105—Application of Accounting Principles to Loan Commitments ("SAB 105"). SAB 105 summarizes the views of the SEC staff regarding the application of generally accepted accounting principles to loan commitments accounted for as derivative instruments. The SEC staff believes that in recognizing a loan commitment, entities should not consider

expected future cash flows related to the associated servicing of the loan until the servicing asset has been contractually separated from the underlying loan by sale or securitization of the loan with the servicing retained. The provisions of SAB 105 are applicable to all loan commitments accounted for as derivatives and entered into subsequent to March 31, 2004. The adoption of SAB 105 did not have a material impact on the Company's consolidated results of operations, financial position or cash flows, as the Company's preexisting accounting treatment for such loan commitments was consistent with the provisions of SAB 105.

2. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Income from continuing operations	$ 493	$ 384	$ 870	$ 641
Income (loss) from discontinued operations	–	(2)	64	50
Gain on disposal of discontinued operations	198	–	198	–
Net income	$ 691	$ 382	$ 1,132	$ 691
Basic weighted average shares outstanding	1,020	1,017	1,018	1,022
Stock options, warrants and non-vested shares	33	22	33	17
Convertible debt (*)	–	–	5	–
Diluted weighted average shares outstanding	1,053	1,039	1,056	1,039
Earnings per share:				
Basic				
Income from continuing operations	$ 0.48	$ 0.38	$ 0.86	$ 0.63
Income from discontinued operations	–	–	0.06	0.05
Gain on disposal of discontinued operations	0.20	–	0.19	–
Net income	$ 0.68	$ 0.38	$ 1.11	$ 0.68
Diluted				
Income from continuing operations	$ 0.47	$ 0.37	$ 0.82	$ 0.62
Income from discontinued operations	–	–	0.06	0.05
Gain on disposal of discontinued operations	0.19	–	0.19	–
Net income	$ 0.66	$ 0.37	$ 1.07	$ 0.67

(*) In the six months ended June 30, 2004, amount represents the dilutive impact of the Company's zero coupon senior convertible contingent notes for the period during which the contingency provisions were satisfied (January 1 through February 13, 2004). The impact of the conversion on February 13, 2004 into shares of Cendant common stock is reflected within basic weighted average shares outstanding from the conversion date forward (22 million and 17 million shares in the three and six months ended June 30, 2004, respectively). The Company has additional contingently convertible debt, which has been excluded from the computation of weighted average shares outstanding as the related contingency provisions were not met during the respective periods. For the three and six months ended June 30, 2004 and 2003, the Company's 3 7/8% convertible senior debentures, which may convert into as much as 33.4 million shares of Cendant common stock, are not reflected in basic or diluted weighted average shares outstanding. Additionally, basic and diluted weighted average shares outstanding for the three and six months ended June 30, 2003 did not reflect the potential issuance of 22 million shares relating to the then-outstanding balance of the Company's zero coupon senior convertible contingent notes (which were converted in February 2004). See Note 9—Long-term Debt and Borrowing Arrangements for more information regarding these contingently convertible debt securities.

The following table summarizes the Company's outstanding common stock equivalents that were antidilutive and therefore excluded from the computation of diluted EPS.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Options [(a)]	22	123	23	131
Warrants [(b)]	–	2	–	2
Upper DECS [(c)]	36	40	37	40

(a) The overall decrease in antidilutive options for the three and six months ended June 30, 2004 principally reflects a reduction in the total number of options outstanding from 219 million at June 30, 2003 to 160 million at June 30, 2004. The weighted average exercise price for antidilutive options for the three months ended June 30, 2004 and 2003 was $30.07 and $21.44, respectively. The weighted average exercise price for antidilutive options for the six months ended June 30, 2004 and 2003 was $29.95 and $21.02, respectively.

(b) The weighted average exercise price for antidilutive warrants for the three and six months ended June 30, 2003 was $21.31.

(c) The appreciation price for antidilutive Upper DECS for the three and six months ended June 30, 2004 and 2003 was $28.42.

3. Acquisitions

2004 Acquisitions

Trilegiant Loyalty Solutions. On January 30, 2004, the Company acquired Trilegiant Loyalty Solutions, Inc. ("TLS"), a wholly-owned subsidiary of TRL Group (formerly Trilegiant Corporation), for approximately $20 million in cash. TLS offers wholesale loyalty enhancement services primarily to credit card issuers. The Company has been consolidating the results of TLS (as a component of TRL Group) since July 1, 2003 pursuant to the application of Financial Accounting Standards Board ("FASB") Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This acquisition resulted in goodwill of $7 million, none of which is expected to be deductible for tax purposes. Such goodwill was assigned to the Company's Marketing Services segment, with the balance assigned to identifiable intangible assets having finite lives.

Sotheby's International Realty. On February 17, 2004, the Company acquired the domestic residential real estate brokerage operations of Sotheby's International Realty and obtained the rights to create a Sotheby's International Realty franchise system pursuant to an agreement to license the Sotheby's International Realty brand in exchange for a license fee to Sotheby's Holdings, Inc., the former parent of Sotheby's International Realty. Such license agreement has a 50-year initial term and a 50-year renewal option. The total cash purchase price for these transactions was approximately $100 million. These transactions resulted in goodwill (based on the preliminary allocation of the purchase price) of $71 million, all of which is expected to be deductible for tax purposes. Such goodwill was assigned to the Company's Real Estate Franchise and Operations segment.

First Fleet Corporation. On February 27, 2004, the Company acquired First Fleet Corporation ("First Fleet"), a national provider of fleet management services to companies that maintain private truck fleets, for approximately $30 million cash. This acquisition resulted in goodwill (based on the preliminary allocation of the purchase price) of $18 million, none of which is expected to be deductible for tax purposes. Such goodwill was assigned to the Company's Vehicle Services segment.

Landal Green Parks. On May 5, 2004, the Company acquired Landal Green Parks ("Landal"), a Dutch vacation rental company that specializes in the rental of privately owned vacation homes located in European holiday parks, for approximately $78 million in cash, net of cash acquired of $22 million. As part of this acquisition, the Company also assumed approximately $78 million of debt. This acquisition resulted in goodwill (based on the preliminary allocation of the purchase price) of $28 million, none of which is expected to be deductible for tax purposes. Such goodwill was assigned to the Company's Hospitality Services segment.

Other. During 2004, the Company also acquired nine other real estate brokerage operations through its wholly-owned subsidiary, NRT Incorporated ("NRT"), for approximately $57 million in cash, which resulted in goodwill (based on the preliminary allocation of the purchase price) of $51 million that was assigned to the Company's Real Estate Franchise and Operations segment. The acquisition of real estate brokerages by NRT is a core part of its growth strategy. In addition, the Company acquired 13 other individually non-significant businesses during 2004 for aggregate consideration of approximately $72 million in cash, which resulted in goodwill (based on the preliminary allocation of the purchase price) of $60 million that was assigned to the Company's Travel Distribution Services ($44 million), Vehicle Services ($12 million) and Mortgage Services ($4 million) segments. These acquisitions were not significant to the Company's results of operations, financial position or cash flows.

Utilization of Purchase Acquisition Liabilities for Exiting Activities

In connection with the Company's November 2002 acquisition of substantially all of the domestic assets of the vehicle rental business of Budget Group, Inc. ("Budget"), as well as selected international operations, the Company established the following purchase accounting liabilities for costs associated with exiting activities that are currently in progress. These exiting activities were formally committed to by the Company's management in connection with strategic initiatives primarily aimed at creating synergies between the cost structures of the Company and the acquired entity. The recognition of such costs and the corresponding utilization are summarized by category as follows:

	Personnel Related	Contract Termination	Facility Related	Total
Cost and balance at December 31, 2002	$ 35	$ 6	$ 7	$ 48
Cash payments	(28)	–	(4)	(32)
Additions	6	–	14	20
Balance at December 31, 2003	13	6	17	36
Cash payments	(7)	(6)	(4)	(17)
Balance at June 30, 2004	$ 6	$ –	$ 13	$ 19

The principal cost reduction opportunity resulting from these exit activities is the relocation of the corporate headquarters of Budget. In connection with this initiative, the Company has relocated selected Budget employees, involuntarily terminated other Budget employees and abandoned certain facilities primarily related to reservation processing and administrative functions. As a result, the Company incurred severance and other personnel costs related to the involuntary termination or relocation of employees, as well as facility-related costs primarily representing future lease payments for abandoned facilities. The adjustments recorded during 2003 represent the finalization of estimates made at the time of acquisition. The Company formally communicated the termination of employment to approximately 1,800 employees, representing a wide range of employee groups, and as of June 30, 2004, the Company had terminated substantially all of these employees. The Company anticipates that the majority of the remaining personnel-related costs will be paid during 2004 and that the majority of the remaining facility-related costs will be paid through 2007.

Acquisition and Integration Related Costs

During the three and six months ended June 30, 2004, the Company incurred $7 million and $14 million, respectively, of acquisition and integration related costs, of which $4 million and $8 million, respectively, represented the non-cash amortization of the contractual pendings and listings intangible asset. The remaining costs ($3 million and $6 million during the three and six months ended June 30, 2004, respectively) primarily related to the integration of Budget's information technology systems with the Company's platform and the integration of real estate brokerages acquired by NRT.

During the three and six months ended June 30, 2003, the Company incurred $12 million and $22 million, respectively, of acquisition and integration related costs, of which $4 million and $7 million, respectively, represented the non-cash amortization of the contractual pendings and listings intangible asset. The remaining costs ($8 million and $15 million during the three and six months ended June 30, 2003, respectively) primarily related to the integration of Budget's information technology systems with the Company's platform and the integration of real estate brokerages acquired by NRT.

4. Discontinued Operations

As previously discussed in Note 1, on June 25, 2004, the Company completed the IPO of its tax preparation business, Jackson Hewitt, a then wholly-owned subsidiary of the Company within its former Financial Services segment (which was renamed as the Marketing Services segment upon the completion of the IPO). In connection with the IPO, the Company received $777 million in cash and recorded an after-tax gain of $198 million.

Summarized statement of income data for Jackson Hewitt consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net revenues	$ 25	$ 26	$ 194	$ 159
Income (loss) from discontinued operations:				
Income (loss) before income taxes	$ –	$ (3)	$ 106	$ 83
Provision (benefit) for income taxes	–	(1)	42	33
Income (loss) from discontinued operations, net of tax	$ –	$ (2)	$ 64	$ 50
Gain on disposal of discontinued operations:				
Gain on disposal of discontinued operations	$ 251		$ 251	
Provision for income taxes	53		53	
Gain on disposal of discontinued operations, net of tax	$ 198		$ 198	

Summarized balance sheet data for Jackson Hewitt consisted of:

	December 31, 2003
Assets of discontinued operations:	
Current assets	$ 12
Property and equipment	40
Goodwill	403
Other assets	101
Total assets of discontinued operations	$ 556
Liabilities of discontinued operations:	
Current liabilities	$ 21
Other liabilities	40
Total liabilities of discontinued operations	$ 61

As Jackson Hewitt was sold on June 25, 2004, there is no balance sheet data to present as of June 30, 2004.

5. Intangible Assets

Intangible assets consisted of:

	As of June 30, 2004			As of December 31, 2003		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
Franchise agreements	$ 1,140	$ 348	$ 792	$ 1,141	$ 330	$ 811
Customer lists	551	151	400	543	149	394
Pendings and listings	17	12	5	22	17	5
Other	213	47	166	139	41	98
	$ 1,921	$ 558	$ 1,363	$ 1,845	$ 537	$ 1,308
Unamortized Intangible Assets						
Goodwill	$ 10,989			$ 10,716		
Trademarks (*)	$ 1,107			$ 1,003		

(*) The change in the balance at June 30, 2004 principally reflects the Company's purchase of Marriott International Inc.'s interest in Two Flags Joint Venture LLC in April 2004, which provided the Company with the exclusive rights to the domestic Ramada and Days Inn trademarks.

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

	Balance at January 1, 2004	Goodwill Acquired during 2004	Adjustments to Goodwill Acquired during 2003	Foreign Exchange and Other	Balance at June 30, 2004
Real Estate Franchise and Operations	$ 2,696	$ 122(a)	$ 7(b)	$ 2	$ 2,827
Mortgage Services	80	4(b)	–	–	84
Hospitality Services	2,514	28(c)	–	24	2,566
Travel Distribution Services	2,555	44(d)	8(g)	(2)	2,605
Vehicle Services	2,653	30(e)	–	(1)	2,682
Marketing Services	218	7(f)	–	–	225
Total Company	$ 10,716	$ 235	$ 15	$ 23	$ 10,989

(a) Relates to the acquisitions of Sotheby's International Realty and real estate brokerages by NRT (January 2004 and forward).

(b) Relates to the acquisitions of real estate brokerages by NRT (April 2003 and forward).

(c) Relates to the acquisition of Landal.

(d) Primarily relates to the acquisition of Flairview Travel (April 2004).

(e) Primarily relates to the acquisitions of First Fleet and Budget licensees (February 2004 and forward).

(f) Relates to the acquisition of TLS.

(g) Relates to the acquisition of Travel 2/Travel 4 (November 2003).

Amortization expense relating to all intangible assets, excluding mortgage servicing rights (See Note 6—Mortgage Activities), was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Franchise agreements	$ 9	$ 9	$ 18	$ 18
Customer lists	9	9	18	18
Pendings and listings	4	4	8	7
Other	5	2	8	5
Total	$ 27	$ 24	$ 52	$ 48

Based on the Company's amortizable intangible assets (excluding mortgage servicing rights) as of June 30, 2004, the Company expects related amortization expense for the remainder of 2004 and the five succeeding fiscal years to approximate $50 million, $80 million, $80 million, $70 million, $60 million and $60 million, respectively.

6. Mortgage Activities

The activity in the Company's residential mortgage loan servicing portfolio consisted of:

	Six Months Ended June 30,	
	2004	2003
Balance, January 1,	$ 136,427	$ 114,079
Additions	20,013	31,935
Payoffs/curtailments	(17,362)	(27,802)
Purchases, net	2,847	9,203
Balance, June 30,(*)	$ 141,925	$ 127,415

(*) Does not include approximately $2.4 billion and $1.9 billion of home equity loans serviced by the Company as of June 30, 2004 and 2003, respectively. The weighted average note rate on all the underlying mortgages within the Company's servicing portfolio was 5.2% and 5.7% as of June 30, 2004 and 2003, respectively.

Approximately $6.1 billion (approximately 4%) of loans within the Company's servicing portfolio as of June 30, 2004 were sold with recourse. The majority of the loans sold with recourse (approximately $5.6 billion of the $6.1 billion) represent sales under a program where the Company retains the credit risk for a limited period of time and only for a specific default event. The retained credit risk represents the unpaid principal balance of the mortgage loans. For these loans, the Company records an allowance (equal to the fair value of the recourse obligation) for estimated losses. At June 30, 2004, the allowance approximated $10 million. There was no significant activity that caused the Company to utilize this provision during the three or six months ended June 30, 2004 and 2003.

The activity in the Company's capitalized mortgage servicing rights ("MSR") asset consisted of:

	Six Months Ended June 30,	
	2004	2003
Balance, January 1,	$ 2,015	$ 1,883
Additions, net	281	465
Changes in fair value	–	(127)
Amortization	(157)	(296)
Sales	(3)	(8)
Permanent impairment	(10)	(160)
Balance, June 30,	2,126	1,757
Valuation Allowance		
Balance, January 1,	(374)	(503)
Recovery of (provision for) impairment	92	(157)
Reductions	1	3
Permanent impairment	10	160
Balance, June 30,	(271)	(497)
Mortgage Servicing Rights, net	$ 1,855	$ 1,260

The MSR asset is subject to substantial interest rate risk as the mortgage notes underlying the asset permit the borrowers to prepay the loans. Therefore, the value of the MSR asset tends to diminish in periods of declining interest rates (as prepayments increase) and increase in periods of rising interest rates (as prepayments decrease). The Company primarily uses a combination of derivative instruments to offset expected changes in fair value of its MSR asset that could affect reported earnings. Beginning in 2004, the Company changed its hedge accounting policy by designating the full change in fair value of the MSR asset as its hedged risk. As a result of this change, the Company discontinued hedge accounting until such time that the documentation required to support the assessment of hedge effectiveness on a full fair value basis could be completed. This documentation was not completed during the six months ended June 30, 2004; therefore, all of the derivatives associated with the MSR asset were designated as freestanding during such period. The net activity in the Company's derivatives related to mortgage servicing rights consisted of:

	Six Months Ended June 30,	
	2004	2003
Net balance, January 1, (*)	$ 85	$ 385
Additions, net	238	255
Changes in fair value	(170)	259
Sales/proceeds received	(129)	(781)
Net balance, June 30, (*)	$ 24	$ 118

(*) At January 1, 2004, the net balance represents the gross asset of $316 million net of the gross liability of $231 million. At June 30, 2004, the net balance represents the gross asset of $54 million net of the gross liability of $30 million. The gross asset and liability amounts are recorded within other assets under management and mortgage programs and other liabilities under management and mortgage programs, respectively, on the Company's Consolidated Condensed Balance Sheets.

The net impact to the Company's Consolidated Condensed Statements of Income resulting from changes in the fair value of the Company's MSR asset and the related derivatives was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Adjustment of MSR asset under hedge accounting	$ –	$ (139)	$ –	$ (127)
Net gain (loss) on derivatives related to MSR asset	(341)	208	(170)	259
Net gain (loss)	(341)	69	(170)	132
Recovery of (provision for) MSR asset valuation allowance	284	(96)	92	(157)
Net impact	$ (57)	$ (27)	$ (78)	$ (25)

Based upon the composition of the portfolio as of June 30, 2004 (and other assumptions regarding interest rates and prepayment speeds), the Company expects MSR amortization expense for the remainder of 2004 and the five succeeding fiscal years to approximate $140 million, $270 million, $240 million, $210 million, $180 million and $160 million, respectively. As of June 30, 2004, the MSR portfolio had a weighted average life of approximately 5.9 years.

7. Vehicle Rental and Leasing Activities

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

	As of June 30, 2004		As of December 31, 2003	
	Rental	Leasing	Rental	Leasing
Rental vehicles	$ 7,854	$ –	$ 6,177	$ –
Vehicles under open-end operating leases	–	5,978	–	5,429
Vehicles under closed-end operating leases	–	178	–	156
Vehicles held for rental/leasing	7,854	6,156	6,177	5,585
Vehicles held for sale	35	14	58	13
	7,889	6,170	6,235	5,598
Less: Accumulated depreciation	(649)	(2,537)	(525)	(2,323)
Total investment in vehicles, net	7,240	3,633	5,710	3,275
Plus: Investment in Cendant Rental Car Funding (AESOP) LLC	351	–	361	–
Plus: Receivables under direct financing leases	–	132	–	129
Plus: Fuel card related receivables	–	399	–	282
Plus: Receivables from manufacturers	200	–	386	–
Total vehicle-related, net	$ 7,791	$ 4,164	$ 6,457	$ 3,686

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2004		2003		2004		2003	
	Rental	Leasing	Rental	Leasing	Rental	Leasing	Rental	Leasing
Depreciation expense	$ 222	$ 292	$ 229	$ 274	$ 450	$ 572	$ 445	$ 544
Interest expense, net	66	27	67	21	129	50	124	44
Lease charges	13	–	12	–	27	–	33	–
(Gain) loss on sales of vehicles, net	(17)	(1)	14	1	(12)	(1)	23	1
Total	$ 284	$ 318	$ 322	$ 296	$ 594	$ 621	$ 625	$ 589

8. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of June 30, 2004	As of December 31, 2003
Accounts payable	$ 1,458	$ 1,142
Accrued payroll and related	586	672
Acquisition and integration-related	284	332
Income taxes payable	566	588
Other	1,864	1,934
	$ 4,758	$ 4,668

9. Long-term Debt and Borrowing Arrangements

Long-term debt consisted of:

	Maturity Date	As of June 30, 2004	As of December 31, 2003
Term notes:			
11% senior subordinated notes [(a)]	n/a	$ –	$ 333
6 7/8% notes	August 2006	849	849
4.89% notes [(b)]	August 2006	100	–
6 1/4% notes	January 2008	797	797
6 1/4% notes	March 2010	348	348
7 3/8% notes	January 2013	1,190	1,190
7 1/8% notes	March 2015	250	250
Contingently convertible debt securities:			
Zero coupon senior convertible contingent notes [(c)]	n/a	–	430
Zero coupon convertible debentures	n/a	–	7
3 7/8% convertible senior debentures	November 2004[(*)]	804	804
Other:			
Net hedging gains (losses) [(d)]		(41)	31
Other [(e)]		320	100
Total long-term debt, excluding Upper DECS		4,617	5,139
Less: Current portion [(f)]		1,082	1,629
Long-term debt, excluding Upper DECS		3,535	3,510
Upper DECS [(b)]		–	863
Long-term debt, including Upper DECS		$ 3,535	$ 4,373

(*) Indicates earliest mandatory redemption date.

(a) The Company redeemed these notes on May 3, 2004 for $345 million in cash, including accrued interest.

(b) On May 10, 2004, the Company's outstanding 6.75% senior notes that formed a part of the Upper DECS were successfully remarketed. Accordingly, the interest rate was reset to 4.89%. The Company did not receive any proceeds from the remarketing. Rather, the proceeds generated from the remarketing were utilized to purchase a portfolio of U.S. Treasury securities, which is pledged to the Company as collateral for the forward purchase contracts that also form a part of the Upper DECS and that require holders of the Upper DECS to purchase shares of Cendant common stock on August 17, 2004. In connection with such remarketing, the Company purchased and retired $763 million of the senior notes for $778 million in cash and recorded a loss of $18 million on the early extinguishment. Under the forward purchase contracts, on August 17, 2004, Cendant will receive $863 million in cash, issue between 30.3 million and 40.1 million shares of Cendant common stock (dependant upon Cendant's common stock price) and record an $863 million increase in stockholders' equity.

(c) During first quarter 2004, the Company announced its intention to redeem these notes. As a result, holders had the right to convert their notes into shares of Cendant common stock. Virtually all holders elected to convert their notes. Accordingly, the Company issued approximately 22 million shares in exchange for approximately $430 million in notes (carrying value) during February 2004 (see Note 12—Stockholders' Equity).

(d) As of June 30, 2004, the balance represented $213 million of mark-to-market adjustments on current interest rate hedges. Such losses were partially offset by $172 million of realized gains resulting from the termination of interest rate hedges, which will be amortized by the Company as a reduction to future interest expense. As of December 31, 2003, the balance represented $201 million of realized gains resulting from the termination of interest rate hedges, which were partially offset by $170 million of mark-to-market adjustments on other interest rate hedges.

(e) As of June 30, 2004, this balance included a $205 million note issued in April 2004 as consideration for the purchase of Marriott International, Inc.'s interest in Two Flags Joint Venture LLC. The Company intends to repay this note no later than third quarter 2004.

(f) The balance as of June 30, 2004 included the $804 million 3 7/8% convertible senior debentures and the $205 million note payable to Marriott International, Inc. The balance as of December 31, 2003 included the $333 million 11% senior subordinated notes, the $430 million zero coupon senior convertible contingent notes, the $7 million zero coupon convertible debentures and the $804 million 3 7/8% convertible senior debentures.

Aggregate maturities of debt based upon maturity or earliest mandatory redemption dates are as follows:

	As of June 30, 2004
Within 1 year [(a)]	$ 1,082
Between 1 and 2 years	18
Between 2 and 3 years	1,002
Between 3 and 4 years	791
Between 4 and 5 years	2
Thereafter	1,722
	$ 4,617

(a) Includes $804 million related to the 3 7/8% convertible senior debentures, which may be converted into shares of Cendant common stock rather than be redeemed in cash if the price of such stock exceeds the stipulated thresholds or upon the Company's exercise of its call provisions.

3 7/8% Convertible Senior Debentures Call Spread Options

Although no assurances can be given, the Company plans to redeem its 3 7/8% convertible senior debentures in November 2004. In connection with such redemption, holders may elect to convert their debentures into 41.58 shares of Cendant common stock (33.4 million shares in the aggregate). The Company estimates that, as of November 27, 2004 (the date on which the debentures become redeemable at the Company's option), holders would convert their debentures into shares of Cendant common stock if such stock were trading at or above a price of $24.50 per share. In order to offset a portion of the dilution that would occur if the holders of the debentures elect to convert their debentures in connection with the Company's anticipated redemption thereof in November 2004, the Company purchased call spread options on April 30, 2004 covering 16.3 million of the 33.4 million shares issuable upon conversion. The call spread options have a lower strike price of $24.50 and a higher strike price of $28.50. The call spread options will settle in November and December 2004 either by modified physical settlement, net cash settlement or net share settlement, at the Company's election. Modified physical settlement would result in the Company receiving a maximum of approximately 16.3 million shares, to the extent the Cendant common stock price is above $24.50, plus to the extent that the share price is in excess of $28.50, the Company would pay an amount equal to the difference between the market price and $28.50. Net cash settlement of the call spread options would result in the Company receiving an amount ranging from zero (if the price of Cendant common stock is at or below $24.50) to a maximum of $65.3 million (if the price of Cendant common stock is at or above $28.50). Net share settlement would result in the Company receiving up to approximately 2.3 million shares of Cendant common stock. The call spread options, costing $23 million, are accounted for as a capital transaction and included as a component of stockholders' equity.

At June 30, 2004, the credit facilities available to the Company at the corporate level included:

	Total Capacity	Borrowings Outstanding	Letters of Credit Issued	Available Capacity
Maturing in December 2005 [(a)]	$ 2,900	$ –	$ 1,459	$ 1,441

(a) The Company has the ability to issue an additional $291 million of letters of credit under this facility.

As of June 30, 2004, the Company also had $400 million of availability for public debt or equity issuances under a shelf registration statement.

At June 30, 2004, the Company was in compliance with all financial covenants of its material debt instruments and credit facilities.

10. Debt Under Management and Mortgage Programs and Borrowing Arrangements

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

	As of June 30, 2004	As of December 31, 2003
Asset-Backed Debt:		
Vehicle rental program		
Cendant Rental Car Funding (AESOP) LLC [(a)]	$ 6,646	$ 5,644
Other	810	651
Vehicle management program [(b)]	3,454	3,118
Mortgage program [(c)]	1,913	1,651
Timeshare program [(d)]	1,365	1,109
Relocation program	400	400
Vacation rental program [(e)]	75	–
	14,663	12,573
Unsecured Debt:		
Term notes	1,838	1,916
Commercial paper	407	164
Other	245	132
	2,490	2,212
Total debt under management and mortgage programs	$ 17,153	$ 14,785

(a) The change in the balance at June 30, 2004 principally reflects the issuance of term notes at various interest rates to support the acquisition of vehicles used in the Company's vehicle rental business.

(b) The change in the balance at June 30, 2004 principally reflects debt assumed in connection with the Company's acquisition of First Fleet.

(c) The change in the balance at June 30, 2004 primarily reflects net commercial paper borrowings of $607 million, partially offset by the January 2004 repayment of $350 million of medium-term notes.

(d) The change in the balance at June 30, 2004 primarily reflects borrowings under an asset-linked facility to support the creation of consumer notes receivable and the acquisition of timeshare properties related to the Company's timeshare development business, which replaced a $275 million term loan with $219 million outstanding as of December 31, 2003. Borrowings under the Company's asset-linked facility represent bank debt with a three-year term bearing interest at a rate of LIBOR plus 62.5 basis points, based on the Company's current credit ratings.

(e) This amount represents debt under management and management programs assumed in connection with the acquisition of Landal. See Note 3— Acquisitions for further information regarding the acquisition of Landal.

The following table provides the contractual maturities for debt under management and mortgage programs (including related party debt due to Cendant Rental Car Funding (AESOP) LLC) at June 30, 2004 (except for notes issued under the Company's vehicle management and certain of the Company's timeshare programs, where the underlying indentures require payments based on cash inflows relating to the corresponding assets under management and mortgage programs and for which estimates of repayments have been used):

	Asset-Backed	Unsecured	Total
Within 1 year	$ 4,106	$ 805	$ 4,911
Between 1 and 2 years	3,164	35	3,199
Between 2 and 3 years	3,582	168	3,750
Between 3 and 4 years	1,540	448	1,988
Between 4 and 5 years	1,716	183	1,899
Thereafter	555	851	1,406
	$ 14,663	$ 2,490	$ 17,153

As of June 30, 2004, available funding under the Company's asset-backed debt programs and committed credit facilities (including related party debt due to Cendant Rental Car Funding (AESOP) LLC) related to the Company's management and mortgage programs consisted of:

	Total Capacity	Outstanding Borrowings	Available Capacity
Asset-Backed Funding Arrangements [a]			
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC [b]	$ 7,361	$ 6,646	$ 715
Other [c]	1,129	810	319
Vehicle management program [d]	3,743	3,454	289
Mortgage program [e]	3,116	1,913	1,203
Timeshare program [f]	2,160	1,365	795
Relocation program [g]	600	400	200
Vacation rental program	75	75	–
	18,184	14,663	3,521
Committed Credit Facilities [h]			
Maturing in June 2007	1,250	–	1,250
	$ 19,434	$ 14,663	$ 4,771

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

(b) The outstanding debt is collateralized by approximately $6.7 billion of underlying vehicles and related assets.

(c) The outstanding debt is collateralized by approximately $1.0 billion of underlying vehicles and related assets.

(d) The outstanding debt is collateralized by approximately $4.0 billion of leased vehicles and related assets.

(e) The outstanding debt is collateralized by approximately $2.0 billion of underlying mortgage loans.

(f) The outstanding debt is collateralized by approximately $2.2 billion of timeshare-related assets. Borrowings under the Company's asset-linked facility ($425 million) are also recourse to Cendant.

(g) The outstanding debt is collateralized by $475 million of underlying relocation receivables and related assets.

(h) These committed credit facilities were entered into by and are for the exclusive use of PHH Corporation ("PHH"), a subsidiary of the Company.

As of June 30, 2004, the Company also had $874 million of availability for public debt issuances under a shelf registration statement at its PHH subsidiary.

At June 30, 2004, the Company was in compliance with all financial covenants of its material debt instruments and credit facilities related to management and mortgage programs.

11. Commitments and Contingencies

The June 1999 disposition of the Company's fleet businesses was structured as a tax-free reorganization and, accordingly, no tax provision was recorded on a majority of the gain. However, pursuant to an interpretive ruling, the Internal Revenue Service ("IRS") has subsequently taken the position that similarly structured transactions do not qualify as tax-free reorganizations under the Internal Revenue Code Section 368(a)(1)(A). If upon final determination, the transaction is not considered a tax-free reorganization, the Company may have to record a tax charge of up to $270 million, depending upon certain factors. Any cash payments that would be made in connection with this charge are not expected to be significant, as the Company would use its net operating losses as an offset to the charge. Notwithstanding the IRS interpretive ruling, the Company believes that, based upon analysis of current tax law, its position would prevail, if challenged.

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 $90 million recorded on its Consolidated Condensed Balance Sheet as of June 30, 2004 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 these unresolved proceedings. An adverse outcome from such unresolved proceedings could be material with respect to earnings in any given reporting period. However, the Company does not believe that the impact of such unresolved proceedings should result in a material liability to the Company in relation to its consolidated financial position or liquidity.

The Company is involved in other pending litigation, which, in the opinion of management, should not have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

12. Stockholders' Equity

Dividend Payments

During the six months ended June 30, 2004, the Company paid quarterly cash dividends on March 16, 2004 and June 15, 2004 of $0.07 per share each ($144 million in the aggregate) to Cendant common stockholders of record on February 23, 2004 and May 24, 2004, respectively.

Share Repurchases

During the six months ended June 30, 2004, the Company used $566 million of available cash and $396 million of proceeds primarily received in connection with option exercises to repurchase $962 million (approximately 42.1 million shares) of Cendant common stock under its common stock repurchase program. During the six months ended June 30, 2003, the Company used $335 million of available cash and $126 million of proceeds primarily received in connection with option exercises to repurchase $461 million (approximately 32.3 million shares) of Cendant common stock under its common stock repurchase program.

Share Issuances

As previously discussed in Note 9—Long-term Debt and Borrowing Arrangements, during the six months ended June 30, 2004, the Company announced its intention to redeem its $430 million outstanding zero coupon senior convertible contingent notes for cash. As a result, holders had the right to convert their notes into shares of Cendant common stock. Virtually all holders elected to convert their notes. Accordingly, the Company issued approximately 22 million shares in exchange for approximately $430 million in notes (carrying value) during February 2004. The Company used the cash that otherwise would have been used to redeem these notes to repurchase shares in the open market.

Comprehensive Income

The components of comprehensive income are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income	$ 691	$ 382	$ 1,132	$ 691
Other comprehensive income (loss):				
Currency translation adjustments	(14)	50	(20)	68
Unrealized gains (losses), net of tax:				
Cash flow hedges	47	8	33	10
Available-for-sale securities	(2)	(2)	(6)	(4)
Reclassification of realized holding gains, net of tax	(5)	–	(25)	–
Total comprehensive income	$ 717	$ 438	$ 1,114	$ 765

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

	Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-Sale Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2004	$ 224	$ (3)	$ 46	$ (58)	$ 209
Current period change	(20)	33	(31)	–	(18)
Balance, June 30, 2004	$ 204	$ 30	$ 15	$ (58)	$ 191

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

13. Stock-Based Compensation

On January 1, 2003, the Company began applying the fair value method of accounting provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, the three and six months ended June 30, 2004 results reflect

pretax stock-based compensation expense of approximately $9 million and $15 million, respectively, principally in connection with restricted stock units granted to employees. As of June 30, 2004, approximately 17 million restricted stock units, with a weighted average grant price of $20.78, were outstanding. The related deferred compensation balance, which is recorded as a reduction to additional paid-in-capital on the Consolidated Condensed Balance Sheets, approximated $339 million and $73 million at June 30, 2004 and December 31, 2003, respectively. This deferred compensation balance will be amortized to expense over the remaining vesting period of the restricted stock units.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Reported net income	$ 691	$ 382	$ 1,132	$ 691
Add back: Stock-based employee compensation expense included in reported net income, net of tax	6	3	9	3
Less: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of tax [(a)]	(6)	(13)	(10)	(23)
Pro forma net income	$ 691	$ 372	$ 1,131	$ 671
Net income per share:				
Reported				
Basic	$ 0.68	$ 0.38	$ 1.11	$ 0.68
Diluted	0.66	0.37	1.07	0.67
Pro Forma				
Basic	$ 0.68	$ 0.37	$ 1.11	$ 0.66
Diluted	0.66	0.36	1.07	0.65

(a) Pro forma compensation expense reflected for grants awarded prior to January 1, 2003 is not indicative of future compensation expense that would be recorded by the Company, as future expense will vary based upon factors such as the type of award granted by the Company and the then-current fair market value of such award.

14. TRL Group, Inc. (formerly Trilegiant Corporation)

On January 30, 2004, Trilegiant Corporation changed its legal name to TRL Group, Inc. (“TRL Group”).

Prior to January 30, 2004, TRL Group operated membership-based clubs and programs and other incentive-based loyalty programs through an outsourcing arrangement with Cendant whereby Cendant licensed TRL Group the right to market products to new members utilizing certain assets of Cendant’s individual membership business. Accordingly, Cendant collected membership fees from, and was obligated to provide services to, members of its individual membership business that existed as of July 2, 2001, including their renewals, and TRL Group provided fulfillment services for these members in exchange for a servicing fee paid by Cendant. Furthermore, TRL Group collected the membership fees from, and was obligated to provide membership benefits to, any members who joined the membership-based clubs and programs and all other incentive programs subsequent to July 2, 2001 and recognized the related revenue and expenses. Accordingly, similar to Cendant’s franchise businesses, Cendant received a royalty from TRL Group on all revenue generated by TRL Group’s new members. The assets licensed to TRL Group included various tradenames, trademarks, logos, service marks and other intellectual property relating to its membership business.

During 2003, Cendant performed a strategic review of the TRL Group membership business, Cendant’s existing membership business and Cendant’s loyalty/insurance marketing business, which provides enhancement packages for financial institutions and marketing for accidental death and dismemberment insurance and certain other insurance products. Upon completion of such review, Cendant concluded that it could achieve certain revenue and expense synergies by combining its loyalty/insurance marketing business with the new-member marketing performed by TRL Group. Additionally, as a result of the adoption of FIN 46, the Company has been consolidating the results of TRL Group since July 1, 2003 even though it did not have managerial control of the entity. Therefore, in an effort to achieve the revenue and expense synergies identified in Cendant’s strategic review and to obtain managerial control over an entity whose results were being consolidated, Cendant and TRL Group agreed to amend their contractual relationship by

terminating the contractual rights, intellectual property license and third party administrator arrangements that Cendant had previously entered into with TRL Group in 2001.

In connection with this new relationship, Cendant (i) terminated leases of Cendant assets by TRL Group, (ii) terminated the original third party administration agreement, (iii) entered into a new third party administration agreement whereby Cendant will perform fulfillment services for TRL Group, (iv) leased certain TRL Group fixed assets from TRL Group, (v) offered employment to substantially all of TRL Group's employees and (vi) entered into other incidental agreements. These contracts were negotiated on an arm's-length basis and have terms that Cendant's management believes are reasonable from an economic standpoint and consistent with what management would expect from similar arrangements with other non-affiliated parties. None of these agreements had an impact on the Company's Consolidated Condensed Financial Statements as the Company continues to consolidate TRL Group subsequent to this transaction. In connection with the TRL Group transaction, the parties agreed to liquidate and dissolve TRL Group in an orderly fashion when and if the number of TRL Group members decreases below 1.3 million, provided that such dissolution may not occur prior to January 2007.

Cendant paid $13 million in cash on January 30, 2004 for the contract termination, regained exclusive access to the various tradenames, trademarks, logos, service marks and other intellectual property that it had previously licensed to TRL Group for its use in marketing to new members and now has managerial control of TRL Group through its majority representation on the TRL Group board of directors. TRL Group will continue to service and collect membership fees from its members to whom it marketed through January 29, 2004, including their renewals. Cendant will provide fulfillment services (including collecting cash, paying commissions, processing refunds, providing membership services and benefits and maintaining specified service level standards) for TRL Group's members in exchange for a servicing fee. TRL Group will no longer have the ability to market to new members; rather, Cendant will begin to market to new members under the Trilegiant tradename. Immediately following consummation of this transaction, Cendant owned approximately 43% of TRL Group on a fully diluted basis and as of June 30, 2004, Cendant's equity ownership interest in TRL Group approximated 44% on a fully diluted basis.

Although the Company did not begin to consolidate the account balances and transactions of TRL Group until July 1, 2003 (pursuant to the adoption of FIN 46), the Company's Consolidated Condensed Statements of Income for the three and six months ended June 30, 2003 do reflect the activity between Cendant and TRL Group pursuant to the terms of the outsourcing arrangement. Accordingly, the Company recorded revenues of $16 million and $33 million (representing royalties, licensing and leasing fees and travel agency fees) and expenses of $37 million and $76 million (relating to fulfillment services and the amortization of the marketing advance made in 2001) during the three and six months ended June 30, 2003, respectively.

During the three and six months ended June 30, 2004 (periods during which TRL Group is consolidated), TRL Group contributed revenues of $119 million and $242 million, respectively, and expenses of $69 million and $171 million, respectively (on a stand-alone basis before eliminations of intercompany entries in consolidation). Cendant's maximum exposure to loss as of June 30, 2004 as a result of its involvement with TRL Group was substantially limited to the advances and loans made to TRL Group, as well as any receivables due from TRL Group (collectively aggregating $141 million as of June 30, 2004), as such amounts may not be recoverable if TRL Group were to cease operations. The creditors of TRL Group have no recourse to Cendant's credit and the assets of TRL Group are not available to pay Cendant's obligations. Cendant is not obligated or contingently liable for any debt incurred by TRL Group.

On January 30, 2004, TRL Group had net deferred tax assets of approximately $121 million, which were mainly comprised of net operating loss carryforwards expiring in years 2021, 2022 and 2023. These deferred tax assets were fully reserved for by TRL Group through a valuation allowance, as TRL Group had not been able to demonstrate future profitability due to the large marketing expenditures it incurred (new member marketing has historically been TRL Group's single largest expenditure). However, given the fact that TRL Group will no longer incur marketing expenses (as they no longer have the ability to market to new members as a result of this transaction), TRL Group now believes that it is more likely than not that it will generate sufficient taxable income (as it will continue to recognize revenue from TRL Group's existing membership base in the form of renewals and the lapsing of the refund privilege period) to utilize its net operating loss carryforwards within the statutory periods. Accordingly, TRL Group reversed the entire valuation allowance of $121 million in January 2004, which resulted in a reduction to the Company's consolidated tax provision during the six months ended June 30, 2004 of $121 million, with a corresponding increase in consolidated net income. The $13 million cash payment the Company made to TRL Group was also recorded by the Company as a component of its provision for income taxes line item on the Consolidated Condensed Statement of Income for the six months ended June 30, 2004 and partially offsets the $121 million reversal of TRL Group's valuation allowance.

15. Segment Information

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 former Financial Services segment was renamed as the Marketing Services segment upon completion of the Jackson Hewitt IPO. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

Presented below are the revenue and EBITDA for each of the Company's reportable segments and the reconciliation of EBITDA to income before income taxes and minority interest.

	Three Months Ended June 30,			
	2004		2003	
	Revenues	EBITDA	Revenues	EBITDA
Real Estate Franchise and Operations	$ 1,812	$ 354	$ 1,388	$ 262
Mortgage Services	344	94	394	92
Hospitality Services	701	179	635	150
Travel Distribution Services	448	118	426	104
Vehicle Services	1,550	177	1,499	132
Marketing Services	352	77	249	76
Total Reportable Segments	5,207	999	4,591	816
Corporate and Other (*)	2	(24)	–	(14)
Total Company	$ 5,209	$ 975	$ 4,591	$ 802
Reconciliation:				
EBITDA		$ 975		$ 802
Less: Non-program related depreciation and amortization		130		126
Non-program related interest expense, net		72		81
Early extinguishment of debt		18		6
Amortization of pendings and listings		4		4
Income before income taxes and minority interest		$ 751		$ 585

	Six Months Ended June 30,			
	2004		2003	
	Revenues	EBITDA	Revenues	EBITDA
Real Estate Franchise and Operations	$ 2,968	$ 484	$ 2,373	$ 375
Mortgage Services	582	101	763	204
Hospitality Services	1,382	347	1,215	294
Travel Distribution Services	900	241	842	232
Vehicle Services	2,944	276	2,857	182
Marketing Services	708	146	506	152
Total Reportable Segments	9,484	1,595	8,556	1,439
Corporate and Other (*)	34	(10)	30	3
Total Company	$ 9,518	$ 1,585	$ 8,586	$ 1,442
Reconciliation:				
EBITDA		$ 1,585		$ 1,442
Less: Non-program related depreciation and amortization		258		252
Non-program related interest expense, net		153		160
Early extinguishment of debt		18		54
Amortization of pendings and listings		8		7
Income before income taxes and minority interest		$ 1,148		$ 969

(*) Includes the results of operations of certain non-strategic businesses, unallocated corporate overhead and the elimination of transactions between segments. Additionally, the three and six months ended June 30, 2004 include an $8 million and $40 million gain on the sale of Homestore, Inc. common stock, respectively, and the six months ended June 30, 2003 includes a $30 million gain on the sale of Entertainment Publications, Inc. common stock. As of June 30, 2004, the Company owned approximately 7.3 million shares of Homestore, Inc. common stock, which approximated a 5.9% ownership interest.

16. Subsequent Events

Potential Sale of Mortgage Business

On July 20, 2004, the Company announced that it is in discussions with a potential purchaser regarding the sale of its mortgage business as well as the creation of an ongoing relationship between the parties providing for the Company's continued participation in the mortgage business through its residential real estate, relocation and settlement services businesses. It is currently anticipated that the potential transaction, if completed, would result in net proceeds to the Company at the time of sale of between $750 million and $1 billion, after repayment or assumption by the buyer of approximately $5 billion to $6 billion of associated indebtedness. In that event, the Company's taxable gain could approximate the amount of the net proceeds, resulting in a reduction of its net operating loss carryforward of a similar magnitude. The terms of the potential transaction are subject to approval by the Company's Board of Directors, completion of due diligence, determination of an appropriate structure regarding the Company's ongoing participation in the mortgage business and negotiation of definitive agreements. There can be no assurance that the parties will enter into a definitive agreement for any transaction or that any transaction will be completed.

Declaration of Dividend

On July 20, 2004, the Company's Board of Directors declared a quarterly cash dividend of $0.09 per common share, payable September 14, 2004 to stockholders of record August 16, 2004.

****

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 2003 Annual Report on Form 10-K filed with the Commission on March 1, 2004 and Form 8-K filed on August 2, 2004. Unless otherwise noted, all dollar amounts are in millions.

We are one of the foremost providers of travel and real estate services in the world. Our businesses provide consumer and business services primarily in the travel and real estate services industries, which are intended to complement one another and create cross-marketing opportunities both within and among our six business segments:

- **Real Estate Franchise and Operations**—franchises the real estate brokerage businesses of our four residential and one commercial brands, provides real estate brokerage services under our real estate brands and facilitates employee relocations;
- **Mortgage Services**—provides home buyers with mortgage lending services and title, appraisal and closing services;
- **Hospitality Services**—sells and develops vacation ownership interests, provides consumer financing to individuals purchasing these interests, facilitates the exchange of vacation ownership interests, franchises our nine lodging brands and markets vacation rental properties in Europe;
- **Travel Distribution Services**—provides primarily global distribution services for the travel industry and travel agency services;
- **Vehicle Services**—operates and franchises our vehicle rental brands and provides commercial fleet management and fuel card services;
- **Marketing Services (formerly, Financial Services)**—provides insurance, membership, loyalty and enhancement products and services to financial institutions and other partners and their customers.

Our management team is committed to building long-term value through operational excellence and we are steadfast in our commitment to deploy our cash to increase stockholder value. To this end, during the six months ended June 30, 2004, we further reduced our outstanding corporate indebtedness by approximately $1.4 billion and repurchased an additional $962 million of our common stock. Our plan is to continue our debt reduction program throughout the remainder of 2004 and by year-end we expect to have eliminated all of our convertible securities. Furthermore, we intend to continue to buy back our common stock consistent with our capitalization targets. Additionally, in each of the first and second quarters of 2004, we paid quarterly dividends of 7 cents per share and in July 2004, our Board of Directors approved an increase of the third quarter dividend to 9 cents per share. We expect to pay a cash dividend of at least 9 cents per share for fourth quarter 2004 and while no assurances can be given, we expect to periodically increase our dividend at a rate at least equal to our earnings growth.

Year-to-date we have invested approximately $320 million in tuck-in acquisitions, substantially all of which were related to travel or real estate. We will continue to seek similar opportunities to augment our travel and real estate portfolio and further shift the mix of our businesses toward the areas in which we believe our greatest strategic advantages lie.

This quarter we also began to execute against our plan to simplify our business model by exiting non-core businesses or businesses that produce volatility to our earnings inconsistent with our business model and the remainder of our portfolio. First, we successfully completed the initial public offering of Jackson Hewitt Tax Service Inc., raising a total of $777 million in cash, and second, we announced that we are in discussions with a potential purchaser regarding the sale of our mortgage business. These discussions include the creation of an ongoing relationship in which we would continue to participate in the mortgage business through our residential real estate, relocation and settlement services businesses. In this way, we would continue to benefit from our leading position in the residential real estate industry and the tremendous opportunity that presents to cross-sell mortgages to our customers. We currently anticipate that the potential transaction, if completed, would result in net proceeds of between $750 million and $1 billion, after repayment or assumption by the buyer of approximately $5 billion to $6 billion of associated debt. In that event, our taxable gain could approximate the amount of the net proceeds, resulting in a reduction of our net operating loss carryforward of a similar magnitude. The terms of the potential transaction are subject to approval by our Board of Directors, the completion of due diligence, determination of an appropriate structure regarding our ongoing participation in the mortgage business and negotiation of definitive agreements. There can be no assurance that the parties will enter into a definitive agreement for any transaction or that any transaction will be completed.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2004 VS. THREE MONTHS ENDED JUNE 30, 2003

Our consolidated results comprised the following:

	Three Months Ended June 30,		
	2004	2003	Change
Net revenues	$ 5,209	$ 4,591	$ 618
Total expenses	4,458	4,006	452
Income before income taxes and minority interest	751	585	166
Provision for income taxes	257	194	63
Minority interest, net of tax	1	7	(6)
Income from continuing operations	$ 493	$ 384	$ 109

Net revenues for second quarter 2004 increased $618 million (13%) primarily due to growth in our real estate brokerage business, which also contributed to the increase in total expenses in order to support higher homesale transaction volumes. In addition, the consolidation of TRL Group, Inc. (formerly Trilegiant Corporation) on July 1, 2003 and the acquisitions of strategic businesses in first and second quarters 2004 (which are discussed in greater detail below) contributed to the increases in revenues and expenses, as their results are included in second quarter 2004 but not in second quarter 2003. These increases were partially offset by a decline in both revenues generated and expenses incurred by our mortgage business, as expected, due to reduced mortgage refinancing activity industry-wide. Our overall effective tax rate was 34% and 33% for the second quarter 2004 and 2003, respectively. The effective tax rate for second quarter 2004 was higher primarily due to an increase in taxes on our foreign operations. As a result of the above-mentioned items, income from continuing operations increased $109 million (28%).

Discussed below are the results of operations for each of our reportable segments. Management evaluates the operating results of each of our 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. As a result of the initial public offering of Jackson Hewitt, the financial information presented below has been revised to reflect the renaming of the former Financial Services segment as the Marketing Services segment. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Revenues			EBITDA		
	2004	2003	% Change	2004	2003	% Change
Real Estate Franchise and Operations	$ 1,812	$ 1,388	31%	$ 354	$ 262	35%
Mortgage Services	344	394	(13)	94	92	2
Hospitality Services	701	635	10	179	150	19
Travel Distribution Services	448	426	5	118	104	13
Vehicle Services	1,550	1,499	3	177	132	34
Marketing Services	352	249	41	77	76	1
Total Reportable Segments	5,207	4,591	13	999	816	22
Corporate and Other [(a)]	2	–	*	(24)	(14)	*
Total Company	$ 5,209	$ 4,591	13	$ 975	$ 802	
Reconciliation to income before income taxes and minority interest:						
EBITDA				$ 975	$ 802	
Less: Non-program related depreciation and amortization				130	126	
Non-program related interest expense, net				72	81	
Early extinguishment of debt				18	6	
Amortization of pendings and listings				4	4	
Income before income taxes and minority interest				$ 751	$ 585	

* Not meaningful.

(a) Includes the results of operations of certain non-strategic businesses, unallocated corporate overhead and the elimination of transactions between segments. Additionally, the 2004 amount includes an $8 million gain on the sale of Homestore, Inc. common stock.

Real Estate Franchise and Operations

Revenues and EBITDA increased $424 million (31%) and $92 million (35%), respectively, in second quarter 2004 compared with second quarter 2003, primarily reflecting revenue growth at our real estate brokerage operations and increased royalties and marketing fund revenues from our real estate franchise brands.

NRT, our real estate brokerage subsidiary, made acquisitions of various real estate brokerage businesses during 2003 and 2004, the operating results of which have been included from their acquisition dates forward. NRT's significant acquisitions, including Sotheby's International Realty, contributed $64 million and $7 million of incremental revenues and EBITDA, respectively, to second quarter 2004 operating results. Excluding the impact of these significant acquisitions, NRT generated incremental revenues of $337 million in second quarter 2004, a 29% increase over second quarter 2003. This increase was substantially comprised of higher commission income earned on homesale transactions, which was driven by both a 20% increase in the average price of homes sold and a 10% increase in the number of homesale transactions. We expect the upward trend in homesale prices to moderate in the second half of 2004. Commission expenses paid to real estate agents increased $234 million as a result of the incremental revenues earned on homesale transactions as well as a higher average commission rate paid to real estate agents in second quarter 2004 due to variances in the geographic mix of revenues and the progressive nature of agent commission schedules.

Our real estate franchise business generated $139 million of royalties and marketing fund revenues in second quarter 2004 as compared with $116 million in second quarter 2003, an increase of $23 million (20%). Such growth was primarily driven by a 15% increase in the average price of homes sold and a 15% increase in the number of homesale transactions. Royalty increases in the real estate franchise business are recognized with little or no corresponding increase in expenses due to the significant operating leverage within our franchise operations. Net revenues were negatively impacted by an increase in volume incentives paid to our largest independent brokers. Additionally, NRT, our wholly-owned real estate brokerage firm continues to pay royalties to our real estate franchise business. However, these intercompany royalties for the three months ended June 30, 2004 and 2003, which approximated $100 million and $76 million, respectively, are eliminated in consolidation and therefore have no impact on this segment's revenues or EBITDA.

Marketing, operating and administrative expenses (apart from the NRT acquisitions and real estate agent commission expenses, both of which are discussed separately above) increased $41 million principally reflecting an increase in variable expenses associated with homesale revenue, which grew quarter-over-quarter, as discussed above.

Mortgage Services

As expected, revenues declined $50 million (13%) in second quarter 2004 due to a slow-down in refinancing activity compared with second quarter 2003. EBITDA increased $2 million (2%) in second quarter 2004 compared with second quarter 2003.

Revenues from mortgage loan production declined $121 million (34%) in second quarter 2004 compared with second quarter 2003 substantially due to a significant quarter-over-quarter reduction in refinancing levels, as well as lower margins on loan sales. This decline was partially offset by a $72 million increase in revenues from mortgage servicing activities. Refinancing activity is sensitive to interest rate changes relative to borrowers' current interest rates. Refinancing volumes typically increase when interest rates are falling (such as in the last half of 2002 and the first half of 2003) and decrease when interest rates rise (such as in last half of 2003 and during the second quarter 2004). This factor, along with increased competitive pricing pressures, caused revenue from mortgage loan production to decrease.

The decline in revenues from mortgage loan production was primarily the result of a 36% reduction in the volume of loans that we sold and a 9% reduction in the volume of loans closed within our fee-based mortgage origination operations. We sold $10.4 billion of mortgage loans in second quarter 2004 compared with $16.3 billion in second quarter 2003, which resulted in a reduction of $104 million (41%) in production revenues. In addition, revenues from our fee-based mortgage origination activity declined $17 million (16%) as compared with second quarter 2003. Production revenue on fee-based loans is generated at the time of closing, whereas originated mortgage loans held for sale generate revenue at the time we sell the loans (generally within 60 days after closing). Accordingly, our production revenue in any given period is driven by a mix of mortgage loans closed and mortgage loans sold. Total mortgage loans closed declined $5.7 billion (24%) to $17.6 billion in second quarter 2004 compared with 2003, comprised of a $5.1 billion (30%) reduction in closed loans to be securitized (sold by us) and an $549 million (9%) reduction in closed loans that were fee-based. Although we experienced a decline in total mortgage refinancing activity, purchase mortgage closings increased $1.4 billion (15%) to $10.7 billion in second quarter 2004.

Net revenues from servicing mortgage loans increased $72 million, which reflects an increase of $14 million (13%) in gross recurring servicing fees (fees received for servicing existing loans in the portfolio), an increase of $12 million in other servicing revenue and a decrease of $46 million in amortization expense and provision for impairment related to our mortgage

servicing rights asset ("MSR"), net of derivative activity. The increase of $14 million in gross recurring servicing fees was driven by a 14% period-over-period increase in the average servicing portfolio, which rose to $136.2 billion in second quarter 2004. The decrease in amortization expense and provision for impairment, net of derivative activity, is primarily attributable to the lower prepayment rates experienced in second quarter 2004 compared with second quarter 2003.

Revenues within our settlement services business declined $1 million in second quarter 2004 compared with second quarter 2003. Title, appraisal and other closing fees all decreased due to lower volumes, consistent with the decline in mortgage refinancing volume in second quarter 2004, which contributed an $8 million decrease in revenues quarter-over-quarter. Offsetting the impact of the decline in mortgage refinancing volume is a $7 million gain recorded on the sale of certain non-core assets by our settlement services business.

Operating expenses within this segment declined $52 million in second quarter 2004 due to the decline in mortgage loan production discussed above.

Hospitality Services

Revenues and EBITDA increased $66 million (10%) and $29 million (19%), respectively, in second quarter 2004 compared with second quarter 2003.

Sales of vacation ownership interests ("VOIs") in our timeshare resorts increased $8 million in second quarter 2004, a 3% increase over second quarter 2003. This increase was primarily driven by a 6% increase in VOI close rates (sales divided by tours) and a higher volume of upgrade sales in second quarter 2004, which were partially offset by lower tour flow primarily driven by the impact of the Do Not Call legislation. Revenue also benefited from a $10 million increase in interest income generated from financing extended to VOI buyers due mainly to the consolidation of our largest timeshare receivable securitization structures during third quarter 2003.

Timeshare exchange and subscription fee revenues within our timeshare exchange business increased $5 million (5%) during second quarter 2004. Such growth was primarily driven by a 4% increase in the average number of worldwide subscribers and a 4% increase in the average subscription price per member. Timeshare points and rental transaction revenue grew $7 million (34%) driven principally by a 14% increase in transaction volume and a higher average price on rental transactions.

Royalties and marketing and reservation fund revenues within our lodging franchise operations increased $3 million (3%) in second quarter 2004 due to a 5% increase in revenue per available room despite a reduction in room count due to quality control initiatives implemented in 2003 whereby we terminated from our franchise system certain properties that were not meeting required standards. Additionally, in fourth quarter 2003, we launched TripRewards, a new loyalty program that enables customers to earn points when purchasing services from Cendant's lodging brands. During second quarter 2004, the TripRewards program contributed $5 million to revenue but had no impact on EBITDA as we deployed this revenue to operate and market the program.

Revenues at our international vacation rental companies increased $28 million (88%) principally due to the acquisition of Landal Green Parks, a Dutch vacation rental company specializing in the rental of privately-owned vacation homes located in European holiday parks (see Note 3 to our Consolidated Condensed Financial Statements). During second quarter 2004, Landal contributed $25 million and $6 million to revenues and EBITDA, respectively.

Operating and administrative expenses within this segment increased $26 million in second quarter 2004, principally reflecting higher variable costs incurred to support the increase in timeshare sales and exchange volumes and growth in our lodging franchise operations, which are discussed above. In addition, EBITDA further reflects a net increase of $17 million primarily related to (i) the settlement of a lodging franchisee receivable that had been previously reserved for during 2003, (ii) the absence of a provision recorded during second quarter 2003 to provide for such reserve and (iii) the impact of discontinuing gain-on-sale accounting, as of third quarter 2003, for the securitization of timeshare receivables.

Travel Distribution Services

Revenues and EBITDA increased $22 million (5%) and $14 million (13%), respectively, in second quarter 2004 compared with second quarter 2003. Our Travel Distribution Services segment derives revenue primarily from fees paid by travel suppliers and travel agencies for electronic global distribution and computer reservation services ("GDS") provided by our Galileo subsidiary and from fees and commissions for retail travel services.

Galileo worldwide air booking fees grew $14 million (5%) reflecting an increase of $23 million (12%) in international air booking fees, partially offset by a decrease of $9 million (10%) in domestic air booking fees. The increase in international air booking fees was driven by a 6% increase in booking volumes, which rose to 43.5 million in second quarter 2004, and a 5%

increase in the effective yield on such bookings, which partially resulted from a shift to a greater number of premium booking transactions relative to total booking transactions. The decrease in domestic booking fees was driven by a 12% decline in the effective yield despite a 2% increase in booking volumes, which rose to 21.5 million in second quarter 2004. The effective yield on domestic air bookings reflected the impact of our pricing program with major U.S. carriers, which is aligned with our strategic program to gain access to all of the participating airlines' publicly available fares for their respective participation term. International air bookings represented approximately two-thirds of our total air bookings during second quarter 2004 and 2003. In addition, Galileo subscriber fees decreased $5 million (13%), with minimal EBITDA impact, primarily due to fewer travel agencies leasing computer equipment from us during second quarter 2004 compared with second quarter 2003. This is a trend that is expected to continue for the remainder of 2004 as smaller travel agencies have begun to purchase lower cost commodity equipment of their own rather than leasing it from us.

Our quarter-over-quarter comparisons are also affected by the acquisition of four travel services companies in late 2003 and early 2004, which contributed incremental revenues and EBITDA of $15 million and $3 million, respectively.

Excluding the impact of the aforementioned acquisitions, operating and administrative expense remained relatively unchanged as additional commission expenses from the increase in booking volumes were offset by ongoing cost containment efforts, including reductions in personnel-related expenses.

Vehicle Services

Revenue and EBITDA increased $51 million (3%) and $45 million (34%), respectively, in second quarter 2004 compared with second quarter 2003.

Revenue generated by Cendant Car Rental Group (comprised of Avis car rental and Budget car and truck rental operations) during second quarter 2004 was relatively unchanged when compared with second quarter 2003. Avis car rental revenues increased $22 million (3%) in second quarter 2004 compared with second quarter 2003 primarily due to a 5% increase in the total number of days an Avis car was rented, partially offset by a 2% decrease in pricing. However, this growth was offset by a decline in Budget car and truck rental revenues. Budget car rental revenues declined $19 million (6%) in second quarter 2004 compared with the same period in 2003 also principally due to a 5% decline in pricing. The revenue changes for Avis and Budget are inclusive of favorable foreign currency exchange rates aggregating $6 million, which was principally offset in EBITDA by the unfavorable impact of foreign currency exchange rates on expenses.

Total Cendant Car Rental Group expenses decreased by $38 million quarter-over-quarter resulting from reduced fleet costs due to more favorable pricing from vehicle manufacturers and operating efficiencies realized in connection with the successful integration of Budget, partially offset by incremental expenses incurred in connection with the increase in Avis car rental volume. Although no assurances can be given, we expect the Budget integration to continue to result in year-over-year cost savings and positively impact EBITDA comparisons for the remaining quarterly periods in 2004.

Wright Express, our fuel card subsidiary, recognized incremental revenues of $9 million in second quarter 2004 compared with second quarter 2003. This growth was driven by a combination of new customers, increased usage of the fleet fuel card product and increased fuel prices.

In February 2004, we completed the acquisition of First Fleet Corporation, a national provider of fleet management services to companies that maintain private truck fleets. First Fleet contributed $37 million and $1 million of revenues and EBITDA, respectively, during second quarter 2004.

Marketing Services

Revenues increased $103 million (41%) while EBITDA remained relatively flat in second quarter 2004 compared with second quarter 2003 primarily due to the consolidation of TRL Group, the results of which are included in second quarter 2004 but not in second quarter 2003. Effective July 1, 2003, we consolidated TRL Group pursuant to the provisions of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). TRL Group (after eliminations of intercompany revenues and expenses) contributed revenues of $108 million and EBITDA of $52 million during second quarter 2004. Apart from the consolidation of TRL Group, revenues and EBITDA for the Marketing Services segment decreased $5 million and $51 million, respectively, in second quarter 2004 compared with second quarter 2003.

As expected, the membership base retained by us in connection with the original outsourcing of our individual membership business to TRL Group in July 2001 continued to diminish due to attrition; however, the unfavorable impact of reduced revenues on EBITDA was mitigated by a net reduction in expenses from servicing fewer members. Our smaller membership base resulted in a net revenue reduction of $30 million, which was partially offset in EBITDA by a net reduction of $23 million in membership-related expenses.

On January 30, 2004, we amended our contractual relationship with TRL Group and began marketing to new members using the Trilegiant tradename (see Note 14 to our Consolidated Condensed Financial Statements for a more detailed discussion regarding this transaction). Therefore, our membership base will grow again as we realize the benefits from our marketing efforts to solicit new members, while TRL Group's membership base will continue to shrink as they no longer have the ability to solicit new members. However, the revenue generated from our increasing membership base generally will not be recognized until the expiration of the refund period. As a result, during second quarter 2004, we recognized $7 million of revenues and $48 million of EBITDA losses resulting primarily from marketing expenses incurred to solicit new members for which we expect to realize revenues in future periods.

Additionally, on January 30, 2004, we acquired Trilegiant Loyalty Solutions, Inc. ("TLS"), a wholly-owned subsidiary of TRL Group (see Note 3 to our Consolidated Financial Statements for more detailed information on this acquisition). TLS contributed revenues and EBITDA of $12 million and $5 million, respectively, during second quarter 2004.

SIX MONTHS ENDED JUNE 30, 2004 VS. SIX MONTHS ENDED JUNE 30, 2003

Our consolidated results comprised the following:

	Six Months Ended June 30,		
	2004	2003	Change
Net revenues	$ 9,518	$ 8,586	$ 932
Total expenses	8,370	7,617	753
Income before income taxes and minority interest	1,148	969	179
Provision for income taxes	273	316	(43)
Minority interest, net of tax	5	12	(7)
Income from continuing operations	$ 870	$ 641	$ 229

Net revenues for the six months ended June 30, 2004 increased $932 million (11%) primarily due to growth in our real estate brokerage and timeshare sales and marketing businesses, which also contributed to the increase in total expenses in order to support higher homesale transactions and vacation ownership sales activities. In addition, the consolidation of TRL Group on July 1, 2003 and the acquisitions of strategic businesses in first and second quarters 2004 (which are discussed in greater detail below) also contributed to the increase in revenues and expenses, as their results are included in the six months ended June 30, 2004 but not in the corresponding period in 2003. These increases were partially offset by a decline in both revenues generated and expenses incurred by our mortgage business, as expected, due to reduced mortgage refinancing activity industry-wide. Additionally, total expenses benefited by $43 million less interest expense in 2004, which principally reflected a period-over-period reduction in losses incurred in connection with our early extinguishments of debt. Our overall effective tax rate was 24% and 33% for the six months ended June 30, 2004 and 2003, respectively. The effective tax rate for 2004 was lower primarily due to the reversal of a valuation allowance for deferred taxes by TRL Group (see Note 14 to our Consolidated Condensed Financial Statements). As a result of the above-mentioned items, income from continuing operations increased $229 million (36%).

Discussed below are the results of operations for each of our reportable segments. Management evaluates the operating results of each of our 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. As a result of the initial public offering of Jackson Hewitt, the financial information presented below has been revised to reflect the renaming of the former Financial Services segment as the

Marketing Services segment. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Revenues			EBITDA		
	2004	2003	% Change	2004	2003	% Change
Real Estate Franchise and Operations	$ 2,968	$ 2,373	25%	$ 484	$ 375	29%
Mortgage Services	582	763	(24)	101	204	(50)
Hospitality Services	1,382	1,215	14	347	294	18
Travel Distribution Services	900	842	7	241	232	4
Vehicle Services	2,944	2,857	3	276	182	52
Marketing Services	708	506	40	146	152	(4)
Total Reportable Segments	9,484	8,556	11	1,595	1,439	11
Corporate and Other [(a)]	34	30	*	(10)	3	*
Total Company	$ 9,518	$ 8,586	11	$ 1,585	$ 1,442	
Reconciliation to income before income taxes and minority interest:						
EBITDA				$ 1,585	$ 1,442	
Less: Non-program related depreciation and amortization				258	252	
Non-program related interest expense, net				153	160	
Early extinguishment of debt				18	54	
Amortization of pendings and listings				8	7	
Income before income taxes and minority interest				$ 1,148	$ 969	

* Not meaningful.

(a) Includes the results of operations of certain non-strategic businesses, unallocated corporate overhead and the elimination of transactions between segments. Additionally, the 2004 amount includes a $40 million gain on the sale of Homestore, Inc. common stock and the 2003 amount includes a $30 million gain on the sale of Entertainment Publications, Inc. common stock.

Real Estate Franchise and Operations

Revenues and EBITDA increased $595 million (25%) and $109 million (29%), respectively, in the six months ended June 30, 2004 compared with the six months ended June 30, 2003, primarily reflecting revenue growth at our real estate brokerage operations and increased royalties and marketing fund revenues from our real estate franchise brands.

NRT, our real estate brokerage subsidiary, made acquisitions of various real estate brokerage businesses during 2003 and 2004, the operating results of which have been included from their acquisition dates forward. NRT's significant acquisitions, including Sotheby's International Realty, contributed $83 million and $5 million of incremental revenues and EBITDA, respectively, to 2004 operating results. Excluding the impact of these significant acquisitions, NRT generated incremental revenues of $480 million in 2004, a 25% increase over 2003. This increase was substantially comprised of higher commission income earned on homesale transactions, which was driven by both a 19% increase in the average price of homes sold and a 7% increase in the number of homesale transactions. We expect the upward trend in homesale prices to moderate in the second half of 2004. Commission expenses paid to real estate agents increased $331 million as a result of the incremental revenues earned on homesale transactions as well as a higher average commission rate paid to real estate agents in 2004 due to variances in the geographic mix of revenues and the progressive nature of agent commission schedules.

Our real estate franchise business generated $232 million of royalties and marketing fund revenues during 2004 as compared with $199 million in 2003, an increase of $33 million (17%). Such growth was primarily driven by a 13% increase in the average price of homes sold and a 12% increase in the number of homesale transactions. Royalty increases in the real estate franchise business are recognized with little or no corresponding increase in expenses due to the significant operating leverage within our franchise operations. Net revenues were negatively impacted by an increase in volume incentives paid to our largest independent brokers. Additionally, NRT, our wholly-owned real estate brokerage firm continues to pay royalties to our real estate franchise business. However, these intercompany royalties for the six months ended June 30, 2004 and 2003, which approximated $163 million and $130 million, respectively, are eliminated in consolidation and therefore have no impact on this segment's revenues or EBITDA.

Marketing, operating and administrative expenses (apart from the NRT acquisitions and real estate agent commission expenses, both of which are discussed separately above) increased $77 million principally reflecting an increase in variable expenses associated with higher homesale revenue, as discussed above.

Mortgage Services

As expected, revenues and EBITDA declined significantly in the six months ended June 30, 2004 due to a slow-down in refinancing activity compared with the same period in 2003. Revenues and EBITDA decreased $181 million (24%) and $103 million (50%), respectively, in the six months ended June 30, 2004 compared with the same period in 2003.

Revenues from mortgage loan production declined $291 million (45%) in the six months ended June 30, 2004 compared with the same period in 2003 substantially due to a significant year-over-year reduction in refinancing levels, as well as lower margins on loan sales. This decline was partially offset by a $126 million increase in revenues from mortgage servicing activities. Refinancing activity is sensitive to interest rate changes relative to borrowers' current interest rates. Refinancing volumes typically increase when interest rates are falling (such as in the last half of 2002 and the first half of 2003) and slow when interest rates rise (such as in the last half of 2003 and during the second quarter 2004). This factor, along with increased competitive pricing pressures, caused revenue from mortgage loan production to decrease.

The decline in revenues from mortgage loan production was the result of a 41% reduction in the volume of loans that we sold and an 18% reduction in the volume of loans closed within our fee-based mortgage origination operations. We sold $17.0 billion of mortgage loans in the six months ended June 30, 2004 compared with $29.0 billion in the same period in 2003, which resulted in a reduction of $257 million (55%) in production revenues. In addition, revenues from our fee-based mortgage origination activity declined $34 million (19%) as compared with second quarter 2003. Production revenue on fee-based loans is generated at the time of closing, whereas originated mortgage loans held for sale generate revenue at the time we sell the loans (generally within 60 days after closing). Accordingly, our production revenue in any given period is driven by a mix of mortgage loans closed and mortgage loans sold. Total mortgage loans closed declined $12.3 billion (30%) to $28.9 billion in the six months ended June 30, 2004, comprised of a $10.2 billion (35%) reduction in closed loans to be securitized (sold by us) and a $2.1 billion (18%) reduction in closed loans that were fee-based. Although we experienced a decline in total mortgage refinancing activity, purchase mortgage closings increased $2.1 billion (13%) to $17.5 billion in the six months ended June 30, 2004.

Net revenues from servicing mortgage loans increased $126 million, which reflects an increase of $26 million (12%) in gross recurring servicing fees (fees received for servicing existing loans in the portfolio), an increase of $14 million in other servicing revenue and a decrease of $86 million in amortization expense and provision for impairment related to our mortgage servicing rights asset, net of derivative activity. The increase of $26 million in gross recurring servicing fees was driven by a 14% period-over-period increase in the average servicing portfolio, which rose to $134.7 billion in the six months ended June 30, 2004. The decrease in amortization expense and provision for impairment, net of derivative activity, is primarily attributable to the lower prepayment rates experienced in the six months ended June 30, 2004 compared with the same period in 2003.

Revenues within our settlement services business declined $16 million in the six months ended June 30, 2004 compared with the six months ended June 30, 2003. Title, appraisal and other closing fees all decreased due to lower volumes, consistent with the decline in mortgage refinancing volume in the six months ended June 30, 2004, which contributed a $23 million decrease in revenues period over period. Partially offsetting the impact of the decline in mortgage refinancing volume is a $7 million gain recorded on the sale of certain assets by our settlement services business.

Operating expenses within this segment declined $76 million in the six months ended June 30, 2004 due to the decline in mortgage loan production discussed above.

Hospitality Services

Revenues and EBITDA increased $167 million (14%) and $53 million (18%), respectively, in the six months 2004 compared with six months 2003.

Sales of vacation ownership interests ("VOIs") in our timeshare resorts increased $63 million in the six months ended June 30, 2004, a 12% increase over comparable period in 2003. This increase was primarily driven by a 9% increase in VOI close rates (sales divided by tours) and a higher volume of upgrade sales in the six months ended June 30, 2004, which was partially offset by lower tour flow primarily driven by the impact of the Do Not Call legislation. Revenue also benefited by an $8 million increase in interest income generated from financing extended to VOI buyers due to the consolidation of our largest timeshare receivable securitization structures during third quarter 2003.

Timeshare exchange and subscription fee revenues within our timeshare exchange business increased $15 million (8%) during the six months ended June 30, 2004. Such growth was primarily driven by a 3% increase in the average number of worldwide subscribers and a 5% increase in the average subscription price per member. Timeshare points and rental transaction revenue grew $18 million (45%) driven principally by a 25% increase in transaction volume and a higher average price on rental transactions.

Royalties and marketing and reservation fund revenues within our lodging franchise operations increased $4 million (3%) in the six months ended June 30, 2004 due to a 3% increase in revenue per available room. Additionally, the TripRewards

program (previously discussed) contributed $8 million to revenue during the six months ended June 30, 2004 but had a minimal impact on EBITDA as we deployed this revenue to operate and market the program.

Revenues at our international vacation rental companies increased $38 million (42%) largely due to the acquisition of Landal Green Parks, which contributed $25 million and $6 million to revenues and EBITDA, respectively, during the six months ended June 30, 2004.

Revenues within this segment also increased $12 million in the six months ended June 30, 2004 due to the favorable impact of foreign currency exchange rates on revenues, which were substantially offset in EBITDA by the unfavorable impact of exchange rates on expenses.

Operating and administrative expenses within this segment increased $100 million in the six months ended June 30, 2004, principally reflecting higher variable costs incurred to support the increase in timeshare sales and exchange volumes and growth in our lodging franchise operations, which are discussed above. In addition, EBITDA further reflects a net increase of $7 million primarily related to (i) the settlement of a lodging franchisee receivable that had been previously reserved for during 2003, (ii) the absence of a provision recorded during 2003 to provide for such reserve and (iii) the impact of discontinuing gain-on-sale accounting, as of third quarter 2003, for the securitization of timeshare receivables.

Travel Distribution Services

Revenues and EBITDA increased $58 million (7%) and $9 million (4%), respectively, in the six months ended June 30, 2004 compared with the same period in 2003.

Galileo worldwide air booking fees grew $38 million (6%) reflecting an increase of $51 million (13%) in international air booking fees, partially offset by a decrease of $13 million (7%) in domestic air booking fees. The increase in international air booking fees was driven by a 6% increase in booking volumes, which rose to 89.4 million in the six months ended June 30, 2004, and a 6% increase in the effective yield on such bookings, which partially resulted from a shift to a greater number of premium booking transactions relative to total booking transactions. The decrease in domestic booking fees was driven by a 9% decline in the effective yield despite a 2% increase in booking volumes, which rose to 44.4 million in the six months ended June 30, 2004. The effective yield on domestic air bookings reflected the impact of our pricing program with major U.S. carriers, which is aligned with our strategic program to gain access to all of the participating airlines' publicly available fares for their respective participation term. International air bookings represented approximately two-thirds of our total air bookings during the six months ended June 30, 2004 and 2003. In addition, Galileo subscriber fees decreased $11 million (15%), with minimal EBITDA impact, primarily due to fewer travel agencies leasing computer equipment from us in the six months ended June 30, 2004 compared with the same period in 2003. This is a trend that is expected to continue for the remainder of 2004 as smaller travel agencies have begun to purchase lower cost commodity equipment of their own rather than leasing it from us.

In 2003, we completed the acquisitions of Trip Network, which operates the online travel services business of CheapTickets.com. The acquisition of the online operations of CheapTickets.com, which were fully acquired on April 1, 2003, contributed incremental revenues of $15 million and an EBITDA loss of $5 million in the first six months of 2004. The results of our CheapTickets online travel business reflect our investment in marketing that business, which we believe represents a significant opportunity for future growth. Our period-over-period comparisons are also affected by the acquisition of four other travel services companies in late 2003 and early 2004, which contributed incremental revenues and EBITDA of $26 million and $4 million, respectively.

Excluding the impact of the aforementioned acquisitions, EBITDA during the six months ended June 30, 2004 reflected $29 million of incremental expenses due principally to additional commission expenses from the increase in booking volumes partially offset by ongoing cost containment efforts, including reductions in personnel-related expenses.

Vehicle Services

Revenue and EBITDA increased $87 million (3%) and $94 million (52%), respectively, in the six months ended June 30, 2004 compared with the same period in 2003.

Revenue generated by Cendant Car Rental Group increased $20 million (1%). Avis car rental revenues increased $64 million (5%) in the six months ended June 30, 2004 compared with the same period in 2003 primarily due to a 1% increase in pricing and a 4% increase in the total number of days an Avis car was rented. However, this growth was partially offset by a decline in Budget car and truck rental revenues. Budget car rental revenues declined $25 million (4%) in the six months ended June 30, 2004 compared with corresponding period in 2003 principally due to a 2% decline in pricing and a 1% decline in the total number of days a Budget car was rented. The reduction in rental days at Budget resulted from our efforts to enhance profitability by reducing rentals to drivers under 25 years of age and verifying a greater number of drivers' licenses. Budget truck rental revenues declined $19 million in the six months ended June 30, 2004 compared with the same period in 2003 due to a 16% reduction in the Budget truck fleet, which reflects our efforts to focus on higher utilization of newer and more efficient trucks. The revenue changes for Avis and Budget are inclusive of favorable foreign currency exchange rates

aggregating $25 million, which was principally offset in EBITDA by the unfavorable impact of foreign currency exchange rates on expenses.

Total Cendant Car Rental Group expenses decreased by $65 million period-over-period resulting from reduced fleet costs due to more favorable pricing from vehicle manufacturers and operating efficiencies realized in connection with the successful integration of Budget, partially offset by incremental expenses incurred in connection with the increase in Avis car rental volume. Although no assurances can be given, we expect the Budget integration to continue to result in year-over-year cost savings and positively impact EBITDA comparisons for the remaining quarterly periods in 2004.

Wright Express, our fuel card subsidiary, recognized incremental revenues of $15 million in the six months ended June 30, 2004 compared with the same period in 2003. This growth was driven by a combination of new customers, increased usage of the fleet fuel card product and increased fuel prices.

In February 2004, we completed the acquisition of First Fleet Corporation, a national provider of fleet management services to companies that maintain private truck fleets. The operating results of First Fleet were included from the acquisition date forward and contributed incremental revenues of $44 million, with no EBITDA contribution, during the six months ended June 30, 2004.

Marketing Services

Revenues increased $202 million (40%) while EBITDA decreased $6 million (4%) in the six months ended June 30, 2004 compared with the corresponding period in 2003. As previously discussed, effective July 1, 2003, we consolidated TRL Group pursuant to the provisions of FIN 46. TRL Group (after eliminations of intercompany revenues and expenses) contributed revenues of $221 million and EBITDA of $76 million during the six months ended June 30, 2004. Apart from the consolidation of TRL Group, revenues and EBITDA for the Marketing Services segment decreased $19 million and $82 million, respectively, in the six months ended June 30, 2004 compared with the corresponding period in 2003.

As expected, the membership base retained by us in connection with the original outsourcing of our individual membership business to TRL Group in July 2001 continued to diminish due to attrition; however, the unfavorable impact of reduced revenues on EBITDA was mitigated by a net reduction in expenses from servicing fewer members. Our smaller membership base resulted in a net revenue reduction of $58 million, which was partially offset in EBITDA by a net reduction of $43 million in membership-related expenses.

As previously discussed, on January 30, 2004, we amended our contractual relationship with TRL Group, Inc. (formerly Trilegiant Corporation) and began marketing to new members using the Trilegiant tradename (see Note 14 to our Consolidated Condensed Financial Statements for a more detailed discussion regarding this transaction). Therefore, our membership base will grow again as we realize the benefits from our marketing efforts to solicit new members, while TRL Group's membership base will continue to shrink as they no longer have the ability to solicit new members. However, the revenue generated from our increasing membership base generally will not be recognized until the expiration of the refund period. As a result, during the six months ended June 30, 2004, we recognized $10 million of revenues and $78 million of EBITDA losses resulting primarily from marketing expenses incurred to solicit new members for which we expect to realize revenues in future periods.

Additionally, TLS, which we acquired on January 30, 2004, contributed revenues and EBITDA of $19 million and $6 million, respectively, during the six months ended June 30, 2004.

Revenues at our international membership business increased $19 million in the six months ended June 30, 2004 principally due to the favorable impact of foreign currency exchange rates on revenues, which favorably impacted EBITDA by $2 million after including the unfavorable impact of foreign currency exchange rates on expenses.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We present separately the financial data of our management and mortgage 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. Specifically, in our vehicle rental, fleet management, relocation, mortgage services, vacation ownership and vacation rental businesses, assets under management and mortgage programs are funded largely through borrowings under asset-backed funding arrangements and unsecured borrowings at our PHH subsidiary. Such borrowings are classified as debt under management and mortgage programs. 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 and mortgage programs. We believe it is appropriate to segregate the financial data of our management and mortgage programs because, ultimately, the source of repayment of such debt is the realization of such assets.

FINANCIAL CONDITION

	June 30, 2004	December 31, 2003	Change
Total assets exclusive of assets under management and mortgage programs	$ 21,945	$ 21,817	$ 128
Total liabilities exclusive of liabilities under management and mortgage programs	11,434	12,779	(1,345)
Assets under management and mortgage programs	20,458	17,639	2,819
Liabilities under management and mortgage programs	19,855	16,491	3,364
Stockholders' equity	11,114	10,186	928

Total assets exclusive of assets under management and mortgage programs increased primarily due to (i) a $920 million increase in long-term deferred tax assets primarily resulting from net operating loss carryforwards generated in connection with accelerated tax depreciation taken on our vehicle-related assets, (ii) $273 million of additions to goodwill primarily resulting from the acquisitions of several strategic businesses (see Note 3 to our Consolidated Condensed Financial Statements) and (iii) a $104 million increase in trademarks primarily due to our purchase of Marriott International Inc.'s interest in Two Flags Joint Venture LLC, which provided us with the exclusive rights to the domestic Ramada and Days Inn trademarks. Such increases were partially offset by (i) a $556 million decrease in assets of discontinued operations due to the sale of Jackson Hewitt, (ii) a decrease of $273 million in cash and cash equivalents (see "Liquidity and Capital Resources—Cash Flows" for a detailed discussion) and (iii) a $263 million reduction in certain timeshare-related assets as a result of a reclassification to assets under management and mortgage programs, as such assets were financed under a new program in second quarter 2004.

Total liabilities exclusive of liabilities under management and mortgage programs decreased primarily due to (i) the repurchase of $763 million of the senior notes component of our Upper DECS securities in May 2004, (ii) the conversion of our $430 million zero coupon senior convertible contingent notes into shares of Cendant common stock during first quarter 2004 and (iii) the redemption of our 11% senior subordinated notes in May 2004. See "Liquidity and Capital Resources—Financial Obligations—Corporate Indebtedness" for a detailed discussion.

Assets under management and mortgage programs increased primarily due to (i) approximately $1.5 billion of net additions to our vehicle rental fleet in preparation for projected increases in demand, particularly seasonal needs, (ii) a $665 million increase in mortgage loans held for sale primarily associated with the differences in the timing of loan sales, partially offset by decreased mortgage loan origination volume in 2004, (iii) net additions of $358 million to our vehicle leasing fleet principally associated with our acquisition of First Fleet Corporation in February 2004, and (iv) an increase in timeshare-related assets due to the reclassification discussed above.

Liabilities under management and mortgage programs increased primarily due to (i) an increase in our deferred tax liability relating to management and mortgage programs of approximately $1.2 billion, which resulted primarily from the accelerated depreciation discussed above (ii) $1.2 billion of additional borrowings to support the growth in our vehicle rental fleet described above, (iii) $540 million of incremental borrowings at our PHH subsidiary primarily used to support the mortgage loan production activity, (iv) $256 million of borrowings to support the creation of consumer notes receivable and the acquisition of timeshare properties related to our timeshare development business and (v) $251 million of lease obligations assumed in connection with our acquisition of First Fleet Corporation (for which there is a corresponding asset recorded within assets under management and mortgage programs and on which our exposure is limited). See "Liquidity and Capital Resources—Financial Obligations—Debt Under Management and Mortgage Programs" for a detailed account of the change in our debt related to management and mortgage programs.

Stockholders' equity increased primarily due to (i) $1,132 million of net income generated during the six months ended June 30, 2004, (ii) $478 million related to the exercise of employee stock options (including $82 million of tax benefit) and

(iii) the conversion of our zero coupon senior convertible contingent notes into approximately 22 million shares of Cendant common stock, which increased additional paid-in capital by $456 million (including $26 million of deferred tax liabilities that were reversed upon conversion). Such increases were partially offset by (i) our repurchase of $962 million (approximately 42 million shares) of Cendant common stock and (ii) $144 million in dividend payments.

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, 2004, we had $566 million of cash on hand, a decrease of $273 million from $839 million at December 31, 2003. The following table summarizes such decrease:

	Six Months Ended June 30,		
	2004	2003	Change
Cash provided by (used in):			
Operating activities	$ 1,731	$ 2,287	$ (556)
Investing activities	(3,208)	(1,763)	(1,445)
Financing activities	1,128	(51)	1,179
Effects of exchange rate changes	38	(20)	58
Cash provided by discontinued operations	38	49	(11)
Net change in cash and cash equivalents	$ (273)	$ 502	$ (775)

During the six months ended June 30, 2004, we generated $556 million less cash from operating activities as compared with the same period in 2003. This change principally reflects the activities of our management and mortgage programs, which produced less cash inflows in the six months ended June 30, 2004 and the absence in 2004 of $200 million of proceeds received in 2003 from the termination of fair value hedges. However, these decreases were partially offset by stronger operating results. Cash flows related to our management and mortgage programs may fluctuate significantly from period to period due to the timing of the underlying management and mortgage program transactions (i.e., timing of mortgage loan origination versus sale).

During the six months ended June 30, 2004, we used approximately $1.4 billion more cash in investing activities as compared with the same period in 2003. This change principally reflects the activities of our management and mortgage programs, which produced a greater cash outflow in the six months ended June 30, 2004 compared with the corresponding period in 2003. Period-over-period, our vehicle services businesses utilized approximately $1.7 billion more cash primarily to grow the car rental fleet in preparation for projected increases in demand. In addition, our mortgage services business utilized $451 million more cash associated with its MSR asset and related risk management activities. We also utilized $243 million more cash in 2004 to fund acquisitions, substantially all of which were related to travel or real estate. These incremental cash outflows were partially offset by $777 million of proceeds received on the sale of Jackson Hewitt and another $49 million of proceeds received on the sale of two other non-core businesses during 2004. Capital expenditures, which were relatively consistent period-over-period, are anticipated to be in the range of $525 million to $575 million.

During the six months ended June 30, 2004, we generated approximately $1.2 billion more cash from financing activities as compared with the six months ended June 30, 2003. Such change principally reflects additional borrowings under management and mortgage programs of approximately $2.4 billion principally to support the origination of mortgage loans and the acquisition of vehicles used in our vehicle rental operations, as described above. Such incremental cash inflows were partially offset by (i) an increase of $916 million in cash used to reduce corporate indebtedness (including the payment of $778 million to repurchase $763 million of our 6.75% notes that formed a portion of the Upper DECS), (ii) the $144 million of dividend payments to our common stockholders and (iii) an increase of $231 million in share repurchases (net of proceeds received on the issuance of common stock). See “Liquidity and Capital Resources— Financial Obligations” for a detailed discussion of financing activities during first quarter 2004.

Throughout 2004, we intend to continue to reduce corporate indebtedness and repurchase outstanding shares of our common stock. We currently intend to use cash to redeem our 3 7/8% convertible senior debentures on or subsequent to their call date (November 2004); however, holders of these instruments may convert them into shares of our common stock if the price of such stock exceeds the stipulated thresholds (which were not met as of July 31, 2004) or upon the exercise of our call provision. In connection with our anticipated redemption of the 3 7/8% convertible senior debentures, we purchased call spread

options covering 16.3 million of the 33.4 million shares issuable upon a holder's election to convert these debentur es into shares of CD common stock (see Note 9 to our Consolidated Condensed Financial Statements for more detail).

We also expect to use an additional $185 million of cash to pay dividends in 2004 and an additional $205 million no later than third quarter 2004 to repay the outstanding note issued in April 2004 as consideration for the purchase of Marriott's interest in Two Flags Joint Venture.

Financial Obligations

At June 30, 2004, we had approximately $21.8 billion of indebtedness (including corporate indebtedness of approximately $4.6 billion and debt under management and mortgage programs of approximately $17.2 billion).

Corporate indebtedness consisted of:

	Earliest Mandatory Redemption Date	Final Maturity Date	As of June 30, 2004	As of December 31, 2003	Change
Term notes					
11% senior subordinated notes [(a)]	May 2009	n/a	$ –	$ 333	$ (333)
6 7/8% notes	August 2006	August 2006	849	849	–
4.89% notes [(b)]	August 2006	August 2006	100	–	100
6 1/4% notes	January 2008	January 2008	797	797	–
6 1/4% notes	March 2010	March 2010	348	348	–
7 3/8% notes	January 2013	January 2013	1,190	1,190	–
7 1/8% notes	March 2015	March 2015	250	250	–
Contingently convertible debt securities					
Zero coupon senior convertible contingent notes	February 2004	n/a	–	430	(430)
Zero coupon convertible debentures	May 2004	n/a	–	7	(7)
3 7/8% convertible senior debentures	November 2004	November 2011	804	804	–
Other					
Net hedging gains (losses) [(c)]			(41)	31	(72)
Other [(d)]			320	100	220
			4,617	5,139	(522)
Upper DECS [(b)]			–	863	(863)
			$ 4,617	$ 6,002	$ (1,385)

(a) On May 3, 2004, we redeemed these notes for $345 million in cash, including accrued interest.

(b) On May 10, 2004, our outstanding senior notes that formed a part of the Upper DECS were successfully remarketed. In conjunction with the remarketing, we purchased and retired $763 million of our senior notes. See Note 9 to our Consolidated Condensed Financial Statements.

(c) As of June 30, 2004, the balance represented $213 million of mark-to-market adjustments on current interest rate hedges. Such losses were partially offset by $172 million of realized gains resulting from the termination of interest rate hedges, which will be amortized as a reduction to future interest expense. As of December 31, 2003, the balance represented $201 million of realized gains resulting from the termination of interest rate hedges, which were partially offset by $170 million of mark-to-market adjustments on other interest rate hedges.

(d) As of June 30, 2004, this balance included a $205 million note issued in April 2004 as consideration for the purchase of Marriott's interest in Two Flags Joint Venture. We intend to repay this note no later than third quarter 2004.

Debt Under Management and Mortgage Programs

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

	As of June 30, 2004	As of December 31, 2003	Change
Asset-Backed Debt:			
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC [(a)]	$ 6,646	$ 5,644	$ 1,002
Other	810	651	159
Vehicle management program [(b)]	3,454	3,118	336
Mortgage program [(c)]	1,913	1,651	262
Timeshare program [(d)]	1,365	1,109	256
Relocation program	400	400	–
Vacation rental program [(e)]	75	–	75
	14,663	12,573	2,090
Unsecured Debt:			
Term notes	1,838	1,916	(78)
Commercial paper	407	164	243
Other	245	132	113
	2,490	2,212	278
Total debt under management and mortgage programs	$ 17,153	$ 14,785	$ 2,368

(a) The change in the balance at June 30, 2004 principally reflects the issuance of term notes at various interest rates to support the acquisition of vehicles used in our vehicle rental business.

(b) The change in the balance at June 30, 2004 principally reflects debt assumed in connection with our acquisition of First Fleet.

(c) The change in the balance at June 30, 2004 primarily reflects net commercial paper borrowings of $607 million, partially offset by the January 2004 repayment of $350 million of medium-term notes.

(d) The change in the balance at June 30, 2004 primarily reflects borrowings under an asset-linked facility to support the creation of consumer notes receivable and the acquisition of timeshare properties related to our timeshare development business, which replaced a $275 million term loan with $219 million outstanding as of December 31, 2003. Borrowings under our asset-linked facility represent bank debt with a three-year term bearing interest at a rate of LIBOR plus 62.5 basis points, based on our current credit ratings.

(e) This amount represents debt under management and management programs assumed in connection with the acquisition of Landal Green Parks. See Note 3 to our Consolidated Condensed Financial Statements.

The following table provides the contractual maturities for debt under management and mortgage programs (including related party debt due to Cendant Rental Car Funding (AESOP) LLC) at June 30, 2004 (except for notes issued under our vehicle management and certain of our timeshare programs, where the underlying indentures require payments based on cash inflows relating to the corresponding assets under management and mortgage programs and for which estimates of repayments have been used):

	Asset-Backed	Unsecured	Total
Within 1 year	$ 4,106	$ 805	$ 4,911
Between 1 and 2 years	3,164	35	3,199
Between 2 and 3 years	3,582	168	3,750
Between 3 and 4 years	1,540	448	1,988
Between 4 and 5 years	1,716	183	1,899
Thereafter	555	851	1,406
	$ 14,663	$ 2,490	$ 17,153

Available Funding Arrangements and Committed Credit Facilities

At June 30, 2004, we had approximately $6.2 billion of available funding arrangements and credit facilities (comprised of approximately $1.4 billion of availability at the corporate level and approximately $4.8 billion available for use in our management and mortgage programs). As of June 30, 2004, the committed credit facilities at the corporate level included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued and Outstanding	Available Capacity
Maturing in December 2005	$ 2,900	$ –	$ 1,459	$ 1,441

As of June 30, 2004, available funding under our asset-backed debt programs and committed credit facilities (including related party debt due to Cendant Rental Car Funding (AESOP) LLC) related to our management and mortgage programs consisted of:

	Total Capacity	Outstanding Borrowings	Available Capacity
Asset-Backed Funding Arrangements [(a)]			
Vehicle rental program			
Cendant Rental Car Funding (AESOP) LLC [(b)]	$ 7,361	$ 6,646	$ 715
Other [(c)]	1,129	810	319
Vehicle management program [(d)]	3,743	3,454	289
Mortgage program [(e)]	3,116	1,913	1,203
Timeshare program [(f)]	2,160	1,365	795
Relocation program [(g)]	600	400	200
Vacation rental program	75	75	–
	18,184	14,663	3,521
Committed Credit Facilities [(h)]			
Maturing in June 2007	1,250	–	1,250
	$ 19,434	$ 14,663	$ 4,771

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

(b) The outstanding debt is collateralized by approximately $6.7 billion of underlying vehicles and related assets.

(c) The outstanding debt is collateralized by approximately $1.0 billion of underlying vehicles and related assets.

(d) The outstanding debt is collateralized by approximately $4.0 billion of leased vehicles and related assets.

(e) The outstanding debt is collateralized by approximately $2.0 billion of underlying mortgage loans.

(f) The outstanding debt is collateralized by approximately $2.2 billion of timeshare-related assets. Borrowings under the Company's asset-linked facility ($425 million) are also recourse to Cendant.

(g) The outstanding debt is collateralized by $475 million of underlying relocation receivables and related assets.

(h) These committed credit facilities were entered into by and are for the exclusive use of our PHH Corporation subsidiary.

We also had $400 million of availability for public debt or equity issuances under a shelf registration statement and our PHH subsidiary had an additional $874 million of availability for public debt issuances under a shelf registration statement.

Liquidity Risk

Our liquidity position may be negatively affected by unfavorable conditions in any one of the industries in which we operate. Additionally, our liquidity as it relates to management and mortgage programs could be adversely affected by (i) the deterioration in the performance of the underlying assets of such programs, (ii) any impairment of our ability to access the principal financing program for our vehicle rental subsidiaries if General Motors Corporation or Ford Motor Company should not be able to honor its obligations to repurchase a substantial number of our vehicles and (iii) our inability to access the secondary market for mortgage loans or certain of our securitization facilities and our inability to act as servicer thereto, which could occur in the event that our or PHH's credit ratings are downgraded below investment grade and, in certain circumstances, where we or PHH fail to meet certain financial ratios. Further, access to our credit facilities may be limited if we were to fail to meet certain financial ratios. We do not believe that our or PHH's credit ratings are likely to fall below investment grade. Additionally, we monitor the maintenance of required financial ratios and, as of June 30, 2004, we were in compliance with all financial covenants under our material credit and securitization facilities.

Currently our credit ratings are as follows:

	Moody's Investor Service	Standard & Poor's	Fitch Ratings
Cendant			
Senior unsecured debt	Baa1	BBB	BBB+
PHH			
Senior debt	Baa1	BBB+	BBB+
Short-term debt	P-2	A-2	F-2

Standard & Poor's has assigned a "positive outlook" on our credit ratings, while Moody's Investor Service and Fitch Ratings have assigned a "stable outlook." The credit ratings for PHH's senior debt have been assigned a "stable outlook" by Moody's Investor Service and Fitch Ratings, while Standard and Poor's has assigned "developing implications." A security rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Contractual Obligations

Our future contractual obligations have not changed significantly from the amounts reported within our 2003 Annual Report on Form 10-K with the exception of our commitment to purchase vehicles, which decreased from the amount previously disclosed by approximately $3.2 billion to approximately $1.7 billion at June 30, 2004 as a result of purchases during the six months ended June 30, 2004. Any changes to our obligations related to corporate indebtedness and debt under management and mortgage programs are presented above within the section entitled "Liquidity and Capital Resources—Financial Obligations" and also within Notes 9 and 10 to our Consolidated Condensed Financial Statements.

Accounting Policies

The majority of our businesses operate in environments where we are paid a fee for a service performed. Therefore, the results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. 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 2003 Annual Report on Form 10-K are the accounting policies that we believe require subjective and/or complex judgments that could potentially affect reported results (mortgage servicing rights, financial instruments and goodwill). There have not been any significant changes to those accounting policies or to our assessment of which accounting policies we would consider to be critical accounting policies.

Changes in Accounting Policies

On March 9, 2004, the United States Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 105—Application of Accounting Principles to Loan Commitments ("SAB 105"). SAB 105 summarizes the views of the SEC staff regarding the application of generally accepted accounting principles to loan commitments accounted for as derivative instruments. The SEC staff believes that in recognizing a loan commitment, entities should not consider expected future cash flows related to the associated servicing of the loan until the servicing asset has been contractually separated from the underlying loan by sale or securitization of the loan with the servicing retained. The provisions of SAB 105 are applicable to all loan commitments accounted for as derivatives and entered into subsequent to March 31, 2004. The adoption of SAB 105 did not have a material impact on our consolidated results of operations, financial position or cash flows, as our preexisting accounting treatment for such loan commitments was consistent with the provisions of SAB 105.

Item 3. Quantitative And Qualitative Disclosures About Market Risks

As previously discussed in our 2003 Annual Report on Form 10-K, 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, 2004 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 not been any 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

Leonard Loventhal Account v. Silverman, et al., C.A. No. 306-N, Court of Chancery for the State of Delaware in and for New Castle County. On or about March 10, 2004, this derivative action was commenced against Henry Silverman, our Chairman and Chief Executive Officer, and the other members of our board of directors asserting claims on our behalf. The complaint in this action alleges that our board members breached their fiduciary duties by approving an employment contract for Mr. Silverman and by allowing us to pay premiums on life insurance policies then in force for Mr. Silverman. The suit seeks equitable relief and compensatory damages in an unspecified amount. Since this action was commenced on our behalf, we are named as a nominal defendant and can only be the beneficiary of any relief awarded in any final disposition. On April 19, 2004, we reached an agreement in principle to settle this action and on May 21, 2004, we entered into a Stipulation of Settlement that is contingent upon Court approval. The Stipulation of Settlement anticipates changes to Mr. Silverman's existing contract, including changing the expiration date from December 31, 2012 to December 31, 2007; limiting any severance payment to no more than 2.99 times the prior year's compensation; making a significant portion of Mr. Silverman's bonus subject to the attainment of certain performance-based earnings per share goals; and reducing the cash compensation portion of a post-employment consulting contract from life to a period of five years. We have given notice to our shareholders of a hearing on August 19, 2004, in the Court of Chancery, at which the parties will request that the Court approve the settlement.

Item 2. Changes in Securities and Use of Proceeds

(e) Below is a summary of our Cendant common stock repurchases for the quarter ended June 30, 2004

Period	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plan [b]	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan
April 1 – 30, 2004	5,707,614	$24.83	5,707,614	$636,185,037
May 1 – 31, 2004	3,970,000	$22.74	3,970,000	$563,940,397
June 1 – 30, 2004 [a]	5,396,300	$24.08	5,396,300	$491,667,342
Total	**15,073,914**	**$24.01**	**15,073,914**	

(a) Includes 1.2 million shares purchased for which the trade date occurred during June 2004 while settlement occurred in July 2004.

(b) Our share repurchase program, which does not have an expiration date, was first publicly announced on October 13, 1998 in the amount of $1 billion and has been increased from time to time and each such increase has been publicly announced. The most recent increase of $750 million was approved and publicly announced on February 11, 2004. No shares were purchased outside our share repurchase program during the periods set forth in the table above.

Item 6. *Exhibits and Reports on Form 8-K*

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

On April 20, 2004, we filed a current report on Form 8-K to report under Item 12 our first quarter 2004 financial results.

On April 22, 2004, we filed a current report on Form 8-K to report under Item 5 the results of the proposals presented at our annual meeting held on April 20, 2004.

On May 3, 2004, we filed a current report on Form 8-K to report under Item 5 a revised presentation in our Annual Report on Form 10-K for the year ended December 31, 2003 of our Real Estate Services segment financial information for fiscal years 2003, 2002 and 2001 to reflect a change in our reportable segment structure effective as of the first quarter of 2004.

On June 22, 2004, we filed a current report on Form 8-K to report under Item 5 to report the initial public offering of 100% of the outstanding common stock of our wholly-owned subsidiary, Jackson Hewitt Tax Service Inc.

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 2, 2004

/s/ Ronald L. Nelson

Ronald L. Nelson
Chief Financial Officer

Date: August 2, 2004

/s/ Virginia M. Wilson

Virginia M. Wilson
Executive Vice President and Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarterly period ended March 31, 2004).
3.2	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Form 10-Q for the quarterly period ended March 31, 2004).
10.1	Three Year Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004, among Cendant Corporation, as Borrower, the Lenders referred to therein, Bank of America, N.A., as Administrative Agent and Citicorp USA, Inc., as Syndication Agent, Banc of America Securities LLC and Citigroup Global Markets Inc., as Co-Lead Arrangers and Co-Bookrunners.
10.2	Indenture and Servicing Agreement, dated as of May 27, 2004, by and among Cendant Timeshare 2004-1 Receivables Funding, LLC, as Issuer, and Fairfield Acceptance Corporation—Nevada, as Servicer, and Wachovia Bank, National Association, as Trustee, and Wachovia Bank, National Association, as Collateral Agent.
10.3	Three Year Competitive Advance and Revolving Credit Agreement, dated as of June 28, 2004, among PHH Corporation, as Borrower, the Lenders referred to therein, Citicorp USA, Inc., as Syndication Agent, Bank of America, N.A., The Bank of Nova Scotia and Calyon New York Branch, as Documentation Agents and JPMorgan Chase Bank., as Administrative Agent, J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to PHH Corporation's Current Report on Form 8-K filed June 30, 2004).
10.4	Amended and Restated Employment Agreement of Richard Smith, dated June 30, 2004.
10.5	Cendant Corporation 2004 Performance Metric Long-term Incentive Plan.
10.6	Cendant Corporation 2003 Long-term Incentive Plan.
10.7	Second Amended and Restated Base Indenture, dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), as Issuer and The Bank of New York, as Trustee.
10.8	Second Amended and Restated Loan Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as a Permitted Nominee and Cendant Rental Car Funding (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), as Lender.
10.9	Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004, between AESOP Leasing L.P., as Lessor and Cendant Rental Car Group, Inc., as Lessee and as Administrator.
10.10	Series 2004-2 Supplement to the Base Indenture, dated as of February 18, 2004, among Cendant Rental Car Funding (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), as Issuer and The Bank of New York, as Trustee and as Series 2004-2 Agent.
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 13a-14(a) and 15d-14(a) Promulgated Under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-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.

Exhibit 10.1

CONFORMED COPY

$440,000,000

THREE YEAR SENIOR ASSET-LINKED REVOLVING CREDIT AGREEMENT

Dated as of June 17, 2004

among

CENDANT CORPORATION,
as Borrower

THE LENDERS REFERRED TO HEREIN

BANK OF AMERICA, N.A.,
as Administrative Agent

and

CITICORP USA, INC.,
as Syndication Agent

BANC OF AMERICA SECURITIES LLC and
CITIGROUP GLOBAL MARKETS INC.,
as Co-Lead Arrangers and Co-Bookrunners

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

THREE YEAR SENIOR ASSET-LINKED REVOLVING CREDIT AGREEMENT (this "Agreement"), dated as of June 17, 2004, among CENDANT CORPORATION, a Delaware corporation (the "Borrower"), the lenders referred to herein (the "Lenders"), CITICORP USA, INC., as syndication agent (the "Syndication Agent"), and BANK OF AMERICA, N.A., as administrative agent (the "Administrative Agent"; together with the Syndication Agent, the "Agents") for the Lenders.

INTRODUCTORY STATEMENT

The Borrower has requested that the Lenders establish a $440,000,000 committed revolving credit facility pursuant to which Revolving Credit Loans may be made to the Borrower.

Subject to the terms and conditions set forth herein, the Administrative Agent is willing to act as agent for the Lenders, and each Lender is willing to make Loans to the Borrower.

Accordingly, the parties hereto hereby agree as follows:

1. DEFINITIONS

For the purposes hereof unless the context otherwise requires, the following terms shall have the meanings indicated, all accounting terms not otherwise defined herein shall have the respective meanings accorded to them under GAAP and all terms defined in the New York Uniform Commercial Code and not otherwise defined herein shall have the respective meanings accorded to them therein:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Revolving Credit Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Section 2.

"Addendum" shall mean an instrument, substantially in the form of Exhibit F hereto, by which a Lender becomes a party to this Agreement.

"AESOP Financing Program" means the transactions contemplated by that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between AESOP Funding II L.L.C., as issuer, and the Bank of New York, as Trustee, as it may be from time to time further amended, supplemented or modified, and the instruments and agreements referenced therein and otherwise executed in connection therewith.

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

whether by contract or otherwise.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards to the nearest 1/16 of 1% if not already an integral multiple of 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect for such day, (b) the Federal Funds Effective Rate in effect for such day plus 1/2 of 1% or (c) the Base CD Rate in effect for such day plus 1%. For purposes hereof, "Prime Rate" shall mean the rate per annum publicly announced by the Administrative Agent from time to time as its prime rate. For purposes of this Agreement, any change in the Alternate Base Rate due to a change in the Prime Rate shall be effective on the date such change in the Prime Rate is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. "Base CD Rate" shall mean the sum of (a) the product of (i) the Average Weekly Three-Month Secondary CD Rate times (ii) a fraction of which the numerator is 100% and the denominator is 100% minus the aggregate rates of (A) basic and supplemental reserve requirements in effect on the date of effectiveness of such Average Weekly Three-Month Secondary CD Rate, as set forth below, under Regulation D of the Board applicable to certificates of deposit in units of $100,000 or more issued by a "member bank" located in a "reserve city" (as such terms are used in Regulation D) and (B) marginal reserve requirements in effect on such date of effectiveness under Regulation D applicable to time deposits of a "member bank" and (b) the Assessment Rate. "Average Weekly Three-Month Secondary CD Rate" shall mean the three-month secondary certificate of deposit ("CD") rate for the most recent weekly period covered therein in the Federal Reserve Statistical release entitled "Weekly Summary of Lending and Credit Measures (Averages of daily figures)" released in the week during which occurs the day for which the CD rate is being determined. The CD rate so reported shall be in effect, for the purposes of this definition, for each day of the week in which the release date of such publication occurs. If such publication or a substitute containing the foregoing rate information is not published by the Federal Reserve for any week, such average rate shall be determined by the Administrative Agent on the basis of quotations received by it from three New York City negotiable certificate of deposit dealers of recognized standing on the first Business Day of the week succeeding such week for which such rate information is not published. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or Federal Funds Effective Rate, or both, for any reason, including, without limitation, the inability or failure of the Administrative Agent to obtain sufficient bids or publications in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Average Weekly Three-Month Secondary CD Rate shall be effective on the effective date of such change in the CD Rate. Any change

in the Alternate Base Rate due to a change in the Federal Funds Effective Rate shall be effective on the effective date of such change in the Federal Funds Effective Rate.

"Applicable Law" shall mean, with respect to any Person, all provisions of statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, and all orders and decrees of all courts and arbitrators in proceedings or actions in which the Person in question is a party or is subject.

"Assessment Rate" shall mean, for any day, the net annual assessment rate (rounded upwards, if necessary, to the next higher Basis Point) as most recently estimated by the Administrative Agent for determining the then current annual assessment payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent's domestic offices.

"Assignment and Acceptance" shall mean an agreement in the form of Exhibit C hereto, executed by the assignor, assignee and the other parties as contemplated thereby.

"Avis" shall mean Avis Group Holdings, Inc., a Delaware corporation.

"Avis Debt Documents" shall mean the instruments and agreements pursuant to which any indebtedness of Avis or any of its Subsidiaries has been issued, is outstanding or permitted to exist.

"Avis Merger" shall mean the transaction pursuant to the Agreement and Plan of Merger, dated as of November 11, 2000 (the "Merger Agreement"), by and among Avis, the Borrower, PHH and Avis Acquisition Corp., a Delaware corporation and an indirect wholly-owned subsidiary of the Borrower ("Merger Sub") in which Merger Sub merged with and into Avis and each outstanding share of class A common stock, par value $.01 per share of Avis (the "Common Stock"), other than shares of Common Stock held by any subsidiary of Avis, held in Avis' treasury, held by Cendant or any subsidiary of Cendant or held by stockholders who perfected their appraisal rights under Delaware law, was converted into the right to receive $33.00 in cash.

"Basis Point" shall mean 1/100th of 1%.

"Board" shall mean the Board of Governors of the Federal Reserve System.

"Borrowing" shall mean a group of Loans of a single Interest Rate Type made by the Lenders on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks in the State of New York or the State of North Carolina are permitted to close; provided, however, that when used in connection with a LIBOR Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits on the London Interbank Market.

"Capital Lease" shall mean as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Cash Equivalents" shall mean any of the following, to the extent acquired for investment and not with a view to achieving trading profits: (i) obligations fully backed by the full faith and credit of the United States of America maturing not in excess of twelve months from the date of acquisition, (ii) commercial paper maturing not in excess of twelve months from the date of acquisition and rated "P-1" by Moody's or "A-1" by S&P on the date of such acquisition, (iii) the following obligations of any Lender or any domestic commercial bank having capital and surplus in excess of $500,000,000, which has, or the holding company of which has, a commercial paper rating meeting the requirements specified in clause (ii) above: (a) time deposits, certificates of deposit and acceptances maturing not in excess of twelve months from the date of acquisition, or (b) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the type referred to in clause (i) above, (iv) money market funds that invest exclusively in interest bearing, short-term money market instruments: (a) having an average remaining maturity of not more than twelve months and (b)(1) rated at least "P-1" by Moody's or "A-1" by S&P or (2) which are issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof, and (v) municipal securities: (a) for which the pricing period in effect is not more than twelve months long and (b) rated at least "P-1" by Moody's or "A-1" by S&P.

"Cendant Timeshare Resort Group" shall mean collectively Fairfield, Trendwest Resorts and their respective Subsidiaries.

"Change in Control" shall mean (i) the acquisition by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the Closing Date), directly or indirectly, beneficially or of record, of ownership or control of in excess of 30% of the voting common stock of the Borrower on a fully diluted basis at any time or (ii) if at any time, individuals who at the Closing Date constituted the Board of Directors of the Borrower (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors at the Closing Date or whose election or a nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office.

"Closing Date" shall mean the date on which the conditions precedent to the effectiveness of this Agreement as set forth in Section 4.1 have been satisfied or waived, which shall in no event be later than June 17, 2004.

"Code" shall mean the Internal Revenue Code of 1986 and the rules and regulations issued thereunder, as now and hereafter in effect, or any successor provision thereto.

"Collateral" means all "Collateral" referred to in the Collateral Documents, and all property that is or is intended to be subject to any Lien in favor of the Administrative Agent for the benefit of the Secured Parties under the Collateral Documents (including the Eligible Collateral).

"Collateral Documents" means the Mortgage, Pledge and Security Agreement and each other agreement that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender as set forth (i) on Schedule 2.1 hereto and/or (ii) any applicable Assignment and Acceptance to which it may be a party, as the case may be, as such Lender's Commitment may be permanently terminated, reduced or increased from time to time pursuant to Section 2.11 or Section 7. The Commitments shall automatically and permanently terminate on the earlier of (a) the Maturity Date or (b) the date of termination in whole pursuant to Section 2.11 or Section 7.

"Commitment Increase Notice" shall have the meaning assigned to such term in Section 2.11(d).

"Commitment Percentage" shall mean, as to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the Total Commitment or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Loans then outstanding constitutes of the aggregate principal amount of the Loans then outstanding.

"Confidential Information" shall have the meaning assigned to such term in Section 9.15.

"Consolidated Assets" shall mean, at any date of determination, the total assets of the Borrower and its Consolidated Subsidiaries determined in accordance with GAAP.

"Consolidated EBITDA" shall mean, without duplication, for any period for which such amount is being determined, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) provision for taxes based on income, (iii) depreciation expense (excluding any such expense attributable to depreciation of Eligible Vehicles which are included in a Qualified Securitization Transaction), (iv) Consolidated Interest Expense, (v) amortization expense, (vi) other non-cash items reducing Consolidated Net Income, plus (vii) any cash contributions by the Borrower and its Subsidiaries during such period into the Settlement Trust minus (viii) any cash expenditures during such period to the extent such cash expenditures (x) did not reduce Consolidated Net Income for such period and (y) were applied against reserves that constituted non-cash items which reduced Consolidated Net Income during prior periods, all as determined on a consolidated basis for the Borrower and its Consolidated Subsidiaries in accordance with GAAP. Notwithstanding the foregoing, in calculating Consolidated EBITDA pro forma effect shall be given to each acquisition of a Subsidiary or any entity acquired in a merger

in any relevant period for which the covenants set forth in Sections 6.5 and 6.6 are being calculated as if such acquisition had been made on the first day of such period.

"Consolidated Interest Expense" shall mean for any period for which such amount is being determined, total interest expense paid or payable in cash (including that properly attributable to Capital Leases in accordance with GAAP but excluding in any event all capitalized interest and amortization of debt discount and debt issuance costs) of the Borrower and its Consolidated Subsidiaries on a consolidated basis including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net cash costs (or minus net profits) under Interest Rate Protection Agreements minus, without duplication, any interest income of the Borrower and its Consolidated Subsidiaries on a consolidated basis during such period. Notwithstanding the foregoing, interest expense on any Rental Vehicle Securitization Indebtedness or any Timeshare Loan Indebtedness shall be deemed not to be included in Consolidated Interest Expense.

"Consolidated Net Income" shall mean, for any period for which such amount is being determined, the net income (or loss) of the Borrower and its Consolidated Subsidiaries during such period determined on a consolidated basis for such period taken as a single accounting period in accordance with GAAP, provided that there shall be excluded (i) income (loss) of any Person (other than a Consolidated Subsidiary of the Borrower) in which the Borrower or any of its Consolidated Subsidiaries has any equity investment or comparable interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or its Consolidated Subsidiaries by such Person during such period, (ii) the income of any Consolidated Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by that Consolidated Subsidiary of the income is not at the time permitted by operation of the terms of its charter, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Consolidated Subsidiary, (iii) any extraordinary after-tax gains and (iv) any extraordinary or unusual pretax losses.

"Consolidated Net Worth" shall mean, as of any date of determination, all items which in conformity with GAAP would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its Subsidiaries at such date plus mandatorily redeemable preferred securities issued by Subsidiaries of the Borrower (other than PHH and its Subsidiaries) plus 80% of the aggregate amount outstanding under the Upper DECS which is, at the date as of which Consolidated Net Worth is to be determined, includable as a liability on a consolidated balance sheet of the Borrower and its Subsidiaries. Consolidated Net Worth shall include the Borrower's equity interest in PHH.

"Consolidated Subsidiaries" shall mean all Subsidiaries of the Borrower that are required to be consolidated with the Borrower for financial reporting purposes in accordance with GAAP.

"Consolidated Total Indebtedness" shall mean (i) the total amount of Indebtedness of the Borrower and its Consolidated Subsidiaries determined on a

consolidated basis using GAAP principles of consolidation, which is, at the dates as of which Consolidated Total Indebtedness is to be determined, includable as liabilities on a consolidated balance sheet of the Borrower and its Subsidiaries, plus (ii) without duplication of any items included in Indebtedness pursuant to the foregoing clause (i), Indebtedness of others which the Borrower or any of its Consolidated Subsidiaries has directly or indirectly assumed or guaranteed (but only to the extent so assumed or guaranteed) or otherwise provided credit support therefor, including without limitation, Guaranties; provided that, for purposes of this definition, (a) any Rental Vehicle Securitization Indebtedness shall not be deemed Indebtedness, (b) any Timeshare Loan Indebtedness shall not be deemed Indebtedness and (c) only 20% of the aggregate amount outstanding under the Upper DECS which is, at the dates as of which Consolidated Total Indebtedness is to be determined, includable as a liability on a consolidated balance sheet of the Borrower and its Subsidiaries, shall be deemed Indebtedness. In addition, for purposes of this definition, the amount of Indebtedness at any time shall be reduced (but not to less than zero) by the amount of Excess Cash.

"Debt to Capitalization Ratio" shall mean at any time the ratio of (x) Consolidated Total Indebtedness to (y) the sum of (i) Consolidated Total Indebtedness plus (ii) Consolidated Net Worth.

"Default" shall mean any event, act or condition, which with notice or lapse of time, or both, would constitute an Event of Default.

"Disclosed Matters" shall mean public filings with the Securities and Exchange Commission made by the Borrower or any of its Subsidiaries on Form S-4, Form 8-K, Form 10-Q or Form 10-K, as filed on or prior to the Closing Date.

"Dollars" and "$" shall mean lawful money of the United States of America.

"Eligible Collateral" shall mean Collateral consisting of Timeshare Property, airport service vehicles, and such other assets under management and mortgage programs that are not subject to any Liens other than (i) Liens in favor of the Administrative Agent for the benefit of the Secured Parties under the Collateral Documents and (ii) Permitted Encumbrances of the type described in clauses (a) through (d) of Section 6.3.

"Eligible Leases" shall mean open-end and closed-end automobile fleet leases originated by or on behalf of the Borrower or any of its Subsidiaries, which are of a type customarily eligible for inclusion in a Qualified Securitization Transaction.

"Eligible Vehicles" shall mean the motor vehicle inventory of the Borrower or any of its Subsidiaries, in each case, whether held for sale, lease or rental purposes, which are of a type customarily eligible for inclusion in a Qualified Securitization Transaction.

"Environmental Law" shall mean all laws, rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, injunctions, notices or requirements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters, including

without limitation, the Clean Water Act also known as the Federal Water Pollution Control Act ("FWPCA") 33 U.S.C. § 1251 et seq., the Clean Air Act ("CAA"), 42 U.S.C. §§ 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"), 7 U.S.C. §§ 136 et seq., the Surface Mining Control and Reclamation Act ("SMCRA"), 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986 ("SARA"), Public Law 99-499, 100 Stat. 1613, the Emergency Planning and Community Right to Know Act ("ECPCRKA"), 42 U.S.C. § 11001 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 et seq., the Occupational Safety and Health Act as amended ("OSHA"), 29 U.S.C. § 655 and § 657, together, in each case, with any amendment thereto, and the regulations adopted and publications promulgated thereunder and all substitutions thereof.

"Environmental Liabilities" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as such Act may be amended from time to time, and the regulations promulgated thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal

Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Default" shall have the meaning given such term in Section 7 hereof.

"Excess Cash" shall mean all cash and Cash Equivalents of the Borrower and its Consolidated Subsidiaries at such time determined on a consolidated basis in accordance with GAAP in excess of $25,000,000.

"Excluded Taxes" shall mean, with respect to any Lender, or any other recipient of payments to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net profits by the United States of America, or by the jurisdiction under the laws of which such recipient is organized, in which its principal office is located or in which it is otherwise doing business or in which its applicable Lending Office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located, (c) any withholding tax that is imposed on amounts payable to such Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, at the time such Lender becomes a party to this Agreement (or designates a new Lending Office), except to the extent that the Lender effecting such assignment or designating such new Lending Office, as the case may be, was entitled, immediately prior to such assignment or designation of such new Lending Office, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.20(a), (d) Taxes attributable to such Lender's failure to comply with Section 2.20(e), and (e) any Taxes imposed as a result of such Lender's gross negligence or willful misconduct.

"Extension of Credit" shall mean the making of a Loan.

"Facility Fee" shall have the meaning given such term in Section 2.6 hereof.

"Fairfield" shall mean Fairfield Resorts, Inc., a Delaware corporation (formerly Fairfield Communities, Inc.).

"Fairfield Debt Documents" shall mean the instruments and agreements pursuant to which any indebtedness of Fairfield or any of its Subsidiaries has been issued, is outstanding or permitted to exist.

"Fairfield Merger" shall mean the transaction pursuant to the Agreement and Plan of Merger, dated as of November 1, 2000, by and among the Borrower, Fairfield and Grand Slam Acquisition Corp., a Delaware corporation and subsidiary of the Borrower.

"Fleet Receivables" means all receivables generated by the Borrower or any of its Subsidiaries from obligors under fleet maintenance contracts, fleet management contracts and fuel card contracts and any other service contracts billed together with Eligible Leases, which are of a type customarily eligible for inclusion in a Qualified Securitization Transaction.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Fundamental Documents" shall mean this Agreement, the Notes, the Collateral Documents and any Compliance Certificate which is required to be executed by the Borrower pursuant to Section 5.1(c) and delivered to the Administrative Agent in connection with this Agreement.

"GAAP" shall mean generally accepted accounting principles consistently applied (except for accounting changes in response to FASB releases or other authoritative pronouncements) provided, however, that all calculations made pursuant to Sections 6.5 and 6.6 and the related definitions shall have been computed based on such generally accepted accounting principles as are in effect on the Closing Date.

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

"Granting Lender" shall have the meaning assigned to such term in Section 9.3(k).

"Guaranty" shall mean, as to any Person, any direct or indirect obligation of such Person guaranteeing or intended to guarantee any Indebtedness, Capital Lease, dividend or other monetary obligation ("primary obligation") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services, in each case, primarily for the purpose of assuring the owner of any such primary obligation of the repayment of such primary obligation or (d) as a general partner of a partnership or a joint venturer of a joint venture in respect of Indebtedness of such partnership or such joint venture which is treated as a general partnership for purposes of Applicable Law. The amount of any Guaranty shall be deemed to be an amount equal to the stated or determinable amount (or portion thereof) of the primary obligation in respect of which such Guaranty is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder); provided, however, that the amount of any Guaranty shall be limited to the extent necessary so that such amount does not exceed the value of the assets of such Person (as reflected on a consolidated balance sheet of such Person prepared in accordance with GAAP) to which any creditor or beneficiary of such Guaranty would have recourse. Notwithstanding the foregoing definition, the term "Guaranty" shall not include any direct or indirect obligation of a Person as a general partner of a general partnership or a joint venturer of a joint venture in respect of Indebtedness of such

general partnership or joint venture, to the extent such Indebtedness is contractually non-recourse to the assets of such Person as a general partner or joint venturer (other than assets comprising the capital of such general partnership or joint venture).

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

"Increase Effective Date" shall have the meaning assigned to such term in Section 2.11(g).

"Indebtedness" shall mean (without double counting), at any time and with respect to any Person, (i) indebtedness of such Person for borrowed money (whether by loan or the issuance and sale of debt securities) or for the deferred purchase price of property or services purchased (other than amounts constituting trade payables arising in the ordinary course and payable within 180 days); (ii) indebtedness of others which such Person has directly or indirectly assumed or guaranteed (but only to the extent so assumed or guaranteed) or otherwise provided credit support therefor, including without limitation, Guaranties; (iii) indebtedness of others secured by a Lien on assets of such Person, whether or not such Person shall have assumed such indebtedness (but only to the extent of the fair market value of such assets); (iv) obligations of such Person in respect of letters of credit, acceptance facilities, or drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person (other than trade payables arising in the ordinary course and payable within 180 days); or (v) obligations of such Person under Capital Leases.

"Indemnified Party" shall have the meaning assigned to such term in Section 9.5.

"Indemnified Taxes" shall mean Taxes other than Excluded Taxes.

"Interest Coverage Ratio" shall mean, for each period for which it is to be determined, the ratio of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense.

"Interest Payment Date" shall mean, with respect to any Borrowing, the last day of the Interest Period applicable thereto and, in the case of a LIBOR Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months duration been applicable to such Borrowing, and, in addition, the date of any refinancing or conversion of a Borrowing with, or to, a Borrowing of a different Interest Rate Type.

"Interest Period" shall mean (a) as to any LIBOR Borrowing, the period commencing on the date of such Borrowing, and ending on the numerically corresponding day (or, if there is no numerically corresponding day or if the date of the LIBOR Borrowing is the last day of any month, on the last day) in the calendar month that is 1, 2, 3, 6 or, subject to each Lender's approval, 12 months thereafter, as the Borrower may elect, and (b) as to any ABR Borrowing, the period commencing on the

date of such Borrowing and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is refinanced with a Borrowing of a different Interest Rate Type in accordance with Section 2.5 or is prepaid in accordance with Section 2.12; provided, however, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of LIBOR Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) no Interest Period may be selected which would extend beyond the Maturity Date. Interest shall accrue from, and including, the first day of an Interest Period to, but excluding, the last day of such Interest Period.

"Interest Rate Protection Agreement" shall mean any interest rate swap agreement, interest rate cap agreement or other similar financial agreement or arrangement.

"Interest Rate Type" when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include LIBOR and the Alternate Base Rate.

"Lender and "Lenders" shall mean the financial institutions whose names appear at the foot hereof and any assignee of a Lender permitted pursuant to Section 9.3(b).

"Lending Office" shall mean, with respect to any of the Lenders, the branch or branches (or affiliate or affiliates) from which any such Lender's LIBOR Loans or ABR Loans, as the case may be, are made or maintained and for the account of which all payments of principal of, and interest on, such Lender's LIBOR Loans or ABR Loans are made, as notified to the Administrative Agent from time to time.

"LIBOR" shall mean, with respect to any LIBOR Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next Basis Point) equal to the rate at which Dollar deposits approximately equal in principal amount to Bank of America, N.A.'s portion of such LIBOR Borrowing, and for a maturity comparable to such Interest Period, are offered to the principal London office of Bank of America, N.A. in immediately available funds in the London Interbank Market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIBOR Borrowing" shall mean a Borrowing comprised of LIBOR Loans.

"LIBOR Loan" shall mean any Revolving Credit Loan bearing interest at a rate determined by reference to LIBOR in accordance with the provisions of Section 2.

"LIBOR Spread" shall mean, at any date or any period of determination, the LIBOR Spread that would be in effect on such date or during such period pursuant to the chart set forth in Section 2.21 based on the rating of the Borrower's senior non-credit enhanced unsecured long-term debt.

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

"Loan" shall mean a Revolving Credit Loan, whether made as a LIBOR Loan or an ABR Loan, as permitted hereby.

"Margin Stock" shall be as defined in Regulation U of the Board.

"Material Adverse Effect" shall mean a material adverse effect on the business, assets, operations or condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole (it is understood that, for purposes of this definition, the accounting irregularities and errors disclosed in the Borrower's report on Form 10-K for the period ending December 31, 2001 filed with the Securities and Exchange Commission and the class action lawsuits disclosed therein and other class action lawsuits arising as a result of the accounting irregularities and errors disclosed therein do not constitute a Material Adverse Effect).

"Material Subsidiary" shall mean any Subsidiary of the Borrower which, together with its Subsidiaries at the time of determination hold, or, solely with respect to Sections 7(f) and 7(g), any group of Subsidiaries which, if merged into each other at the time of determination would hold, assets constituting 10% or more of Consolidated Assets or accounts for 10% or more of Consolidated EBITDA for the Rolling Period immediately preceding the date of determination.

"Maturity Date" shall mean June 17, 2007, or the immediately preceding Business Day.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage, Pledge and Security Agreement" has the meaning assigned to such term in Section 4.1(a).

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Notes" shall have the meaning assigned to such term in Section 2.7.

"Obligations" shall mean the obligation of the Borrower to make due and punctual payment of principal of, and interest on, the Loans, the Facility Fee and all other monetary obligations of the Borrower to the Administrative Agent or any Lender under this Agreement, the Notes or the Fundamental Documents.

"Offered Increase Amount" shall have the meaning assigned to such term in Section 2.11(d).

"Other Taxes" shall mean any and all documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or the Notes or any Fundamental Document.

"Participant" shall have the meaning assigned to such term in Section 9.3(g).

"PBGC" shall mean the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Encumbrances" shall mean Liens permitted under Section 6.3 hereof.

"Permitted Timeshare Collateral" means, as of any date of determination:

(1) the collateral securing Timeshare Loan Indebtedness and consisting of Timeshare Loans or a beneficial interest therein and the proceeds thereof;

(2) Timeshare Loans or a beneficial interest therein, transferred to a Securitization Entity in connection with a Qualified Securitization Transaction and the proceeds thereof;

(3) any related assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations involving Timeshare Loans; and

(4) any proceeds of any of the foregoing.

"Permitted Vehicle Collateral" means, as of any date of determination:

(1) the collateral securing Rental Vehicle Securitization Indebtedness and consisting of Eligible Vehicles and receivables, or a beneficial interest therein, arising from the disposition of Eligible Vehicles and the proceeds thereof;

(2) Eligible Leases and Fleet Receivables, or a beneficial interest therein, transferred to a Securitization Entity in connection with a Qualified Securitization Transaction and the proceeds thereof;

(3) any related assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations involving Eligible Vehicles or Eligible Leases; and

(4) any proceeds of any of the foregoing.

"Person" shall mean any natural person, corporation, division of a corporation, partnership, limited liability company, trust, joint venture, company, estate, unincorporated organization or government or any agency or political subdivision thereof.

"PHH" shall mean PHH Corporation, a Maryland corporation.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pro Forma Basis" shall mean in connection with any transaction for which a determination on a Pro Forma Basis is required to be made hereunder, that such determination shall be made (i) after giving effect to any issuance of Indebtedness, any acquisition, any disposition or any other transaction (as applicable) and (ii) assuming that the issuance of Indebtedness, acquisition, disposition or other transaction and, if applicable, the application of any proceeds therefrom, occurred at the beginning of the most recent Rolling Period ending at least thirty (30) days prior to the date on which such issuance of Indebtedness, acquisition, disposition or other transaction occurred.

"Purchase Money Note" means a promissory note of a Securitization Entity evidencing a line of credit, which may be irrevocable, from the Borrower or any of its Subsidiaries or a Timeshare Subsidiary to a Securitization Entity or representing the deferred purchase price for the purchase of assets by such Securitization Entity from the Borrower or any of its Subsidiaries or Timeshare Subsidiary, as the case may be, in each case in connection with a Qualified Securitization Transaction, which note is repayable from cash available to the Securitization Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of Eligible Vehicles, Eligible Leases, Fleet Receivables or a beneficial interest therein, in the case of an Rental Vehicle Securitization Entity, or a Timeshare Loan, in the case of a Timeshare Securitization Entity.

"Qualified Securitization Transaction" means (x) any transaction or series of transactions that may be entered into by the Borrower or any of its Subsidiaries pursuant to which the Borrower or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Securitization Entity (in the case of a transfer by the Borrower or any of its Subsidiaries) or (2) any other Person (in the case of a transfer by a Securitization Entity), or may grant a security interest in, any Permitted Vehicle Collateral (whether now existing or arising in the future) of the Borrower or any of its Subsidiaries, and any assets related thereto including, without limitation, the proceeds of such Permitted Vehicle Collateral or (y) any transaction or series of transactions that may be entered into by any Timeshare Subsidiary pursuant to which any Timeshare Subsidiary may sell, convey or otherwise transfer to (1) a Securitization Entity (in the case of a transfer by any Timeshare Subsidiary) or (2) any other Person (in the case of a transfer by a Securitization Entity), or may grant a security interest in, any Permitted Timeshare Collateral (whether now existing or arising in the future) of any Timeshare Subsidiary, and any assets related thereto including, without limitation, the proceeds of such Permitted Timeshare Collateral.

"Ratable Assignment" shall have the meaning assigned to such term in Section 9.3(b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Rental Vehicle Securitization Entity" means a Subsidiary of the Borrower (or another Person in which the Borrower or any of its Subsidiaries makes an investment or to which the Borrower or any of its Subsidiaries transfers Permitted Vehicle Collateral or an interest in Permitted Vehicle Collateral) which engages in no activities other than in connection with the ownership, leasing, operation and financing of Eligible Vehicles and other Permitted Vehicle Collateral and which is designated by the Person controlling such Subsidiary (or Person) as a Securitization Entity and as to which:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(a) is guaranteed by the Borrower or any of its Subsidiaries (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(b) is recourse to or obligates the Borrower or any of its Subsidiaries in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Borrower or any of its Subsidiaries (other than a Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) neither the Borrower nor any of its Subsidiaries has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Securitization Transaction) other than on terms no less favorable to the Borrower or such Subsidiary of the Borrower than those that might be obtained at the time from Persons that are not Affiliates of the Borrower, other than fees payable in the ordinary course of business in connection with servicing Permitted Vehicle Collateral; and

(3) neither the Borrower nor any of its Subsidiaries has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

For purposes of this definition, a Person shall be deemed to be "controlled" by another if such latter Person possesses, directly or indirectly, power either to (i) vote more that 50% of the securities having ordinary voting power for the election of directors of such controlled Person or (ii) direct or cause the direction of the management and policies of such controlled Person whether or contract or otherwise.

"Rental Vehicle Securitization Indebtedness" means (i) Indebtedness that finances or refinances Eligible Vehicles (but only to the extent actually used to finance or refinance Eligible Vehicles) and (ii) Indebtedness secured by Permitted Vehicle Collateral.

"Required Lenders" shall mean at any time, Lenders holding Commitments representing a majority of the Total Commitment, except that (i) for purposes of determining the Lenders entitled to declare the principal of and the interest on the Loans and the Notes and all other amounts payable hereunder or thereunder to be forthwith due and payable pursuant to Section 7 and (ii) at all times after the termination of the Total Commitment in its entirety, "Required Lenders" shall mean Lenders holding a majority of the aggregate principal amount of the Loans at the time outstanding.

"Revolving Credit Borrowing" shall mean a Borrowing consisting of simultaneous Revolving Credit Loans from each of the Lenders.

"Revolving Credit Borrowing Request" shall mean a request made pursuant to Section 2.4 in the form of Exhibit E.

"Revolving Credit Loans" shall mean the Loans made by the Lenders to the Borrower pursuant to a notice given by the Borrower under Section 2.4. Each Revolving Credit Loan shall be a LIBOR Loan or an ABR Loan.

"Rolling Period" shall mean with respect to any fiscal quarter, such fiscal quarter and the three immediately preceding fiscal quarters considered as a single accounting period.

"Secured Obligations" means all "Secured Obligations" referred to in the Collateral Documents, now or hereafter existing under the Fundamental Documents, whether direct or indirect, absolute or contingent, or whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise.

"Secured Parties" means the Agents, the Lenders and any other Person identified as a "Secured Party" in any Fundamental Document.

"Securitization Entity" means a Rental Vehicle Securitization Entity or a Timeshare Securitization Entity.

"Securitization Indebtedness" shall mean Indebtedness incurred by any structured bankruptcy-remote Subsidiary of the Borrower which does not permit or provide for recourse to the Borrower or any Subsidiary of the Borrower (other than such structured bankruptcy-remote Subsidiary) or any property or asset of the Borrower or any Subsidiary of the Borrower (other than the property or assets of such structured bankruptcy-remote Subsidiary).

"Settlement" shall mean the settlement of a consolidated class action lawsuit pending against the Borrower styled In re Cendant Corporation Litigation, No. 98-CV-1664 (WHW)(D.N.J.).

"Settlement Agreement" shall mean the Stipulation of Settlement with the Borrower and Certain Other Defendants, executed March 17, 2000.

"Settlement Trust" shall mean the escrow account established pursuant to the Settlement Agreement.

"S&P" shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"SPC" shall have the meaning assigned to such term in Section 9.3(k).

"Standard Securitization Undertakings" means representations, warranties, guaranties, covenants and indemnities entered into by the Borrower or any of its Subsidiaries or any Timeshare Subsidiary, which are reasonably customary in securitizations.

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

"Subsidiary" shall mean with respect to any Person, any corporation, association, joint venture, partnership or other business entity (whether now existing or hereafter organized) of which at least a majority of the voting stock or other ownership interests having ordinary voting power for the election of directors (or the equivalent) is, at the time as of which any determination is being made, owned or controlled by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person; provided that for purposes of Sections 6.1, 6.3, 6.4, 6.5 and 6.6 hereof, PHH and its Subsidiaries shall be deemed not to be Subsidiaries of the Borrower except that (a) Consolidated Net Worth shall be calculated in accordance with the definition thereof and (b) in calculating Consolidated EBITDA for any fiscal quarter the amount of any cash dividends or any other cash distributions actually paid by PHH or any Subsidiary of PHH to the Borrower and its Subsidiaries (excluding the Subsidiaries of PHH) (i) during such period and (ii) up to the time of the delivery of the certificate pursuant to Section 5.1(c) hereof related to such period shall be included in such

calculation. Any such cash dividends and distributions received from PHH and its Subsidiaries in one period and included in calculating Consolidated EBITDA for any prior period shall not be included in calculating Consolidated EBITDA for any fiscal quarter ending on or after the first anniversary of the date such dividends and distributions are received.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Timeshare Debt Documents" shall mean the instruments and agreements pursuant to which any indebtedness of any Timeshare Subsidiary has been issued, is outstanding or is permitted to exist.

"Timeshare Loan" shall mean any loan made to finance the acquisition of a Timeshare Property, including a Timeshare Property that has not yet been completed, any installment contract for the purchase of a Timeshare Property, or any other arrangement in the nature of a financing of the purchase of a Timeshare Property, and all security therefor and proceeds thereof.

"Timeshare Loan Indebtedness" shall mean any Indebtedness secured by or payable from Permitted Timeshare Collateral or Timeshare Property and the Indebtedness under this Agreement.

"Timeshare Property" shall mean any property used or intended to be used for development, in whole or in part, of a timeshare regime, including but not limited to real property, improvements thereon, any condominium, any portion of such a development, any unit or units subjected to a timeshare regime, any fixed week intervals, any undivided interests, any notional "points" afforded to owners of timeshares, any common areas, and any other form of ownership of, or entitlement to occupy real estate that forms a part of, or is subject to, a timeshare regime under applicable state law.

"Timeshare Securitization Entity" shall mean in the case of a Subsidiary of a Timeshare Subsidiary (or another Person in which a Timeshare Subsidiary makes an investment or to which any Timeshare Subsidiary transfers Permitted Timeshare Collateral or an interest in Permitted Timeshare Collateral) which engages in no activities other than in connection with the ownership, leasing, operation and financing of Timeshare Properties and other Permitted Timeshare Collateral and which is designated by the board of directors of a Timeshare Subsidiary as a Securitization Entity and as to which:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(a) is guaranteed by the Borrower or any of its Subsidiaries (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(b) is recourse to or obligates the Borrower in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Borrower or any of its Subsidiaries (other than a Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) neither the Borrower nor any of its Subsidiaries has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Securitization Transaction) other than on terms no less favorable to the Borrower or such Subsidiary of the Borrower than those that might be obtained at the time from Persons that are not Affiliates of the Borrower, other than fees payable in the ordinary course of business in connection with servicing Permitted Timeshare Collateral; and

(3) neither the Borrower nor any of its Subsidiaries has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"Timeshare Subsidiary" shall mean Fairfield, its Subsidiaries, Trendwest Resorts, or any other direct or indirect Subsidiary of the Borrower that is in the business of developing, owning, selling, managing or financing Timeshare Properties.

"Total Commitment" shall mean, at any time, the aggregate amount of the Lenders' Commitments as in effect at such time.

"Trendwest Resorts" shall mean Trendwest Resorts, Inc., a Delaware corporation.

"Upper DECS" shall mean the securities, consisting of 6.75% senior notes of the Borrower due 2006 and forward purchase contracts to purchase the Borrower's common stock in August 2004, issued on July 27, 2001 pursuant to the Prospectus Supplement, dated as of July 20, 2001.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

2. THE LOANS

SECTION 2.1. Commitments.

(a) Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Revolving Credit Loans to the Borrower, at any time and from time to time on and after the Closing Date and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment, subject, however, to the conditions that (i) at no time shall

the outstanding aggregate principal amount of all Revolving Credit Loans made by all Lenders exceed the Total Commitment and (ii) at all times the outstanding aggregate principal amount of all Revolving Credit Loans made by each Lender shall equal the product of (x) the percentage that its Commitment represents of the Total Commitment times (y) the outstanding aggregate principal amount of all Revolving Credit Loans made pursuant to a notice given by the Borrower under Section 2.4. The Commitments of the Lenders may be terminated or reduced from time to time pursuant to Section 2.11 or Section 7.

(b) Within the foregoing limits, the Borrower may borrow, pay or repay and reborrow hereunder, on and after the Closing Date and prior to the Maturity Date, upon the terms and subject to the conditions and limitations set forth herein.

SECTION 2.2. Loans.

(a) Each Revolving Credit Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their Commitments; provided, however, that the failure of any Lender to make any Revolving Credit Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). The Revolving Credit Loans comprising any Borrowing shall be (i) in the case of LIBOR Loans, in an aggregate principal amount that is an integral multiple of $5,000,000 and not less than $10,000,000 and (ii) in the case of ABR Loans, in an aggregate principal amount that is an integral multiple of $500,000 and not less than $5,000,000 (or, in the case of clause (i) and clause (ii) above, if less, an aggregate principal amount equal to the remaining balance of the available Total Commitment).

(b) Each Lender may at its option make any LIBOR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and the applicable Note. Borrowings of more than one Interest Rate Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in an aggregate of more than 9 separate Revolving Credit Loans of any Lender being outstanding hereunder at any one time. For purposes of the calculation required by the immediately preceding sentence, LIBOR Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans and all Loans of a single Interest Rate Type made on a single date shall be considered a single Loan if such Loans have a common Interest Period.

(c) Subject to Section 2.5, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by making funds available at the offices of the Administrative Agent's Credit Services Department, Bank of America, N.A., 101 North Tryon Street, Charlotte, NC 28255, Attention: Merci Owens, for credit to Corporate Credit Support, Account No. 1366212250600, (Reference: Cendant Corporation Credit Agreement dated as of June 17, 2004) no later than 1:00 P.M. New York City time (2:00 P.M. New York City time, in the case of an ABR Borrowing) in Federal or other immediately available funds. Upon receipt of the funds to be made available by the Lenders to fund any Borrowing hereunder, the

Administrative Agent shall disburse such funds by depositing them into an account of the Borrower maintained with the Administrative Agent. Revolving Credit Loans shall be made by all the Lenders pro rata in accordance with Section 2.1 and this Section 2.2.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.3. Use of Proceeds.

The proceeds of the Loans shall be used (a) to refinance existing indebtedness of the Cendant Timeshare Resort Group, (b) to finance Eligible Collateral and (c) for working capital and general corporate purposes of the Borrower and its Subsidiaries, including, without limitation, for acquisitions. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X of the Board.

SECTION 2.4. Revolving Credit Borrowing Procedure.

In order to effect a Revolving Credit Borrowing, the Borrower shall hand deliver or telecopy to the Administrative Agent a Borrowing notice in the form of Exhibit E (a) in the case of a LIBOR Borrowing, not later than 12:00 (noon), New York City time, three Business Days before a proposed Borrowing, and (b) in the case of an ABR Borrowing, not later than 12:00 (noon), New York City time, on the day of a proposed Borrowing. Such notice shall be irrevocable and shall in each case specify (a) whether the Borrowing then being requested is to be a LIBOR Borrowing or an ABR Borrowing, (b) the date of such Revolving Credit Borrowing (which shall be a Business Day) and the amount thereof and (c) if such Borrowing is to be a LIBOR Borrowing, the Interest Period with respect thereto. If no election as to the Interest Rate Type of a Revolving Credit Borrowing is specified in any such notice, then the requested Revolving Credit Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any LIBOR Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If the Borrower shall not have given notice in accordance with this Section 2.4 of its election to refinance a Revolving Credit Borrowing prior to the end of the Interest Period in effect for such Borrowing, then the Borrower shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.4 and of each Lender's portion of the requested Borrowing.

SECTION 2.5. Refinancings.

The Borrower may refinance all or any part of any Borrowing with a Borrowing of the same or a different Interest Rate Type made pursuant to a notice under Section 2.4, subject to the conditions and limitations set forth herein and elsewhere in this Agreement; provided, however, that at any time after the occurrence, and during the continuation, of a Default or an Event of Default, a Revolving Credit Borrowing or portion thereof may only be refinanced with an ABR Borrowing.

SECTION 2.6. Fees.

(a) The Borrower agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31, commencing September 30, 2004, and on the date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (a "Facility Fee"), at the rate per annum from time to time in effect in accordance with Section 2.21, on the average daily amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or shorter period commencing with the Closing Date, or ending with (i) the Maturity Date or (ii) any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Facility Fee due to each Lender shall commence to accrue on the Closing Date, shall be payable in arrears and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Borrower agrees to pay the Administrative Agent, for its own account, the fees at the times and in the amounts provided for in the letter agreement dated May 27, 2004 among the Borrower, Bank of America, N.A. and Banc of America Securities LLC.

(c) All fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the fees shall be refundable under any circumstances.

SECTION 2.7. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Credit Loan of such Lender on the Maturity Date (or such earlier date on which the Revolving Credit Loans become due and payable pursuant to Section 7). The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Revolving Credit Loans from time to time outstanding from the Closing Date until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.8.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Revolving Credit Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 9.3(e), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Revolving Credit Loan made hereunder, the Interest Rate Type thereof and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to this Section 2.7 shall, to the extent permitted by applicable law, be prima

facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Revolving Credit Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

(e) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a promissory note of the Borrower evidencing the Revolving Credit Loans of such Lender, substantially in the form of Exhibit A with appropriate insertions as to date and principal amount (a "Note").

SECTION 2.8. Interest on Loans.

(a) Subject to the provisions of Section 2.9, the Loans comprising each LIBOR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to LIBOR for the Interest Period in effect for such Borrowing plus the applicable LIBOR Spread from time to time in effect. Interest on each LIBOR Borrowing shall be payable on each applicable Interest Payment Date.

(b) Subject to the provisions of Section 2.9, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate plus the applicable margin, if any, for ABR Loans from time to time in effect pursuant to Section 2.21.

(c) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan. The LIBOR or the Alternate Base Rate for each Interest Period or day within an Interest Period shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.9. Interest on Overdue Amounts.

If the Borrower shall default in the payment of the principal of, or interest on, any Loan or any other amount becoming due hereunder, the Borrower shall on demand from time to time pay interest, to the extent permitted by Applicable Law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as applicable, in the case of amounts bearing interest determined by reference to the Prime Rate and a year of 360 days in all other cases, equal to (a) in the case of the remainder of the then current Interest Period for any LIBOR Loan, the rate applicable to such Loan under Section 2.8 plus 2% per annum and (b) in the case of any other Loan or amount, the rate that would at the time be applicable to an ABR Loan under Section 2.8 plus 2% per annum.

SECTION 2.10. Alternate Rate of Interest.

In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBOR Loan, the Administrative Agent shall have

determined that Dollar deposits in the amount of the requested principal amount of such LIBOR Loan are not generally available in the London Interbank Market, or that the rate at which such Dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its portion of such LIBOR Loans during such Interest Period, or that reasonable means do not exist for ascertaining LIBOR, the Administrative Agent shall, as soon as practicable thereafter, give written or telecopier notice of such determination to the Borrower and the Lenders. In the event of any such determination, until the Administrative Agent shall have determined that circumstances giving rise to such notice no longer exist, any request by the Borrower for a LIBOR Borrowing pursuant to Section 2.4 shall be deemed to be a request for an ABR Loan. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.11. Termination and Reduction of Commitments; Increase of Commitments.

(a) The Commitments of all of the Lenders shall be automatically terminated on the Maturity Date.

(b) Subject to Section 2.12(b), upon at least three Business Days, prior irrevocable written or telecopy notice to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of $5,000,000 and in a minimum principal amount of $10,000,000 and (ii) the Borrower shall not be entitled to make any such termination or reduction that would reduce the Total Commitment to an amount less than the sum of the aggregate outstanding principal amount of the Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to the Administrative Agent for the account of the Lenders on the date of each termination or reduction in the Total Commitment, the Facility Fees on the amount of the Total Commitment so terminated or reduced accrued to the date of such termination or reduction.

(d) In the event that the Borrower wishes to increase the aggregate Commitments at any time when no Default or Event of Default has occurred and is continuing, it shall notify the Administrative Agent in writing of the amount (the "Offered Increase Amount") of such proposed increase (such notice, a "Commitment Increase Notice"), and the Administrative Agent shall notify each Lender of such proposed increase and provide such additional information regarding such proposed increase as any Lender may reasonably request. The Borrower may, at its election, (i) offer one or more of the Lenders the opportunity to participate in all or a portion of the Offered Increase Amount pursuant to paragraph (f) below and/or (ii) with the consent of the Administrative Agent (which consent shall not be unreasonably withheld), offer one or more additional banks, financial institutions or other entities the opportunity to participate in all or a portion of the Offered Increase Amount pursuant to paragraph (e) below. Each Commitment Increase Notice shall specify which Lenders and/or banks, financial institutions or other entities the Borrower desires to participate in such

Commitment increase. The Borrower or, if requested by the Borrower, the Administrative Agent, will notify such Lenders and/or banks, financial institutions or other entities of such offer.

(e) Any additional bank, financial institution or other entity which the Borrower selects to offer participation in the increased Commitments and which elects to become a party to this Agreement and provide a Commitment in an amount so offered and accepted by it pursuant to Section 2.11(d)(ii) shall execute a New Lender Supplement with the Borrower and the Administrative Agent, substantially in the form of Exhibit G, whereupon such bank, financial institution or other entity (herein called a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and Schedule 2.1 shall be deemed to be amended to add the name and Commitment of such New Lender, provided that the Commitment of any such new Lender shall be in an amount not less than $5,000,000.

(f) Any Lender which accepts an offer to it by the Borrower to increase its Commitment pursuant to Section 2.11(d)(i) shall, in each case, execute a Commitment Increase Supplement with the Borrower and the Administrative Agent, substantially in the form of Exhibit H, whereupon such Lender shall be bound by and entitled to the benefits of this Agreement with respect to the full amount of its Commitment as so increased, and Schedule 2.1 shall be deemed to be amended to so increase the Commitment of such Lender.

(g) The Administrative Agent and the Borrower shall determine the effective date of any increase of the Commitments under this Section 2.11 (the "***Increase Effective Date***") and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date. Upon the Increase Effective Date, all outstanding Borrowings shall be reallocated among the Lenders in a manner such that each Lender's portion of the Borrowings then outstanding shall be equal to such Lender's ratable portion of such Borrowings based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment increase. The Borrower shall reimburse each Lender in accordance with Section 2.16 to the extent such Lender incurs any loss as a result of the Increase Effective Date being on a date other than the last day of the applicable Interest Period.

(h) Notwithstanding anything to the contrary in this Section 2.11, (i) in no event shall any transaction effected pursuant to this Section 2.11 cause the aggregate Commitments hereunder to exceed $600,000,000 and (ii) no Lender shall have any obligation to increase its Commitment unless it agrees to do so in its sole discretion.

SECTION 2.12. Prepayment of Loans.

(a) Prior to the Maturity Date, the Borrower shall have the right at any time to prepay any Revolving Credit Borrowing, in whole or in part, subject to the requirements of Section 2.16 but otherwise without premium or penalty, upon prior written or telecopy notice to the Administrative Agent before 12:00 noon New York City time at least one Business Day in the case of an ABR Loan and at least three Business Days in the case of a LIBOR Loan; provided, however, that each such partial prepayment shall be in an integral multiple of $5,000,000 and in a minimum aggregate principal amount of $10,000,000.

(b) On any date when the sum of the aggregate outstanding Loans (after giving effect to any Borrowings effected on such date) exceeds the Total Commitment, the Borrower shall make a mandatory prepayment of the Revolving Credit Loans in such amount as may be necessary so that the aggregate amount of outstanding Loans after giving effect to such prepayment does not exceed the Total Commitment then in effect. Any prepayments required by this paragraph shall be applied to outstanding ABR Loans up to the full amount thereof before they are applied to outstanding LIBOR Loans.

(c) Each notice of prepayment pursuant to Section 2.12(a) shall specify the specific Borrowing(s), the prepayment date and the aggregate principal amount of each Borrowing to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing(s) by the amount stated therein. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid, to the date of prepayment. All prepayments under this Section 2.12 shall be made without premium or penalty, except as otherwise required under Section 2.16.

SECTION 2.13. Eurodollar Reserve Costs.

The Borrower shall pay to the Administrative Agent for the account of each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of, or including, Eurocurrency Liabilities (as defined in Regulation D of the Board), additional interest on the unpaid principal amount of each LIBOR Loan made to the Borrower by such Lender, from the date of such Loan until such Loan is paid in full, at an interest rate per annum equal at all times during the Interest Period for such Loan to the remainder obtained by subtracting (i) LIBOR for such Interest Period from (ii) the rate obtained by multiplying LIBOR as referred to in clause (i) above by the Statutory Reserves of such Lender for such Interest Period. Such additional interest shall be determined by such Lender and notified to the Borrower (with a copy to the Administrative Agent) not later than five Business Days before the next Interest Payment Date for such Loan, and such additional interest so notified to the Borrower by any Lender shall be payable to the Administrative Agent for the account of such Lender on each Interest Payment Date for such Loan.

SECTION 2.14. Reserve Requirements; Change in Circumstances.

(a) Except with respect to Indemnified Taxes and Other Taxes, which shall be governed solely and exclusively by Section 2.20, if after the Closing Date any change in Applicable Law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall subject any Lender to, or increase the net amount of, any tax, levy, impost, duty, charge, fee, deduction or withholding with respect to any LIBOR Loan, or shall change the basis of taxation of payments to any Lender of the principal of or interest on any LIBOR Loan made by such Lender or any other fees or amounts payable hereunder (other than Excluded Taxes), (ii) shall 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 Lender, or (iii) shall impose on any Lender or the London Interbank Market any other condition affecting this Agreement or any LIBOR Loan made by such Lender, and the result of

any of the foregoing shall be to increase the cost (other than the amount of Taxes, if any) to such Lender of making or maintaining any LIBOR Loan or to reduce the amount (other than the amount of Taxes, if any) of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) in respect thereof by an amount deemed in good faith by such Lender to be material, then the Borrower shall pay such additional amount or amounts as will compensate such Lender for such increase or reduction to such Lender upon demand by such Lender.

(b) If, after the Closing Date, any Lender shall have determined in good faith that the adoption after the Closing Date of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any Lending Office of such Lender) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of its obligations hereunder to a level below that which such Lender (or its holding company) could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies or the policies of its holding company, as the case may be, with respect to capital adequacy) by an amount deemed by such Lender to be material, then, from time to time, the Borrower shall pay to the Administrative Agent for the account of such Lender such additional amount or amounts as will compensate such Lender for such reduction upon demand by such Lender.

(c) A certificate of a Lender setting forth in reasonable detail (i) such amount or amounts as shall be necessary to compensate such Lender as specified in paragraph (a) or (b) above, as the case may be, and (ii) the calculation of such amount or amounts referred to in the preceding clause (i), shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 10 Business Days after its receipt of the same.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any Interest Period shall not constitute a waiver of such Lender's rights to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to such Interest Period or any other Interest Period. The protection of this Section 2.14 shall be available to each Lender regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which shall have been imposed.

(e) Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that (i) would cause it to incur any increased cost under this Section 2.14, Section 2.15 or Section 2.20 or (ii) would require the Borrower to pay an increased amount under this Section 2.14, Section 2.15 or Section 2.20, it will use reasonable efforts to notify the Borrower of such event or condition and, to the extent

not inconsistent with such Lender's internal policies, will use its reasonable efforts to make, fund or maintain the affected Loans of such Lender through another Lending Office of such Lender if as a result thereof the additional monies which would otherwise be required to be paid or the reduction of amounts receivable by such Lender thereunder in respect of such Loans would be materially reduced, or any inability to perform would cease to exist, or the increased costs which would otherwise be required to be paid in respect of such Loans pursuant to this Section 2.14, Section 2.15 or Section 2.20 would be materially reduced or the taxes or other amounts otherwise payable under this Section 2.14, Section 2.15 or Section 2.20 would be materially reduced, and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other Lending Office would not otherwise materially adversely affect such Loans or such Lender.

(f) In the event any Lender shall have delivered to the Borrower a notice that LIBOR Loans are no longer available from such Lender pursuant to Section 2.15, that amounts are due to such Lender pursuant to paragraph (c) hereof or that any of the events designated in paragraph (e) hereof have occurred, the Borrower may (but subject in any such case to the payments required by Section 2.16), provided that there shall exist no Default or Event of Default, upon at least five Business Days' prior written or telecopier notice to such Lender and the Administrative Agent, but not more than 30 days after receipt of notice from such Lender, identify to the Administrative Agent a lending institution reasonably acceptable to the Administrative Agent which will purchase the Commitment and the amount of outstanding Loans from the Lender providing such notice and such Lender shall thereupon assign its Commitment, any Loans owing to such Lender and the Notes held by such Lender to such replacement lending institution pursuant to Section 9.3. Such notice shall specify an effective date for such assignment and at the time thereof, the Borrower shall pay all accrued interest, accrued Facility Fees and all other amounts (including without limitation all amounts payable under this Section) owing hereunder to such Lender as at such effective date for such assignment.

SECTION 2.15. Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any LIBOR Loan or to give effect to its obligations as contemplated hereby, then, by written notice to the Borrower and to the Administrative Agent, such Lender may:

(i) declare that LIBOR Loans will not thereafter be made by such Lender hereunder, whereupon the Borrower shall be prohibited from requesting LIBOR Loans from such Lender hereunder unless such declaration is subsequently withdrawn; and

(ii) require that all outstanding LIBOR Loans made by it be converted to ABR Loans, in which event (A) all such LIBOR Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in Section 2.15(b) and (B) all payments and prepayments of principal which would otherwise have

been applied to repay the converted LIBOR Loans shall instead be applied to repay the ABR Loans resulting from the conversion of such LIBOR Loans.

(b) For purposes of this Section 2.15, a notice to the Borrower by any Lender pursuant to Section 2.15(a) shall be effective on the date of receipt thereof by the Borrower.

SECTION 2.16. Reimbursement of Lenders.

(a) The Borrower shall reimburse each Lender on demand for any loss incurred or to be incurred by it in the reemployment of the funds released (i) by any prepayment (for any reason) of any LIBOR Loan if such Loan is repaid other than on the last day of the applicable Interest Period for such Loan or (ii) in the event that after the Borrower delivers a notice of borrowing under Section 2.4 in respect of LIBOR Loans, the applicable Loan is not made on the first day of the Interest Period specified by the Borrower for any reason other than (I) a suspension or limitation under Section 2.15 of the right of the Borrower to select a LIBOR Loan or (II) a breach by a Lender of its obligations hereunder. In the case of such failure to borrow, such loss shall be the amount as reasonably determined by such Lender as the excess, if any of (A) the amount of interest which would have accrued to such Lender on the amount not borrowed, at a rate of interest equal to the interest rate applicable to such Loan pursuant to Section 2.8, for the period from the date of such failure to borrow, to the last day of the Interest Period for such Loan which would have commenced on the date of such failure to borrow, over (B) the amount realized by such Lender in reemploying the funds not advanced during the period referred to above. In the case of a payment other than on the last day of the Interest Period for a Loan, such loss shall be the amount as reasonably determined by the Administrative Agent as the excess, if any, of (A) the amount of interest which would have accrued on the amount so paid at a rate of interest equal to the interest rate applicable to such Loan pursuant to Section 2.8, for the period from the date of such payment to the last day of the then current daily Interest Period for such Loan, over (B) the amount equal to the product of (x) the amount of the Loan so paid times (y) the current daily yield on U.S. Treasury Securities (at such date of determination) with maturities approximately equal to the remaining Interest Period for such Loan times (z) the actual number of days remaining in the Interest Period for such Loan. Each Lender shall deliver to the Borrower from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent manifest error. The Borrower shall pay to the Administrative Agent for the account of each Lender the amount shown as due on any certificate within thirty (30) days after its receipt of the same.

(b) In the event the Borrower fails to prepay any Loan on the date specified in any prepayment notice delivered pursuant to Section 2.12(a), the Borrower on demand by any Lender shall pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any loss incurred by such Lender as a result of such failure to prepay, including, without limitation, any loss, cost or expenses incurred by reason of the acquisition of deposits or other funds by such Lender to fulfill deposit obligations incurred in anticipation of such prepayment. Each Lender shall deliver to the Borrower and the Administrative Agent from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent manifest error.

SECTION 2.17. Pro Rata Treatment.

Except as permitted under Sections 2.13, 2.14(c), 2.15 and 2.16 each Revolving Credit Borrowing, each payment or prepayment of principal of any Revolving Credit Borrowing, each payment of interest on the Revolving Credit Loans, each payment of the Facility Fees, each reduction of the Total Commitment and each refinancing of any Borrowing with, or conversion of any Borrowing to, a Revolving Credit Borrowing, or continuation of any Borrowing as a Revolving Credit Borrowing, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amount of their outstanding Revolving Credit Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing computed in accordance with Section 2.1, to the next higher or lower whole dollar amount.

SECTION 2.18. Right of Setoff.

If any Event of Default shall have occurred and be continuing and any Lender shall have directed the Administrative Agent to declare the Loans immediately due and payable pursuant to Section 7, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by such Lender and any other indebtedness at any time owing by such Lender to, or for the credit or the account of, the Borrower, against any of and all the obligations now or hereafter existing under this Agreement and the Loans held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such Loans and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section 2.18 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 2.19. Manner of Payments.

All payments by the Borrower hereunder and under the Notes shall be made in Dollars in Federal or other immediately available funds without deduction, setoff or counterclaim at the office of the Administrative Agent's Credit Services Department, Bank of America, N.A., 101 North Tryon Street, Charlotte, NC 28255, Attention: Merci Owens, for credit to Corporate Credit Support, Account No. 1366212250600, (Reference: Cendant Corporation Credit Agreement dated June 17, 2004) no later than 12:00 noon, New York City time, on the date on which such payment shall be due. Interest in respect of any Loan hereunder shall accrue from and including the date of such Loan to, but excluding, the date on which such Loan is paid or refinanced with a Loan of a different Interest Rate Type.

SECTION 2.20. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or

Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) 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 2.20) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.20) 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 (other that those resulting from the Administrative Agent or Lender's gross negligence or willful misconduct). A certificate as to the amount of such payment or liability and setting forth in reasonable detail the calculation and basis for such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower 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) Any Lender that is entitled to an exemption from or reduction of withholding with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time such Lender becomes a party to this Agreement and at any other time or times reasonably requested by the Borrower, such properly completed and executed documentation prescribed by Applicable Law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Each Lender and Administrative Agent that is a United States Person, as defined in Section 7701(a)(30) of the Code (other than Persons that are corporations or otherwise exempt from United States backup withholding Tax), shall deliver at the time(s) and in the manner(s) prescribed by Applicable Law, to the Borrower and the Administrative Agent (as applicable), a properly completed and duly executed United States Internal Revenue Form W-9 or any successor form, certifying that such Person is exempt from United States backup withholding Tax on payments made hereunder.

(f) If the Administrative Agent or a Lender determines, in its sole good-faith discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been

indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.20, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.20 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 2.20 shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its Taxes which it deems confidential) to the Borrower or any other Person.

(g) Each Lender agrees (i) that as between it and the Borrower or the Administrative Agent, it shall be the Person to deduct and withhold taxes, and to the extent required by law it shall deduct and withhold taxes, on amounts that such Lender may remit to any other Person(s) by reason of any undisclosed transfer or assignment of an interest in this Agreement to such other Person(s) pursuant to paragraph (g) of Section 9.3 and (ii) to indemnify the Borrower and the Administrative Agent and any officers, directors, agents, or employees of the Borrower or the Administrative Agent against, and to hold them harmless from, any tax, interest, additions to tax, penalties, reasonable counsel and accountants' fees, disbursements or payments arising from the assertion by any appropriate taxing authority of any claim against them relating to a failure to withhold taxes as required by Applicable Law with respect to amounts described in clause (i) of this paragraph (c).

(h) Each assignee of a Lender's interest in this Agreement in conformity with Section 9.3 shall be bound by this Section 2.20, so that such assignee will have all of the obligations and provide all of the forms and statements and all indemnities, representations and warranties required to be given under this Section 2.20.

SECTION 2.21. Certain Pricing Adjustments.

The Facility Fee and the applicable LIBOR Spread in effect from time to time shall be determined in accordance with the following table:

S&P/Moody's Rating Equivalent Of The Borrower's Senior Non-Credit Enhanced Unsecured Long-Term Debt	Facility Fee (In Basis Points)	Applicable LIBOR Spread (In Basis Points)
A-/A3 or better	10.00	45.00
BBB+/Baa1	12.50	62.50
BBB/Baa2	15.00	80.00
BBB-/Baa3	20.00	105.00
BB+/Bal or lower	35.00	140.00

In the event the S&P rating on the Borrower's senior non-credit enhanced unsecured long-term debt is not equivalent to the Moody's rating on such debt, the higher rating will determine the Facility Fee and applicable LIBOR Spread; provided, however, that if such ratings differ by more than one level, the Facility Fee and applicable LIBOR Spread will be determined by reference to the level that is one level higher than the lower rating. In the event that the Borrower's senior non-credit enhanced unsecured long-term debt is rated by only one of S&P and Moody's, then that single rating shall be determinative. In the event that the Borrower's senior unsecured long-term debt is not rated by either S&P or Moody's, then the Facility Fee and the applicable LIBOR Spread shall be deemed to be calculated as if the lowest rating category set forth above applied. Any increase in the Facility Fee or the applicable LIBOR Spread determined in accordance with the foregoing table shall become effective on the date of announcement or publication by the Borrower or either such rating agency of a reduction in such rating or, in the absence of such announcement or publication, on the effective date of such decreased rating, or on the date of any request by the Borrower to either of such rating agencies not to rate its senior unsecured long-term debt or on the date either of such rating agencies announces it shall no longer rate the Borrower's senior unsecured long-term debt. Any decrease in the Facility Fee or applicable LIBOR Spread shall be effective on the date of announcement or publication by either of such rating agencies of an increase in rating or in the absence of announcement or publication on the effective date of such increase in rating. The applicable margin for ABR Loans shall be 1% less than the applicable LIBOR Spread (but not less than 0%).

3. REPRESENTATIONS AND WARRANTIES OF BORROWER

In order to induce the Lenders to enter into this Agreement and to make the Loans provided for herein, the Borrower makes the following representations and warranties to the Administrative Agent and the Lenders, all of which shall survive the execution and delivery of this Agreement, the issuance of the Notes and the making of the Loans:

SECTION 3.1. Corporate Existence and Power.

The Borrower and its Subsidiaries have been duly organized and are validly existing in good standing under the laws of their respective jurisdictions of incorporation and are

in good standing or have applied for authority to operate as a foreign corporation in all jurisdictions where the nature of their properties or business so requires it and where a failure to be in good standing as a foreign corporation would have a Material Adverse Effect. The Borrower has the corporate power to execute, deliver and perform its obligations under this Agreement and the other Fundamental Documents and other documents contemplated hereby and to borrow hereunder.

SECTION 3.2. Corporate Authority, No Violation and Compliance with Law.

The execution, delivery and performance of this Agreement and the other Fundamental Documents and the borrowings hereunder (a) have been duly authorized by all necessary corporate action on the part of the Borrower, (b) will not violate any provision of any Applicable Law (including any laws related to franchising) applicable to the Borrower or any of its Subsidiaries or any of their respective properties or assets, (c) will not violate any provision of the Certificate of Incorporation or By-Laws of the Borrower or any of its Subsidiaries, (d) will not violate or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, any material indenture, bond, note, instrument or any other material agreement to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries or any of their respective properties or assets are bound and (e) will not result in the creation or imposition of any Lien upon any property or assets of the Borrower or any of its Subsidiaries other than pursuant to this Agreement or any other Fundamental Document.

SECTION 3.3. Governmental and Other Approval and Consents.

No action, consent or approval of, or registration or filing with, or any other action by, any governmental agency, bureau, commission or court is required in connection with (a) the execution, delivery and performance by the Borrower of this Agreement or the other Fundamental Documents or (b) except as set forth in the Collateral Documents, the grant by the Borrower and its applicable Subsidiaries of the Liens granted by it pursuant to the Collateral Documents.

SECTION 3.4. Financial Statements of Borrower.

The (a) audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries as of December 31, 2003 and (b) unaudited consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as of March 31, 2004, together with the related unaudited statements of income, shareholders' equity and cash flows for such periods, fairly present the financial condition of the Borrower and its Consolidated Subsidiaries as at the dates indicated and the results of operations and cash flows for the periods indicated in conformity with GAAP subject to normal year-end adjustments in the case of the March 31, 2004 financial statements.

SECTION 3.5. No Material Adverse Change.

There has been no material adverse change in the business, assets, operations, or condition, financial or otherwise, of the Borrower and its Subsidiaries taken as a whole from that

disclosed in the audited consolidated financial statements (including the footnotes thereto) of the Borrower referred to in Section 3.4 for its 2003 fiscal year.

SECTION 3.6. Copyrights, Patents and Other Rights.

Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.7. Title to Properties.

Each of the Borrower and its Material Subsidiaries will have at the Closing Date good title or valid leasehold interests to each of the properties and assets reflected on the balance sheets referred to in Section 3.4, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes, and all such properties and assets will be free and clear of Liens, except Permitted Encumbrances. Certain Subsidiaries of the Borrower are the legal or beneficial owners of the Collateral.

SECTION 3.8. Litigation.

Except for the Disclosed Matters, there are no lawsuits or other proceedings pending (including, but not limited to, matters relating to Environmental Law and Environmental Liability), or, to the knowledge of the Borrower, threatened, against or affecting the Borrower or any of its Subsidiaries or any of their respective properties, by or before any Governmental Authority or arbitrator, which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is in default with respect to any order, writ, injunction, decree, rule or regulation of any Governmental Authority, which default would have a Material Adverse Effect.

SECTION 3.9. Federal Reserve Regulations.

Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans will be used, whether immediately, incidentally or ultimately, for any purpose violative of or inconsistent with any of the provisions of Regulation T, U or X of the Board.

SECTION 3.10. Investment Company Act.

The Borrower is not, and will not during the term of this Agreement be, (x) an “investment company” subject to regulation under the Investment Company Act of 1940, as amended or (y) subject to regulation under the Public Utility Holding Company Act of 1935 or the Federal Power Act.

SECTION 3.11. Enforceability.

This Agreement and the other Fundamental Documents when executed by all parties hereto will constitute legal, valid and binding obligations (as applicable) of the Borrower (enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

SECTION 3.12. Taxes.

The Borrower and each of its Subsidiaries has filed or caused to be filed all federal, state and local tax returns which are required to be filed, and has paid or has caused to be paid all taxes as shown on said returns or on any assessment received by them in writing, to the extent that such taxes have become due, except (a) as permitted by Section 5.4 hereof or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. Compliance with ERISA.

No ERISA Event has occurred or is reasonably expected to occur that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Each of the Borrower and its Subsidiaries is in compliance in all material respects with the provisions of ERISA and the Code applicable to Plans, and the regulations and published interpretations thereunder, if any, which are applicable to it. Neither the Borrower nor any of its Subsidiaries has, with respect to any Plan established or maintained by it, engaged in a prohibited transaction which would subject it to a material tax or penalty on prohibited transactions imposed by ERISA or Section 4975 of the Code. Neither the Borrower nor any of its Subsidiaries has engaged in a transaction which would result in the incurrence of a material liability under Section 4069 of ERISA. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $300,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $300,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.14. Disclosure.

As of the Closing Date, neither this Agreement nor the Confidential Information Memorandum dated May 2004, at the time it was furnished, contained any untrue statement of a material fact or omitted to state a material fact, under the circumstances under which it was made, necessary in order to make the statements contained herein or therein not misleading. At the Closing Date, there is no fact known to the Borrower which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.15. Environmental Liabilities.

Except for the Disclosed Matters and except with respect to any matters, that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

4. CONDITIONS OF LENDING

SECTION 4.1. Conditions Precedent to Closing.

The effectiveness of this Agreement is subject to the following conditions precedent:

(a) Fundamental Documents. The Administrative Agent shall have received this Agreement and each of the other Fundamental Documents, including, without limitation, a mortgage, pledge and security agreement, in substantially the form of Exhibit I hereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Mortgage, Pledge and Security Agreement"), each duly executed and delivered by the Borrower and, in the case of the Collateral Documents, the applicable Subsidiaries of the Borrower.

(b) Corporate Documents for the Borrower. The Administrative Agent shall have received, with copies for each of the Lenders, a certificate of the Secretary or Assistant Secretary of the Borrower dated the date of the initial Loans and certifying (A) that attached thereto is a true and complete copy of the certificate of incorporation and by-laws of the Borrower as in effect on the date of such certification; (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of the Borrower authorizing the borrowings hereunder and the execution, delivery and performance in accordance with their respective terms of this Agreement and any other documents required or contemplated hereunder; and (C) as to the incumbency and specimen signature of each officer of the Borrower executing this Agreement or any other document delivered by it in connection herewith (such certificate to contain a certification by another officer of the Borrower as to the incumbency and signature of the officer signing the certificate referred to in this paragraph (b)).

(c) Opinions of Counsel. The Administrative Agent shall have received the favorable written opinions, dated the date of the initial Extension of Credit and addressed to the Administrative Agent and the Lenders, of (i) Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Borrower, substantially in the form of Exhibit B-1 hereto, and (ii) Eric J. Bock, Executive Vice President and Corporate Secretary for the Borrower, substantially in the form of Exhibit B-2 hereto.

(d) No Material Adverse Change. The Administrative Agent shall be satisfied that since December 31, 2003 no events and conditions have occurred that have had, or could reasonably be expected to have, a Material Adverse Effect.

(e) Payment of Fees. The Administrative Agent shall be satisfied that all amounts payable to the Administrative Agent and the other Lenders pursuant hereto or with regard to the transactions contemplated hereby have been or are simultaneously being paid.

(f) Litigation. No litigation shall be pending or threatened which would be likely to have a Material Adverse Effect, or which could reasonably be expected to materially adversely affect the ability of the Borrower to fulfill its obligations hereunder or to otherwise materially impair the interests of the Lenders.

(g) Existing Credit Agreement. Terminate the commitments and arrange for the contemporaneous payment in full with the proceeds of the initial Extension of Credit hereunder of all obligations outstanding under the $275,000,000 Amended and Restated Revolving Credit Facility and Term Loan Agreement dated March 21, 2003 among Fairfield, FFD Development Company LLC and Trendwest Resorts, the lenders parties thereto and Fleet National Bank, as agent for such lenders.

(h) Officer's Certificate; Approval. The Administrative Agent shall have received a certificate of the Borrower's chief executive officer or chief financial officer certifying, as of the Closing Date, compliance with the conditions set forth in paragraphs (b) and (c) of Section 4.2.

(i) Other Documents. The Administrative Agent shall have received such other documents and certificates as the Administrative Agent may reasonably require.

SECTION 4.2. Conditions Precedent to Each Extension of Credit.

The obligation of the Lenders to make each Loan, including the initial Extension of Credit hereunder, is subject to the following conditions precedent:

(a) Notice. The Administrative Agent shall have received a notice with respect to such Borrowing as required by this Agreement.

(b) Representations and Warranties. The representations and warranties set forth in Section 3 hereof (other than those set forth in Section 3.5, which shall be deemed made only on the Closing Date) and in the other Fundamental Documents shall be true and correct in all material respects on and as of the date of each Borrowing hereunder (except to the extent that such representations and warranties expressly relate to an earlier date) with the same effect as if made on and as of such date; provided, however, that this condition shall not apply to a Revolving Credit Borrowing which is solely refinancing outstanding Revolving Credit Loans and which, after giving effect thereto, has not increased the aggregate amount of outstanding Revolving Credit Loans.

(c) No Event of Default. No Event of Default or Default shall have occurred and be continuing or would occur immediately after giving effect to the making of such Loan; provided, however, that this condition shall not apply to a Revolving Credit Borrowing which is solely refinancing outstanding Revolving Credit Loans and which, after giving effect thereto, has not increased the aggregate amount of outstanding Revolving Credit Loans.

(d) Eligible Collateral. The aggregate amount of all outstanding Loans does not exceed 93% of the GAAP carrying value of the Eligible Collateral after giving effect to such Loan.

Each Borrowing shall be deemed to be a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (b), (c) and (d) of this Section.

5. AFFIRMATIVE COVENANTS

From the date of the initial Loan and for so long as the Commitments shall be in effect or any amount shall remain outstanding under any Note or unpaid under this Agreement, the Borrower agrees that, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of its Subsidiaries to:

SECTION 5.1. Financial Statements, Reports, etc.

The Borrower will furnish to the Administrative Agent and to each Lender:

(a) As soon as is practicable, but in any event within 100 days after the end of each fiscal year of the Borrower, the audited consolidated balance sheet of the Borrower 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 the Borrower and satisfactory to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards relating to reporting and which report and opinion shall (A) be unqualified as to going concern and scope of audit and shall state that such financial statements fairly present the financial condition of the Borrower and its Consolidated Subsidiaries, as at the dates indicated and the results of the operations and cash flows for the periods indicated and (B) contain no material exceptions or qualifications except for qualifications relating to accounting changes (with which such independent public accountants concur) in response to FASB releases or other authoritative pronouncements;

(b) As soon as is practicable, but in any event within 55 days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, as at the end of, and the related unaudited statements of income (or changes in financial position) for such quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter and the corresponding figures as at the end of, and for, the corresponding period in the preceding fiscal year, together with a certificate signed by the chief financial officer or a vice president responsible for financial administration of the Borrower to the effect that such financial statements, while not examined by independent public accountants, reflect, in his opinion and in the opinion of the Borrower, all adjustments necessary to present fairly the financial position of the Borrower and its Consolidated Subsidiaries, as the case may be, as at the end of the fiscal quarter and the results of their operations for the quarter then ended in conformity with GAAP consistently applied, subject only to year-end and audit adjustments and to the absence of footnote disclosure;

(c) Together with the delivery of the statements referred to in paragraphs (a) and (b) of this Section 5.1, a certificate of the chief financial officer or a vice president responsible for financial administration of the Borrower, substantially in the form of Exhibit D hereto (i) stating whether or not the signer has knowledge of any Default or Event of Default and, if so, specifying each such Default or Event of Default of which the signer has knowledge, the nature thereof and any action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event and (ii) demonstrating in reasonable detail compliance with the provisions of Sections 5.9, 6.5 and 6.6 hereof;

(d) With reasonable promptness, copies of such financial statements and reports that the Borrower may make to, or file with, the SEC and such other information, certificates and data with respect to the Borrower and its Subsidiaries as from time to time may be reasonably requested by the Administrative Agent or any of the Lenders (the reports required to be delivered pursuant to this clause (d) shall be deemed furnished on the date on which the same have been posted on the Securities and Exchange Commission's website at www.sec.gov; provided that the Borrower shall promptly thereafter furnish paper copies of any such report to the Administrative Agent or any Lender who makes a specific request for such reports in paper form);

(e) Promptly upon any executive officer of the Borrower or any of its Subsidiaries obtaining knowledge of the occurrence of any Default or Event of Default, a certificate of the president or chief financial officer of the Borrower specifying the nature and period of existence of such Default or Event of Default and what action the Borrower has taken, is taking and proposes to take with respect thereto;

(f) Promptly upon any executive officer of the Borrower or any of its Subsidiaries obtaining knowledge of (i) the institution of any action, suit, proceeding, investigation or arbitration by any Governmental Authority or other Person against or affecting the Borrower or any of its Subsidiaries or any of their assets, or (ii) any material development in any such action, suit, proceeding, investigation or arbitration (whether or not previously disclosed to the Lenders), which, in each case might reasonably be expected to have a Material Adverse Effect, the Borrower shall promptly give notice thereof to the Lenders and provide such other information as may be reasonably available to it (without waiver of any applicable evidentiary privilege) to enable the Lenders to evaluate such matters; and

(g) Together with each set of financial statements required by paragraph (a) above, a certificate of the independent certified public accountants rendering the report and opinion thereon (which certificate may be limited to the extent required by accounting rules or otherwise) (i) stating whether, in connection with their audit, any Default or Event of Default has come to their attention, and if such a Default or Event of Default has come to their attention, specifying the nature and period of existence thereof, and (ii) stating that based on their audit nothing has come to their attention which causes them to believe that the matters specified in paragraph (c)(ii) above for the applicable fiscal year are not stated in accordance with the terms of this Agreement.

SECTION 5.2. Corporate Existence; Compliance with Statutes.

Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its corporate existence, material rights, licenses, permits and franchises and comply, except where failure to comply, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, with all provisions of Applicable Law, and all applicable restrictions imposed by, any Governmental Authority, including without limitation, the Federal Trade Commission's "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" as amended from time to time (16 C.F.R. §§ 436.1 et seq.) and all state laws and regulations of similar import; provided, however, that mergers, dissolutions and liquidations permitted under Section 6.2 shall be permitted.

SECTION 5.3. Insurance.

Maintain with financially sound and reputable insurers insurance in such amounts and against such risks as are customarily insured against by companies in similar businesses; provided, however, that (a) workmen's compensation insurance or similar coverage may be effected with respect to its operations in any particular state or other jurisdiction through an insurance fund operated by such state or jurisdiction and (b) such insurance may contain self-insurance retention and deductible levels consistent with normal industry practices.

SECTION 5.4. Taxes and Charges.

Duly pay and discharge, or cause to be paid and discharged, before the same shall become delinquent, all federal, state or local taxes, assessments, levies and other governmental charges, imposed upon the Borrower or any of its Subsidiaries or their respective properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies which if unpaid could reasonably be expected to result in a Material Adverse Effect; provided, however, that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower shall have set aside on its books reserves (the presentation of which is segregated to the extent required by GAAP) adequate with respect thereto if reserves shall be deemed necessary by the Borrower in accordance with GAAP; and provided, further, that the Borrower will pay all such taxes, assessments, levies or other governmental charges forthwith upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor (unless the same is fully bonded or otherwise effectively stayed).

SECTION 5.5. ERISA Compliance and Reports.

Furnish to the Administrative Agent (a) as soon as possible, and in any event within 30 days after any executive officer (as defined in Regulation C under the Securities Act of 1933) of the Borrower knows that any ERISA Event with respect to any Plan has occurred, a statement of the chief financial officer of the Borrower, setting forth details as to such ERISA Event and the action which it proposes to take with respect thereto, together with a copy of the notice, if any, required to be filed by the Borrower or any of its Subsidiaries of such ERISA Event with the PBGC, (b) promptly upon the reasonable request of the Administrative Agent,

copies of each annual and other report with respect to each Plan and (c) promptly after receipt thereof, a copy of any notice the Borrower or any of its Subsidiaries may receive from the PBGC relating to the PBGC's intention to terminate any Plan or to appoint a trustee to administer any Plan; provided that the Borrower shall not be required to notify the Administrative Agent of the occurrence of any of the events set forth in the preceding clauses (a) and (c) unless such event, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect on the Borrower and its Subsidiaries taken as a whole.

SECTION 5.6. Maintenance of and Access to Books and Records; Examinations.

Maintain or cause to be maintained at all times true and complete books and records of its financial operations (in accordance with GAAP) and provide the Administrative Agent and its representatives reasonable access to all such books and records and to any of their properties or assets during regular business hours (provided that reasonable access to such books and records and to any of the Borrower's properties or assets shall be made available to the Lenders if an Event of Default has occurred and is continuing), in order that the Administrative Agent may make such audits and examinations and make abstracts from such books, accounts and records and may discuss the affairs, finances and accounts with, and be advised as to the same by, officers and independent accountants, all as the Administrative Agent may deem appropriate for the purpose of verifying the various reports delivered pursuant to this Agreement or for otherwise ascertaining compliance with this Agreement.

SECTION 5.7. Maintenance of Properties.

Keep its properties which are material to its business in good repair, working order and condition consistent with industry practice.

SECTION 5.8. Changes in Character of Business.

Cause the Borrower and its Subsidiaries taken as a whole to be primarily engaged in the franchising and services businesses.

SECTION 5.9. Collateral Coverage.

At the end of each fiscal quarter of the Borrower, cause the aggregate amount of outstanding Loans not to exceed 93% of the GAAP carrying value of the Eligible Collateral as of the end of such fiscal quarter.

6. NEGATIVE COVENANTS

From the date of the initial Loan and for so long as the Commitments shall be in effect or any amount shall remain outstanding under any Note or unpaid under this Agreement, unless the Required Lenders shall otherwise consent in writing, the Borrower agrees that it will not, nor will it permit any of its Subsidiaries to, directly or indirectly:

SECTION 6.1. Limitation on Indebtedness.

Incur, assume or suffer to exist any Indebtedness of any Material Subsidiary except:

(a) Indebtedness in existence on the Closing Date, or required to be incurred pursuant to a contractual obligation in existence on the Closing Date, which, in either case, is listed on Schedule 6.1 hereto, but not any extensions or renewals thereof, unless effected on substantially the same terms or on terms not more adverse to the Lenders;

(b) purchase money Indebtedness (including Capital Leases) to the extent permitted under Section 6.3(b);

(c) Guaranties;

(d) Indebtedness owing by any Material Subsidiary to the Borrower or any other Subsidiary;

(e) Indebtedness of any Material Subsidiary of the Borrower issued and outstanding prior to the date on which such Subsidiary became a Subsidiary of the Borrower (other than Indebtedness issued in connection with, or in anticipation of, such Subsidiary becoming a Subsidiary of the Borrower); provided that, immediately prior and on a Pro Forma Basis after giving effect to, such Person becoming a Subsidiary of the Borrower, no Default or Event of Default shall occur or then be continuing and the aggregate principal amount of such Indebtedness, when added to the aggregate outstanding principal amount of Indebtedness permitted by paragraphs (f) and (g) below, shall not exceed $400,000,000;

(f) any renewal, extension or modification of Indebtedness under paragraph (e) above so long as (i) such renewal, extension or modification is effected on substantially the same terms or on terms which, in the aggregate, are not more adverse to the Lenders and (ii) the principal amount of such Indebtedness is not increased;

(g) other Indebtedness of any Material Subsidiary in an aggregate principal amounts, which, when added to the aggregate outstanding principal amount of Indebtedness permitted by paragraphs (e) and (f) above, does not exceed $400,000,000; and

(h) any Indebtedness (other than Rental Vehicle Securitization Indebtedness) of Avis or its Subsidiaries issued, outstanding or permitted to exist pursuant to the terms of the Avis Debt Documents as of the date of the Avis Merger and any renewal, extension or modification of such Indebtedness so long as (i) such renewal, extension or modification is effected on substantially the same terms or on terms which, in the aggregate, are not more adverse to the Lenders and (ii) the principal amount of such Indebtedness issued, outstanding or permitted to exist pursuant to the terms of the Avis Debt Documents is not increased directly or indirectly;

(i) any Rental Vehicle Securitization Indebtedness;

(j) any Indebtedness (other than Timeshare Loan Indebtedness) of any Timeshare Subsidiary, to the extent issued, outstanding or permitted to exist pursuant to the terms of any Fairfield Debt Documents as of the date of the Fairfield Merger, or to the extent issued, outstanding or permitted to exist pursuant to the terms of any other Timeshare Debt Documents as of the date of the acquisition of the related Timeshare Subsidiary; and, in each case, any renewal, extension or modification of such Indebtedness so long as (i) such renewal, extension or modification is effected on substantially the same terms or on terms which, in the aggregate, are not more adverse to the Lenders and (ii) the principal amount of such Indebtedness issued, outstanding or permitted to exist pursuant to the terms of the Fairfield Debt Documents or Timeshare Debt Documents, as applicable, is not increased directly or indirectly;

(k) any Timeshare Loan Indebtedness;

(l) without limiting any of the foregoing, Indebtedness incurred in connection with the acquisition by the Borrower or any of its Subsidiaries of vehicles directly from a manufacturer pursuant to such manufacturer's repurchase program, provided that (i) such Indebtedness is not greater than the net book value of such vehicles and (ii) such vehicles could not be financed under the AESOP Financing Program; and

(m) in addition to the Indebtedness permitted by paragraphs (a) — (l) above, Indebtedness of PHH and its Subsidiaries so long as, after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof, the ratio of Indebtedness (other than Rental Vehicle Securitization Indebtedness and Timeshare Loan Indebtedness) of PHH and its Subsidiaries to consolidated shareholders' equity of PHH is less than 8 to 1.

SECTION 6.2. Consolidation, Merger, Sale of Assets.

(a) Neither the Borrower nor any of its Material Subsidiaries (in one transaction or series of transactions) will wind up, liquidate or dissolve its affairs, or enter into any transaction of merger or consolidation, except any merger, consolidation, dissolution or liquidation (i) in which the Borrower is the surviving entity or if the Borrower is not a party to such transaction then a Subsidiary is the surviving entity or the successor to the Borrower has unconditionally assumed in writing all of the payment and performance obligations of the Borrower under this Agreement and the other Fundamental Documents, (ii) in which the surviving entity becomes a Subsidiary of the Borrower immediately upon the effectiveness of such merger, consolidation, dissolution or liquidation, or (iii) involving a Subsidiary in connection with a transaction permitted by Section 6.2(b); provided, however, that immediately prior to and on a Pro Forma Basis after giving effect to any such transaction described in any of the preceding clauses (i), (ii) and (iii) no Default or Event of Default has occurred and is continuing.

(b) The Borrower and its Subsidiaries (either individually or collectively and whether in one transaction or series of related transactions) will not sell or otherwise dispose of all or substantially all of the assets of the Borrower and its Subsidiaries, taken as a whole.

SECTION 6.3. Limitations on Liens.

Suffer any Lien on the property of the Borrower or any of the Material Subsidiaries, except:

(a) deposits under worker's compensation, unemployment insurance and social security laws or to secure statutory obligations or surety or appeal bonds or performance or other similar bonds in the ordinary course of business, or statutory Liens of landlords, carriers, warehousemen, mechanics and material men and other similar Liens, in respect of liabilities which are not yet due or which are being contested in good faith, Liens for taxes not yet due and payable, and Liens for taxes due and payable, the validity or amount of which is currently being contested in good faith by appropriate proceedings and as to which foreclosure and other enforcement proceedings shall not have been commenced (unless fully bonded or otherwise effectively stayed);

(b) purchase money Liens granted to the vendor or Person financing the acquisition of property, plant or equipment if (i) limited to the specific assets acquired and, in the case of tangible assets, other property which is an improvement to or is acquired for specific use in connection with such acquired property or which is real property being improved by such acquired property; (ii) the debt secured by the Lien is the unpaid balance of the acquisition cost of the specific assets on which the Lien is granted; and (iii) such transaction does not otherwise violate this Agreement;

(c) Liens upon real and/or personal property, which property was acquired after the Closing Date (by purchase, construction or otherwise) by the Borrower or any of its Material Subsidiaries, each of which Liens existed on such property before the time of its acquisition and was not created in anticipation thereof; provided, however, that no such Lien shall extend to or cover any property of the Borrower or such Material Subsidiary other than the respective property so acquired and improvements thereon;

(d) Liens arising out of attachments, judgments or awards as to which an appeal or other appropriate proceedings for contest or review are promptly commenced (and as to which foreclosure and other enforcement proceedings (i) shall not have been commenced (unless fully bonded or otherwise effectively stayed) or (ii) in any event shall be promptly fully bonded or otherwise effectively stayed);

(e) Liens created under any Fundamental Document;

(f) Liens existing on the Closing Date and any extensions or renewals thereof;

(g) any Liens arising on Timeshare Properties securing obligations which finance the acquisition, construction or creation of such Timeshare Properties;

(h) other Liens securing obligations having an aggregate principal amount not to exceed 15% of Consolidated Net Worth;

(i) any Liens securing Indebtedness and related obligations of the Borrower or any of its Material Subsidiaries to the extent such Indebtedness and related obligations are permitted under Section 6.1(h) hereof;

(j) any Liens securing Indebtedness and related obligations of the Borrower or any of its Material Subsidiaries to the extent such Indebtedness and related obligations are permitted under Section 6.1(i) hereof;

(k) any Liens securing Indebtedness and related obligations of the Borrower or any of its Material Subsidiaries to the extent such Indebtedness and related obligations are permitted under Section 6.1(j) hereof; and

(l) any Liens securing Indebtedness and related obligations of the Borrower or any of its Material Subsidiaries to the extent such Indebtedness and related obligations are permitted under Section 6.1(k) hereof.

SECTION 6.4. Sale and Leaseback.

Enter into any arrangement with any Person or Persons, whereby in contemporaneous transactions the Borrower or any of its Subsidiaries sells essentially all of its right, title and interest in a material asset and the Borrower or any of its Subsidiaries acquires or leases back the right to use such property except that the Borrower and its Subsidiaries may enter into sale-leaseback transactions relating to assets not in excess of $350,000,000 in the aggregate on a cumulative basis, and except (a) any arrangements of Fairfield or any of its Subsidiaries existing as of the date of the Fairfield Merger and any renewals, extensions or modifications thereof, or replacements or substitutions therefor, so long as such renewals, extensions or modifications are effected on substantially the same terms or on terms which, in the aggregate, are not more adverse to the Lenders in any material respect, (b) in connection with the issuance of Rental Vehicle Securitization Indebtedness and (c) in connection with Permitted Timeshare Collateral.

SECTION 6.5. Debt to Capitalization Ratio.

Permit the Debt to Capitalization Ratio on the last day of any fiscal quarter to be greater than 0.5 to 1.0.

SECTION 6.6. Interest Coverage Ratio.

Permit the Interest Coverage Ratio for any Rolling Period to be less than 3.0 to 1.0.

SECTION 6.7. Accounting Practices.

Establish a fiscal year ending on any date other than December 31, or modify or change accounting treatments or reporting practices except as otherwise required or permitted by GAAP or the SEC.

7. EVENTS OF DEFAULT

In the case of the happening and during the continuance of any of the following events (herein called "Events of Default"):

(a) any representation or warranty made by the Borrower in this Agreement or any other Fundamental Document or in connection with this Agreement or with the execution and delivery of the Notes or the Borrowings hereunder, or any statement or representation made in any report, financial statement, certificate or other document furnished by or on behalf of the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender under or in connection with this Agreement, shall prove to have been false or misleading in any material respect when made or delivered;

(b) default shall be made in the payment of any principal of or interest on any Loan, the Notes or of any fees or other amounts payable by the Borrower hereunder, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise, and in the case of payments of interest, such default shall continue unremedied for five days, and in the case of payments other than of any principal amount of or interest on any Loan or the Notes, such default shall continue unremedied for five days after receipt by the Borrower of an invoice therefor;

(c) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.1(e) (with respect to notice of Default or Events of Default), Section 5.8 or Section 6 of this Agreement;

(d) default shall be made by the Borrower in the due observance or performance of any other covenant, condition or agreement to be observed or performed pursuant to the terms of this Agreement, or any other Fundamental Document and such default shall continue unremedied for thirty (30) days after the Borrower obtains knowledge of such occurrence;

(e) (i) default in payment shall be made with respect to any Indebtedness of the Borrower or any of its Subsidiaries (other than Securitization Indebtedness) where the amount or amounts of such Indebtedness exceed $50,000,000 in the aggregate; or (ii) default in payment or performance shall be made with respect to any Indebtedness of the Borrower or any of its Subsidiaries (other than Securitization Indebtedness) where the amount or amounts of such Indebtedness exceed $50,000,000 in the aggregate, if the effect of such default is to result in the acceleration of the maturity of such Indebtedness; or (iii) any other circumstance shall arise (other than the mere passage of time) by reason of which the Borrower or any Subsidiary of the Borrower is required to redeem or repurchase, or offer to holders the opportunity to have redeemed or repurchased, any such Indebtedness (other than Securitization Indebtedness) where the amount or amounts of such Indebtedness exceed $50,000,000 in the aggregate, provided that clause (iii) shall not apply to secured Indebtedness that becomes due as a result of a voluntary sale of the property or assets securing such Indebtedness and provided, further that clauses (ii) and (iii) shall not apply to any Indebtedness of any Subsidiary issued and outstanding prior to the date such Subsidiary became a Subsidiary of the Borrower (other than Indebtedness issued in connection with, or in anticipation of, such Subsidiary becoming a Subsidiary of the Borrower) if

such default or circumstance arises solely as a result of a "change of control" provision applicable to such Indebtedness which becomes operative as a result of the acquisition of such Subsidiary by the Borrower or any of its Subsidiaries;

(f) the Borrower or any of its Material Subsidiaries shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or the Borrower or any of its Material Subsidiaries shall commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property or shall file an answer or other pleading in any such case, proceeding or other action admitting the material allegations of any petition, complaint or similar pleading filed against it or consenting to the relief sought therein; or the Borrower or any Material Subsidiary thereof shall take any action to authorize any of the foregoing;

(g) any involuntary case, proceeding or other action against the Borrower or any of its Material Subsidiaries shall be commenced seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of any order for relief against it or (ii) shall remain undismissed for a period of sixty (60) days;

(h) the occurrence of a Change in Control;

(i) final judgment(s) for the payment of money in excess of $50,000,000 shall be rendered against the Borrower or any of its Subsidiaries which within thirty (30) days from the entry of such judgment shall not have been discharged or stayed pending appeal or which shall not have been discharged within thirty (30) days from the entry of a final order of affirmance on appeal; or

(j) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

then, in every such event and at any time thereafter during the continuance of such event, the Administrative Agent may or shall, if directed by the Required Lenders, take either or both of the following actions, at the same or different times (and will deliver notice thereof to the Borrower pursuant to Section 9.1 other than with respect of an Event of Default specified in paragraph (f) or (g) above): terminate forthwith the Commitments and/or declare the principal of and the interest on the Loans and the Notes and all other amounts payable hereunder or thereunder to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without any further requirement of presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived,

anything in this Agreement or in the Notes to the contrary notwithstanding. If an Event of Default specified in paragraph (f) or (g) above shall have occurred, the principal of and interest on the Loans and the Notes and all other amounts payable hereunder or thereunder shall thereupon and concurrently become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived, anything in this Agreement or the Notes to the contrary notwithstanding and the Commitments of the Lenders shall thereupon forthwith terminate.

8. THE ADMINISTRATIVE AGENT

SECTION 8.1. Administration by Administrative Agent.

(a) The general administration of the Fundamental Documents and any other documents contemplated by this Agreement shall be by the Administrative Agent or its designees. Each of the Lenders hereby irrevocably authorizes the Administrative Agent, at its discretion, to take or refrain from taking such actions as agent on its behalf and to exercise or refrain from exercising such powers under the Fundamental Documents, the Notes and any other documents contemplated by this Agreement as are delegated by the terms hereof or thereof, as appropriate, together with all powers reasonably incidental thereto. The Administrative Agent shall have no duties or responsibilities except as set forth in the Fundamental Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.9), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries or Affiliates that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.9) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Section 4 or elsewhere herein. Any Lender which is not the Administrative Agent (regardless of whether such Lender bears the title of any other Agent or any similar title, as indicated on the signature pages hereto) for the credit facility hereunder shall not have any duties or responsibilities except as a Lender hereunder.

(b) The Administrative Agent shall also act as the "*collateral agent*" under the Fundamental Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by the Borrower to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "*collateral agent*" (and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 8.7 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article 8 (including, without limitation, Section 8.6, as though such co-agents, sub-agents and attorneys-in-fact were the "*collateral agent*" under the Fundamental Documents) as if set forth in full herein with respect thereto. Notwithstanding the foregoing, all rights of the Administrative Agent under this Section 8.1(b) shall be subject to the rights of (i) the Collateral Agent under the Collateral Agency Agreement (as defined in the Mortgage, Pledge and Security Agreement) and (ii) the Custodian under the Custodial Agreements (as defined in the Mortgage, Pledge and Security Agreement).

SECTION 8.2. Advances and Payments.

(a) On the date of each Loan, the Administrative Agent shall be authorized (but not obligated) to advance, for the account of each of the Lenders, the amount of the Loan to be made by it in accordance with this Agreement. Each of the Lenders hereby authorizes and requests the Administrative Agent to advance for its account, pursuant to the terms hereof, the amount of the Loan to be made by it, unless with respect to any Lender, such Lender has theretofore specifically notified the Administrative Agent that such Lender does not intend to fund that particular Loan. Each of the Lenders agrees forthwith to reimburse the Administrative Agent in immediately available funds for the amount so advanced on its behalf by the Administrative Agent pursuant to the immediately preceding sentence. If any such reimbursement is not made in immediately available funds on the same day on which the Administrative Agent shall have made any such amount available on behalf of any Lender in accordance with this Section 8.2, such Lender shall pay interest to the Administrative Agent at a rate per annum equal to the Administrative Agent's cost of obtaining overnight funds in the New York Federal Funds Market. Notwithstanding the preceding sentence, if such reimbursement is not made by the second Business Day following the day on which the Administrative Agent shall have made any such amount available on behalf of any Lender or such Lender has indicated that it does not intend to reimburse the Administrative Agent, the Borrower shall immediately pay such unreimbursed advance amount (plus any accrued, but unpaid interest at the rate applicable to ABR Loans) to the Administrative Agent.

(b) Any amounts received by the Administrative Agent in connection with this Agreement or the Notes the application of which is not otherwise provided for shall be applied, in accordance with each of the Lenders' pro rata interest therein, first, to pay accrued but unpaid Facility Fees, second, to pay accrued but unpaid interest on the Notes, third, the principal balance outstanding on the Notes and fourth, to pay other amounts payable to the Administrative Agent and/or the Lenders. All amounts to be paid to any of the Lenders by the Administrative Agent shall be credited to the Lenders, promptly after collection by the Administrative Agent, in

immediately available funds either by wire transfer or deposit in such Lender's correspondent account with the Administrative Agent, or as such Lender and the Administrative Agent shall from time to time agree.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate (as defined in the definition of Alternative Base Rate) and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

SECTION 8.3. Sharing of Setoffs.

Each of the Lenders agrees that if it shall, through the operation of Section 2.18 hereof or the exercise of a right of bank's lien, setoff or counterclaim against the Borrower, including, but not limited to, a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim and received by such Lender under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Revolving Credit Loans as a result of which the unpaid portion of its Revolving Credit Loans is proportionately less than the unpaid portion of any of the other Lenders (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lenders a participation in the Revolving Credit Loans of such other Lenders, so that the aggregate unpaid principal amount of each of the Lenders' Revolving Credit Loans and its participation in Revolving Credit Loans of the other Lenders shall be in the same proportion to the aggregate unpaid principal amount of all Revolving Credit Loans then outstanding as the principal amount of its Revolving Credit Loans prior to the obtaining of such payment was to the principal amount of all Revolving Credit Loans outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro rata.

SECTION 8.4. Notice to the Lenders.

Upon receipt by the Administrative Agent from the Borrower of any communication calling for an action on the part of the Lenders, or upon notice to the Administrative Agent of any Event of Default, the Administrative Agent will in turn immediately inform the other Lenders in writing (which shall include telegraphic communications) of the nature of such communication or of the Event of Default, as the case may be.

SECTION 8.5. Liability of Administrative Agent.

(a) The Administrative Agent or any Affiliate thereof, when acting on behalf of the Lenders may execute any of its duties under this Agreement by or through its officers, agents, or employees and neither the Administrative Agent, any Affiliate thereof nor their respective directors, officers, agents, or employees shall be liable to the Lenders or any of them for any action taken or omitted to be taken in good faith, or be responsible to the Lenders or to any of them for the consequences of any oversight or error of judgment, or for any loss, unless the same shall happen through its gross negligence or willful misconduct. The Administrative Agent, its Affiliates and their respective directors, officers, agents, and employees shall in no event be liable to the Lenders or to any of them for any action taken or omitted to be taken by it pursuant to instructions received by it from the Required Lenders or in reliance upon the advice of counsel selected by it. Without limiting the foregoing, neither the Administrative Agent, its Affiliates nor any of their respective directors, officers, employees, or agents shall be responsible to any of the Lenders for the due execution, validity, genuineness, effectiveness, sufficiency, or enforceability of, or for any statement, warranty, or representation in, or for the perfection or creation of any security interest contemplated by, this Agreement or any related agreement, document or order, or for the designation or failure to designate this transaction as a "Highly Leveraged Transaction" for regulatory purposes, or shall be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants, or agreements of this Agreement or any related agreement or document.

(b) Neither the Administrative Agent nor any of its directors, officers, employees, or agents shall have any responsibility to the Borrower on account of the failure or delay in performance or breach by any of the Lenders or the Borrower of any of their respective obligations under this Agreement or the Notes or any related agreement or document or in connection herewith or therewith.

(c) The Administrative Agent, in such capacity hereunder, shall be entitled to rely on any communication, instrument, or document reasonably believed by it to be genuine or correct and to have been signed or sent by a Person or Persons believed by it to be the proper Person or Persons, and it shall be entitled to rely on advice of legal counsel, independent public accountants, and other professional advisers and experts selected by it. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon; provided, that the foregoing shall not include any such oral or telephonic statements made by the Borrower or any of its Affiliates. In determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan.

SECTION 8.6. Reimbursement and Indemnification.

Each of the Lenders severally and not jointly agrees (to the extent not reimbursed or otherwise paid by the Borrower (pursuant to Section 9.5 hereof)) (i) to reimburse the Administrative Agent, in the amount of its proportionate share of the Total Commitment in effect

on the date on which such reimbursement is sought (or, if reimbursement is sought after the date upon which the Total Commitment shall have been terminated in its entirety, in the amount of its proportionate share of the Total Commitment immediately prior to such date), for any expenses and fees incurred for the benefit of the Lenders under the Fundamental Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the administration or enforcement thereof and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees, or agents, on demand, in the amount of its proportionate share of the Total Commitment in effect on the date on which such indemnification is sought (or, if indemnification is sought after the date upon which the Total Commitment shall have been terminated in its entirety, in the amount of its proportionate share of the Total Commitment immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it or any of them in any way relating to or arising out of the Fundamental Documents or any action taken or omitted by it or any of them under the Fundamental Documents to the extent not reimbursed by the Borrower or one of its Subsidiaries (except such as shall result from the gross negligence or willful misconduct of the Person seeking indemnification).

SECTION 8.7. Rights of Administrative Agent.

It is understood and agreed that Bank of America, N.A. shall have the same rights and powers hereunder (including the right to give such instructions) as the other Lenders and may exercise such rights and powers, as well as its rights and powers under other agreements and instruments to which it is or may be party, and engage in other transactions with the Borrower or any Subsidiary or other Affiliate thereof as though it were not the Administrative Agent on behalf of the Lenders under this Agreement.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents or of exercising any rights and remedies thereunder at the direction of the Administrative Agent); provided that no such delegation shall limit or reduce in any way the Administrative Agent's duties and obligations to the Borrower under this Agreement. The Administrative Agent and any such sub-agent, and any Affiliate of the Administrative Agent or any such sub-agent, may perform any and all of its duties and exercise its rights and powers through their respective directors, officers, employees, agents and advisors. The exculpatory provisions of Section 8.5 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 8.8. Independent Investigation by Lenders.

Each of the Lenders acknowledges that it has decided to enter into this Agreement and to make the Loans hereunder, and will continue to make such decisions, based on its own

analysis of the transactions contemplated hereby, based on such documents and other information as it has deemed appropriate and on the creditworthiness of the Borrower and agrees that the Administrative Agent shall not bear responsibility therefor.

SECTION 8.9. Notice of Transfer.

The Administrative Agent may deem and treat any Lender which is a party to this Agreement as the owners of such Lender's respective portions of the Loans for all purposes, unless and until a written notice of the assignment or transfer thereof executed by any such Lender shall have been received by the Administrative Agent and become effective pursuant to Section 9.3.

SECTION 8.10. Successor Administrative Agent.

The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent from among the Lenders. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which with the consent of the Borrower, which will not be unreasonably withheld, shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Fundamental Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Fundamental Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 8.11. Collateral Matters.

The Lenders irrevocably authorize the Administrative Agent to release any Lien on any property granted to or held by the Administrative Agent under any Fundamental Document (i) upon termination of the aggregate Commitments and payment in full of all

Obligations (other than contingent indemnification obligations not yet accrued and payable), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Fundamental Document, (iii) subject to Section 9.9, if approved, authorized or ratified in writing by the Required Lenders, or (iv) as such releases are required or authorized under the Mortgage, Pledge and Security Agreement.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property pursuant to this Section 8.11. As specified in this Section 8.11, the Administrative Agent will, at the Borrower's expense, execute and deliver to the Borrower such documents as the Borrower may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents, in accordance with the terms of the Fundamental Documents and this Section 9.11.

SECTION 8.12. Agents Generally.

Except as expressly set forth herein, no Agent shall have any duties or responsibilities hereunder in its capacity as such; and shall incur no liability under this Agreement and the other Fundamental Documents.

9. MISCELLANEOUS

SECTION 9.1. Notices.

(a) Notices and other communications provided for herein shall be in writing and shall be delivered or mailed (or in the case of telegraphic communication, if by telegram, delivered to the telegraph company and, if by telex, telecopy, graphic scanning or other telegraphic communications equipment of the sending party hereto, delivered by such equipment) addressed as follows:

(i) if to the Administrative Agent, to it at 101 North Tryon Street, Charlotte, NC 28255, Attention of Merci Owens (Facsimile No. 704-409-0002) for notice of fees, borrowings, payments and Attention of Steven Gazzillo (Facsimile No. 646-366-4507) for notice of financings and other notices;

(ii) if to the Borrower, to it at 9 West 57th Street, New York, NY 10019, Attention of Ronald L. Nelson, Chief Financial Officer (Facsimile No. 212-413-1931), Eric J. Bock, Senior Vice President and Corporate Secretary (Facsimile No. 212-413-1922) and David B. Wyshner, Executive Vice-President and Treasurer (Facsimile No. 973-496-0690), with a copy to Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036, Attention: James Douglas (Facsimile No. 917-777-2868); and

(iii) if to a Lender, to it at its address notified to the Administrative Agent (or set forth in its Assignment and Acceptance or other agreement pursuant to which it became a Lender hereunder);

or such other address as such party may from time to time designate by giving written notice to the other parties hereunder.

(b) Any party hereto may change its address or telecopy number and other communications hereunder for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(c) Notices and other communication to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 9.2. Survival of Agreement, Representations and Warranties, etc.

All warranties, representations and covenants made by the Borrower herein or in any certificate or other instrument delivered by it or on its behalf in connection with this Agreement shall be considered to have been relied upon by the Administrative Agent and the Lenders and shall survive the making of the Loans herein contemplated and the issuance and delivery to the Administrative Agent of the Notes regardless of any investigation made by the Administrative Agent or the Lenders or on their behalf and shall continue in full force and effect so long as any amount due or to become due hereunder is outstanding and unpaid and so long as the Commitment has not been terminated. All statements in any such certificate or other instrument shall constitute representations and warranties by the Borrower hereunder.

SECTION 9.3. Successors and Assigns; Syndications; Loan Sales; Participations.

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party (provided, however, that the Borrower may not assign its rights hereunder without the prior written consent of all the Lenders), and all covenants, promises and agreements by, or on behalf of, the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Lenders.

(b) Each of the Lenders may (but only with the prior written consent of the Administrative Agent and the Borrower, which consents shall not be unreasonably withheld or delayed, provided that the consent of the Borrower shall not be required if a Default has occurred and is continuing) assign to one or more banks or other entities all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the same portion of the Revolving Credit Loans at the time owing to it and the Notes held by it) (a "Ratable Assignment"); provided, however, that (1) each Ratable Assignment shall be of a constant, and not a varying, percentage of the assigning Lender's rights

and obligations under this Agreement, (2) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Lender) shall be in a minimum principal amount of $1,000,000 (or, if less, the remaining portion of the assigning Lender's rights and obligations under this Agreement) unless otherwise agreed by the Borrower and the Administrative Agent and (3) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register (as defined below), an Assignment and Acceptance, together with any Note or Notes subject to such assignment (if required hereunder) and a processing and recordation fee of $3,500. Upon such execution, delivery, acceptance and recording, and from and after the effective date specified in each Assignment and Acceptance, which effective date shall be not earlier than five Business Days (or such shorter period approved by the Administrative Agent) after the date of acceptance and recording by the Administrative Agent, (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the assigning Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of the assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto).

(c) Notwithstanding the other provisions of this Section 9.3, each Lender may at any time make a Ratable Assignment of its interests, rights and obligations under this Agreement to (i) any Affiliate of such Lender or (ii) any other Lender hereunder.

(d) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in, or in connection with, this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Fundamental Documents or any other instrument or document furnished pursuant hereto or thereto; (ii) such Lender assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Fundamental Documents; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 5.1(a) and 5.1(b) (or if none of such financial statements shall have then been delivered, then copies of the financial statements referred to in Section 3.4 hereof) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Fundamental Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee

agrees that it will be bound by the provisions of this Agreement and will perform in accordance with its terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(e) The Administrative Agent, on behalf of the Borrower, shall maintain at its address at which notices are to be given to it pursuant to Section 9.1, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders and the Commitments of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may (and, in the case of any Loan or other obligation hereunder not evidenced by a Note, shall) treat each Person whose name is recorded in the Register as the owner of a Loan or other obligation hereunder as the owner thereof for all purposes of this Agreement and the other Fundamental Documents, notwithstanding any notice to the contrary. Any assignment of any Loan or other obligation hereunder not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, any Notes subject to such assignment (if required hereunder) and the processing and recordation fee, the Administrative Agent (subject to the right, if any, of the Borrower to require its consent thereto) shall, if such Assignment and Acceptance has been completed and is substantially in the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt written notice thereof to the Borrower. If a portion of the Commitment has been assigned by an assigning Lender, then such Lender shall deliver its Note, if any, at the same time it delivers the applicable Assignment and Acceptance to the Administrative Agent. Within five Business Days after receipt of the notice, the Borrower, at its own expense, shall execute and deliver to the applicable Lenders at their request, a new Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Any new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of the Commitments of the respective Lenders. All new Notes shall be dated as of the Closing Date and shall otherwise be in substantially the forms of Exhibit A hereto. No assignment shall be effective for purpose of the Agreement unless it has been recorded in the Register as provided in this paragraph.

(g) Each of the Lenders may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it and the Note or Notes held by it); provided, however, that (i) any such Lender's obligations under this Agreement shall remain unchanged, (ii) such Participant shall not be granted any voting rights under this Agreement, except with respect to matters requiring the consent of each of the Lenders hereunder, (iii) any such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iv) the participating banks or other entities shall be entitled to

the cost protection provisions contained in Sections 2.13, 2.14, 2.16 and 2.20 hereof but a Participant shall not be entitled to receive pursuant to such provisions an amount larger than its share of the amount to which the Lender granting such participation would have been entitled to receive; provided that a Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.20 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.20(e) as though it were a Lender, and (v) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(h) The Lenders may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.3, disclose to the assignee or Participant or proposed assignee or Participant, any information, including confidential information, relating to the Borrower furnished to the Administrative Agent by or on behalf of the Borrower; provided that prior to any such disclosure, each such assignee or Participant or proposed assignee or Participant agrees in writing to be bound by the confidentiality provisions of Section 9.15.

(i) Each Lender hereby represents that it is a commercial lender or financial institution which makes loans in the ordinary course of its business and that it will make the Loans hereunder for its own account in the ordinary course of such business; provided, however, that, subject to preceding clauses (a) through (h), the disposition of the Notes or other evidence of Indebtedness held by that Lender shall at all times be within its exclusive control.

(j) The Borrower consents that any Lender may at any time and from time to time pledge, or otherwise grant a security interest in, any Loan or any Note evidencing such Loan (or any part thereof), including any such pledge or grant to any Federal Reserve Bank, and, with respect to any Lender which is a fund, to the fund's trustee in support of its obligations to such trustee, and this Section shall not apply to any such pledge or grant; provided that no such pledge or grant shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(k) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Revolving Credit Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to Section 2.1 or 2.5, provided that (i) nothing herein shall constitute a commitment to make any Revolving Credit Loan by any SPC and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Revolving Credit Loan or fund any other obligation required to be funded by it hereunder, the Granting Lender shall be obligated to make such Revolving Credit Loan or fund such obligation pursuant to the terms hereof. The making of a Revolving Credit Loan by an SPC hereunder shall satisfy the obligation of the Granting Lenders to make Revolving Credit Loans to the same extent, and as if, such Loan were made by the Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any payment under this Agreement for which a Lender would otherwise be liable, for so long as, and to the extent, the related Granting Lender makes such payment. In furtherance of the foregoing,

each party hereto hereby agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any SPC, it will not institute against or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or similar proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.3 any SPC may (i) with notice to, but without the prior written consent of, the Borrower or the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Revolving Credit Loan to its Granting Lender or to any financial institutions providing liquidity and/or credit facilities to or for the account of such SPC to fund the Revolving Credit Loans made by SPC or to support the securities (if any) issued by such SPC to fund such Revolving Credit Loans and (ii) disclose on a confidential basis any non-public information relating to its Revolving Credit Loans to any rating agency, commercial paper dealer or provider of a surety, guarantee or credit or liquidity enhancement to such SPC.

SECTION 9.4. Expenses; Documentary Taxes.

Whether or not the transactions hereby contemplated shall be consummated, the Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Agents in connection with the syndication, preparation, execution, delivery and administration of this Agreement, the Notes, the making of the Loans, the reasonable fees and disbursements of Shearman & Sterling LLP, counsel to the Administrative Agent, as well as all reasonable out-of-pocket expenses incurred by the Lenders in connection with any restructuring or workout of this Agreement or the Notes or in connection with the enforcement or protection of the rights of the Lenders in connection with this Agreement or the Notes or any other Fundamental Document, and with respect to any action which may be instituted by any Person against any Lender in respect of the foregoing, or as a result of any transaction, action or nonaction arising from the foregoing, including but not limited to the fees and disbursements of any counsel for the Lenders. Such payments shall be made on the Closing Date and thereafter on demand. The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment of the Loans.

SECTION 9.5. Indemnity.

Further, by the execution hereof, the Borrower agrees to indemnify and hold harmless the Agents and the Lenders and their respective directors, officers, employees, agents and advisors (each, an "Indemnified Party") from and against any and all expenses (including reasonable fees and disbursements of counsel), losses, claims, damages and liabilities arising out of any claim, litigation, investigation or proceeding (regardless of whether any such Indemnified Party is a party thereto) in any way relating to the transactions contemplated hereby, but excluding therefrom all expenses, losses, claims, damages, and liabilities arising out of or resulting from the gross negligence or willful misconduct of the Indemnified Party seeking indemnification, provided, however, that the Borrower shall not be liable for the fees and expenses of more than one separate firm for all such Indemnified Parties in connection with any one such action or any separate but substantially similar or related actions in the same jurisdiction, nor shall the Borrower be liable for any settlement of any proceeding effected without the Borrower's written consent, and provided further, however, that this Section 9.5 shall

not be construed to expand the scope of the Borrower's reimbursement obligations specified in Section 9.4. The obligations of the Borrower under this Section 9.5 shall survive the termination of this Agreement and the payment of the Loans.

SECTION 9.6. CHOICE OF LAW.

THIS AGREEMENT AND THE NOTES HAVE BEEN EXECUTED AND DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF SUCH STATE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE AND, IN THE CASE OF PROVISIONS RELATING TO INTEREST RATES, ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

SECTION 9.7. No Waiver.

No failure on the part of the Administrative Agent or any Lender to exercise, and no delay in exercising, any right, power or remedy hereunder or under the Notes shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 9.8. Extension of Maturity.

Except as otherwise specifically provided in Section 1 or 8 hereof, should any payment of principal of or interest on the Notes or any other amount due hereunder become due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of principal, interest shall be payable thereon at the rate herein specified during such extension.

SECTION 9.9. Amendments, etc.

No modification, amendment or waiver of any provision of this Agreement, and no consent to any departure by the Borrower herefrom or therefrom, shall in any event be effective unless the same shall be in writing and signed or consented to in writing by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; provided, however, that no such modification or amendment shall without the written consent of each Lender affected thereby (x) increase or extend the expiration date of the Commitment of a Lender or postpone or waive any scheduled reduction in the Commitments, or (y) alter the stated maturity or principal amount of any installment of any Loan or decrease the rate of interest payable thereon or extend the scheduled date of any payment thereof, or the rate at which the Facility Fees accrue or the scheduled date of payment thereof or (z) waive a default under Section 7(b) hereof with respect to a scheduled principal installment of any Loan; and provided, further that no such modification or amendment shall without the written consent of all of the Lenders (i) amend or modify any provision of this Agreement which provides for the unanimous consent or approval of the Lenders, or (ii) amend this Section 9.9 or the definition of Required Lenders; or (iii) release all or substantially all of the Collateral in any transaction or series of related transactions; and provided, further that no such

modification or amendment shall decrease the Commitment of any Lender without the written consent of such Lender. No such amendment or modification may adversely affect the rights and obligations of the Administrative Agent hereunder without its prior written consent. No notice to or demand on the Borrower shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances. Each holder of a Note shall be bound by any amendment, modification, waiver or consent authorized as provided herein, whether or not a Note shall have been marked to indicate such amendment, modification, waiver or consent and any consent by any holder of a Note shall bind any Person subsequently acquiring a Note, whether or not a Note is so marked.

SECTION 9.10. Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.11. SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

(a) THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF BROUGHT BY THE ADMINISTRATIVE AGENT OR A LENDER. THE BORROWER TO THE EXTENT PERMITTED BY APPLICABLE LAW (A) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURTS, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (B) HEREBY WAIVES THE RIGHT TO ASSERT IN ANY SUCH ACTION, SUIT OR PROCEEDING ANY OFFSETS OR COUNTERCLAIMS EXCEPT COUNTERCLAIMS THAT ARE COMPULSORY OR OTHERWISE ARISE FROM THE SAME SUBJECT MATTER. THE BORROWER HEREBY CONSENTS TO SERVICE OF PROCESS BY MAIL AT ITS ADDRESS TO WHICH NOTICES ARE TO BE GIVEN PURSUANT TO SECTION 9.1 HEREOF. THE BORROWER AGREES THAT ITS SUBMISSION TO JURISDICTION AND CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE ADMINISTRATIVE AGENT AND THE LENDERS. FINAL JUDGMENT AGAINST THE BORROWER IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (A) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE

CONCLUSIVE EVIDENCE OF THE FACT AND THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE SUBMITTING PARTY THEREIN DESCRIBED OR (B) IN ANY OTHER MANNER PROVIDED BY, OR PURSUANT TO, THE LAWS OF SUCH OTHER JURISDICTION, PROVIDED, HOWEVER, THAT THE ADMINISTRATIVE AGENT OR A LENDER MAY AT ITS OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS AGAINST THE BORROWER OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE THE BORROWER OR SUCH ASSETS MAY BE FOUND.

(b) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING OR WHETHER IN CONTRACT OR TORT OR OTHERWISE. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED THAT THE PROVISIONS OF THIS SECTION 9.11(b) CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH THE OTHER PARTIES HAVE RELIED, ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. THE PARTIES HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 9.11(b) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF SUCH OTHER PARTY TO THE WAIVER OF ITS RIGHTS TO TRIAL BY JURY.

SECTION 9.12. Headings.

Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 9.13. Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

SECTION 9.14. Entire Agreement.

This Agreement represents the entire agreement of the parties with regard to the subject matter hereof and the terms of any letters and other documentation entered into among the Borrower, the Administrative Agent, the Syndication Agent or any Lender (other than the provisions of the letter agreement dated May 27, 2004, among the Borrower, Bank of America, N.A. and Banc of America Securities LLC, relating to fees and expenses and syndication issues) prior to the execution of this Agreement which relate to Loans to be made hereunder shall be replaced by the terms of this Agreement.

SECTION 9.15. Confidentiality.

The Administrative Agent and each Lender agrees that it will not disclose without the consent of the Borrower any information with respect to the Borrower or any of its Subsidiaries which is furnished pursuant to this Agreement or any other Fundamental Document or any document contemplated by or referred to herein or therein and which is designated by the Borrower or any Subsidiary in writing as confidential (such information, "Confidential Information"), except (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other professional advisors who need to know the Confidential Information for purposes related to this Agreement or any other Fundamental Document or any transactions contemplated thereby or reasonably incidental to the administration of this Agreement or the other Fundamental Documents (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and agree to keep such Confidential Information confidential in accordance with the provisions of this Section 9.15), (b) to the extent requested by any regulatory authority, (c) to the extent required by Applicable Law, regulations or by any subpoena or similar legal process, provided that the Administrative Agent or such Lender, as the case may be, shall request confidential treatment of such Confidential Information to the extent permitted by Applicable Law and the Administrative Agent or such Lender, as the case may be, shall, to the extent permitted by Applicable Law, promptly inform the Borrower with respect thereto so that the Borrower may seek appropriate protective relief to the extent permitted by Applicable Law, provided further that in the event that such protective remedy or other remedy is not obtained, the Administrative Agent or such Lender, as the case may be, shall furnish only that portion of the Confidential Information that is legally required and shall disclose the Confidential Information in a manner reasonably designed to preserve its confidential nature, (d) to any other Lender party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.15 or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower after the Closing Date.

SECTION 9.16. Delivery of Addenda.

Each initial Lender shall become a party to this Agreement by delivering to the Administrative Agent an Addendum duly executed by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and the year first above written.

CENDANT CORPORATION,
as Borrower

By: /s/ Ronald L. Nelson
Title: Chief Financial Officer

BANK OF AMERICA, N.A.,
as Administrative Agent and Lender

By: /s/ John W. Pocalyko
Title: Managing Director

CITICORP USA, INC.,
as Syndication Agent and Lender

By: /s/ Diane L. Pockaj
Title: Director

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower "), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

BANK OF AMERICA N.A.

By: /s/ John W. Pocalyko
Title: Managing Director

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower"), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

CITICORP USA, INC.

By: /s/ Diane L. Pockaj
Title: Director

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower"), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THE BANK OF TOKYO-MITSUBISHI, LTD.,
NEW YORK BRANCH

By: /s/ Ro Toyoshima
Title: Authorized Signatory

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower"), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

CALYON NEW YORK BRANCH

By: /s/ Rod Hurst
Title: Director

By: /s/ James Gibson
Title: Managing Director

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower "), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

MIZUHO CORPORATE BANK, LTD.

By: /s/ Robert Ballagher
Title: Senior Vice President & Team Leader

Account Officer:

By: /s/ Masamichi Iwase
Title: Vice President

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower"), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ Steve Barlow
Title: Senior Director

Dated as of June 17, 2004

LENDER ADDENDUM

The undersigned Lender (i) agrees to all of the provisions of the Three Year Senior Asset-Linked Revolving Credit Agreement, dated as of June 17, 2004 (the "Credit Agreement"), among CENDANT CORPORATION (the "Borrower"), the Lenders referred to therein and BANK OF AMERICA, N.A., as Administrative Agent, and (ii) becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrower in an aggregate principal amount not to exceed the amount of its Commitment, as set forth opposite the undersigned Lender's name in Schedule 2.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Robert H. Riley III
Title: Senior Vice President

Dated as of June 17, 2004

EXECUTION COPY

Exhibit 10.2

INDENTURE AND SERVICING AGREEMENT

Dated as of May 27, 2004

by and among

CENDANT TIMESHARE 2004-1 RECEIVABLES FUNDING, LLC,

as Issuer

and

FAIRFIELD ACCEPTANCE CORPORATION — NEVADA,

as Servicer

and

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Trustee

and

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Collateral Agent

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

EXHIBITS

SCHEDULES

1. Schedule of Trustee's fees.

2. List of Lockbox Banks.

3. Schedule for Collateral Agent's and Custodian's Fees

INDENTURE AND SERVICING AGREEMENT

THIS INDENTURE AND SERVICING AGREEMENT dated as of May 27, 2004 is by and among **CENDANT TIMESHARE 2004-1 RECEIVABLES FUNDING, LLC**, a limited liability company organized under the laws of the State of Delaware, as issuer, **FAIRFIELD ACCEPTANCE CORPORATION-NEVADA,** a Delaware corporation, as Servicer, and **WACHOVIA BANK, NATIONAL ASSOCIATION**, a national banking association, as trustee and as collateral agent. This Indenture may be supplemented and amended from time to time in accordance with Article XV hereof.

RECITALS

The Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of its loan backed notes as provided herein.

All covenants and agreements made by the Issuer herein are for the benefit and security of the Trustee, acting on behalf of the Noteholders, the Insurer and the Swap Counterparty.

The Issuer is entering into this Indenture, and the Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. All things necessary have been done to make the Notes, when executed by the Issuer and authenticated and delivered by the Trustee as provided herein, the valid obligations of the Issuer and to make this Indenture a valid agreement of the Issuer, enforceable in accordance with its terms.

NOW THEREFORE, in consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties and for the benefit of the Noteholders, the Insurer and the Swap Counterparty.

GRANTING CLAUSES

The Issuer hereby Grants to the Collateral Agent, for the benefit and security of the Trustee, acting on behalf of the Noteholders, the Insurer and the Swap Counterparty, all of the Issuer's right, title and interest, whether now owned or hereafter acquired, in, to and under the following:

(a) all Pledged Loans and all Collections, together with all other Pledged Assets;

(b) the Collection Account and all money, investment property, instruments and other property credited to, carried in or deposited in the Collection Account;

(c) all money, investment property, instruments and other property credited to, carried in or deposited in a Lockbox Account or any other bank or similar account into which Collections are deposited, to the extent such money, investment property, instruments and other property constitutes Collections;

(d) the Reserve Account and all money, investment property, instruments and other property credited to, carried in or deposited in the Reserve Account;

(e) the Interest Rate Swap;

(f) all rights, remedies, powers, privileges and claims of the Issuer under or with respect to the Term Purchase Agreement, the Sale and Assignment Agreement, the First Guaranty Agreement, the Performance Guaranty and the Master Loan Purchase Agreements, including, without limitation, all rights of the Issuer to enforce all payment obligations of the Depositor, Sierra 2002 and each Seller and all rights to collect all monies due and to become due to the Issuer from the Depositor, Sierra 2002 or any Seller under or in connection with the Term Purchase Agreement, the Sale and Assignment Agreement, the First Guaranty Agreement, the Performance Guaranty or the Master Loan Purchase Agreements (including without limitation all interest and finance charges for late payments and proceeds of any liquidation or sale of Pledged Loans or resale of Timeshare Properties or Vacation Credits and all other Collections on the Pledged Loans) and all other rights of the Issuer to enforce the Term Purchase Agreement, the Sale and Assignment Agreement, the First Guaranty Agreement, the Performance Guaranty and the Master Loan Purchase Agreements;

(g) all Assigned Rights with respect to the Pledged Loans and the Pledged Assets including, without limitation, all rights to enforce payment obligations of the Depositor, Sierra 2002 and each Seller and all rights to collect all monies due and to become due to the Issuer from the Depositor, Sierra 2002 or any Seller under or in connection with the Pledged Loans (including without limitation all interest and finance charges for late payments accrued thereon and proceeds of any liquidation or sale of Pledged Loans or resale of Timeshare Properties or Vacation Credits and all other Collections on the Pledged Loans);

(h) all certificates and instruments, if any, from time to time representing or evidencing any of the foregoing property described in clauses (a) through (g) above;

(i) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(j) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas and other minerals, consisting of, arising from, or relating to, any of the foregoing;

(k) all proceeds of the foregoing property described in clauses (a) through (j) above, any security therefor, and all interest, dividends, cash, instruments, financial assets and other investment property and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for or on account of the sale, condemnation or other disposition of, any or all of the then existing Collateral, and including all payments under insurance policies (whether or not a Seller or an Originator, the Depositor, Sierra 2002, the Issuer, the Collateral Agent or the Trustee is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the Collateral; and

(l) all proceeds of the foregoing.

The property described in the preceding sentence is collectively referred to as the "Collateral." The Grant of the Collateral to the Collateral Agent is for the benefit of the Trustee to secure the Notes equally and ratably without prejudice, priority or distinction among any Notes by reason of difference in time of issuance or otherwise, except as otherwise expressly provided in this Indenture and to secure (i) the payment of all amounts due on the Notes in accordance with their respective terms, (ii) the payment of all other sums payable by the Issuer under this Indenture, the Notes, the Premium Letter, or the Insurance Agreement and (iii) compliance by the Issuer with the provisions of this Indenture, the Notes, the Premium Letter and the Insurance Agreement. This Indenture is a security agreement within the meaning of the UCC.

The Collateral Agent and the Trustee acknowledge the Grant of the Collateral, and the Collateral Agent accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein to the end that the interests of the Noteholders and the Insurer may be adequately and effectively protected.

The Trustee and the Collateral Agent each acknowledges that it has entered into the Collateral Agency Agreement pursuant to which the Collateral Agent acts as agent for the benefit of the Trustee for the purpose of maintaining a security interest in the Collateral. The Trustee and the Noteholders are bound by the terms of the Collateral Agency Agreement by the Trustee's execution thereof on their behalf.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions

Whenever used in this Indenture, the following words and phrases shall have the following meanings:

"Account" shall mean the Collection Account or the Reserve Account and "Accounts" shall mean the Collection Account and the Reserve Account.

"Accrued Interest" shall mean, with respect to each Class of Notes, an amount equal to the sum of (i) the interest accrued during the related Interest Accrual Period at the applicable Note Interest Rate on the Principal Amount of such Class of Notes as of the immediately preceding Payment Date (or, in the case of the initial Payment Date, the Principal Amount as of the Closing Date) and (ii) any amounts payable pursuant to clause (i) above for such Class of Notes from all prior Payment Dates remaining unpaid, if any, plus, to the extent permitted by law, interest thereon for each Interest Accrual Period for such Class of Notes at the applicable Note Interest Rate.

"Administrative Services Agreement" shall mean either the Administrative Services Agreement dated as of August 29, 2002 by and between the Depositor and the Administrator or the Administrative Services Agreement dated as of May 27, 2004 by and between the Issuer and the Administrator, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms of the respective agreements.

"Administrator" shall mean, with respect to the Administrative Services Agreements, FAC, as administrator with respect to the Depositor and the Issuer, respectively, or any other entity which becomes the Administrator under the terms of the applicable Administrative Services Agreement.

"Affiliate" shall mean, when used with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person, and "control" means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Aggregate Default Rate" shall mean as of any Determination Date, a percentage obtained by dividing (i) the sum of the outstanding principal balance of each Pledged Loan (each such principal balance determined as of the day immediately preceding the date on which such Pledged Loan became a Defaulted Loan) that became a Defaulted Loan during the period commencing with the Cut-Off Date and ending at the end of the prior Due Period by (ii) the Aggregate Loan Balance as of the Cut-Off Date.

"Aggregate Loan Balance" shall mean, as of any time, the sum of the outstanding principal balances due under or in respect of all Pledged Loans, excluding Defaulted Loans.

"Aggregate Principal Amount" shall mean the sum of the Principal Amounts for all Classes of Notes.

"Agreement" shall mean this Indenture and Servicing Agreement as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"Assigned Rights" shall mean all rights of the Depositor with respect to the Sierra 2002-1 Loans and related Transferred Assets transferred to the Depositor by Sierra 2002 under the Sale and Assignment Agreement and all rights of the Depositor under the Purchase Agreements with respect to Sierra 2002-1 Loans which are Pledged Loans and the related Transferred Assets which are Pledged Assets, including, but not limited to, the right to sell Defective Loans to the Sellers or to cause the Sellers to purchase Defective Loans from the Issuer.

"Assignment of Mortgage" shall mean any assignment (including any collateral assignment) of any Mortgage.

"Authentication Agent" shall mean a Person designated by the Trustee to authenticate Notes on behalf of the Trustee.

"Authorized Officer" shall mean, with respect to the Issuer, any officer who is authorized to act for the Issuer in matters relating to the Issuer, and with respect to the Trustee or any other bank or trust company acting as trustee of an express trust or as custodian or authenticating agent, a Responsible Officer. Each party may receive and accept a certification of the authority of any other party as conclusive evidence of the authority of any person to act, and such certification may be considered as in full force and effect until receipt by such other party of written notice to the contrary.

"Available Funds" for any Payment Date shall mean an amount equal to the sum of (i) all payments (including prepayments) of principal, interest and fees (which, for the sake of clarity, excludes maintenance fees assessed with respect to POAs) collected from or on behalf of the Obligors during the related Due Period on the Pledged Loans, and the amounts deposited into the Collection Account during the related Due Period in respect of the release of Trendwest Loans which have become Timeshare Upgrades and are treated as prepayments; (ii) any Servicer Advances made on or prior to the Payment Date with respect to payments due from the Obligors on the Pledged Loans during the related Due Period; (iii) all amounts received as the Release Price paid to the Trustee for the release from the Lien of this Indenture securing the Notes of any Pledged Loan that has become a Defaulted Loan; (iv) all Net Liquidation Proceeds from the disposition of Pledged Assets securing Defaulted Loans received during the related Due Period; (v) the amounts received by the Trustee as the Release Price in connection with the release of a Defective Loan; (vi) all other proceeds of the Collateral received by the Trustee or the Servicer during the related Due Period; (vii) the amount in excess of the Reserve Required Amount, if any, withdrawn from the Reserve Account in accordance with subsection 3.5(c) of this Indenture and deposited in the Collection Account on such Payment Date; and (viii) all amounts received by the Issuer under the Interest Rate Swap.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, Title 11 of the United States Code, as amended.

"Bankruptcy Trustee" shall have the meaning assigned to that term in the Insurance Policy.

"Benefit Plan" shall mean any "employee pension benefit plan" as 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 the Issuer, any eligible Seller or any ERISA Affiliate of the Issuer 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.

"Business Day" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in New York, New York, Las Vegas, Nevada, Chicago, Illinois, Charlotte, North Carolina or the city in which the Corporate Trust Office of the Trustee is located, are authorized or obligated by law or executive order to be closed.

"Calculation Date" shall mean the close of business on the last Business Day of the related Due Period.

"Cash Accumulation Event" shall mean the occurrence of any of the following events:

(i) on any Determination Date, the average of the Delinquency Ratios for the three immediately preceding Due Periods is greater than 5.0%;

(ii) on any Determination Date, the average of the Default Percentages for the four immediately preceding Due Periods is greater than the applicable Default Percentage Threshold; or

(iii) on any Determination Date, the Aggregate Default Rate is greater than 23%.

A Cash Accumulation Event described in (i) above shall continue until the average of the Delinquency Ratios for the three immediately preceding Due Periods is equal to or less than 5.0% for three consecutive Determination Dates. A Cash Accumulation Event described in clause (ii) above shall continue until the average of the Default Percentages for the four immediately preceding Due Periods is equal to or less than the applicable Default Percentage Threshold for three consecutive Determination Dates.

"Cendant" shall mean Cendant Corporation or any successor thereof.

"Certificate of Authentication" shall have the meaning set forth in Section 2.2.

"Class" shall mean the Class A-1 Notes or the Class A-2 Notes.

"Class A-1 Notes" shall mean any of the $235,690,000 3.67% Vacation Timeshare Loan Backed Notes, Series 2004-1, Class A-1, due 2016.

"Class A-2 Notes" shall mean any of the $100,000,000 Floating Rate Vacation Timeshare Loan Backed Notes, Series 2004-1, Class A-2, due 2016.

"Class Percentages" shall mean for each Class, at any time, the percentage equivalent of a fraction the numerator of which is the Principal Amount of such Class and the denominator of which is the Aggregate Principal Amount of all Classes.

"Clearing Agency" shall mean an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Custodian" shall mean the entity maintaining possession of the Global Notes for the Clearing Agency.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Clearstream" shall mean Clearstream, Luxembourg, société anonyme, a professional depository incorporated under the laws of Luxembourg, and its successors.

"Closing Date" shall mean May 27, 2004.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning specified in the Granting Clause of this Indenture.

"Collateral Agency Agreement" shall mean the Collateral Agency Agreement dated as of January 15, 1998 by and between Fleet National Bank as predecessor Collateral Agent, Fleet Securities, Inc. as deal agent and the secured parties named therein, as subsequently amended, including as amended by the Eighth Amendment to the Collateral Agency Agreement dated as of May 27, 2004 and all prior amendments, by and among the Collateral Agent, the Trustee and other secured parties, as such Collateral Agency Agreement may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Collateral Agent" shall mean Wachovia Bank, National Association in its capacity as collateral agent under this Indenture and the Collateral Agency Agreement or any successor collateral agent appointed under the Collateral Agency Agreement.

"Collection Account" shall mean the account described in Section 3.4 hereof and established for the deposit of Collections and other amounts as provided in this Indenture.

"Collections" shall mean, with respect to any Pledged Loan, all funds, cash collections and other cash proceeds of such Pledged Loan paid by or on behalf of the Obligor after the Cut-Off Date, including without limitation (i) all Scheduled Payments or recoveries made in the form of money, checks and like items to, or a wire transfer or an automated clearinghouse transfer received in, any of the Lockbox Accounts or received by the Issuer or the Servicer (or the Subservicer) in respect of such Pledged Loan, (ii) all amounts received by the Issuer, the Servicer (or the Subservicer) or the Trustee in respect of any Insurance Proceeds relating to such

Pledged Loan or the related Timeshare Property and (iii) all amounts received by the Issuer, the Servicer (or the Subservicer) or the Trustee in respect of any proceeds of a condemnation of property in any Resort, which proceeds relate to such Pledged Loan or the related Timeshare Property.

"Control Party" shall mean, (a) unless an Insurer Default has occurred and is continuing, the Insurer and (b) during the continuation of an Insurer Default, Noteholders representing 66 2/3% of the Aggregate Principal Amount of the Notes.

"Corporate Trust Office" shall mean the office of the Trustee at which at any particular time its corporate trust business is administered, which office at the date of the execution of this Indenture is located at 401 South Tryon Street, NC-1179, 12th Floor, Charlotte, NC 28288-1179, Attention: Structured Finance Trust Services, Cendant Timeshare 2004-1 Receivables Funding, LLC.

"Credit Card Account" shall mean an arrangement whereby an Obligor makes Scheduled Payments under a Loan via pre-authorized debit to a Major Credit Card.

"Credit Standards and Collection Policies" shall mean the individual credit standards established by FRI and Trendwest and the collection policies established by FAC, attached hereto as Exhibit H and as amended from time to time in accordance with the restrictions of this Indenture.

"Custodial Agreement" shall mean the Fourth Amended and Restated Custodial Agreement dated as of May 27, 2004 by and among the Issuer, Sierra 2002, Sierra 2003-1, Sierra 2003-2, the Depositor, FAC, Trendwest, Wachovia Bank, National Association, as Custodian, the Trustee and the Collateral Agent, the Sierra 2002 Trustee, the Sierra 2003-1 Trustee, and the Sierra 2003-2 Trustee, as the same may be further amended, supplemented or otherwise modified from time to time hereafter in accordance with its terms.

"Custodian" shall mean, at any time, the custodian under the Custodial Agreement.

"Customary Practices" shall, with respect to the servicing and administration of any Pledged Loans, have the meaning assigned to that term in the Purchase Agreement under which such Loan was transferred from the Seller to the Depositor.

"Cut-Off Date" shall mean, with respect to the Pledged Loans, the close of business on March 31, 2004.

"Debt" of any Person shall mean (a) indebtedness of such Person for borrowed money, (b) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) obligations of such Person to pay the deferred purchase price of property or services, (d) obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as capital leases, (e) obligations secured by any lien, security interest or other charge upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations, (f) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of,

indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above, and (g) liabilities of such Person in respect of unfunded vested benefits under Benefit Plans covered by Title IV of ERISA.

"Debtor Relief Laws" shall mean the Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

"Defaulted Loan" shall mean any Pledged Loan (a) for which any portion of a Scheduled Payment is delinquent more than 119 days, (b) with respect to which the Servicer shall have determined in good faith that the related Obligor will not resume making Scheduled Payments, (c) for which the related Obligor shall have become the subject of a proceeding under a Debtor Relief Law or (d) for which cancellation or foreclosure actions have been commenced.

"Default Percentage" shall mean, for any Due Period, the percentage equivalent of a fraction the numerator of which is the sum of the outstanding principal balance of each Pledged Loan (each such principal balance determined as of the day immediately preceding the date on which such Pledged Loan became a Defaulted Loan) that became a Defaulted Loan during such Due Period, and the denominator of which is the Aggregate Loan Balance as of the last day of such Due Period.

"Default Percentage Threshold" shall mean (i) for any Determination Date occurring before or during May 2005, 0.85%, (ii) for any Determination Date occurring after May 2005 and before or during May 2006, 1.00% and (iii) for any Determination Date occurring after May 2006, 1.25%.

"Defective Loan" shall mean any Pledged Loan with an uncured material breach (with all breaches that give rise to actual recission being deemed material on a Pledged Loan by Pledged Loan basis) of any representation or warranty of the Issuer set forth in Section 5.2 of this Indenture.

"Definitive Notes" shall have the meaning set forth in Section 2.11.

"Delinquency Ratio" shall mean, for any Due Period, a fraction the numerator of which is the sum of the outstanding principal balance of each Pledged Loan (each such principal balance determined as of the last day of such Due Period) which is a Delinquent Loan as of the last day of such Due Period and the denominator of which is the Aggregate Loan Balance as of the last day of such Due Period.

"Delinquent Loan" shall mean a Pledged Loan for which all or a portion of the Scheduled Payments are more than 60 days delinquent, other than a Pledged Loan that is a Defaulted Loan.

"Depositor" shall mean Sierra Deposit Company, LLC, a Delaware limited liability company.

"Depository Agreement" shall mean the agreement among the Issuer, the Trustee and The Depository Trust Company.

"Determination Date" shall mean, with respect to any Payment Date, the fifth Business Day preceding such Payment Date.

"Distribution Compliance Period" shall have the meaning specified in Rule 902 of Regulation S under the Securities Act.

"Due Period" shall mean, for the Payment Date occurring in June 2004, the two full calendar months preceding such Payment Date, and for each other Payment Date, the immediately preceding calendar month.

"DWAC" shall have the meaning set forth in subsection 2.13(a).

"Eligible Account" means either (a) a segregated account (including a securities account) with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account, so long as any of the securities of such depository institution shall have a credit rating from each Rating Agency in one of its generic rating categories which signifies investment grade.

"Eligible Loan" shall have the meaning assigned to that term in Section 5.2.

"Eligible Institution" shall mean any depository institution the short term unsecured senior indebtedness of which is rated at least "Fl" by Fitch, "A-l" by S&P or "P-l" by Moody's, and the long term unsecured indebtedness of which is rated at least "A" by Fitch, "A" by S&P or "A-2" by Moody's.

"Equity Percentage" shall mean, with respect to a Loan, the percentage equivalent of a fraction the numerator of which is the excess of (A) the Timeshare Price of the related Timeshare Property relating to the Loan paid or to be paid by an Obligor over (B) the outstanding principal balance of such Loan at the time of sale of such Timeshare Property to such Obligor (less the amount of any valid check presented by such Obligor at the time of such sale that has cleared the payment system), and the denominator of which is the Timeshare Price of the related Timeshare Property, provided that any cash downpayments or principal payments made on any initial Loan that have been fully prepaid as part of a Timeshare Upgrade and financed downpayments under such initial Loan financed over a period not exceeding six months from the date of origination of such Loan that have actually been paid within such six- month period shall be included in clause (A) above for purposes of calculating the numerator of such fraction.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean with respect to any Person, (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person; or (ii) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person.

"Euroclear Operator" shall mean Euroclear Bank S.A./N.V., as operator of the Euroclear System, and its successor and assigns in such capacity.

"Euroclear Participants" shall mean the participants of the Euroclear System, for which the Euroclear System holds securities.

"Event of Default" shall mean the events designated as Events of Default under Section 11.1 of this Indenture.

"Exchange Act" shall mean the U. S. Securities Exchange Act of 1934, as amended.

"Exchange Date" shall have the meaning specified in subsection 2.9(d).

"Extra Principal Distribution Amount," shall mean, on any Payment Date, the lesser of (i) the amount by which Available Funds exceeds the amount required to be distributed on such Payment Date pursuant to clauses FIRST through NINTH, inclusive, of the Priority of Payments and (ii) the Overcollateralization Deficiency Amount on such Payment Date.

"FAC" shall mean Fairfield Acceptance Corporation-Nevada, a Delaware corporation domiciled in Nevada and a wholly-owned subsidiary of FRI.

"Fairfield Loan" shall mean a Pledged Loan which was sold to the Depositor under the Fairfield Master Loan Purchase Agreement.

"Fairfield Master Loan Purchase Agreement" shall mean the Master Loan Purchase Agreement dated as of August 29, 2002, as amended from time to time, by and between FAC, as Seller and the Depositor, as Purchaser and FRI, Fairfield Myrtle Beach, Inc., Sea Gardens Beach and Tennis Resort, Inc., Vacation Break Resorts, Inc., Vacation Break Resorts at Star Island, Inc., Palm Vacation Group, Ocean Ranch Vacation Group, and Kona Hawaiian Vacation Ownership, LLC, together with the Series 2002-1 Supplement thereto also dated as of August 29, 2002, as amended from time to time.

"Fairfield Originator" shall mean FRI, Fairfield Myrtle Beach, Inc., Kona Hawaiian Vacation Ownership, LLC, Sea Gardens Beach and Tennis Resort, Inc., Vacation Break Resorts, Inc., Vacation Break Resorts at Star Island, Inc., Palm Vacation Group, Ocean Ranch Vacation Group, or any other Subsidiary of Cendant that originates Loans in accordance with the Credit Standards and Collection Policies for sale to FAC.

"Fairfield Resort" shall mean a resort developed by FRI or its subsidiaries or in which FRI or its subsidiaries sell Timeshare Properties.

"FairShare Plus Agreement" shall mean the Amended and Restated FairShare Vacation Plan Use Management Trust Agreement effective as of January 1, 1996 by and between FRI, and certain of its subsidiaries and third party developers, as the same may be further amended, supplemented or otherwise modified from time to time hereafter in accordance with its terms.

"FairShare Plus Program" shall mean the program pursuant to which the occupancy and use of a Timeshare Property is assigned to the trust created by the FairShare Plus Agreement in

exchange for annual symbolic points that are used to establish the location, timing, length of stay and unit type of a vacation, including without limitation systems relating to reservations, accounting and collection, disbursement and enforcement of assessments in respect of contributed units.

"Financing Statements" shall mean, collectively, the UCC financing statements and the amendments thereto to be authorized and delivered in connection with any of the transactions contemplated hereby or any of the other Transaction Documents.

"First Guaranty Agreement" shall mean that Performance Guaranty dated as of August 29, 2002 made by Cendant in favor of the Depositor, Sierra 2002 and the Sierra 2002 Trustee, as amended from time to time.

"Fitch" shall mean Fitch, Inc. or any successor thereto.

"Fixed Amount" shall mean, for any Payment Date, an amount equal to the fixed amount payable by the Issuer to the Swap Counterparty for such date pursuant to the Interest Rate Swap.

"Fixed Week" shall mean a Timeshare Property representing a fee simple interest in a lodging unit at a Resort that entitles the related Obligor to occupy such lodging unit for a specified one-week period each year.

"Floating Amount" shall mean, for any Payment Date an amount equal to the floating amount payable by the Swap Counterparty to the Issuer for such date pursuant to the Interest Rate Swap.

"FMB" shall mean Fairfield Myrtle Beach, Inc., a Delaware corporation.

"Foreign Clearing Agency" shall mean Clearstream and the Euroclear Operator.

"FRI" shall mean Fairfield Resorts, Inc., a Delaware corporation and its successors and assigns.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Global Notes" shall mean the Rule 144A Global Note and the Regulation S Global Note.

"Grant" shall mean, as to any asset or property, to pledge, assign and grant a security interest in such asset or property. A Grant of any item of Collateral shall include all rights, powers and options of the Granting party thereunder or with respect thereto, including without limitation the immediate and continuing right to claim, collect, receive and give receipt for principal, interest and other payments in respect of such item of Collateral, principal and interest payments and receipts in respect of the Permitted Investments, Insurance Proceeds, purchase prices and all other monies payable thereunder and all income, proceeds, products, rents and profits thereof, to give and receive notices and other communications, to make waivers or other agreements, to exercise all such rights and options, to bring Proceedings in the name of the

Granting party or otherwise, and generally to do and receive anything which the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Green Loan" shall mean a Loan the proceeds of which are used to finance the purchase of a Green Timeshare Property.

"Green Timeshare Property" shall mean a Timeshare Property for which construction on the related Resort has not yet begun or is subject to completion.

"Indenture" shall mean this Agreement.

"Independent Director" shall have the meaning assigned to the term in subsection 6.1(m).

"Initial Principal Amount" shall mean the aggregate amount of $335,690,000 of the Notes composed of the initial principal amounts of $235,690,000 of the Class A-1 Notes and $100,000,000 of the Class A-2 Notes at the time such Notes were issued.

"Initial Purchasers" shall mean Credit Suisse First Boston LLC, Banc of America Securities LLC, Greenwich Capital Markets, Inc., Calyon Securities (USA) Inc., and Scotia Capital (USA), Inc.

"Insolvency Event" shall mean, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any Debtor Relief Law, or the filing of a petition against such Person in an involuntary case under any Debtor Relief Law, which case remains unstayed and undismissed within 30 days of such filing, or the appointing of a receiver, conservator, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the ordering of the winding-up or liquidation of such Person's business; or (b) the commencement by such Person of a voluntary case under any Debtor Relief Law, or the consent by such Person to the entry of an order for relief in an involuntary case under any such Debtor Relief Law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due or the admission by such Person of its inability to pay its debts generally as they become due.

"Insolvency Proceeding" shall mean any proceeding relating to an Insolvency Event.

"Installment Contract" shall mean an installment sale contract as defined in the applicable Purchase Agreement.

"Insurance Agreement" shall mean the Insurance and Reimbursement Agreement dated as of May 27, 2004 by and among the Insurer, the Issuer, the Servicer, the Depositor, the Sellers, the Performance Guarantor and the Trustee, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Insurance Policy" shall mean the Financial Guaranty Insurance Policy, policy number 44032, issued by the Insurer in favor of the Trustee for the benefit of the Noteholders, which policy has an effective date of May 27, 2004.

"Insurance Proceeds" shall have the meaning assigned to that term in the applicable Purchase Agreement.

"Insurer" shall mean MBIA Insurance Corporation, a New York stock insurance company.

"Insurer Default" shall mean (i) the occurrence of an Insolvency Event with respect to the Insurer, or (ii) the failure of the Insurer to make a payment as and when due under the Insurance Policy.

"Insurer Premium" shall have the meaning assigned to that term in the Premium Letter.

"Intercreditor Agreement" shall mean the intercreditor and clearing account agreement dated as of January 3, 2001, among Trendwest, LaSalle Bank National Association, Wells Fargo Bank Minnesota, National Association, the issuers named therein, Bank One, NA, Jupiter Securitization Corporation, TW Holdings III, Key Bank National Association and any other bank serving as clearing account bank, and other parties thereto by accession, as the same may be further amended, supplemented or otherwise modified from time to time hereafter in accordance with its terms.

"Interest Accrual Period" shall mean, with respect to the Notes for any Payment Date, the period beginning on and including the immediately preceding Payment Date and ending on and excluding such Payment Date, except that the first Interest Accrual Period will begin on and include May 27, 2004 and end on and exclude the June 2004 Payment Date.

"Interest Rate Swap" shall mean the ISDA Master Agreement, together with the Schedule thereto and the "Confirmation For U.S. Dollar Interest Rate Swap Transaction Under 1992 Master Agreement," each dated as of May 18, 2004 between the Issuer and the Swap Counterparty, as such Interest Rate Swap may be amended, modified or replaced.

"Investment Company Act" shall mean the U.S. Investment Company Act of 1940, as amended.

"Issuer" shall mean Cendant Timeshare 2004-1 Receivables Funding, LLC, a Delaware limited liability company and its successors and assigns.

"Issuer Order" shall mean a written order or request dated and signed in the name of the Issuer by an Authorized Officer of the Issuer.

"Kona Loans" shall mean Loans which were acquired by FRI from Kona Hawaiian Vacation Ownership, LLC.

"LIBOR" shall mean, for any Interest Accrual Period, the London interbank offered rate for one-month United States dollar deposits determined by the Trustee on the LIBOR

Determination Date for such Interest Accrual Period in accordance with the provisions of Section 2.4.

"LIBOR Determination Date" shall mean, with respect to each Interest Accrual Period, the second London Business Day immediately preceding the first day of such Interest Accrual Period.

"Lien" shall mean any mortgage, security interest, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC (other than any such financing statement filed for informational purposes only) or comparable law of any jurisdiction to evidence any of the foregoing.

"LLC Agreement" shall mean the Limited Liability Company Agreement of Cendant Timeshare 2004-1 Receivables Funding, LLC dated as of May 11, 2004 as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"Loan" shall mean each loan, installment contract, contract for deed or contract or note secured by a mortgage, deed of trust, vendor's lien or retention of title originated or acquired by a Seller and relating to the sale of one or more Timeshare Properties.

"Loan Balance" shall mean the outstanding principal balance due under or in respect of a Pledged Loan (including a Defaulted Loan (until it becomes a Released Pledged Loan)).

"Loan Documents" shall, with respect to any Pledged Loan, have the meaning assigned to that term in the Purchase Agreement under which such Pledged Loan was transferred from the Seller to the Depositor.

"Loan File" shall, with respect to any Pledged Loan, have the meaning assigned to that term in the Purchase Agreement under which such Pledged Loan was transferred from the Seller to the Depositor.

"Loan Rate" shall mean the annual rate at which interest accrues on any Pledged Loan, as modified from time to time in accordance with the terms of any related Credit Standards and Collection Policies.

"Loan Schedule" shall mean the Loan Schedule containing information about the Pledged Loans, which Loan Schedule is delivered electronically by the Issuer to the Trustee as of the Closing Date and as such schedule is amended by delivery electronically by the Issuer to the Trustee of information relating to the release of Pledged Loans or the Grant of Qualified Substitute Loans.

"Lockbox Account" shall mean any of the accounts established pursuant to a Lockbox Agreement.

"Lockbox Agreement" shall mean the Intercreditor Agreement and any agreement substantially in the form of Exhibit F by and between the Issuer, the Trustee, the Servicer and the applicable Lockbox Bank, which agreement sets forth the rights of the Issuer, the Trustee and the applicable Lockbox Bank, with respect to the disposition and application of the Collections deposited in the applicable Lockbox Account, including without limitation the right of the Trustee to direct the Lockbox Bank to remit all Collections directly to the Trustee.

"Lockbox Bank" shall mean any of the commercial banks holding one or more Lockbox Accounts.

"London Business Day" shall mean a day on which banks are open for dealing in foreign currency and exchange in London and New York City.

"Lot" shall mean a fully or partially developed parcel of real estate.

"Major Credit Card" shall mean a credit card issued by any VISA USA, Inc., MasterCard International Incorporated, American Express Company, Discover Bank, Diners Club International Ltd. or JCB credit card affiliate or member entity.

"Majority Holders" shall mean with respect to all Notes issued and outstanding, the holders of greater than fifty percent of the Aggregate Principal Amount of all Notes.

"Market Servicing Rate" shall mean the rate calculated by the Trustee following a Servicer Default, which rate shall be calculated as follows: (1) the Trustee shall, within 10 Business Days after the occurrence of a Servicer Default, solicit bids from entities which are experienced in servicing loans similar to the Pledged Loans and shall request delivery of each such bid to the Trustee within 30 days of the delivery of such request to each such entity, and shall further request that each such bid state a servicing fee as part of the bid and (2) upon the receipt of three such arms length bids, the Trustee shall disregard the highest bid and the lowest bid and select the remaining middle bid, and the servicing fee rate bid by such bidder shall be the Market Servicing Rate. If two bids are received, the Trustee shall accept the lower bid.

"Master Loan Purchase Agreement" shall mean the Fairfield Master Loan Purchase Agreement or the Trendwest Master Loan Purchase Agreement.

"Material Adverse Effect" shall mean, with respect to any Person and any event or circumstance, a material adverse effect on:

(a) the business, properties, operations or condition (financial or otherwise) of such Person;

(b) the ability of such Person to perform its respective obligations under any of the Transaction Documents to which it is a party;

(c) the validity or enforceability of, or collectibility of amounts payable under, this Indenture (if such Person is a party to this Indenture) or any of the Transaction Documents to which it is a party;

(d) the status, existence, perfection or priority of any Lien arising through or under such Person under any of the Transaction Documents to which it is a party; or

(e) the value, validity, enforceability or collectibility of the Pledged Loans or any of the other Pledged Assets.

"Member" shall have the meaning assigned thereto in the LLC Agreement.

"Monthly Collateral Agent Fee" shall mean, in respect of any Due Period (or portion thereof), the amount due to the Collateral Agent for fees related to the Collateral for the Series 2004-1 Notes calculated in accordance with Schedule 3 attached hereto.

"Monthly Custodian Fee" shall mean, in respect of any Due Period (or portion thereof), the amount due to the Custodian under the Custodial Agreement for fees related to the Pledged Loans and related Pledged Assets such amounts to be calculated in accordance with Schedule 3 attached hereto.

"Monthly Principal" shall mean on any Payment Date, the sum of (i) the principal portion of Scheduled Payments collected during the related Due Period on the Pledged Loans; (ii) the principal portion of Servicer Advances, if any; (iii) the principal amount of any prepayments collected on any Pledged Loan during the related Due Period, and the amounts deposited into the Collection Account during the related Due Period in respect of the release of Trendwest Loans which have become Timeshare Upgrades and are treated as prepayments; (iv) principal proceeds from the purchase by the Sellers of any Pledged Loans that have become Defaulted Loans during the related Due Period; and (v) the principal proceeds of any repurchase of a Defective Loan funded by a Seller or the Performance Guarantor or any deposit in respect of a Defective Loan by the Issuer.

"Monthly Servicer Fee" shall mean, in respect of any Due Period (or portion thereof), an amount equal to one-twelfth of the product of (a) 1.25% and (b) the Aggregate Loan Balance of the Pledged Loans at the beginning of such Due Period; or if a Successor Servicer has been appointed and accepted the appointment or if the Trustee is acting as Servicer, an amount equal to one-twelfth of the product of (x) the lesser of (i) if FAC is replaced (A) prior to the third anniversary of the Closing Date, 1.75%, or (B) on or after the third anniversary of the Closing Date, 2.00% and (ii) the Market Servicing Rate (or, in either case, such higher rate as may be consented to by the Control Party) and (y) the Aggregate Loan Balance of the Pledged Loans and all Defaulted Loans that have not been released from the lien of this Indenture at the beginning of such Due Period.

"Monthly Servicing Report" shall mean each monthly report prepared by the Servicer as provided in Section 8.1.

"Monthly Trustee Fee" shall mean, in respect of any Due Period, an amount equal to one-twelfth of 0.01% of the Aggregate Loan Balance as of the first day of such Due Period as an administration fee plus an additional monthly fee not to exceed one-twelfth of 0.0175% of the Aggregate Loan Balance as of the first day of such Due Period as a backup servicer fee.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor thereto.

"Mortgage" shall mean any mortgage, deed of trust, purchase money deed of trust or deed to secure debt encumbering the related Timeshare Property, granted by the related Obligor to the Originator of a Loan to secure payments or other obligations under such Loan.

"Net Liquidation Proceeds" shall mean, with respect to any Defaulted Loan which is a Pledged Loan and which has not been released from the Lien of this Indenture, the proceeds of the sale, liquidation or other disposition of the Defaulted Loan, the Pledged Assets or other collateral securing such Defaulted Loan.

"Net Swap Payment" shall mean, for any Payment Date, the amount, if any, by which the Fixed Amount for such date exceeds the Floating Amount for such date.

"Net Swap Receipt" shall mean, for any Payment Date, the amount, if any, by which the Floating Amount for such date exceeds the Fixed Amount for such date.

"Nominee" shall have the meaning set forth in the Purchase Agreements.

"Non-U.S. Certificate" shall have the meaning set forth in subsection 2.12(b).

"Noteholder" or "Holder" shall mean the Person in whose name a Note is registered in the Note Register.

"Note Interest Rate" shall mean with respect to each Class of Notes, the respective rate per annum set forth below:

Class of Notes	Note Interest Rate
Class A-1 Notes	3.67%
Class A-2 Notes	LIBOR as determined from time to time plus 0.18%

"Note Owner" shall mean, with respect to a Note, the Person who is the owner of a beneficial interest in such Note, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

"Note Purchase Agreement" shall mean the Note Purchase Agreement dated May 18, 2004 among the Issuer, the Sellers, the Depositor and the Initial Purchasers named therein.

"Note Register" shall have the meaning specified in Section 2.6.

"Note Registrar" shall have the meaning specified in Section 2.6.

"Notes" shall mean the Cendant Timeshare 2004-1 Receivables Funding, LLC Vacation Timeshare Loan Backed Notes, Series 2004-1.

"Notice for Payment" shall have the meaning assigned to that term in the Insurance Policy.

"Obligor" shall mean, with respect to any Pledged Loan, the Person or Persons obligated to make Scheduled Payments thereon.

"Offering Circular" shall mean the final Offering Circular dated May 18, 2004 relating to the Notes.

"Officer's Certificate" shall mean, unless otherwise specified in this Indenture, a certificate delivered to the Trustee signed by any Vice President or more senior officer of the Issuer or the Servicer, as the case may be, or, in the case of a Successor Servicer, a certificate signed by any Vice President or more senior officer or the financial controller (or an officer holding an office with equivalent or more senior responsibilities) of such Successor Servicer, and delivered to the Trustee.

"Operating Agreement" shall mean the Ninth Amended and Restated Operating Agreement dated as of March 31, 2003 by and between FRI, FMB, FAC, Kona and the VB Subsidiaries as described therein, as the same may be further amended, supplemented or otherwise modified from time to time hereafter in accordance with its terms.

"Opinion of Counsel" shall mean a written opinion of counsel who may be counsel for, or an employee of, the Person providing the opinion and who shall be reasonably acceptable to the Trustee and the Insurer.

"Order" shall have the meaning assigned thereto in subsection 3.8(b).

"Originator" shall have the meaning, with respect to any Pledged Loan, assigned to such term in the applicable Purchase Agreement or, if such term is not so defined, the entity which originates or acquires Loans and transfers such Loans directly or through a Seller to the Depositor.

"Overcollateralization Amount," shall mean on any Payment Date, the excess, if any, of (i) the Aggregate Loan Balance as of the last day of the related Due Period over (ii) the Aggregate Principal Amount on such Payment Date, after taking into account any distributions of principal to the Noteholders on such Payment Date.

"Overcollateralization Deficiency Amount" shall mean, for any Payment Date, the excess, if any, of (i) the Required Overcollateralization Amount on such Payment Date over (ii) the Pro Forma Overcollateralization Amount on such Payment Date.

"Overcollateralization Release Amount," shall mean (i) on any Payment Date on or after the Stepdown Date, if neither a Cash Accumulation Event nor a Rapid Amortization Event has occurred and is then continuing, an amount equal to the excess, if any, of (a) the Pro Forma Overcollateralization Amount on such Payment Date over (b) the Required Overcollateralization Amount on such Payment Date; provided that such amount will not exceed the Monthly Principal for such Payment Date and (ii) on any other Payment Date, zero.

"PAC" shall mean an arrangement whereby an Obligor makes Scheduled Payments under a Pledged Loan via pre-authorized debit.

"Paying Agent" shall mean the Trustee or any successor thereto, in its capacity as paying agent.

"Payment Date" shall mean the 20th day of each calendar month, or, if such 20th day is not a Business Day, the next succeeding Business Day, commencing in June 2004.

"Performance Guarantor" shall mean Cendant Corporation, a Delaware corporation.

"Performance Guaranty" shall mean that Performance Guaranty dated as of May 27, 2004 made by Cendant in favor of the Issuer, the Trustee and the Collateral Agent, as amended from time to time.

"Permanent Regulation S Global Note" shall have the meaning assigned thereto in subsection 2.12(a).

"Permitted Encumbrance" with respect to any Pledged Loan has the meaning assigned to that term under the Purchase Agreement pursuant to which such Loan has been sold to the Depositor.

"Permitted Investments" shall mean (i) U.S. Government Obligations having maturities on or before the first Payment Date after the date of acquisition; (ii) time deposits and certificates of deposit having maturities on or before the first Payment Date after the date of acquisition, maintained with or issued by any commercial bank having capital and surplus in excess of $500,000,000 and having a short term senior unsecured debt rating of at least "A-1" by S&P and "P-l" by Moody's and "F1" by Fitch if rated by Fitch; (iii) repurchase agreements having maturities on or before the first Payment Date after the date of acquisition for underlying securities of the types described in clauses (i) and (ii) above or clause (iv) below with any institution having a short term senior unsecured debt rating of at least "P-1" by Moody's and "A-1" by S&P and "F1" by Fitch if rated by Fitch; (iv) commercial paper maturing on or before the first Payment Date after the date of acquisition and having a short term senior unsecured debt rating of at least "P-1" by Moody's and "A-1+" by S&P and "F1" by Fitch if rated by Fitch; and (v) money market funds rated "Aaa" by Moody's and rated "AAAm" or "AAAm-G" by S&P and which invest solely in any of the foregoing (without regard to maturity), including any such funds in which the Trustee or an Affiliate of the Trustee acts as an investment advisor or provides other investment related services; provided, however, that no obligation of any Seller, the Depositor or the Performance Guarantor shall constitute a Permitted Investment and provided further, that no interest only obligation and no investment purchased by the Issuer or the Trustee at a premium shall constitute Permitted Investments.

"Person" shall mean any person or entity including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity or organization of any nature, whether or not a legal entity.

"Pledged Assets" with respect to each Pledged Loan, shall mean all right, title and interest of the Depositor in, to and under such Pledged Loan from time to time and the related Transferred Assets and all of the Depositor's rights under the related Purchase Agreement, and in and to the Collections and the proceeds of any of the foregoing.

"Pledged Loans" shall mean the Loans listed on the Loan Schedule.

"POA" shall mean each property owners' association or similar timeshare owner body for a Timeshare Property Regime or Resort or portion thereof, in each case established pursuant to the declarations, articles or similar charter documents applicable to each such Timeshare Property Regime, Resort or portion thereof.

"Points" shall mean, with respect to any lodging unit at a Timeshare Property Regime, the number of points of symbolic value assigned to such unit pursuant to the FairShare Plus Program.

"Policy Claim Amount" shall have the meaning assigned thereto in subsection 3.8(b).

"Post Office Box" shall mean each post office box to which Obligors are directed to mail payments in respect of the Pledged Loans.

"Predecessor Note" shall mean, with respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under Section 2.7 in lieu of a mutilated, lost, destroyed or stolen Note shall evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Preference Amount" shall have the meaning assigned thereto in subsection 3.8(b).

"Premium Letter" shall have the meaning assigned to that term in the Insurance Agreement.

"Principal Amount" shall mean, the Initial Principal Amount of a Class, less principal payments previously paid to such Class as of such date and which payments have not been subsequently rescinded or recaptured.

"Principal Distribution Amount" shall mean, for any Payment Date, an amount equal to the sum, without duplication, of the Monthly Principal for such Payment Date plus the outstanding principal balance of all Pledged Loans that became Defaulted Loans during the related Due Period that were not repurchased by a Seller, as reduced by the Overcollateralization Release Amount, if any, for such Payment Date.

"Priority of Payments" shall mean the application of Available Funds in accordance with Section 3.1.

"Pro Forma Overcollateralization Amount" shall mean, on any Payment Date, the excess, if any, of (i) the Aggregate Loan Balance as of the last day of the related Due Period over (ii) (x) the Aggregate Principal Amount on such Payment Date, before taking into account any distributions of principal to the Noteholders on such Payment Date, minus (y) an amount equal to the sum of (i) the Monthly Principal for such Payment Date and, without duplication, (ii) the outstanding principal balance of all Pledged Loans that became Defaulted Loans during the related Due Period that were not repurchased by a Seller.

"Proceeding" shall have the meaning specified in Section 11.3.

"Purchase Agreement" shall mean a Master Loan Purchase Agreement between a Seller and the Depositor pursuant to which the Seller sells Loans and related assets to the Depositor.

"QIB" shall have the meaning set forth in subsection 2.6(c).

"Qualified Substitute Loan" shall mean a substitute Loan that is an Eligible Loan on the applicable date of substitution and that on such date of substitution (i) has a coupon rate not less than the coupon rate of the Pledged Loan for which it is to be substituted, (ii) has a remaining term to stated maturity not greater than the remaining term to maturity of the Pledged Loan for which it is to be substituted and (iii) is provided by the same Seller as that Pledged Loan for which the Qualified Substitute Loan is to be substituted.

"Rapid Amortization Events" shall mean: (i) an Insolvency Event has occurred with respect to the Issuer; (ii) if on any two consecutive Payment Dates, either (A) the sum of Available Funds plus, without duplication, amounts on deposit in the Reserve Account are not sufficient to pay all Accrued Interest due on the Notes, or (B) after application of all Available Funds in accordance with the Priority of Payments, the Overcollateralization Amount would be less than the Required Overcollateralization Amount; (iii) if on any Payment Date, after application of all Available Funds in accordance with the Priority of Payments on such Payment Date, the sum of the Aggregate Loan Balance plus the amount on deposit in the Reserve Account would be less than the Aggregate Principal Amount; or (iv) the Control Party has provided written notice to the Trustee that an event described in subsection 11.1(a), (b), (d), (e) or (f) has occurred and is continuing and that such event has been designated a Rapid Amortization Event by the Control Party whether or not such event has also been declared an Event of Default. The Rapid Amortization Events described in (ii), (iii) and (iv) above will continue to be in effect until such time, if ever, that the Control Party has consented to the termination of the Rapid Amortization Event.

"Rated Final Maturity Date" shall mean the Payment Date occurring in May 2016.

"Rating Agency" shall mean each of Fitch, S&P or Moody's as appropriate and their respective successors in interest.

"Rating Agency Condition" shall mean, with respect to any action taken or to be taken, that each Rating Agency shall have notified the Issuer and the Trustee in writing that such action would not have resulted in a reduction, downgrade, suspension or withdrawal of the rating that would have been assigned to any outstanding Class of Notes, without giving any effect to the Insurance Policy.

"Receipt" and "Received" shall have the meanings assigned thereto in subsection 3.8(b).

"Record Date" shall mean, for any Payment Date, (i) for Notes in book-entry form, the close of business on the Business Day immediately preceding such Payment Date and (ii) for Definitive Notes, the close of business on the last Business Day of the month preceding the month in which such Payment Date occurs.

"Records" shall, with respect to any Pledged Loan, have the meaning assigned thereto in the applicable Purchase Agreement.

"Reference Banks" shall mean leading banks selected by the Servicer and engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London and (ii) which have been designated as such by the Servicer.

"Regulation S Certificate" shall have the meaning assigned thereto in subsection 2.9(d).

"Regulation S Global Note" shall mean either the Temporary Regulation S Global Note or the Permanent Regulation S Global Note.

"Reimbursement Amount" shall mean, on any Payment Date, the sum of (i) all Policy Claim Amounts previously received by the Trustee from the Insurer and not previously repaid to the Insurer pursuant to this Agreement, plus (ii) interest (in accordance with the Insurance Agreement) accrued on each such Policy Claim Amount from the date the Trustee received the related Policy Claim Amount to, but not including, such Payment Date that has not been previously repaid to the Insurer.

"Release Date" shall mean, with respect to any Pledged Loan, the date on which such Pledged Loan is released from the Lien of this Indenture.

"Release Price" shall mean an amount equal to the outstanding Loan Balance of the Pledged Loan as of the close of business on the Calculation Date immediately preceding the date on which the release is to be made, plus accrued and unpaid interest thereon to the date of such release; provided that for purposes of calculating the Release Price with respect to any Trendwest Timeshare Upgrade the Release Price will be calculated without regard to the upgrade.

"Released Pledged Loan" shall mean any Loan which was included as a Pledged Loan, but which has been released from the Lien of this Indenture pursuant to the terms hereof.

"Required Overcollateralization Amount," shall mean, as of any Payment Date, an amount equal to (i) prior to the Stepdown Date, 14.50% of the Aggregate Loan Balance as of the Cut-Off Date, and (ii) on and after the Stepdown Date, (A) if no Cash Accumulation Event has occurred and is continuing, the greater of (x) 0.50% of the Aggregate Loan Balance as of the Cut-Off Date and (y) 29.00% of the Aggregate Loan Balance as of the last day of the related Due Period and (B) if a Cash Accumulation Event has occurred and is continuing, the Required Overcollateralization Amount as determined on the immediately preceding Payment Date; provided that if a Rapid Amortization Event has occurred and is then continuing, the Required Overcollateralization Amount will be equal to the Aggregate Loan Balance as of the last day of the related Due Period.

"Reserve Account" shall mean the account established pursuant to Section 3.5 of this Indenture.

"Reserve Account Draw Amount" shall have the meaning set forth in subsection 3.5(b).

"Reserve Required Amount" shall mean (a) as of the Closing Date, 1.0% of the Aggregate Loan Balance as of the Cut-Off Date, and (b) at any time after the Closing Date, (i) if no Cash Accumulation Event has occurred and is continuing 2.0% of the Aggregate Loan Balance at such time; and (ii) if a Cash Accumulation Event has occurred and is continuing, the product of (A) the Aggregate Loan Balance as of the last day of the immediately preceding Due Period and (B) the greater of (x) 10% or (y) 2 times the Delinquency Ratio for such Due Period; provided that in no event will the Reserve Required Amount be less than 0.50% of the Aggregate Loan Balance as of the Cut-Off Date; provided further, that in no event will the Reserve Required Amount be greater than the Aggregate Principal Amount.

"Resort" shall mean a Fairfield Resort or a Trendwest Resort.

"Responsible Officer" shall mean any officer assigned to the Corporate Trust Office (or any successor thereto), including any Vice President, Assistant Vice President, Trust Officer, any Assistant Secretary, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers, in each case having direct responsibility for the administration of this Indenture.

"Rule 144A" shall have the meaning set forth in subsection 2.6(c).

"Rule 144A Global Note" shall have the meaning assigned thereto in Section 2.11.

"S&P" shall mean Standard & Poor's Ratings Group, a Division of the McGraw-Hill Companies, Inc. or any successor thereto.

"Sale" shall have the meaning specified in Section 11.13(a).

"Sale and Assignment Agreement" shall mean the Sale and Assignment Agreement dated as of May 27, 2004 entered into by Sierra 2002 and the Depositor and pursuant to which Sierra 2002 sells and assigns to the Depositor all of Sierra 2002's right, title and interest in the Pledged Loans and the Pledged Assets related thereto.

"Scheduled Final Maturity Date" shall mean the Payment Date occurring in May 2014.

"Scheduled Payment" shall mean the scheduled monthly payment of principal and interest on a Pledged Loan.

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended.

"Seller" shall mean FAC or Trendwest or, in either case, any successor thereto.

"Senior Priority Swap Termination Amount" shall mean the amount, if any, owing to the Swap Counterparty in respect of Termination Payments relating to a termination of the Interest Rate Swap arising from (a) the Swap Counterparty not receiving any Net Swap Payment owing to it, (b) bankruptcy, insolvency or similar event of the Issuer or (c) the liquidation of all of the Pledged Loans (excluding Defaulted Loans) pursuant to this Indenture.

"Series Termination Date" shall mean the Termination Date.

"Servicer" shall mean FAC, in its capacity as Servicer pursuant to this Indenture or, after any Service Transfer, the Successor Servicer.

"Servicer Advance" shall mean amounts, if any, advanced by the Servicer, at its option, to cover any shortfall between (i) the Scheduled Payments on the Pledged Loans (other than Defaulted Loans) for a Due Period and (ii) the amounts actually deposited in the Collection Account on account of such Scheduled Payments on or prior to the Payment Date immediately following such Due Period.

"Servicer Default" shall mean the defaults specified in Section 12.1.

"Service Transfer" shall have the meaning set forth in Section 12.1.

"Servicing Officer" shall mean any officer of the Servicer involved in, or responsible for, the administration and servicing of the Loans whose name appears on a list of servicing officers furnished to the Trustee by the Servicer, as such list may be amended from time to time.

"Sierra 2002" shall mean Sierra Receivables Funding Company, LLC, a Delaware limited liability company.

"Sierra 2002 Trustee" shall mean the trustee under the terms of the Master Indenture and Servicing Agreement dated as of August 29, 2002 and the Series 2002-1 supplement thereto, each of which is among the trustee named therein, FAC and Sierra 2002.

"Sierra 2002-1 Loans" shall mean Loans sold by a Seller to the Depositor under the terms of the Purchase Agreements and designated as Series 2002-1 Loans, a portion of which have been sold by Sierra 2002 to the Depositor and transferred by the Depositor to the Issuer and included in the Pledged Loans.

"Sierra 2003-1" shall mean Sierra 2003-1 Receivables Funding Company, LLC, a Delaware limited liability company.

"Sierra 2003-1 Trustee" shall mean the trustee under the terms of the Indenture and Servicing Agreement dated as of March 31, 2003 which is among the trustee named therein, FAC and Sierra 2003-1.

"Sierra 2003-2" shall mean Sierra 2003-2 Receivables Funding Company, LLC, a Delaware limited liability company.

"Sierra 2003-2 Trustee" shall mean the trustee under the terms of the Indenture and Servicing Agreement dated as of December 5, 2003 among the trustee named therein, FAC and Sierra 2003-2.

"Stepdown Date" shall mean the later to occur of the Payment Date in May 2006 or the Payment Date on which the Aggregate Loan Balance as of the last day of the related Due Period is less than 50% of the Aggregate Loan Balance as of the Cut-Off Date.

"Subservicer" shall mean each of Trendwest and FAC (if FAC is no longer the Servicer), solely to the extent such entity enters into a Subservicing Agreement with the Servicer and agrees to perform specified servicing functions with respect to all or a portion of the Pledged Loans.

"Subservicing Agreement" shall mean the agreement between the Servicer and Trendwest relating to the performance of specified servicing functions with respect to the Pledged Loans originated by Trendwest.

"Subsidiary" shall mean, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Substitution Adjustment Amount" shall mean, with respect to any Qualified Substitute Loan or Qualified Substitute Loans to be substituted for a Defective Loan or a Defaulted Loan, the amount, if any, by which the aggregate principal balance of all such Qualified Substitute Loans as of the date of substitution is less than the aggregate principal balance of all such Defective Loans or Defaulted Loans each determined as of the Calculation Date immediately prior to the date of substitution.

"Successor Servicer" shall have the meaning set forth in Section 12.2.

"Swap Counterparty" shall mean Bank of America, N.A. and any entity which is a replacement swap counterparty as provided in Section 3.6.

"Swap Rating Agency Condition" shall mean, with respect to any action with respect to the Interest Rate Swap, a condition that is satisfied when S&P, Moody's and Fitch have notified the Issuer and the Trustee in writing that such action would not have resulted in a reduction, downgrade or suspension of the rating that would have been assigned to the Class A-2 Notes, without giving effect to the Insurance Policy.

"Telerate Page 3750" shall mean the display page currently so designated on the Moneyline Telerate Service (or such other page as may replace such page on such service for the purpose of displaying comparable rates or prices).

"Temporary Regulation S Global Note" shall have the meaning assigned thereto in Section 2.11.

"Term Purchase Agreement" shall mean the Series 2004-1 Term Purchase Agreement dated as of May 27, 2004 between the Depositor as seller of the Pledged Loans and the Issuer.

"Termination Date" shall have the meaning specified in Section 14.1.

"Termination Notice" shall have the meaning specified in Section 12.1.

"Termination Payments" shall mean payments required to be made by the Issuer to the Swap Counterparty under the terms of the Interest Rate Swap as a result of a termination of the Interest Rate Swap.

"Termination Receipts" shall mean payments required to be made by the Swap Counterparty to the Issuer under the terms of the Interest Rate Swap as a result of a termination of the Interest Rate Swap.

"Timeshare Price" shall mean the original price of the Timeshare Property paid by an Obligor, plus any accrued and unpaid interest and other amounts owed by the Obligor.

"Timeshare Property" shall mean the underlying ownership interest that is the subject of a Loan, which ownership interest may be either a Fixed Week, a UDI, the Points with respect thereto under the FairShare Plus Program, or Vacation Credits.

"Timeshare Property Regime" shall mean any of the various interval ownership regimes located at a Resort, each of which is an arrangement established under applicable state law whereby all or a designated portion of a development is made subject to a declaration permitting the transfer of Timeshare Properties therein, which Timeshare Properties shall, in the case of Fixed Weeks and UDIs, constitute real property under the applicable local law of each of the jurisdictions in which such regime is located.

"Timeshare Upgrade" shall have the meaning assigned thereto in the applicable Purchase Agreement.

"Title Clearing Agreement" shall have the meaning assigned thereto in the Fairfield Master Loan Purchase Agreement.

"Transaction Documents" shall mean, collectively, this Indenture, the Term Purchase Agreement, the Sale and Assignment Agreement, the Purchase Agreements, the assignment agreements executed by the Sellers and related to the periodic sale of Pledged Loans, the Custodial Agreement, the First Guaranty Agreement, the Performance Guaranty, the Lockbox Agreements, the Title Clearing Agreements, the Collateral Agency Agreement, the Administrative Services Agreements, the Insurance Policy, the Insurance Agreement, the Premium Letter, the Financing Statements and all other agreements, documents and instruments delivered pursuant thereto or in connection therewith, and "Transaction Document" shall mean any of them.

"Transferred Assets" shall, with respect to each Pledged Loan, have the meaning set forth in the Purchase Agreement under which such Loan was transferred to the Depositor.

"Trendwest" shall mean Trendwest Resorts, Inc., an Oregon corporation, a wholly-owned indirect subsidiary of Cendant, and its successors and assigns.

"Trendwest Loan" shall mean a Pledged Loan which was initially sold to the Depositor under the Trendwest Master Loan Purchase Agreement.

"Trendwest Master Loan Purchase Agreement" shall mean that Master Loan Purchase Agreement dated as of August 29, 2002, as amended from time to time, by and between Trendwest and the Depositor, together with the Series 2002-1 Supplement thereto also dated as of August 29, 2002, as amended from time to time.

"Trendwest Originator" shall mean Trendwest.

"Trendwest Resort" shall mean a resort developed by Trendwest or in which Trendwest sells Timeshare Properties.

"Trendwest Timeshare Upgrade" shall mean a Pledged Loan which was sold to the Depositor by Trendwest and with respect to which the Obligor purchases a Timeshare Upgrade.

"Trustee" shall mean Wachovia Bank, National Association or its successor in interest, or any successor trustee appointed as provided in this Indenture.

"Trustee Fee Letter" shall mean the schedule of fees attached as Schedule 1, and all amendments thereof and supplements thereto.

"UCC" shall mean the Uniform Commercial Code, as amended from time to time, as in effect in any applicable jurisdiction.

"UDI" shall mean an undivided interest in fee simple (as tenants in common with all other undivided interest owners) in a lodging unit or group of lodging units at a Resort.

"U.S. Government Obligations" shall mean (i) obligations of, or obligations guaranteed as to principal and interest by, the U.S. Government or any agency or instrumentality thereof, when these obligations are backed by the full faith and credit of the United States (ii) and certain obligations of government-sponsored agencies that are not backed by the full faith credit of the United States which are limited to: Federal Home Loan Mortgage Corp. debt obligations; Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes; Federal Home Loan Banks consolidated debt obligations; Federal National Mortgage Association debt obligations; Student Loan Marketing Association debt obligations which mature before September 30, 2008; Financing Corp. debt obligations; and Resolution Funding Corp. debt obligations.

"Vacation Credits" shall mean ownership interests in WorldMark that entitle the owner thereof to use the Resorts owned by WorldMark.

"VB Subsidiaries" shall mean Sea Gardens Beach and Tennis Resorts, Inc., Vacation Break Resorts, Inc. and Vacation Break Resorts at Star Island, Inc.

"WorldMark" shall mean WorldMark, The Club, a California not-for-profit mutual benefit corporation.

Section 1.2 Other Definitional Provisions.

(a) Terms used in this Indenture and not otherwise defined herein such terms shall have the meanings ascribed to them in the Term Purchase Agreement.

(b) All terms defined in this Indenture shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Indenture and in any certificate or other document made or delivered pursuant hereto, accounting terms not defined in Section 1.1, and accounting terms partly defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under GAAP as in effect from time to time. To the extent that the definitions of accounting terms herein or in any certificate or other document made or delivered pursuant hereto are inconsistent with the meanings of such terms under GAAP, the definitions contained herein or in any such certificate or other document shall control.

(d) Any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Class of Notes.

(e) Unless otherwise specified, references to any amount as on deposit or outstanding on any particular date shall mean such amount at the close of business on such day.

(f) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Indenture shall refer to this Indenture as a whole and not to any particular provision of this Indenture; and Article, Section, subsection, Schedule and Exhibit references contained in this Indenture are references to Articles, Sections, subsections, Schedules and Exhibits in or to this Indenture unless otherwise specified.

Section 1.3 Intent and Interpretation of Documents

The arrangement established by this Indenture, the Term Purchase Agreement, the Sale and Assignment Agreement, the Purchase Agreements, the Custodial Agreements, the Collateral Agency Agreement and the other Transaction Documents is intended not to be a taxable mortgage pool for federal income tax purposes, and is intended to constitute a sale of the Loans by the applicable Seller to the Depositor for commercial law purposes. Each of the Depositor and the Issuer are and are intended to be a legal entity separate and distinct from each Seller for all purposes other than tax purposes. This Indenture and the other Transaction Documents shall be interpreted to further these intentions.

ARTICLE II

THE NOTES

Section 2.1 Designation.

(a) There is hereby created a series of Notes of the Issuer to be issued pursuant to this Indenture and which are hereby designated as "Cendant Timeshare 2004-1 Receivables Funding,

LLC Vacation Timeshare Loan Backed Notes, Series 2004-1," the "Series 2004-1 Notes" or the "Notes." The Issuer will issue notes in two classes as follows: (i) $235,690,000 3.67% Vacation Timeshare Loan Backed Notes, Series 2004-1, Class A-1, due 2016 and (ii) $100,000,000 Floating Rate Vacation Timeshare Loan Backed Notes, Series 2004-1, Class A-2, due 2016.

(b) The terms of the Notes shall be as set forth in this Indenture.

Section 2.2 Form Generally. The Notes and the Trustee's or Authentication Agent's certificate of authentication thereon (the "Certificate of Authentication") shall be in substantially the forms set forth in Exhibit A with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may, consistent herewith, be determined by the Authorized Officers of the Issuer executing such Notes as evidenced by their execution of such Notes. Any portion of the text of any Note may be set forth on the reverse or subsequent pages thereof, with an appropriate reference thereto on the face of the Note.

The Notes shall be typewritten, word processed, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Section 2.3 [Reserved].

Section 2.4 Determination of LIBOR.

On each LIBOR Determination Date, the Trustee shall determine LIBOR on the basis of the rate for deposits in United States dollars for a one-month period which appears on Telerate Page 3750 as of 11:00 a.m., London time, on such date. If such rate does not appear on Telerate Page 3750, the rate for that LIBOR Determination Date will be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a one-month period. If on such LIBOR Determination Date two or more Reference Banks provide such offered quotations, LIBOR for such related Interest Accrual Period will be the arithmetic mean of such offered quotations (rounded upwards if necessary to the nearest whole multiple of 0.0001%). If on such LIBOR Determination Date fewer than two Reference Banks provide such offered quotations, LIBOR for the related Interest Accrual Period will be the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of 0.0001%) of the one-month U.S. dollar lending rates that three New York City banks selected by the Trustee are quoting at approximately 11:00 a.m. (New York City time) on the relevant LIBOR Determination Date to leading European banks.

The establishment of LIBOR on each LIBOR Determination Date by the Trustee and the Trustee's calculation of the rate of interest applicable to the Class A-2 Notes for the related Interest Accrual Period will (in the absence of manifest error) be final and binding. The Trustee shall, upon the establishment of LIBOR on each LIBOR Determination Date, notify the Issuer and the Servicer of the rate.

Section 2.5 Execution, Authentication and Delivery. The Notes shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signature of individuals who were at the time of execution of such Notes Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

The Trustee shall, upon written order of the Issuer, authenticate and deliver Notes for original issue in an aggregate principal amount of $335,690,000, comprising $235,690,000 principal amount of Class A-1 Notes and $100,000,000 principal amount of Class A-2 Notes. The Trustee shall be entitled to rely upon such written order as authority to so authenticate and deliver the Notes without further inquiry of any Person.

Each Note shall be dated the date of its authentication. Beneficial interests in the Notes may be purchased in minimum denominations of $500,000 and in integral multiples of $1,000 in excess thereof.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.6 Registration; Registration of Transfer and Exchange; Transfer Restrictions. (a) The Issuer shall cause to be kept a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and the registration of transfers of Notes. The Trustee shall be the initial "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. Upon any resignation of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

If a Person other than the Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Trustee, the Insurer and the Swap Counterparty prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Registrar, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Note Registrar as to the names and addresses of the Holders of the Notes and the principal amounts and number of such Notes.

Upon surrender for registration of transfer of any Note at the office of the Note Registrar as provided in this Section 2.6, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon receipt of such surrendered Note the Trustee shall authenticate and the Noteholder shall obtain from the Trustee, in the name of the designated transferee or transferees, one or more new Notes in any authorized denominations, of a like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes in any authorized denominations, of the same Class and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, and upon receipt of such surrendered Note the Trustee shall authenticate and the Noteholder shall obtain from the Trustee, the Notes which the Noteholder making the exchange is entitled to receive.

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

Every Note presented or surrendered for registration of transfer or exchange shall be 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, and such other documents as the Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge or expense that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to subsection 15.1(e) not involving any transfer.

The preceding provisions of this section notwithstanding, the Issuer shall not be required to make, and the Note Registrar need not register, transfers or exchanges of Notes (i) for a period of 20 days preceding the due date for any payment with respect to the Notes or (ii) after the Trustee sends a notice of redemption with respect to such Note in accordance with Section 2.18.

(b) The Notes have not been registered under the Securities Act or any state securities law. None of the Issuer, the Note Registrar or the Trustee is obligated to register the Notes under the Securities Act or any other securities or "Blue Sky" laws or to take any other action not otherwise required under this Indenture to permit the transfer of any Note without registration.

(c) No transfer of any Note or any interest therein (including, without limitation, by pledge or hypothecation) shall be made except in compliance with the restrictions on transfer set forth in this Section 2.6 (including the applicable legend to be set forth on the face of each Note as provided in Exhibit A to this Indenture) and in Section 2.12 and Section 2.13 in a transaction exempt from the registration requirements of the Securities Act and applicable state securities or "Blue Sky" laws (i) to a person (A) that the transferor reasonably believes is a "qualified institutional buyer" (a "QIB") within the meaning thereof in Rule 144A under the Securities Act ("Rule 144A") in the form of beneficial interests in the Rule 144A Global Note, and (B) that is aware that the resale or other transfer is being made in reliance on Rule 144A or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in the form of beneficial interests in the applicable Regulation S Global Note.

(d) Each Note Owner, by its acceptance of its beneficial interest in a Note, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(i) It understands and acknowledges that the Notes will be offered and may be resold by each Initial Purchaser (A) in the United States to QIBs pursuant to Rule 144A in the form of beneficial interests in the Rule 144A Global Note or (B) outside the United States to non U.S. Persons pursuant to Regulation S under the Securities Act, initially in the form of beneficial interests in the Temporary Regulation S Global Note. As set forth in Section 2.13, beneficial interests in the Temporary Regulation S Global Note may be exchanged for beneficial interests in the Permanent Regulation S Global Note.

(ii) It understands that the Notes have not been and will not be registered under the Securities Act or any state or other applicable securities law and that the Notes, or any interest or participation therein, may not be offered, sold, pledged or otherwise transferred unless registered pursuant to, or exempt from registration under, the Securities Act and any state or other applicable securities law.

(iii) It acknowledges that none of the Issuer or the Initial Purchasers or any person representing the Issuer or the Initial Purchasers has made any representation to it with respect to the Issuer or the offering or sale of any Notes, other than the information contained in the Offering Circular, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning the Issuer, the Depositor, the Insurer and the Notes as it has deemed necessary in connection with its decision to purchase the Notes.

(iv) It acknowledges that the Notes will bear a legend to the following effect unless the Issuer determines otherwise, consistent with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE, OR ANY INTEREST OR PARTICIPATION HEREIN, MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) TO THE ISSUER, (2) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A "QIB") PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, OR (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES

ACT. EACH NOTE OWNER BY ACCEPTING A BENEFICIAL INTEREST IN THIS NOTE, UNLESS SUCH PERSON ACQUIRED THIS NOTE IN A TRANSFER DESCRIBED IN CLAUSE (3) ABOVE, IS DEEMED TO REPRESENT THAT IT IS EITHER A QIB PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF ANOTHER QIB.

PRIOR TO PURCHASING ANY NOTES, PURCHASERS SHOULD CONSULT COUNSEL WITH RESPECT TO THE AVAILABILITY AND CONDITIONS OF EXEMPTION FROM THE RESTRICTION ON RESALE OR TRANSFER. THE ISSUER HAS NOT AGREED TO REGISTER THE NOTES UNDER THE SECURITIES ACT, TO QUALIFY THE NOTES UNDER THE SECURITIES LAWS OF ANY STATE OR TO PROVIDE REGISTRATION RIGHTS TO ANY PURCHASER.

AS SET FORTH HEREIN, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF."

(v) If it is acquiring any Note, or any interest or participation therein, as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgments, representations and agreements contained herein on behalf of each such account.

(vi) It (A)(i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A and if it is acquiring such Notes or any interest or participation therein for the account of another QIB, such other QIB is aware that the sale is being made in reliance on Rule 144A and (iii) is acquiring such Notes or any interest or participation therein for its own account or for the account of a QIB, or (B) is not a U.S. person and is purchasing such Notes or any interest or participation therein in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S.

(vii) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirements of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes, or any interest or participation therein as described in the Offering Circular and pursuant to the provisions of this Indenture.

(viii) It agrees that if in the future it should offer, sell or otherwise transfer such Note or any interest or participation therein, it will do so only (A) to the Issuer, (B) pursuant to Rule 144A to a person it reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, purchasing for its own account or for the account of a QIB, whom it has informed that such offer, sale or other transfer is being

made in reliance on Rule 144A or (C) in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act.

(ix) If it is acquiring such Note or any interest or participation therein in an "offshore transaction" (as defined in Regulation S under the Securities Act), it acknowledges that the Notes will initially be represented by the Temporary Regulation S Global Note and that transfers thereof or any interest or participation therein are restricted as set forth in this Indenture. If it is a QIB, it acknowledges that the Notes offered in reliance on Rule 144A will be represented by a Rule 144A Global Note and that transfers thereof or any interest or participation therein are restricted as set forth in this Indenture.

(x) It understands that the Temporary Regulation S Global Note will bear a legend to the following effect unless the Issuer determines otherwise, consistent with applicable law:

"THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED, EXCEPT AS PERMITTED UNDER THE INDENTURE REFERRED TO BELOW. NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL OR INTEREST HEREON UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE INDENTURE REFERRED TO BELOW."

(xi) With respect to any foreign purchaser claiming an exemption from United States income or withholding tax, it has delivered to the Trustee a true and complete Form W-8BEN or W-8ECI, indicating such exemption or any successor or other forms and documentation as may be sufficient under the applicable regulations for claiming such exemption.

(xii) It acknowledges that the Depositor, the Issuer, the Initial Purchasers and others will rely on the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agrees that if any of the foregoing acknowledgments, representations and agreements deemed to have been made by it are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers.

(xiii) It acknowledges that transfers of the Notes or any interest or participation therein shall otherwise be subject in all respects to the restrictions applicable thereto contained in this Indenture.

(xiv) Either (A) it is not (i) an employee benefit plan that is subject to Title I of ERISA, (ii) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code, or (iii) an entity the underlying assets of which are considered to include "plan assets" of, and it is not purchasing the Notes on behalf of, any such plan, account or arrangement; or (B) its purchase, holding and subsequent disposition of the Notes either (i) will not constitute or result in a prohibited transaction under ERISA or

Section 4975 of the Code or (ii) it is entitled to exemptive relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code in accordance with one or more available statutory, class or individual prohibited transaction exemptions. It will not transfer the Notes to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants as presented in this clause (xiv).

Any transfer, resale, pledge or other transfer of the Notes contrary to the restrictions set forth above and elsewhere in this Indenture shall be deemed void ab initio by the Trustee. As used in this Section 2.6, the terms "United States" and "U.S. persons" have the respective meanings given them in Regulation S under the Securities Act.

(e) It understands and acknowledges that the Issuer has structured this Indenture and the Notes with the intention that the Notes will qualify under applicable tax law as indebtedness of the Issuer, and the Issuer and each Noteholder by acceptance of its Note agree to treat the Notes (or interests therein) as indebtedness for purposes of federal, state, local and foreign income or franchise taxes or any other applicable tax.

(f) Notwithstanding anything to the contrary contained herein, each Note and this Indenture may be amended or supplemented to modify the restrictions on and procedures for resale and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resale or transfer of restricted securities generally (provided, however, that no such amendment or supplement shall in any way impact the Interest Rate Swap). Each Noteholder shall, by its acceptance of such Note, have agreed to any such amendment or supplement.

Section 2.7 Mutilated, Destroyed, Lost or Stolen Notes. 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) in the case of a destroyed, lost or stolen Note, there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Trustee that such Note has been acquired by a protected purchaser, and provided that the requirements of Section 8-405 of the UCC are met, the Issuer 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 twenty (20) days shall become due and payable, or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable or upon the redemption date 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 of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer 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,

claim, liability, cost or expense incurred by the Issuer or the Trustee, its agents and/or counsel, in connection therewith.

Upon the issuance of any replacement Note under this Section 2.7, the Issuer 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 fees and expenses of the Trustee, its agents and/or counsel) connected therewith.

Except as set forth in the first paragraph of this Section 2.7, every replacement Note issued pursuant to this Section 2.7 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.7 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 2.8 Persons Deemed Owner. Prior to due presentment for registration of transfer of any Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name any Note is registered (as of the day of determination) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 2.9 Payment of Principal and Interest; Defaulted Interest.

(a) The Notes of each Class shall accrue interest from and including the Closing Date at the Note Interest Rate for that Class. Interest on the Class A-1 Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Class A-2 Notes will be calculated on the basis of a 360-day year and the actual number of days that elapsed during the related Interest Accrual Period. Interest shall be due and payable on June 21, 2004 and each Payment Date thereafter until all principal amounts on the Notes have been repaid. The amount of interest due and payable on the Notes with respect to each Payment Date shall be an amount equal to the Accrued Interest with respect to such Payment Date. Any installment of interest or principal, if any, or any other amount, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered on the Record Date, by check mailed first-class, postage prepaid to such Person's address as it appears on the Note Register on such Record Date, (i) except that with respect to Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee, and (ii) except for (A) the final installment of principal payable with respect to such Note on a Payment Date and (B) the redemption price for any Note called for redemption pursuant to Section 2.18, in each case which shall be payable as provided below; provided,

however, that the Insurer will be subrogated to the rights of each Noteholder to receive payments of principal and interest, as applicable, with respect to distributions on the Notes to the extent of any payment by the Insurer under the Insurance Policy and the Insurer will be reimbursed therefor, together with interest thereon as provided in the Insurance Agreement, in accordance with Sections 3.1 and 11.7.

(b) To the extent of Available Funds, principal shall be due and payable on the Notes as provided in Section 3.1(a) or if a Rapid Amortization Event has occurred and is continuing as provided in Section 3.1(b), and the principal amount of the Notes to the extent not previously paid, shall be due and payable on the Rated Final Maturity Date. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable, if not previously paid, on the date on which an Event of Default described in Section 11.1 shall have occurred and be continuing, if the Notes have been declared to be immediately due and payable as provided in Section 11.1. Principal payments on the Notes shall be made pro rata to the Noteholders entitled thereto. The Insurer will be subrogated to the rights of each Noteholder to receive payments of principal with respect to distributions on the Notes to the extent of any payment by the Insurer under the Insurance Policy and the Insurer will be reimbursed therefor, together with interest thereon as provided in the Insurance Agreement, in accordance with Sections 3.1 and 11.7.

Notices in connection with redemptions of Notes shall be mailed or sent by facsimile to Noteholders, the Insurer and the Swap Counterparty as provided in Section 15.5.

(c) If the Issuer defaults in a payment of interest on the Notes when such interest becomes due and payable on any Payment Date, the Issuer shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) at the applicable Note Interest Rate in any lawful manner. Unless the interest shall have been paid by the Insurer, the Issuer may pay such defaulted interest to the persons who are Noteholders on a subsequent special record date, which date shall be fixed or caused to be fixed by the Issuer and shall be at least three Business Days prior to the payment date. The Issuer shall fix or cause to be fixed any such payment date, and, prior to the third Business Day prior to any such special record date, the Issuer shall mail or transmit by facsimile to each Noteholder, the Insurer and the Swap Counterparty a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

(d) Holders of a beneficial interest in Notes sold in reliance on Regulation S as Temporary Regulation S Global Notes are prohibited from receiving payments or from exchanging beneficial interests in such Temporary Regulation S Global Notes for Permanent Regulation S Global Notes until the later of (i) the expiration of the Distribution Compliance Period (the "Exchange Date") and (ii) the furnishing of a certificate, substantially in the form of Exhibit C attached hereto, certifying that the beneficial owner of the Temporary Regulation S Global Note is a non-U.S. person (a "Regulation S Certificate") as provided in Section 2.12.

Section 2.10 Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall, following its receipt thereof, be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall, following its receipt thereof, be promptly canceled by the Trustee. No

Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 2.10, except as expressly permitted by this Indenture. All canceled Notes shall be returned to the Issuer.

Section 2.11 Global Notes. The Notes, upon original issuance, will be issued in global form (i) to QIBs in transactions exempt from the registration requirements of the Securities Act in reliance on Rule 144A, as a single note in fully registered form, without interest coupons (the "Rule 144A Global Note"), authenticated and delivered in substantially the forms attached hereto included in Exhibit A and/or (ii) as a single note in "offshore transactions" (within the meaning of Regulation S), in fully registered form, without interest coupons (the "Temporary Regulation S Global Note"), authenticated and delivered in substantially the forms attached hereto included in Exhibit A. Such Notes shall be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Issuer and shall initially be registered on the Note Register in the name of Cede & Co., the nominee of the initial Clearing Agency, and no Note Owner will receive a Definitive Note representing such Note Owner's interest in such Note, except as provided in Section 2.15. Unless and until definitive, fully registered Notes (the "Definitive Notes") have been issued to Note Owners pursuant to Section 2.15:

(i) the provisions of this Section 2.11 shall be in full force and effect;

(ii) the Note Registrar and the Trustee shall be entitled to deal with the Clearing Agency for all purposes of this Indenture (including the payment of principal of and interest on the Notes and the giving of instructions or directions hereunder) as the sole holder of the Notes (except to the extent that the Insurer is entitled to such payments), and shall have no obligation to the Note Owners;

(iii) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;

(iv) the rights of Note Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Note Owners and the Clearing Agency and/or the Clearing Agency Participants in accordance with the Depository Agreement. Unless and until Definitive Notes are issued pursuant to Section 2.15, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit payments of principal of and interest on the Notes to such Clearing Agency Participants;

(v) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the Aggregate Principal Amount of the Notes, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Note Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the Aggregate Principal Amount of the Notes and has delivered such instructions to the Trustee; and

(vi) the Notes may not be transferred as a whole except by the Clearing Agency to a nominee of the Clearing Agency or by a nominee of the Clearing Agency to the

Clearing Agency or another nominee of the Clearing Agency or by the Clearing Agency or any such nominee to a successor Clearing Agency or a nominee of such successor Clearing Agency.

Section 2.12 Regulation S Global Notes.

(a) Notes issued in reliance on Regulation S under the Securities Act will initially be in the form of a Temporary Regulation S Global Note. Any beneficial interest in a Note evidenced by the Temporary Regulation S Global Note is exchangeable for a beneficial interest in a Note in fully registered, global form, without interest coupons, authenticated and delivered in substantially the form with respect to each Class attached hereto in Exhibit A (the "Permanent Regulation S Global Note"), upon the later of (i) the Exchange Date and (ii) the furnishing of a Regulation S Certificate.

(b) (i) On or prior to the Exchange Date, each owner of a beneficial interest in a Temporary Regulation S Global Note shall deliver to Euroclear or Clearstream (as applicable) a Regulation S Certificate; provided, however, that any owner of a beneficial interest in a Temporary Regulation S Global Note on the Exchange Date or on any Payment Date that has previously delivered a Regulation S Certificate hereunder shall not be required to deliver any subsequent Regulation S Certificate (unless the certificate previously delivered is no longer true as of such subsequent date, in which case such owner shall promptly notify Euroclear or Clearstream, as applicable, thereof and shall deliver an updated Regulation S Certificate). Euroclear and/or Clearstream, as applicable, shall deliver to the Paying Agent or the Trustee a certificate substantially in the form of Exhibit C (a "Non-U.S. Certificate") attached hereto promptly upon the receipt of each such Regulation S Certificate, and no such owner (or transferee from such owner) shall be entitled to receive a beneficial interest in a Permanent Regulation S Global Note or any payment of or principal of interest on or any other payment with respect to its beneficial interest in a Temporary Regulation S Global Note prior to the Paying Agent or the Trustee receiving such Non-U.S. Certificate from Euroclear or Clearstream with respect to the portion of the Temporary Regulation S Global Note owned by such owner (and, with respect to a beneficial interest in the Permanent Regulation S Global Note, prior to the Exchange Date).

(c) Any payments of principal of, interest on or any other payment on a Temporary Regulation S Global Note received by Euroclear or Clearstream with respect to any portion of such Regulation S Global Note owned by a Note Owner that has not delivered the Regulation S Certificate required by this Section 2.12 shall be held by Euroclear and Clearstream solely as agents for the Paying Agent and the Trustee. Euroclear and Clearstream shall remit such payments to the applicable Note Owner (or to a Euroclear or Clearstream member on behalf of such Note Owner) only after Euroclear or Clearstream has received the requisite Regulation S Certificate. Until the Paying Agent or the Trustee has received a Non-U.S. Certificate from Euroclear or Clearstream, as applicable, that it has received the requisite Regulation S Certificate with respect to the ownership of a beneficial interest in any portion of a Temporary Regulation S Global Note, the Paying Agent or the Trustee may revoke the right of Euroclear or Clearstream, as applicable, to hold any payments made with respect to such portion of such Temporary Regulation S Global Note. If the Paying Agent or the Trustee exercises its right of revocation pursuant to the immediately preceding sentence, Euroclear or Clearstream, as applicable, shall return such payments to the Paying Agent or the Trustee and the Trustee shall hold such

payments in the Collection Account until Euroclear or Clearstream, as applicable, has provided the necessary Non-U.S. Certificates to the Paying Agent or the Trustee (at which time the Paying Agent shall forward such payments to Euroclear or Clearstream, as applicable, to be remitted to the Note Owner that is entitled thereto on the records of Euroclear or Clearstream (or on the records of their respective members)).

Each Note Owner with respect to a Temporary Regulation S Global Note shall exchange its beneficial interest therein for a beneficial interest in a Permanent Regulation S Global Note on or after the Exchange Date upon furnishing to Euroclear or Clearstream (as applicable) the Regulation S Certificate and upon receipt by the Paying Agent or the Trustee, as applicable, of the Non-U.S. Certificate thereof from Euroclear or Clearstream, as applicable, in each case pursuant to the terms of this Section 2.12. On and after the Exchange Date, upon receipt by the Paying Agent or the Trustee of any Non-U.S. Certificate from Euroclear or Clearstream described in the immediately preceding sentence (i) with respect to the first such certification, the Issuer shall execute, upon receipt of an order to authenticate, and the Trustee shall authenticate and deliver to the Clearing Agency Custodian the applicable Permanent Regulation S Global Note and (ii) with respect to the first and all subsequent certifications, the Clearing Agency Custodian shall exchange on behalf of the applicable owners the portion of the applicable Temporary Regulation S Global Note covered by such certification for a comparable portion of the applicable Permanent Regulation S Global Note. Upon any exchange of a portion of a Temporary Regulation S Global Note for a comparable portion of a Permanent Regulation S Global Note, the Clearing Agency Custodian shall endorse on the schedules affixed to each such Regulation S Global Note (or on continuations of such schedules affixed to each such Regulation S Global Note and made parts thereof) appropriate notations evidencing the date of transfer and (x) with respect to the Temporary Regulation S Global Note, a decrease in the principal amount thereof equal to the amount covered by the applicable certification and (y) with respect to the Permanent Regulation S Global Note, an increase in the principal amount thereof equal to the principal amount of the decrease in the Temporary Regulation S Global Note pursuant to clause (x) above.

Section 2.13 Special Transfer Provisions.

(a) If a holder of a beneficial interest in the Rule 144A Global Note wishes at any time to exchange its beneficial interest in the Rule 144A Global Note for a beneficial interest in the Regulation S Global Note, or to transfer a beneficial interest in the Rule 144A Global Note to a person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S Global Note, such holder may, subject to the rules and procedures of the Clearing Agency and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of the beneficial interest for an equivalent beneficial interest in the Regulation S Global Note. Upon receipt by the Trustee of (1) instructions given in accordance with the Clearing Agency's procedures from or on behalf of a Note Owner of the Rule 144A Global Note, directing the Trustee (via the Clearing Agency's Deposit/Withdrawal of Custodian System ("DWAC")), as transfer agent, to credit or cause to be credited a beneficial interest in the Regulation S Global Note in an amount equal to the beneficial interest in the Rule 144A Global Note to be exchanged or transferred, (2) a written order in accordance with the Clearing Agency's procedures containing information regarding the Euroclear or Clearstream account to be credited with such increase and the name of such account, and (3) a certificate given by such

Note Owner stating that the exchange or transfer of such beneficial interest has been made pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Clearing Agency (via DWAC), its nominee, or the custodian for the Clearing Agency, as the case may be, to reduce or reflect on its records a reduction of the Rule 144A Global Note by the aggregate principal amount of the beneficial interest in the Rule 144A Global Note to be so exchanged or transferred from the relevant participant, and the Trustee, as transfer agent, shall promptly deliver appropriate instructions (via DWAC) to the Clearing Agency, its nominee, or the custodian for the Clearing Agency, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Regulation S Global Note by the aggregate principal amount of the beneficial interest in the Rule 144A Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions (who may be Euroclear Bank S.A./N.V., as operator of Euroclear or Clearstream or another agent member of Euroclear, or Clearstream, or both, as the case may be, acting for and on behalf of them) a beneficial interest in such Regulation S Global Note equal to the reduction in the principal amount of the Rule 144A Global Note. Notwithstanding anything to the contrary, the Trustee may conclusively rely upon the completed schedule set forth in the certificate evidencing the Notes.

(b) If a holder of a beneficial interest in the Regulation S Global Note wishes at any time to exchange its beneficial interest in the Regulation S Global Note for a beneficial interest in the Rule 144A Global Note, or to transfer a beneficial interest in the Regulation S Global Note to a person who wishes to take delivery thereof in the form of beneficial interest in the Rule 144A Global Note, such holder may, subject to the rules and procedures of Euroclear or Clearstream and the Clearing Agency, as the case may be, and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such beneficial interest for an equivalent beneficial interest in the Rule 144A Global Note. Upon receipt by the Trustee, as transfer agent of (1) instructions given in accordance with the procedures of Euroclear or Clearstream and the Clearing Agency, as the case may be, from or on behalf of a Note Owner of the Regulation S Global Note directing the Trustee, as transfer agent, to credit or cause to be credited a beneficial interest in the Rule 144A Global Note in an amount equal to the beneficial interest in the Regulation S Global Note to be exchanged or transferred, (2) a written order given in accordance with the procedures of Euroclear or Clearstream and the Clearing Agency, as the case may be, containing information regarding the account with the Clearing Agency to be credited with such increase and the name of such account, and (3) prior to the expiration of the Distribution Compliance Period, a certificate given by such Note Owner stating that the person transferring such beneficial interest in such Regulation S Global Note reasonably believes that the person acquiring such beneficial interest in the Rule 144A Global Note is a QIB and is obtaining such beneficial interest for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act and any applicable securities laws of any state of the United States or any other jurisdiction, the Trustee, as transfer agent, shall promptly deliver (via DWAC) appropriate instructions to the Clearing Agency, its nominee, or the custodian for the Clearing Agency, as the case may be, to reduce or reflect on its records a reduction of the Regulation S Global Note by the aggregate principal amount of the beneficial interest in such Regulation S Global Note to be exchanged or transferred, and the Trustee, as transfer agent, shall promptly deliver (via DWAC) appropriate instructions to the Clearing Agency, its nominee, or the custodian for the Clearing Agency, as the

case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of the Rule 144A Global Note by the aggregate principal amount of the beneficial interest in the Regulation S Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Rule 144A Global Note equal to the reduction in the principal amount of the Regulation S Global Note. After the expiration of the Distribution Compliance Period, the certification requirement set forth in clause (3) of the second sentence of this subsection 2.13(b) will no longer apply to such exchanges and transfers. Notwithstanding anything to the contrary, the Trustee may conclusively rely upon the completed schedule set forth in the certificate evidencing the Notes.

(c) Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such a beneficial interest.

(d) Until the later of the Exchange Date and the provision of the certifications required by Section 2.9(d), beneficial interests in a Regulation S Global Note may only be held through Euroclear Bank S.A./N.V., as operator of Euroclear or Clearstream or another agent member of Euroclear and Clearstream acting for and on behalf of them. During the Distribution Compliance Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only in accordance with the certification requirements described above.

Section 2.14 Notices to Clearing Agency. Whenever a notice or other communication to the Holders of the Notes is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.15, the Trustee shall give all such notices and communications specified herein to be given to Holders of the Notes to the Clearing Agency, and shall have no obligation to the Note Owners.

Section 2.15 Definitive Notes. If (i) the Issuer advises the Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Notes, and the Issuer is unable to locate a qualified successor, or (ii) the Issuer, at its option advises the Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency, or (iii) after the occurrence of an Event of Default or a Servicer Default, Note Owners of beneficial interests aggregating a majority of the Aggregate Principal Amount of the Notes advise the Issuer and the Clearing Agency in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Note Owners, then the Clearing Agency shall notify all Note Owners and the Trustee of the occurrence of any such event and of the availability of Definitive Notes to Note Owners. Upon surrender to the Trustee of the typewritten Note or Notes representing the Global Notes by the Clearing Agency, accompanied by registration instructions, the Issuer shall execute and the Trustee shall authenticate the Definitive Notes in accordance with the instructions of the Clearing Agency. None of the Issuer, the Note Registrar or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such

instructions. Upon the issuance of Definitive Notes to Note Owners, the Trustee shall recognize the Holders of such Definitive Notes as Noteholders.

Section 2.16 Payments on the Notes.

(a) Subject to the availability of funds and to the Priority of Payments, the Notes will provide for (i) the payment of Accrued Interest on each Payment Date through the Rated Final Maturity Date and (ii) (A) absent the occurrence and continuation of a Rapid Amortization Event, the payment of the Principal Distribution Amount on each Payment Date until the earlier of the date on which all Notes are paid in full or the Rated Final Maturity Date or (B) if a Rapid Amortization Event has occurred and is continuing, the payment of all Available Funds remaining after the application of clause "EIGHTH" in subsection 3.1(a) in respect of principal until the earlier of the date on which all Notes are paid in full or the Rated Final Maturity Date. All outstanding principal of the Notes will be due and payable (unless paid on an earlier date) on the Rated Final Maturity Date.

(b) Interest and principal payable in respect of the Notes of any Class on any Payment Date shall be paid to the Holders of the Notes of such Class as of the related Record Date; provided, however, that the Insurer will be subrogated to the rights of each Noteholder to receive payments of principal and interest, as applicable, with respect to distributions on the Notes to the extent of any payment by the Insurer under the Insurance Policy and the Insurer will be reimbursed therefor, together with interest thereon as provided in the Insurance Agreement in accordance with Sections 3.1 and 11.7.

(c) All reductions in the principal amount of a Note (or one or more predecessor Notes) effected by payments of installments of principal made on any Payment Date shall be binding upon all future Holders of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Note; provided, however, that any installment of principal that (i) is subsequently rescinded or recaptured or (ii) is paid by the Insurer as a result of a draw under the Insurance Policy shall not be considered paid by the Issuer.

(d) Notwithstanding any other provision of this Indenture, principal of, interest on and all other amounts payable on or in respect of the Notes will constitute limited recourse obligations of the Issuer secured by, and payable from and to the extent of available proceeds of, the Collateral and any amounts paid by the Insurer pursuant to claims made under the Insurance Policy. The Holders of the Notes shall have recourse to the Issuer only to the extent of the Collateral, and following realization of the Collateral and all amounts available to the Trustee under the Insurance Policy, any claims of the Holders of the Notes shall be extinguished and shall not revive thereafter. Neither the Issuer, nor any of its respective agents, members, partners, beneficiaries, officers, directors, employees or any Affiliate of any of them or any of their respective successors or assigns or any other Person or entity shall be personally liable for any amounts payable, or performance due, under the Notes or this Indenture. It is understood that the foregoing provisions of this paragraph shall not (i) prevent recourse to the Collateral for the sums due or to become due under any security, instrument or agreement which is secured by the Collateral, or (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes or secured by this Indenture until such Collateral has been realized

whereupon any outstanding indebtedness or obligation shall be extinguished. It is further understood that the foregoing provisions of this paragraph shall not limit the right of any Person to name the Issuer as party defendant in any action, suit or in the exercise of any other remedy under the Notes or in this Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced against the Issuer.

(e) For so long as any of the Notes are listed on the Luxembourg Stock Exchange or any other stock exchange, to the extent required by the rules of such exchange, the Issuer or, upon Issuer Order, the Trustee, in the name and at the expense of the Issuer, shall notify such stock exchange in the event that the Notes do not receive scheduled payments of principal or interest on any Payment Date and the Servicer at the expense of the Issuer will arrange for publication of such information in a daily newspaper in Luxembourg or as otherwise required by such stock exchange.

Section 2.17 [Reserved].

Section 2.18 Clean-Up Call. The Notes are subject to redemption by the Issuer on any Payment Date on or after the date on which the Aggregate Loan Balance as of the end of the related Due Period is 10% or less of the Aggregate Loan Balance as of the Cut-Off Date. The redemption price will be equal to the Aggregate Principal Amount plus accrued and unpaid interest to the date of redemption; provided that any Termination Payments due to the Swap Counterparty under the Interest Rate Swap plus all amounts then due and owing to the Insurer under the Insurance Agreement will be required to be paid concurrently with or prior to any such redemption.

At any time after the Issuer has delivered notice of an optional redemption, the Issuer will deposit or cause to be deposited funds into the Collection Account sufficient to pay all principal and interest due or to become due on the Notes in connection with such redemption, plus related costs and expenses incurred or to be incurred by the Trustee, plus all amounts then due and owing to the Insurer under the Insurance Agreement. Upon the payment of the Notes and all interest thereon and upon payment of all amounts due to the Swap Counterparty and the Insurer, and at the written direction of the Issuer, the Collateral Agent will release its lien on the Collateral. The Trustee will invest the funds in the Collection Account in specific investments pursuant to this Indenture and will apply such funds deposited into the Collection Account and earnings on such funds to the payment in full of all principal and interest due on the Notes and amounts owing to the Swap Counterparty and the Insurer.

Section 2.19 Authentication Agent.

(a) The Trustee may appoint one or more Authentication Agents with respect to the Notes which shall be authorized to act on behalf of the Trustee in authenticating the Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Indenture to the authentication of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Trustee by an Authentication Agent and a certificate of

authentication executed on behalf of the Trustee by an Authentication Agent. Each Authentication Agent must be acceptable to the Issuer and the Servicer.

(b) Any institution succeeding to the corporate agency business of an Authentication Agent shall continue to be an Authentication Agent without the execution or filing of any paper or any further act on the part of the Trustee or such Authentication Agent.

(c) An Authentication Agent may at any time resign by giving notice of resignation to the Trustee, the Swap Counterparty and to the Issuer. The Trustee may at any time terminate the agency of an Authentication Agent by giving notice of termination to such Authentication Agent and to the Issuer, the Insurer, the Swap Counterparty and the Servicer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an Authentication Agent shall cease to be acceptable to the Trustee or the Issuer, the Trustee may promptly appoint a successor Authentication Agent. Any successor Authentication Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authentication Agent. No successor Authentication Agent shall be appointed unless acceptable to the Issuer and the Servicer.

(d) The Issuer agrees to pay to each Authentication Agent from time to time reasonable compensation for its services under this Section 2.19.

(e) The provisions of Sections 13.1 and 13.3 shall be applicable to any Authentication Agent.

(f) Pursuant to an appointment made under this Section 2.19, the Notes may have endorsed thereon, in lieu of or in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in substantially the following form:

"This is one of the Notes described in the within-mentioned Agreement.

_____

_____
as Authentication Agent
for the Trustee

By: _____
Authorized Signatory"

Section 2.20 Appointment of Paying Agent. The Paying Agent shall make payments to Noteholders from the Collection Account or other applicable Account pursuant to the provisions of this Indenture and shall report the amounts of such distributions to the Issuer. Any Paying Agent shall have the revocable power to withdraw funds from the Collection Account or other applicable Account for the purpose of making the distributions referred to above. The Issuer (with the prior written consent of the Insurer) may revoke such power and remove the Paying

Agent if the Issuer determines in its sole discretion that the Paying Agent shall have failed to perform its obligations under this Indenture in any material respect. The Issuer (with the prior written consent of the Insurer) reserves the right at any time to vary or terminate the appointment of a Paying Agent for the Notes, and to appoint additional or other Paying Agents, provided that it will at all times maintain the Trustee as a Paying Agent. In the event that any Paying Agent shall resign, the Issuer (with the prior written consent of the Insurer) may appoint a successor to act as Paying Agent. Any reference in this Indenture to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

Section 2.21 Confidentiality. The Trustee and the Collateral Agent hereby agree not to disclose to any Person any name or address of any Obligor under any Pledged Loan or other information contained in the Loan Schedule or the data transmitted to the Trustee or the Collateral Agent hereunder, except (i) as may be required by law, rule, regulation or order applicable to it or in response to any subpoena or other valid legal process, (ii) as may be necessary in connection with any request of any federal or state regulatory authority having jurisdiction over it or the National Association of Insurance Commissioners, (iii) in connection with the performance of its duties hereunder, (iv) to a Successor Servicer appointed pursuant to Section 12.2, (v) in enforcing the rights of Noteholders and (vi) as requested by any Person in connection with the financing statements filed pursuant to the Transaction Documents. The Trustee and the Collateral Agent hereby agree to take such measures as shall be reasonably requested by the Issuer of it to protect and maintain the security and confidentiality of such information. The Trustee and the Collateral Agent shall use reasonable efforts to provide the Issuer with written notice five days prior to any disclosure pursuant to this Section 2.21.

Nothing in the foregoing paragraph should, however, be construed to limit the ability of the Trustee, the Insurer and the Collateral Agent (and their respective Affiliates, employees, officers, directors, agents and advisors) to disclose to any and all Persons, without limitation of any kind, the tax structure and tax treatment (as such terms are used in sections 6011, 6111, and 6112 of the Code and the regulations promulgated thereunder) of the Notes, and all materials of any kind (including opinions or other tax analyses) that have been provided to the Trustee, the Insurer or the Collateral Agent related to such tax structure and tax treatment. In this regard, the Trustee, the Insurer and the Collateral Agent acknowledge and agree that disclosure of the tax structure or tax treatment of the Notes is not limited in any way by an express or implied understanding or agreement, oral or written (whether or not such understanding or agreement is legally binding). Furthermore, the Trustee, the Insurer and the Collateral Agent acknowledge and agree that they do not know or have reason to know that the use or disclosure of information relating to the tax structure or tax treatment of the Notes is limited in any other manner (such as where the Notes are claimed to be proprietary or exclusive) for the benefit of any other Person. Neither the Trustee nor the Collateral Agent shall be permitted to disclose the tax structure and tax treatment of the Notes to the extent that such disclosure would constitute a violation of federal or state securities laws.

Section 2.22 144A Information. So long as the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Holder of Notes, the Issuer shall promptly furnish or cause to be furnished to such Holder and to a prospective purchaser of such Note designated by such Holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the

Notes in accordance with the terms hereof (such information being contemplated to consist of a copy of the Offering Circular together with all Monthly Servicing Reports delivered to the Issuer since the Closing Date).

ARTICLE III

PAYMENTS, SECURITY AND ALLOCATIONS

Section 3.1 Priority of Payments, Rapid Amortization.

(a) The Trustee shall apply, based on written instruction to the Trustee from the Servicer, on each Payment Date, (i) Available Funds for that Payment Date on deposit in the Collection Account, (ii) pursuant to Section 3.5(b), the Reserve Account Draw Amount, if any, for that Payment Date and (iii) proceeds of any claims on the Insurance Policy to make the following payments and in the following order of priority (provided that claims on the Insurance Policy shall be used solely to pay interest and principal on the Notes):

FIRST, to the Trustee the Monthly Trustee Fees and expenses of the Trustee which relate to the Notes to the extent not paid by the Servicer, plus accrued and unpaid Monthly Trustee Fees and expenses for prior Payment Dates; provided, however, that (i) any payments to the Trustee as reimbursement for expenses of the Trustee related to the transfer of servicing to a successor servicer and payable in priority FIRST will be limited to payments of $100,000 per calendar quarter and $340,000 in the aggregate, and (ii) payments to the Trustee as reimbursement for any other expenses of the Trustee will be limited to $10,000 per calendar year as long as no Event of Default relating to a default in the payment of interest or principal on the Notes has occurred, and the Notes have not been accelerated, or the Collateral sold, pursuant to this Indenture;

SECOND, to the Servicer, the Monthly Servicer Fee plus any unreimbursed Servicer Advances made in respect of any prior Payment Dates, plus any accrued and unpaid Monthly Servicer Fees;

THIRD, to the Swap Counterparty, the Net Swap Payment, if any;

FOURTH, to the extent not paid by the Servicer, to the Custodian the Monthly Custodian Fee, plus any accrued and unpaid Monthly Custodian Fees for prior Payment Dates, not to exceed an amount on such Payment Date equal to one-twelfth of 0.06% of the Aggregate Loan Balance as of the beginning of the related Due Period;

FIFTH, to the extent not paid by the Servicer, to the Collateral Agent, the Monthly Collateral Agent Fee, plus any accrued and unpaid Monthly Collateral Agent Fees for prior Payment Dates;

SIXTH, as long as no Insurer Default has occurred and is continuing, to the Insurer, any accrued and unpaid Insurer Premium;

SEVENTH, to the holders of the Class A-1 Notes, Accrued Interest on the Class A-1 Notes, and to the holders of the Class A-2

Notes, Accrued Interest on the Class A-2 Notes; to the extent that there are insufficient funds to pay both such amounts in full, such amounts shall be paid pro rata in proportion to their respective Class Percentages;

EIGHTH, to the Insurer, any Reimbursement Amounts then due and owing to the Insurer;

NINTH, (A) if no Rapid Amortization Event has occurred and is continuing, (i) first, to the Noteholders, the Principal Distribution Amount, allocated among the Classes pro rata based on their respective Class Percentages and (ii) second, to the Swap Counterparty, the unpaid Senior Priority Swap Termination Amount, if any; otherwise (B) if a Rapid Amortization Event has occurred and is continuing, all remaining Available Funds will be paid to the Noteholders and the Swap Counterparty according to subsection 3.1(b);

TENTH, to the Noteholders of each Class, the Extra Principal Distribution Amount, pro rata in proportion to their respective Class Percentages;

ELEVENTH, if the amount on deposit in the Reserve Account is less than the Reserve Required Amount, to the Reserve Account the remaining amount of Available Funds to the extent needed to increase the amount on deposit in the Reserve Account to the Reserve Required Amount;

TWELFTH, (i) first, to the Insurer, any other amounts due to the Insurer pursuant to the Insurance Agreement and (ii) second, to the Trustee, any other amounts due to the Trustee under this Indenture;

THIRTEENTH, to the Swap Counterparty, any amounts owing to the Swap Counterparty in respect of a termination of the Interest Rate Swap not paid pursuant to clause NINTH, above; and

FOURTEENTH, to the Issuer, any remaining Available Funds free and clear of the lien of this Indenture.

(b) Rapid Amortization. If a Rapid Amortization Event occurs and is continuing, on each Payment Date all Available Funds remaining after application of clause "EIGHTH" in subsection (a) above shall be applied to pay principal of the Notes and the Senior Priority Swap Termination Amount, if any, as follows: (i) to the holders of the Class A-1 Notes the lesser of (a) the amount allocated to the Class A-1 Notes when all Available Funds are allocated pro rata between the Class A-1 Notes and the Class A-2 Notes in proportion to their respective Class Percentages and (b) the Principal Amount of the Class A-1 Notes and (ii) to the holders of the Class A-2 Notes and the Swap Counterparty, the amount allocated to the Class A-2 Notes when all Available Funds are allocated pro rata between the Class A-1 Notes and the Class A-2 Notes in proportion to their respective Class Percentages, pro rata between the Class A-2 Notes and the Swap Counterparty in proportion to the Principal Amount of the Class A-2 Notes and the unpaid Senior Priority Swap Termination Amount, respectively, until such amounts are reduced to zero.

Funds remaining on any Payment Date after making the payments described in the preceding paragraph while a Rapid Amortization Event shall be in effect, shall be applied as provided in provisions TENTH through FOURTEENTH in subsection 3.1(a) above.

(c) Application of Monies Collected During Event of Default. If the Notes have been accelerated following an Event of Default and such acceleration and its consequences have not been rescinded and annulled, and the Trustee has sold the Collateral, the proceeds collected by the Trustee pursuant to Article XI or otherwise with respect to such Notes shall be applied as provided in Section 11.7.

Section 3.2 Information Provided to Trustee. The Servicer shall promptly provide the Trustee in writing with all information necessary to enable the Trustee to make the payments and deposits required pursuant to Section 3.1 as required by Section 8.1 and the Trustee shall be entitled to rely thereon.

Section 3.3 Payments. On each Payment Date, the Trustee, as Paying Agent, shall distribute to the Holders and the other parties entitled thereto the amounts due and payable under this Indenture and the Notes.

Section 3.4 Collection Account.

(a) Collection Account. The Trustee, for the benefit of the Noteholders, the Insurer and the Swap Counterparty, shall establish and maintain in the name of the Trustee, a segregated account designated as the "Cendant Timeshare 2004-1 Receivables Funding, LLC Series 2004-1 Collection Account" bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Noteholders, the Insurer and the Swap Counterparty pursuant to this Indenture. Deposits made into the Collection Account shall be limited to amounts deposited therein on the Closing Date, amounts paid to the Issuer under the terms of the Interest Rate Swap, Collections and other Available Funds and earnings on the Collection Account. If, at any time, the Collection Account ceases to be an Eligible Account, the Trustee (or the Servicer on its behalf) shall within 10 Business Days establish a new Collection Account as an Eligible Account and shall transfer any property in the Collection Account to the new Collection Account. So long as the Trustee is an Eligible Institution, the Collection Account may be maintained with it in an Eligible Account.

(b) Withdrawals. The Trustee shall have the sole and exclusive right to withdraw or order a transfer of funds from the Collection Account, in all events in accordance with the terms and provisions of this Indenture and the information most recently delivered to the Trustee pursuant to Section 8.1; provided, however, that the Trustee shall be authorized to accept and act upon instructions from the Servicer regarding withdrawals or transfers of funds from the Collection Account, in all events in accordance with the provisions of this Indenture and the information most recently delivered pursuant to Sections 3.1 and 8.1. In addition, notwithstanding anything in the foregoing to the contrary, the Trustee shall be authorized to accept instructions from the Servicer on a daily basis regarding withdrawals or order transfers of funds from the Collection Account, to the extent such funds either (i) have been mistakenly deposited into the Collection Account (including without limitation funds representing assessments or dues payable by Obligors to property owners associations or other entities) or

(ii) relate to items subsequently returned for insufficient funds or as a result of stop payments. In the case of any withdrawal or transfer pursuant to the foregoing sentence, the Servicer shall provide the Trustee, the Insurer and the Swap Counterparty with notice of such withdrawal or transfer, together with reasonable supporting details, on the next Monthly Servicing Report to be delivered by the Servicer following the date of such withdrawal or transfer (or in such earlier written notice as may be required by the Trustee from the Servicer from time to time). Notwithstanding anything therein to the contrary, the Trustee shall be entitled to make withdrawals or order transfers of funds from the Collection Account, in the amount of all reasonable and appropriate out-of-pocket costs and expenses incurred by the Trustee in connection with any misdirected funds described in clause (i) and (ii) of the second foregoing sentence. Within two Business Days of receipt, the Servicer shall transfer all Collections and other proceeds of the Collateral processed by the Servicer to the Trustee for deposit into the Collection Account. The Trustee shall deposit or cause to be deposited into the Collection Account upon receipt the Release Price in respect of releases of Pledged Loans by the Issuer. On each Payment Date, the Trustee shall apply amounts in the Collection Account to make the payments and disbursements described in Section 3.1 and this Section 3.4.

(c) Administration of the Collection Account. Funds in the Collection Account shall, at the direction of the Servicer, at all times be invested in Permitted Investments; provided, however, that all Permitted Investments shall mature on or before the next Payment Date, in order to ensure that funds on deposit therein will be available on such Payment Date. Subject to the restrictions set forth in the first sentence of this subsection 3.4(c), the Servicer shall instruct the Trustee in writing regarding the investment of funds on deposit in the Collection Account. All investment earnings on such funds shall be deemed to be available to the Trustee for the uses specified in this Indenture. The Trustee shall be fully protected in following the investment instructions of the Servicer, and shall have no obligation for keeping the funds fully invested at all times or for making any investments other than in accordance with such written investment instructions. If no investment instructions are received from the Servicer, the Trustee is authorized to invest the funds in Permitted Investments described in clause (v) of the definition thereof. In no event shall the Trustee be liable for any investment losses incurred in connection with the investment of funds on deposit in the Collection Account by the Trustee pursuant to this Indenture.

(d) Irrevocable Deposit. Any deposit made into the Collection Account hereunder shall, except as otherwise provided herein, be irrevocable and the amount of such deposit and any money, instrument, investment property or other property on deposit in, carried in or credited to the Collection Account hereunder and all interest thereon shall be held in trust by the Trustee and applied solely as provided herein.

(e) Source. All amounts delivered to the Trustee shall be accompanied by information in reasonable detail and in writing specifying the source and nature of the amounts.

Section 3.5 Reserve Account.

(a) Creation and Funding of the Reserve Account. The Trustee shall establish and maintain in the name of the Trustee, an Eligible Account designated as the “Cendant Timeshare 2004-1 Receivables Funding, LLC Reserve Account” bearing a designation clearly indicating

that the funds deposited therein are held for the benefit of the Noteholders, the Insurer and the Swap Counterparty pursuant to this Indenture. The Reserve Account shall be under the sole dominion and control of the Trustee; however, if so directed by the Servicer, the Reserve Account may be an Eligible Account in the name of the Trustee opened at another Eligible Institution. If, at any time, the Reserve Account ceases to be an Eligible Account, the Trustee (or the Servicer on its behalf) shall within 10 Business Days establish a new Reserve Account as an Eligible Account and shall transfer any property in the Reserve Account to such new Reserve Account. So long as the Trustee is an Eligible Institution, the Reserve Account may be maintained with it in an Eligible Account.

A deposit shall be made to the Reserve Account on the Closing Date in an amount equal to the Reserve Required Amount and, on each Payment Date, deposits shall be made to the Reserve Account to the extent provided in provision ELEVENTH of subsection 3.1(a).

(b) Withdrawals from the Reserve Account. If Available Funds are not sufficient to pay (i) on each Payment Date prior to the Rated Final Maturity Date, those amounts described in provisions FIRST through NINTH(A)(i) of subsection 3.1(a) or (ii) on the Rated Final Maturity Date, those amounts described in provisions FIRST through NINTH(A)(i) of subsection 3.1(a) and all unpaid Principal Amounts on the Notes, the Trustee, at the direction of the Servicer, shall withdraw from the Reserve Account the lesser of the amounts sufficient to make such payments and the balance in the Reserve Account (the "Reserve Account Draw Amount").

(c) Release of Funds from Reserve Account. On each Payment Date, the Trustee shall withdraw all cash on deposit in the Reserve Account in excess of the Reserve Required Amount and deposit such amount in the Collection Account, for application on such Payment Date as Available Funds in accordance with Section 3.1 of this Indenture.

(d) Termination of Reserve Account. Any funds remaining in the Reserve Account after all Notes (including both principal and interest thereon) have been paid in full and in cash and all other obligations of the Issuer under this Indenture and the Notes have been paid in full and in cash shall be remitted by the Trustee to the Issuer free and clear of the lien of this Indenture.

(e) Administration of the Reserve Account. Funds in the Reserve Account shall be invested in Permitted Investments as directed by the Servicer; provided, however, that all Permitted Investments shall mature on or before the next Payment Date. Subject to the restrictions set forth in the first sentence of this subsection (e), the Servicer shall instruct the Trustee in writing regarding the investment of funds on deposit in the Reserve Account. The Trustee shall be fully protected in following the investment instructions of the Servicer, and shall have no obligation for keeping the funds fully invested at all times or for making any investments other than in accordance with such written investment instructions. If no investment instructions are received from the Servicer, the Trustee is authorized to invest the funds in Permitted Investments described in clause (v) of the definition thereof. In no event shall the Trustee be liable for any investment losses incurred in connection with the investment of funds on deposit in the Reserve Account by the Trustee pursuant to this Indenture.

(f) Deposit Irrevocable. Any deposit made into the Reserve Account hereunder shall, except as otherwise provided herein, be irrevocable and the amount of such deposit and any money, instruments, investment property, or other property credited to, carried in, or deposited in the Reserve Account hereunder and all interest thereon shall be held in trust by the Trustee and applied solely as provided herein.

Section 3.6 Interest Rate Swap.

(a) The Issuer shall enter into the Interest Rate Swap, certain terms of which are set forth herein for the convenience of the parties thereto for incorporation therein by reference, with the Swap Counterparty on the Closing Date. The Interest Rate Swap shall have a termination date which is the earlier of May 20, 2016 or when the notional amount thereunder has been reduced to zero, subject to early termination in accordance with the terms of the Interest Rate Swap. The Interest Rate Swap shall have a notional amount for each Interest Accrual Period equal to the Principal Amount of the Class A-2 Notes as of the close of business on the first day of such Interest Accrual Period. Under the Interest Rate Swap, the Issuer shall be the fixed rate payer and shall pay a fixed rate of 3.7465% and the Swap Counterparty shall be the floating rate payer and shall pay a floating rate of LIBOR plus 0.18%. Pursuant to the terms of the Interest Rate Swap, the Swap Counterparty shall pay to the Trustee, on behalf of the Issuer, on each Payment Date, the Net Swap Receipt, if any, plus the amount of any Net Swap Receipt due but not paid with respect to any previous Payment Date. The Trustee shall deposit such Net Swap Receipts, if any, into the Collection Account and shall apply such amounts as Available Funds pursuant to subsection 3.1 of this Indenture. In addition, in accordance with the terms of the Interest Rate Swap, the Issuer shall pay to the Swap Counterparty the Net Swap Payment, if any, for such Payment Date, plus the amount of any Net Swap Payment due but not paid on any previous Payment Date, from amounts available pursuant to provision THIRD of subsection 3.1(a).

(b) Following the termination of the Interest Rate Swap pursuant to the terms thereof, the Swap Counterparty shall pay to the Trustee for the benefit of the Issuer the amount of the Termination Receipt, if any, to be paid by the Swap Counterparty pursuant to the Interest Rate Swap. The Trustee shall, promptly upon receipt of any such Termination Receipt, if any, at the written direction of the Servicer, deposit such Termination Receipt into the Collection Account to be applied as Available Funds.

(c) Following the termination of the Interest Rate Swap pursuant to the terms thereof, the Issuer shall pay to the Swap Counterparty the amount of the Termination Payment, if any, to be made by the Issuer pursuant to the Interest Rate Swap to the extent of funds available therefore under provision NINTH of subsection 3.1(a) or Section 11.7, if applicable, or provision THIRTEENTH of subsection 3.1(a) or provision ELEVENTH of Section 11.7, if applicable, or if a Rapid Amortization Event has occurred and is continuing, as provided in subsection 3.1(b).

(d) The Interest Rate Swap shall provide that if a Ratings Event (as defined below) shall occur and be continuing with respect to the Swap Counterparty, then the Swap Counterparty shall (A) within five Business Days of such Ratings Event, give notice to the Issuer and the Insurer of the occurrence of such Ratings Event, and (B) use reasonable efforts to transfer (at its own cost) the Swap Counterparty's rights and obligations under the Interest Rate

Swap to another party, subject to satisfaction of the Swap Rating Agency Condition solely in respect of the Class A-2 Notes. If a Ratings Event occurs, the Issuer, to the extent it has been notified of such event, shall notify the Trustee, the Insurer and the Servicer. Unless such a transfer by the Swap Counterparty has occurred within 20 Business Days after the occurrence of a Ratings Event, the Issuer shall demand that the Swap Counterparty post Eligible Collateral, as defined in the Interest Rate Swap, to secure the Issuer's exposure or potential exposure to the Swap Counterparty and the Eligible Collateral shall be provided in accordance with a credit support annex as provided in the Interest Rate Swap. The Eligible Collateral to be posted and the credit support annex shall be subject to satisfaction of the Swap Rating Agency Condition solely in respect of the Class A-2 Notes. Valuation and posting of Eligible Collateral shall be made as of each Payment Date or more frequently as provided in the Interest Rate Swap. Notwithstanding the addition of the credit support annex and the posting of Eligible Collateral, the Swap Counterparty shall continue to use reasonable efforts to transfer its rights and obligations under the Interest Rate Swap to an acceptable third party; provided, however, that the Swap Counterparty's obligations to find a transferee and to post Eligible Collateral shall remain in effect only for so long as a Ratings Event is continuing.

(e) The Interest Rate Swap shall provide that a "Ratings Event" will occur with respect to the Swap Counterparty if such party is not rated by at least two of S&P, Moody's and Fitch, or if the long-term and short-term senior unsecured deposit ratings of the Swap Counterparty cease to be at least Aa3 and P-1 by Moody's or are withdrawn by Moody's, or cease to be at least A and A-1 by S&P or at least A and F1 by Fitch, to the extent such obligations are rated by S&P or Moody's or Fitch.

The Interest Rate Swap shall further provide that if the long-term and short-term senior unsecured deposit ratings of the Swap Counterparty cease to be at least A2 and P-1 by Moody's or at least A- and A-1 by S&P, then the Swap Counterparty shall not be entitled to post Eligible Collateral, as defined in the Interest Rate Swap, but rather shall be required to use reasonable efforts to transfer the Swap Counterparty's rights and obligations under the Interest Rate Swap to an eligible transferee.

If the Interest Rate Swap is terminated for any reason and no successor swap is entered into, the Servicer shall solicit bids from three or more prospective replacement swap counterparties for the price of a replacement swap agreement with a notional amount equal to the outstanding principal amount of the Class A-2 Notes. With the consent of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Noteholders of greater than 50% of the Aggregate Principal Amount of the Notes, and in either case upon satisfaction of the Swap Rating Agency Condition solely in respect of the Class A-2 Notes, the Issuer will enter into such replacement swap agreement. If (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Noteholders of greater than 50% of the Aggregate Principal Amount of the Notes does not consent to such replacement swap agreement, or if such Swap Rating Agency Condition is not met, the Issuer will not enter into a replacement swap agreement.

Section 3.7 Custody of Permitted Investments and other Collateral.

The Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Trustee) and the Permitted Investments (other than the Pledged Loans, the related Loan Files, or the related Timeshare Property) as consists of instruments, certificated securities, negotiable documents, money, goods, or tangible chattel paper in the State of New York or the State of North Carolina. The Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Trustee) and the Permitted Investments (other than the Pledged Loans, the related Loan Files, or the related Timeshare Property) as constitutes investment property (other than certificated securities) through a securities intermediary, which securities intermediary shall agree with the Trustee and the Issuer that (I) such investment property shall at all times be credited to a securities account of the Trustee, (II) such securities intermediary shall treat the Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (III) all property credited to such securities account shall be treated as a financial asset, (IV) such securities intermediary shall comply with entitlement orders originated by the Trustee without the further consent of any other person or entity, (V) such securities intermediary will not agree with any person or entity other than the Trustee to comply with entitlement orders originated by any person or entity other than the Trustee, (VI) such securities accounts and the property credited thereto shall not be subject to any lien, security interest, encumbrance, or right of set-off in favor of such securities intermediary or anyone claiming through it (other than the Trustee), (VII) such agreement shall be governed by the laws of the State of New York, and (VIII) the State of New York shall be the "securities intermediary's jurisdiction" of such securities intermediary for purposes of the New York Uniform Commercial Code (the "NYUCC"). The Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Trustee) and the Permitted Investments (other than the Pledged Loans, the related Loan Files, or the related Timeshare Property) as constitutes a deposit account through a bank, which bank shall agree in writing with the Trustee and the Issuer that (i) such bank shall comply with instructions originated by the Trustee directing the disposition of the funds in the deposit account without further consent of any other person or entity, (ii) such bank will not agree with any person or entity other than the Trustee to comply with instructions originated by any person or entity other than the Trustee, (iii) such deposit account and the money deposited therein shall not be subject to any lien, security interest, encumbrance, or right of set-off in favor of such bank or anyone claiming through it (other than the Trustee), (iv) such agreement shall be governed by the laws of the State of New York, and (v) the State of New York shall be the "bank's jurisdiction" of such bank for purposes of Article 9 of the NYUCC. Terms used in this paragraph that are defined in the NYUCC and not otherwise defined herein shall have the meaning set forth in the NYUCC. Except as permitted by this paragraph, the Trustee shall not hold any part of the Collateral (or any other collateral that may be granted to the Trustee) or the Permitted Investments (other than the Pledged Loans, the related Loan Files, or the related Timeshare Property) through an agent or a nominee.

Section 3.8 The Policy.

(a) The Issuer hereby represents that (i) it has obtained the Insurance Policy in the name, and for the benefit and security, of the Trustee, acting on behalf of the Noteholders, (ii) it has entered into the Insurance Agreement which provides for the issuance of the Insurance Policy by the Insurer and (iii) the Insurance Policy permits the Trustee to draw on the Policy

from time to time for the purposes set forth in this Agreement. The Insurer shall not be entitled to reimbursement for any draws, interest or fees with respect to the Insurance Policy, except as specifically provided herein.

(b) Pursuant to the Insurance Policy, (i) if on any Determination Date Available Funds and amounts on deposit in the Reserve Account are insufficient to pay the interest set forth in clause (i) of the definition of Accrued Interest (excluding interest on past due Accrued Interest) on the Notes in accordance with the Priority of Payments or Section 11.7, as applicable, on the immediately following Payment Date, then the Trustee will no later than 10:00 a.m. New York City time on the fourth Business Days prior to the Payment Date make a claim under the Insurance Policy in an amount equal to such insufficiency and (ii) if on the Determination Date immediately preceding the Rated Final Maturity Date Available Funds and amounts on deposit in the Reserve Account are insufficient to reduce the Aggregate Principal Amount of the Notes to zero on the Rated Final Maturity Date, then the Trustee will no later than 10:00 a.m. New York City time on the fourth Business Days prior to the Payment Date make a claim under the Insurance Policy in an amount necessary to reduce the Aggregate Principal Amount of the Notes to zero on such Payment Date (the aggregate amounts demanded in (i) and (ii) pursuant to this sentence on any Payment Date, the "Policy Claim Amount.") Following receipt by the Insurer of such demand, the Insurer will pay the Policy Claim Amount by the later of (i) 12:00 noon, New York City time, on the applicable Payment Date and (ii) 12:00 noon, New York City time, on the fourth Business Day following receipt by the Insurer of the appropriate demand for payment.

The terms "Receipt" and "Received," with respect to the Insurance Policy, mean actual delivery to the Insurer prior to 11:00 a.m., New York City time, on a Business Day. Notices delivered either on a day that is not a Business Day or after 11:00 a.m., New York City time, on a Business Day, shall be deemed Received on the next succeeding Business Day. If any notice or certificate given under the Insurance Policy by the Trustee is not in proper form or is not properly completed, executed or delivered, it will be deemed not to have been Received, and the Insurer or the fiscal agent will promptly advise the Trustee of such deficiency and the Trustee may submit an amended notice.

Pursuant to the Insurance Policy, the Insurer shall pay any Insured Payment that is a Preference Amount no later than 12:00 Noon New York City time on the later of (i) the date on which such Insured Payment is due pursuant to the Order requiring such payment and (ii) the fourth Business Day following receipt on a Business Day by the Insurer in Armonk, New York (or such other location specified in writing by the Insurer to the Trustee) of a notice for payment relating to such Insured Payment of (i) a certified copy of a final, non-appealable order requiring the return of such Preference Amount (an "Order"), (ii) a certificate of the Trustee that the Order has been entered and is not subject to any stay, (iii) an opinion of counsel reasonably satisfactory to the Insurer, and upon which the Insurer shall be entitled to rely, stating that such Order is final and is not subject to appeal, (iv) an assignment in such form as is reasonably required by the Insurer, irrevocably assigning to the Insurer all rights and claims of the Noteholders, if any, relating to or arising under the Notes against the Issuer or otherwise with respect to such Preference Amount, to the extent of such Preference Amount, (v) appropriate instruments to effect the appointment of the Insurer as agent for the Trustee and each Noteholder in any legal proceeding relating to such Preference Amount in a form reasonably satisfactory to the Insurer, and (vi) a notice for payment relating to such Preference Amount appropriately completed and

executed by the Trustee. Such payments shall be disbursed to the Bankruptcy Trustee (or other Person, if applicable) named in the Order on behalf of the Noteholders and not to any Noteholder directly unless such Noteholder provides proof reasonably satisfactory to the Insurer that such Noteholder has returned such Preference Amount to such Bankruptcy Trustee (or other Person, if applicable), in which case such payment shall be disbursed to such Noteholder.

The term "Preference Amount" has the meaning assigned to that term in the Insurance Policy.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 4.1 Representations and Warranties Regarding the Issuer. The Issuer hereby represents and warrants to the Trustee and the Collateral Agent on the date of execution of this Indenture as follows:

(a) Due Formation and Good Standing. The Issuer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, and has full power, authority and legal right to own its properties and conduct its business as such properties are presently owned and such business is presently conducted, and to execute, deliver and perform its obligations under each of the Transaction Documents to which it is a party. The Issuer is duly qualified to do business and is in good standing as a foreign entity, and has obtained all necessary licenses and approvals, in each jurisdiction in which failure to qualify or to obtain such licenses and approvals would render any Pledged Loan unenforceable by the Issuer or would otherwise have a Material Adverse Effect.

(b) Due Authorization and No Conflict. The execution, delivery and performance by the Issuer of each of the Transaction Documents to which it is a party, and the consummation by the Issuer of each of the transactions contemplated hereby and thereby, including without limitation the acquisition of the Pledged Loans under the Term Purchase Agreement and the making of the Grants contemplated hereunder, have in all cases been duly authorized by the Issuer by all necessary action, do not contravene (i) the Issuer's certificate of formation or the LLC Agreement, (ii) any existing law, rule or regulation applicable to the Issuer, (iii) any contractual restriction contained in any material indenture, loan or credit agreement, lease, mortgage, deed of trust, security agreement, bond, note, or other material agreement or instrument binding on or affecting the Issuer or its property or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting the Issuer or its property (except where such contravention would not have a Material Adverse Effect), and do not result in or require the creation of any Lien upon or with respect to any of its properties (except as provided in such Transaction Documents); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law. Each of the other Transaction Documents to which the Issuer is a party have been duly executed and delivered by the Issuer.

(c) Governmental and Other Consents. All approvals, authorizations, consents, or orders of any court or governmental agency or body required in connection with the execution and delivery by the Issuer of any of the Transaction Documents to which the Issuer is a party, the

consummation by the Issuer of the transactions contemplated hereby or thereby, the performance by the Issuer of and the compliance by the Issuer with the terms hereof or thereof, have been obtained, except where the failure so to do would not have a Material Adverse Effect on the Issuer.

(d) Enforceability of Transaction Documents. Each of the Transaction Documents to which the Issuer is a party has been duly and validly executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be subject to or limited by any Debtor Relief Law or by general principles of equity (whether considered in a suit at law or in equity).

(e) No Litigation. There are no proceedings or investigations pending or, to the best knowledge of the Issuer, threatened, against the Issuer before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Indenture or any of the other Transaction Documents, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Indenture or any of the other Transaction Documents, (iii) seeking any determination or ruling that would adversely affect the performance by the Issuer of its obligations under this Indenture or any of the other Transaction Documents to which the Issuer is a party, (iv) seeking any determination or ruling that would adversely affect the validity or enforceability of this Indenture or any of the other Transaction Documents or (v) seeking any determination or ruling which would be reasonably likely to have a Material Adverse Effect on the Issuer.

(f) Use of Proceeds. All proceeds of the issuance of the Notes shall be used by the Issuer to acquire Loans from the Depositor under the Term Purchase Agreement, to pay costs related to the issuance of the Notes, to pay principal and/or interest on any Notes or to otherwise fund costs and expenses permitted to be paid under the terms of the Transaction Documents.

(g) Governmental Regulations. The Issuer is not (1) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, or (2) a "public utility company" or a "holding company," a "subsidiary company" or an "affiliate" of any public utility company within the meaning of Section 2(a)(5), 2(a)(7), 2(a)(8) or 2(a)(11) of the Public Utility Holding Company Act of 1935, as amended.

(h) Margin Regulations. The Issuer is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" (as each of the quoted terms is defined or used in any of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as in effect from time to time). No part of the proceeds of any of the Notes has been used for so purchasing or carrying margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of any of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

(i) Location of Issuer. The Issuer was formed on April 1, 2004 as a limited liability company under the laws of the State of Delaware and has at all times since such date remained as a limited liability company under the laws of the State of Delaware. From April 1, 2004 to the

date of this Agreement, the Issuer's correct name has been and is Cendant Timeshare 2004-1 Receivables Funding, LLC.

(j) Lockbox Accounts. Except in the case of any Lockbox Account pursuant to which only collections in respect of loans subject to a PAC or Credit Card Account are deposited, the Issuer has filed or has caused to be filed a standing delivery order with the United States Postal Service authorizing each Lockbox Bank to receive mail delivered to the related Post Office Box. The account numbers of all Lockbox Accounts, together with the names, addresses, ABA numbers and names of contact persons of all the Lockbox Banks maintaining such Lockbox Accounts and the related Post Office Boxes, are specified in the exhibits to this Indenture. From and after the Closing Date, except as provided in the Intercreditor Agreement, the Trustee shall hold all right and title to and interest in all of the monies, checks, instruments, depository transfers or automated clearing house electronic transfers and other items of payment and their proceeds and all monies and earnings, if any, thereon in the Lockbox Accounts. The Issuer has no other lockbox accounts for the collection of Scheduled Payments in respect of Pledged Loans except for the Lockbox Accounts.

(k) No Other Legal Names. The Issuer has not had any legal name other than the name set forth herein at any time since its formation.

(l) Subsidiaries. The Issuer has no Subsidiaries and does not own or hold, directly or indirectly, any capital stock or equity security of, or any equity interest in, any Person, other than Permitted Investments.

(m) Transaction Documents. The Term Purchase Agreement is the only agreement pursuant to which the Issuer purchases the Pledged Loans and the related Pledged Assets. The Issuer has furnished to the Trustee, the Insurer and the Collateral Agent, true, correct and complete copies of each Transaction Document to which the Issuer is a party, each of which is in full force and effect. Neither the Issuer nor any Affiliate thereof is in default of any of its obligations thereunder in any material respect. The Issuer is the lawful owner of, and has good title to, each Pledged Loan and all related Pledged Assets, free and clear of any Liens (other than the Lien of this Indenture and any Permitted Encumbrances on the related Timeshare Properties), or has a first-priority perfected security interest therein. All such Pledged Loans and other related Pledged Assets are purchased without recourse to the Depositor except as described in the Term Purchase Agreement. The purchase by the Issuer under the Term Purchase Agreement constitutes either a sale or a first-priority perfected security interest, enforceable against creditors of the Depositor.

(n) Business. Since its formation, the Issuer has conducted no business other than the execution, delivery and performance of the Transaction Documents contemplated hereby, the purchase of Loans thereunder, the issuance and payment of the Notes and such other activities as are incidental to the foregoing. The Issuer has incurred no Debt except that expressly incurred hereunder and under the other Transaction Documents.

(o) Ownership of the Issuer. One hundred percent (100%) of the outstanding equity interest in the Issuer is directly owned (both beneficially and of record) by the Depositor.

(p) Taxes. The Issuer has timely filed or caused to be timely filed all federal, state, and local and foreign tax returns which are required to be filed by it, and has paid or caused to be paid all taxes due and owing by it, other than any taxes or assessments, the validity of which are being contested in good faith by appropriate proceedings timely instituted and diligently pursued and with respect to which the Issuer has set aside adequate reserves on its books in accordance with GAAP and which proceedings have not given rise to any Lien.

(q) Tax Classification. Since its formation, for federal income tax purposes, the Issuer (i) has been classified as a disregarded entity or partnership and (ii) has not been classified as an association taxable as a corporation or a publicly traded partnership.

(r) Solvency. The Issuer (i) is not "insolvent" (as such term is defined in the Bankruptcy Code); (ii) is able to pay its debts as they become due; and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(s) ERISA. The Issuer has not established and does not maintain or contribute to any Benefit Plan that is covered by Title IV of ERISA.

(t) No Adverse Selection. No selection procedures materially adverse to the Noteholders, the Trustee or the Collateral Agent have been employed in selecting the Pledged Loans for inclusion in the Collateral on the Closing Date.

Section 4.2 Representations and Warranties Regarding the Loan Files. The Issuer represents and warrants to each of the Trustee, the Collateral Agent, the Servicer and the Noteholders as to each Pledged Loan that:

(a) Possession. On or immediately prior to the Closing Date the Custodian will have possession of each original Pledged Loan and the related Loan File, and will have acknowledged such receipt and its undertaking to hold such documents for purposes of perfection of the Collateral Agent's interests in such original Pledged Loan and the related Loan File; provided, however, that the fact that any Loan Document not required to be in its respective Loan File under the terms of the respective Purchase Agreements is not in the possession of the Custodian in its respective Loan File does not constitute a breach of this representation; and provided that, possession of Loan Documents may be in the form of microfiche or other electronic copies of the Loan Documents to the extent provided in the Custodial Agreement.

(b) Marking Records. On or before the Closing Date, each of the Issuer and the Servicer shall have caused the portions of the computer files relating to the Pledged Loans Granted to the Collateral Agent on such date to be clearly and unambiguously marked to indicate that such Loans constitute part of the Collateral Granted by the Issuer in accordance with the terms of this Indenture.

The representations and warranties of the Issuer set forth in this Section 4.2 shall be deemed to be remade without further act by any Person on and as of each date of substitution with respect to each Loan Granted by the Issuer on and as of each such date. The representations and warranties set forth in this Section 4.2 shall survive any Grant of the respective Loans by the Issuer.

Section 4.3 Rights of Obligors and Release of Loan Files.

(a) Notwithstanding any other provision contained in this Indenture, including the Collateral Agent's, the Trustee's and the Noteholders' remedies pursuant hereto and pursuant to the Collateral Agency Agreement, the rights of any Obligor to any Timeshare Property subject to a Pledged Loan shall, so long as such Obligor is not in default thereunder, be superior to those of the Collateral Agent, the Trustee, the Insurer and the Noteholders, and none of the Collateral Agent, the Trustee, the Insurer or the Noteholders, so long as such Obligor is not in default thereunder, shall interfere with such Obligor's use and enjoyment of the Timeshare Property subject thereto.

(b) If pursuant to the terms of this Indenture, the Collateral Agent or the Trustee shall acquire through foreclosure the Issuer's interest in any portion of the Timeshare Property subject to a Pledged Loan, the Collateral Agent and the Trustee hereby specifically agree to release or cause to be released any Timeshare Property from any Lien hereunder upon completion of all payments and the performance of all the terms and conditions required to be made and performed by such Obligor under such Pledged Loan, and each of the Collateral Agent and the Trustee hereby consents to any such release by, or at the direction of, the Collateral Agent.

(c) At such time as an Obligor has paid in full the purchase price or the requisite percentage of the purchase price for deeding pursuant to a Pledged Loan and has otherwise fully discharged all of such Obligor's obligations and responsibilities required to be discharged as a condition to deeding, the Servicer shall notify the Trustee by a certificate substantially in the form attached hereto as Exhibit B (which certificate shall include a statement to the effect that all amounts received in connection with such payment have been deposited in the Collection Account) of a Servicing Officer and shall request delivery to the Servicer from the Custodian of the related Loan Files. Upon receipt of such certificate and request or at such earlier time as is required by applicable law, the Trustee and the Collateral Agent (a) shall be deemed, without the necessity of taking any action, to have approved release by the Custodian of the Loan Files to the Servicer (in all cases in accordance with the provisions of the Custodial Agreement), (b) shall be deemed to approve the release by the Nominee of the related deed of title, and any documents and records maintained in connection therewith, to the Obligor as provided in the Title Clearing Agreement, provided that title to the Timeshare Property has not already been deeded to the Obligor and/or (c) shall execute such documents and instruments of transfer and assignment and take such other action as is necessary to release its interest in the Timeshare Property subject to deeding (in the case of any Pledged Loan which has been paid in full). The Servicer shall cause each Loan File or any document therein so released which relates to a Pledged Loan for which the Obligor's obligations have not been fully discharged to be returned to the Custodian for the sole benefit of the Collateral Agent when the Servicer's need therefor no longer exists.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ISSUER;
ASSIGNMENT OF REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Trustee, the Collateral Agent and the Noteholders on the Closing Date as follows:

(a) Payment of principal and interest on the Notes and the prompt observance and performance by the Issuer of all of the terms and provisions of this Indenture are secured by the Collateral. Upon the issuance of the Notes and at all times thereafter so long as any Notes are outstanding, this Indenture creates a security interest (as defined in the applicable UCC) in the Collateral in favor of the Collateral Agent for the benefit of the Trustee, acting on behalf of the Noteholders, the Insurer and the Swap Counterparty to secure amounts payable under the Notes which security interest is perfected and prior to all other Liens (other than any Permitted Encumbrances) and is enforceable as such against all creditors of and purchasers from the Issuer; and

(b) the Pledged Loans and the documents evidencing such Pledged Loans constitute either "accounts," "chattel paper," "instruments" or "general intangibles" within the meaning of the applicable UCC.

Section 5.2 Eligible Loans. The Issuer hereby represents and warrants to the Trustee and the Collateral Agent that each of the Pledged Loans is an Eligible Loan. For purposes of this Indenture, the term "Eligible Loan" means a Loan purchased by the Issuer under the Term Purchase Agreement which has the following characteristics as of the Cut-Off Date:

(a) the related Timeshare Property has been purchased by an Obligor, and with respect to a Timeshare Property which is a Fixed Week, a UDI or which constitutes Points (it being understood in the case of a Timeshare Property which constitutes Points, that references in this clause (a) to a Timeshare Property shall be deemed to be references to the related Fixed Week or UDI deposited into FairShare Plus in exchange for such points) (i) is not an interest in a Lot, (ii) except in the case of a Green Loan, a certificate of occupancy has been issued for the Resort related to such Timeshare Property, (iii) except in the case of a Green Loan, the unit related to the Timeshare Property is complete and ready for occupancy, is not in need of material maintenance or repair, except for ordinary, routine maintenance and repairs that are not substantial in nature or cost and contains no structural defects materially affecting its value, (iv) the Resort related to the Timeshare Property is not in need of maintenance or repair, except for ordinary, routine maintenance and repairs that are not substantial in nature or cost and contains no structural defects materially affecting its value, (v) there is no legal, judicial or administrative proceeding pending, or to the Issuer's knowledge threatened, for the total condemnation of the Resort related to the Timeshare Property or partial condemnation of any portion of the property related to the Timeshare Property that would have a material adverse effect on the value of the Timeshare Property, (vi) the Resort related to the

Timeshare Property is not located outside of the United States and (vii) is subject to declarations, covenants and restrictions of record;

(b) in the case of a Pledged Loan that is an Installment Contract, with respect to which the Issuer has a valid ownership or security interest in an underlying Timeshare Property, subject only to Permitted Encumbrances, unless the criteria in paragraph (c) are satisfied;

(c) with respect to Loans which are Fairfield Loans (i) if the related Timeshare Property has been deeded to the Obligor of the related Pledged Loan, then (A) the Issuer has a valid and enforceable first lien Mortgage on such Timeshare Property, except as such enforceability may be limited by Debtor Relief Laws and as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, (B) such Mortgage and related mortgage note have been assigned to the Collateral Agent, (C) such Mortgage and the related note have been transferred to the custody of the Custodian in accordance with the provisions of Section 6(c)(i) of the applicable Purchase Agreement and (D) if any Mortgage relating to such Pledged Loan is a deed of trust, a trustee duly qualified under applicable law to serve as such has been properly designated in accordance with applicable law and currently so serves or (ii) if the related Timeshare Property has not been deeded to the Obligor of the related Pledged Loan, then a nominee has legal title to such Timeshare Property and the Issuer has an equitable interest in such Timeshare Property underlying the related Pledged Loan;

(d) that was issued in a transaction that complied, and is in compliance, in all material respects with all requirements of applicable federal, state and local law, including applicable laws relating to usury, truth-in-lending, property sales, consumer credit protection and disclosure, except, with respect only to California Business and Professions Code Section 11018, where such failure to comply would not have a Material Adverse Effect on the Sellers or a material adverse effect on the Pledged Loans;

(e) that requires the Obligor to pay the unpaid principal balance over an original term of not greater than 120 months;

(f) the Scheduled Payments on which are denominated and payable in United States dollars;

(g) is not a Defaulted Loan;

(h) the Scheduled Payments on which are not 30 days or more delinquent as of the Cut-Off Date;

(i) does not (i) finance the purchase of credit life insurance and (ii) finance, and was not originated in connection with, the Trendwest "Explorer" program, unless such Loan has been converted to a Loan in connection with the WorldMark program;

(j) with respect to which the related Timeshare Property (i) if the Loan is a Fairfield Loan (A) consists of a Fixed Week or a UDI and (B) if it consists of a Fixed

Week, it has been converted or is convertible into a UDI or has become subject to the FairShare Plus Program, which conversion or other modification does not or would not give rise to the extension of the maturity of any payments under such Pledged Loan or (ii) if the Loan is a Trendwest Loan, consists of Vacation Credits;

(k) that, if it is a Fairfield Loan (i) either (A) was transferred by FRI to FAC pursuant to the Operating Agreement, (B) in the case of any Pledged Loan originated by an Originator (other than any Pledged Loan originated by FRI, any Loan related to the Dolphin's Cove Resort or a Kona Loan), was transferred by such Originator to FRI pursuant to the Operating Agreement, (C) in the case of any Loan related to the Dolphin's Cove Resort, was originated by Dolphin's Cove Resort, Ltd., a California limited partnership, and was transferred to FRI pursuant to a receivables purchase agreement dated December 29, 2000 by and between Dolphin's Cove Resort, Ltd. and FRI or (D) in the case of a Kona Loan was transferred to FRI under the terms of a July 2002 agreement or (ii) was purchased by FAC from Fairfield Receivables Corporation pursuant to an Assignment of Contracts and Mortgages, dated as of August 29, 2002;

(l) (i) if it is a Fairfield Loan, it was, except with respect to a Loan related to Dolphin's Cove Resort, Ltd. and except with respect to Kona Loans, originated by a Fairfield Originator and has been consistently serviced by FAC, in each case in the ordinary course of its respective business and in accordance with Customary Practices and Credit Standards and Collection Policies, (ii) if it is a Fairfield Loan related to Dolphin's Cove Resort, Ltd., it was acquired by FRI in December 2000 and has since that date been consistently serviced by FAC or if it is a Kona Loan, it was originated by Kona and has since December 1, 2002 been consistently serviced by FAC, in each case, in the ordinary course of its respective business and in accordance with Customary Practices and Credit Standards and Collection Policies or (iii) if it is a Trendwest Loan, was originated by Trendwest and has been consistently serviced by FAC or Trendwest, in each case in the ordinary course of its business and in accordance with FAC's or Trendwest's Customary Practices and Credit Standards and Collection Policies;

(m) has not been specifically reserved against by the Issuer or classified as uncollectible or charged off;

(n) arises from transactions in a jurisdiction in which (i) with respect to Fairfield Loans, FRI and each Subsidiary of FRI (other than the Depositor, the Issuer, Sierra 2002, Sierra 2003-1 and Sierra 2003-2) that conducts business in such jurisdiction is duly qualified to do business, except where the failure to so qualify will not adversely affect or impair the legality, validity, binding effect and enforceability of such Pledged Loan and (ii) with respect to Trendwest Loans, Trendwest is duly qualified to do business, except where the failure to so qualify will not adversely affect or impair the legality, validity, binding effect and enforceability of such Pledged Loan;

(o) constitutes a legal, valid, binding and enforceable obligation of the related Obligor, except as such enforceability may be limited by Debtor Relief Laws and as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(p) is fully amortizing pursuant to a required schedule of substantially equal monthly payments of principal and interest;

(q) with respect to which, (i) the downpayment has been made, (ii) neither statutory nor regulatively imposed rescission rights exist with respect to the related Obligor and (iii) no basis for such rights exists on the Cut-Off Date in the case of any Pledged Loan for which such rights are, at any time following the Cut-Off Date, granted or imposed;

(r) had an Equity Percentage of 10% or more at the time of the sale of the related Timeshare Property to the related Obligor (or, in the case of a Loan relating to a Timeshare Upgrade originated by Trendwest, an Equity Percentage of 10% or more of the value of all Vacation Credits owned by the related Obligor);

(s) with respect to which at least one Scheduled Payment has been made by the Obligor;

(t) in the case of a Green Loan, (i) satisfies each of the eligibility criteria set forth in paragraphs (a) through (s) above other than any such criteria that cannot be satisfied due solely to (A) the related Green Timeshare Property being an interest in a unit at a Resort that is not yet complete and ready for occupancy; (B) the Issuer not having a valid ownership interest in the related Green Timeshare Property; or (C) the related Green Timeshare Property not having been deeded to the Obligor or legal title not being held by the Nominee; and (ii) the Resort related to the Green Timeshare Property has a scheduled completion date no more than six months following the Cut-Off Date;

(u) the billing address of the Obligor is located in the United States; provided, however that the billing addresses of not more than 5% of the Obligors (by Loan Balance) may be located outside the United States; and

(v) is not and is not subsequently deemed to have been a Defective Loan as defined in the Master Loan Purchase Agreement pursuant to which it was sold by the applicable Seller to the Depositor.

Section 5.3 Assignment of Representations and Warranties. The Issuer hereby assigns to the Trustee and the Collateral Agent all of its rights relating to the Pledged Loans and related Pledged Assets under the Term Purchase Agreement including the rights assigned to the Issuer by the Depositor of the Depositor's rights to payment due from the related Seller for repurchases of Defective Loans (as such term is defined in such Purchase Agreement) resulting from the breach of representations and warranties under such Purchase Agreement and the Depositor's rights under the First Guaranty Agreement.

Section 5.4 Release of Defective Loans.

(a) Deposit of Release Price or Substitution of Qualified Substitute Loan. Subject to subsection (b) of this section, upon discovery by the Issuer or upon written notice from the Depositor or the Trustee that any Pledged Loan is a Defective Loan, the Issuer shall, within 90 days after the earlier of its discovery or receipt of notice thereof (i) if such Defective Loan

constitutes a Defective Loan as defined in the Purchase Agreement pursuant to which the Depositor acquired such Defective Loan, direct the applicable Seller to perform its obligation under such Purchase Agreement to either (A) deposit the Release Price with the Trustee or (B) deliver to the Trustee one or more Qualified Substitute Loans in substitution for such Defective Loan and pay to the Trustee the Substitution Adjustment Amount, or (ii) if such Defective Loan does not constitute a Defective Loan as defined in the Purchase Agreement pursuant to which the Depositor acquired such Defective Loan, deposit the Release Price with the Trustee. If such Defective Loan constitutes a Defective Loan as defined in the Purchase Agreement pursuant to which the Depositor acquired such Defective Loan, then, notwithstanding any other provision of this Indenture, the Issuer shall have no obligation or liability with respect to such Defective Loan should the applicable Seller fail to perform its obligations under the Purchase Agreement with respect to such Defective Loan.

(b) Substitution. If under a Purchase Agreement, a Seller delivers a Qualified Substitute Loan for release of a Defective Loan, the Issuer shall execute a Supplemental Grant in substantially the form of Exhibit G hereto and deliver such Supplemental Grant to the Trustee and the Collateral Agent. Payments due with respect to Qualified Substitute Loans on or prior to the Calculation Date next preceding the date of substitution shall not be property of the Issuer, but, to the extent received by the Servicer, will be retained by the Servicer and remitted by the Servicer to the Seller on the next succeeding Payment Date. Payments due and other amounts received with respect to the Qualified Substitute Loans after the Calculation Date next preceding the date of substitution shall be property of the Issuer. Scheduled Payments due on a Defective Loan on or prior to the Calculation Date next preceding the date of substitution shall be property of the Issuer, and after such Calculation Date next preceding the date of substitution the Seller shall be entitled to retain all Scheduled Payments due thereafter and other amounts received in respect of such Defective Loan. The Issuer shall cause the Servicer to deliver a schedule of any Defective Loans so removed and Qualified Substitute Loans so substituted to the Trustee and such schedule shall be an amendment to the Loan Schedule. Upon such substitution, the Qualified Substitute Loan or Qualified Substitute Loans shall be subject to the terms of this Indenture in all respects, the Issuer shall be deemed to have made the representations, and warranties with respect to each Qualified Substitute Loan set forth in Section 5.1 and 5.2 of this Indenture, in each case as of the date of substitution, and the Issuer shall be deemed to have made a representation and warranty that each Loan so substituted is a Qualified Substitute Loan as of the date of substitution. The provisions of Section 5.4(a) shall apply to any Qualified Substitute Loan as to which the Issuer has breached the Issuer's representations and warranties in Section 5.1 and 5.2 to the same extent as for any other Pledged Loan. In connection with the substitution of one or more Qualified Substitute Loans for one or more Defective Loans, the Servicer shall determine the Substitution Adjustment Amount. If such Defective Loan constitutes a Defective Loan as defined in the Purchase Agreement pursuant to which the Depositor acquired such Defective Loan, the Issuer shall direct the applicable Seller to perform its obligation under such Purchase Agreement to pay to the Trustee the Substitution Adjustment Amount in immediately available funds. Such Substitution Adjustment Amount shall be paid to the Trustee and treated as if it were a portion of the Release Price for the Defective Loan and included in Available Funds as such. If such Defective Loan constitutes a Defective Loan as defined in the Purchase Agreement pursuant to which the Depositor acquired such Defective Loan, then, notwithstanding any other provision of this Indenture, the Issuer shall have no obligation or liability to pay the Substitution Adjustment Amount with respect to such Defective

Loan should the applicable Seller fail to perform its obligation under the Purchase Agreement to pay such Substitution Adjustment Amount to the Trustee.

(c) Release of Defective Loan. If a Seller repurchases a Pledged Loan as a Defective Loan or provides a Qualified Substitute Loan and the related Substitution Adjustment Amount, if any, for a Defective Loan, then the Issuer shall automatically and without further action sell, transfer, assign, set over and otherwise convey to such Seller, without recourse, representation or warranty, all of the Issuer's right, title and interest in and to the related Defective Loan, the related Timeshare Property, the Loan File relating thereto and any other related Pledged Assets, all monies due or to become due with respect thereto and all Collections with respect thereto (including payments received from Obligors after the Calculation Date next preceding the date of transfer, subject to the payment of any Substitution Adjustment Amount). The Issuer shall execute such documents, releases and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the applicable Seller to effect the conveyance of such Defective Loan, the related Timeshare Property and related Loan File pursuant to this Section 5.4(c).

Promptly after the repurchase of Defective Loans in respect of which the Release Price has been paid or a Qualified Substitute Loan has been provided, on such date, the Issuer shall direct the Servicer to delete such Defective Loans from the Loan Schedule.

The obligations of the Issuer set forth in Section 5.4(a) shall constitute the sole remedy against the Issuer with respect to any breach of the representations and warranties set forth in Section 5.2 available hereunder to the Trustee or the Collateral Agent.

ARTICLE VI

ADDITIONAL COVENANTS OF ISSUER

Section 6.1 Affirmative Covenants. The Issuer shall:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders with respect to it, its business and properties, and all Pledged Loans and Transaction Documents to which it is a party (including without limitation the laws, rules and regulations of each state governing the sale of timeshare contracts).

(b) Preservation of Existence. Preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign entity, and maintain all necessary licenses and approvals, in each jurisdiction in which it does business, except where the failure to preserve and maintain such existence, rights, franchises, privileges, qualifications, licenses and approvals would not have a Material Adverse Effect.

(c) Adequate Capitalization. Ensure that at all times it is adequately capitalized to engage in the transactions contemplated by this Indenture.

(d) Keeping of Records and Books of Account. Maintain and implement administrative and operating procedures (including without limitation an ability to recreate

records evidencing the Pledged Loans in the event of the destruction or loss of the originals thereof) and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Pledged Loans (including without limitation records adequate to permit the daily identification of all Collections with respect to, and adjustments of amounts payable under, each Pledged Loan).

(e) Performance and Compliance with Receivables and Loans. At its expense, timely and fully perform and comply in all material respects with all material provisions, covenants and other promises required to be observed by it under the Pledged Loans and other Pledged Assets.

(f) Credit Standards and Collection Policies. Comply in all material respects with the Credit Standards and Collection Policies and Customary Practices in regard to each Pledged Loan and the related Pledged Assets.

(g) Collections. (1) Instruct or cause all Obligors to be instructed to either:

(A) send all Collections directly to a Post Office Box for credit to a Lockbox Account or directly to a Lockbox Account, or

(B) in the alternative, make Scheduled Payments by way of pre-authorized debits from a deposit account of such Obligor pursuant to a PAC or from a credit card of such Obligor pursuant to a Credit Card Account from which Scheduled Payments shall be electronically transferred directly to a Lockbox Account immediately upon each such debit (provided that, for the avoidance of doubt, each Obligor may at any time cease to pay its Scheduled Payments directly to a Post Office Box or a Lockbox Account or pursuant to a PAC or Credit Card Account, so long as the Servicer promptly instructs such Obligor to commence one of the two alternative methods of funds transfer provided for in either of sub-clauses (A) or (B) of this clause (1)).

(2) In the case of funds transfers pursuant to a PAC or Credit Card Account, take, or cause each of the Servicer, a Lockbox Bank and/or the Trustee to take, all necessary and appropriate action to ensure that each such pre-authorized debit is credited directly to a Lockbox Account.

(3) If the Issuer shall receive any Collections or other proceeds of the Collateral, hold such Collections in trust for the benefit of the Trustee, the Noteholders, the Insurer and the Swap Counterparty and deposit such Collections into a Lockbox Account or the Collection Account within two Business Days following the Issuer's receipt thereof.

(h) Compliance with ERISA. Comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws and the regulations and interpretations thereunder.

(i) Perfected Security Interest. Take such action with respect to each Pledged Loan as is necessary to ensure that the Collateral Agent maintains on behalf of the Trustee, a first

priority perfected security interest in such Pledged Loan and the Pledged Assets relating thereto and all other Collateral, in each case free and clear of any Liens (other than the Lien created by this Indenture and in the case of any Timeshare Properties, any Permitted Encumbrance).

(j) No Release. Not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or material obligations under any document, instrument or agreement included in the Collateral, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such document, instrument or agreement except as expressly provided in this Indenture or such other instrument or document.

(k) Insurance and Condemnation.

(i) The Issuer shall do or cause to be done all things that it may accomplish with a reasonable amount of cost or effort to cause each of the POAs for each Resort to (A) maintain one or more policies of "all-risk" property and general liability insurance with financially sound and reputable insurers, providing coverage in scope and amount which (x) satisfies the requirements of the declarations (or any similar charter document) governing the POA for the maintenance of such insurance policies and (y) is at least consistent with the scope and amount of such insurance coverage obtained by prudent POAs and/or management of other similar developments in the same jurisdiction; and (B) apply the proceeds of any such insurance policies in the manner specified in the relevant declarations (or any similar charter document) governing the POA and/or any similar charter documents of such POA. For the avoidance of doubt, the parties hereto acknowledge that the ultimate discretion and control relating to the maintenance of any such insurance policies is vested in the POAs in accordance with the respective declaration (or any similar charter document) relating to each Timeshare Property Regime.

(ii) The Issuer shall remit to the Collection Account the portion of any proceeds received by the Issuer pursuant to a condemnation of property in any Resort to the extent that such proceeds relate to any of the Timeshare Properties.

(l) Custodian.

(i) On or before the Closing Date, the Issuer shall deliver or cause to be delivered directly to the Custodian for the benefit of the Collateral Agent pursuant to the Custodial Agreement the Loan File for each Pledged Loan. Such Loan File may be provided in microfiche or other electronic form to the extent permitted under the Custodial Agreement. The Issuer shall cause the Custodian to hold, maintain and keep custody of the Loan Files for the benefit of the Collateral Agent in a secure fire retardant location at an office of the Custodian, which location shall be reasonably acceptable to the Collateral Agent and the Trustee.

(ii) The Issuer shall cause the Custodian at all times to maintain control of the Loan Files for the benefit of the Collateral Agent on behalf of the Trustee in each case pursuant to the Custodial Agreement. Each of the Issuer and the Servicer may access the Loan Files at the Custodian's storage facility only for the purposes and upon the terms and conditions set forth herein and in the Custodial Agreement. Each of the Issuer and the Servicer may only remove

documents from the Loan File for collection services and other routine servicing requirements from such facility in accordance with the terms of the Custodial Agreement, all as set forth and pursuant to the "Bailment Agreement" (as defined in and attached as an exhibit to the Custodial Agreement).

(iii) The Issuer shall at all times comply in all material respects with the terms of its obligations under the Custodial Agreement and shall not enter into any modification, amendment or supplement of or to, and shall not terminate, the Custodial Agreement, without the Collateral Agent's and Trustee's prior written consent.

(m) Separate Identity. Take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Issuer shall:

(i) Maintain in full effect its existence, rights and franchises as a limited liability company under the laws of the state of its formation and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture and the other Transaction Documents to which the Issuer is a party and each other instrument or agreement necessary or appropriate to proper administration hereof and permit and effectuate the transactions contemplated hereby.

(ii) Except as provided herein, maintain its own deposit, securities and other account or accounts with financial institutions, separate from those of any Affiliate of the Issuer. The funds of the Issuer will not be diverted to any other Person or for other than the use of the Issuer, and, except as may be expressly permitted by this Indenture or any other Transaction Document to which the Issuer is a party, the funds of the Issuer shall not be commingled with those of any other Person.

(iii) Ensure that, to the extent that it shares the same officers or other employees as any of its members, managers or other Affiliates, the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees.

(iv) Ensure that, to the extent that it jointly contracts with any of its stockholders, members or managers or other Affiliates to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among such entities, and each such entity shall bear its fair share of such costs. To the extent that the Issuer contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs.

(v) Ensure that all material transactions between the Issuer and any of its Affiliates shall be only on an arm's-length basis and shall not be on terms more favorable to either party than the terms that would be found in a similar transaction involving

unrelated third parties. All such transactions shall receive the approval of the Issuer's board of directors including at least one Independent Director (defined below).

(vi) Maintain a principal executive and administrative office through which its business is conducted and a telephone number separate from those of its members, managers and other Affiliates. To the extent that the Issuer and any of its members, managers or other Affiliates have offices in contiguous space, there shall be fair and appropriate allocation of overhead costs (including rent) among them, and each such entity shall bear its fair share of such expenses.

(vii) Conduct its affairs strictly in accordance with its certificate of formation and limited liability company agreement and observe all necessary, appropriate and customary formalities, including, but not limited to, holding all regular and special meetings of the board of directors appropriate to authorize all actions of the Issuer, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, intercompany transaction accounts. Regular meetings of the board of directors shall be held at least annually.

(viii) Ensure that its board of directors shall at all times include at least one Independent Director (for purposes hereof, "Independent Director" shall mean any member of the board of directors of the Issuer that is not and has not at any time been (x) an officer, agent, advisor, consultant, attorney, accountant, employee or shareholder of any Affiliate of the Issuer which is not a special purpose entity, (y) a director of any Affiliate of the Issuer other than an independent director of any Affiliate which is a special purpose entity or (z) a member of the immediate family of any of the foregoing).

(ix) Ensure that decisions with respect to its business and daily operations shall be independently made by the Issuer (although the officer making any particular decision may also be an officer or director of an Affiliate of the Issuer) and shall not be dictated by an Affiliate of the Issuer.

(x) Act solely in its own company name and through its own authorized members, managers, officers and agents, and no Affiliate of the Issuer shall be appointed to act as agent of the Issuer. The Issuer shall at all times use its own stationery and business forms and describe itself as a separate legal entity.

(xi) Except as contemplated by the Transaction Documents, ensure that no Affiliate of the Issuer shall loan money to the Issuer, and no Affiliate of the Issuer will otherwise guaranty debts of the Issuer.

(xii) Other than organizational expenses and as contemplated by the Transaction Documents, pay all expenses, indebtedness and other obligations incurred by it using its own funds.

(xiii) Except as provided herein and in any other Transaction Document, not enter into any guaranty, or otherwise become liable, with respect to or hold its assets or

creditworthiness out as being available for the payment of any obligation of any Affiliate of the Issuer nor shall the Issuer make any loans to any Person.

(xiv) Ensure that any financial reports required of the Issuer shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any of its Affiliates so long as such consolidated reports contain footnotes describing the effect of the transactions between the Issuer and such Affiliate and also state that the assets of the Issuer are not available to pay creditors of the Affiliate.

(xv) Ensure that at all times it is adequately capitalized to engage in the transactions contemplated in its certificate of formation and its limited liability company agreement.

(xvi) Take all actions on its part as are necessary to comply with each assumption contained in the true sale and substantive consolidation opinions given as of the date hereof.

(n) Computer Files. Mark or cause to be marked each Pledged Loan in its computer files as described in Section 4.2(b).

(o) Taxes. File or cause to be filed, and cause each of its Affiliates with whom it shares consolidated tax liability to file, all federal, state, and foreign local tax returns which are required to be filed by it, except where the failure to file such returns could not reasonably be expected to have a Material Adverse Effect. The Issuer shall pay or cause to be paid all taxes due and owing by it, other than any taxes or assessments, the validity of which are being contested in good faith by appropriate proceedings and with respect to which the Issuer or the applicable Affiliate shall have set aside adequate reserves on its books in accordance with GAAP, and which proceedings could not reasonably be expected to have a Material Adverse Effect.

(p) Tax Classification. For as long as the Notes are outstanding, the Issuer shall not take any action, or fail to take any action, that would cause the Issuer to not remain classified, for federal income tax purposes, as a disregarded entity or a partnership that is not classified as a publicly traded partnership.

(q) Transaction Documents. Comply in all material respects with the terms of, employ the procedures outlined in and enforce the obligations of the Depositor under the Term Purchase Agreement and of the parties to each of the other Transaction Documents to which the Issuer is a party, and take all such action as may reasonably be required to maintain all such Transaction Documents to which the Issuer is a party in full force and effect.

(r) Loan Schedule. At least once each calendar month, electronically provide to the Trustee an amendment to the Loan Schedule, or cause the Servicer to electronically provide an amendment to the Loan Schedule, listing the Pledged Loans released from the Collateral and adding to the Loan Schedule any Qualified Substitute Loans and amending the Loan Schedule to reflect terms or discrepancies in such schedule that become known to the Issuer since the filing of the original Loan Schedule or since the most recent amendment thereto.

(s) Segregation of Collections. (a) Prevent the deposit into any Account of any funds other than Collections or other funds to be deposited into such Accounts under this Indenture or the other Transaction Documents (provided that, this covenant shall not be breached to the extent that funds are inadvertently deposited into any of such Accounts and are promptly segregated and removed from the Account); and

(b) With respect to each Lockbox Account either (i) prevent the deposit into such account of any funds other than Collections in respect of Pledged Loans or (ii) enter into an intercreditor agreement with other entities which have an interest in the amounts in the Lockbox Account to allocate the Collections with respect to the Pledged Loans to the Issuer and transfer such amounts to the Trustee for deposit into the appropriate Collection Account; (provided that, the covenant in clause (i) of this paragraph (b) shall not be breached to the extent that funds not constituting Collections in respect of the Pledged Loans are inadvertently deposited into such Lockbox Account and are promptly segregated and remitted to the owner thereof).

(t) Filings; Further Assurances. (a) On or prior to the Closing Date, the Issuer shall have caused at its sole expense the Financing Statements, assignments and amendments thereof necessary to perfect the security interest in the Collateral to be filed or recorded in the appropriate offices.

(b) The Issuer shall, at its sole expense, from time to time authorize, prepare, execute and deliver, or authorize and cause to be prepared, executed and delivered, all such Financing Statements, continuation statements, amendments, instruments of further assurance and other instruments, in such forms, and shall take such other actions, as shall be required by the Servicer, the Insurer or the Trustee or as the Servicer, the Insurer or the Trustee otherwise deems reasonably necessary or advisable to perfect the Lien created in the Collateral. The Servicer agrees, at its sole expense, to cooperate with the Issuer in taking any such action (whether at the request of the Issuer or the Trustee). Without limiting the foregoing, the Issuer shall from time to time, at its sole expense, authorize, execute, file, deliver and record all such supplements and amendments hereto and all such Financing Statements, amendments thereto, continuation statements, instruments of further assurance, or other statements, specific assignments or other instruments or documents and take any other action that is reasonably necessary to, or that any of the Servicer, the Issuer or the Trustee deems reasonably necessary or advisable to: (i) Grant more effectively all or any portion of the Collateral; (ii) maintain or preserve the Lien Granted hereunder (and the priority thereof) or carry out more effectively the purposes hereof; (iii) perfect, maintain the perfection of, publish notice of, or protect the validity of any Grant made pursuant to this Indenture; (iv) enforce any of the Pledged Loans or any of the other Pledged Assets (including without limitation by cooperating with the Trustee, at the expense of the Issuer, in filing and recording such Financing Statements against such Obligors as the Servicer or the Trustee shall deem necessary or advisable from time to time); (v) preserve and defend title to any Pledged Loans or all or any other part of the Pledged Assets, and the rights of the Trustee in such Pledged Loans or other related Pledged Assets, against the claims of all Persons and parties; or (vi) pay any and all taxes levied or assessed upon all or any part of any Collateral.

(iii) The Issuer shall, on or prior to the date of Grant of any Pledged Loans hereunder, deliver or cause to be delivered all original copies of the Pledged Loan (other than in the case of any Pledged Loans not required under the terms of the relevant Purchase Agreement to be in the relevant Loan File), together with the related Loan File, to the Custodian, in suitable form for transfer by delivery, or accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Trustee. Such "original copies" may be provided in microfiche or other electronic form to the extent permitted under the Custodial Agreement. In the event that the Issuer receives any other instrument or any writing which, in either event, evidences a Pledged Loan or other Pledged Assets, the Issuer shall deliver such instrument or writing to the Custodian to be held as collateral in which the Collateral Agent has a security interest for the benefit of the Trustee within two Business Days after the Issuer's receipt thereof, in suitable form for transfer by delivery, or accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Trustee.

(iv) The Issuer hereby authorizes the Trustee, and gives the Collateral Agent its irrevocable power of attorney (which authorization is coupled with an interest and is irrevocable), in the name of the Issuer or otherwise, to execute, deliver, file and record any Financing Statement, continuation statement, amendment, specific assignment or other writing or paper and to take any other action that the Trustee in its sole discretion, may deem necessary or appropriate to further perfect the Lien created hereby. Any expenses incurred by the Trustee or the Collateral Agent pursuant to the exercise of its rights under this Section 6.1 shall be for the sole account and responsibility of the Issuer and payable under Section 3.1 to the Trustee.

(u) Management of Resorts. The Issuer hereby covenants and agrees that it will with respect to each Resort cause the Originator with respect to that Resort (to the extent that such Originator is otherwise responsible for maintaining such Resort) to do or cause to be done all things which it may accomplish with a reasonable amount of cost or effort, in order to maintain each such Resort (including without limitation all grounds, waters and improvements thereon) in at least as good condition, repair and working order as would be customary for prudent managers of similar timeshare properties.

Section 6.2 Negative Covenants of the Issuer. So long as any of the Notes are outstanding, the Issuer shall not:

(a) Sales, Liens, Etc., Against Receivables and Related Security. Except for the releases contemplated under Sections 5.4, 14.4, 14.5, 14.6 and 14.7 of this Indenture, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist, any Lien (other than the Lien created by this Indenture or, with respect to Timeshare Properties relating to Pledged Loans, any Permitted Encumbrances thereon) upon or with respect to, any Pledged Loan or any other Pledged Assets, or any interests in either thereof, or upon or with respect to any Collateral hereunder. The Issuer shall immediately notify the Trustee, the Insurer and the Collateral Agent of the existence of any Lien on any Pledged Loan or any other Pledged Assets, and the Issuer shall defend the right, title and interest of each of the Issuer, the Insurer and the Collateral Agent, Trustee and Noteholders in, to and under the Pledged Loans and all other Pledged Assets, against all claims of third parties.

(b) Extension or Amendment of Loan Terms. Extend (other than as a result of a Timeshare Upgrade or in accordance with Customary Practices), amend, waive or otherwise modify the terms of any Pledged Loan or permit the rescission or cancellation of any Pledged Loan, whether for any reason relating to a negative change in the related Obligor's creditworthiness or inability to make any payment under the Pledged Loan or otherwise.

(c) Change in Business or Credit Standard and Collection Policies. (i) Make any change in the character of its business or (ii) make any change in the Credit Standards and Collection Policies or (iii) deviate from the exercise of Customary Practices, which change or deviation would, in any such case, materially impair the value or collectibility of any Pledged Loan.

(d) Change in Payment Instructions to Obligors. Add or terminate any bank as a Lockbox Bank from those listed in Schedule 2 hereto or make any change in the instructions to Obligors regarding payments to be made to any Lockbox Account at a Lockbox Bank, unless the Trustee shall have received (i) 30 days' prior notice of such addition, termination or change; (ii) written confirmation from the Issuer that after the effectiveness of any such termination, there shall be at least one (1) Lockbox Account in existence; and (iii) prior to the effective date of such addition, termination or change, (x) executed copies of Lockbox Agreements executed by each new Lockbox Bank, the Issuer, the Trustee and the Servicer and (y) copies of all agreements and documents signed by either the Issuer or the respective Lockbox Bank with respect to any new Lockbox Account.

(e) Stock, Merger, Consolidation, Etc. Consolidate with or merge into or with any other Person, or purchase or otherwise acquire all or substantially all of the assets or capital stock, or other ownership interest of, any Person or sell, transfer, lease or otherwise dispose of all or substantially all of its assets to any Person, except as expressly permitted under the terms of this Indenture.

(f) No Change in Control. At any time fail to be (i) a wholly owned member of the group of which Cendant is the common parent and (ii) an entity wholly owned directly or indirectly by FAC.

(g) ERISA Matters. Establish or maintain or contribute to any Benefit Plan that is covered by Title IV of ERISA.

(h) Terminate or Reject Loans. Without limiting anything in subsection 6.2(b), terminate or reject any Pledged Loan prior to the end of the term of such Loan, whether such rejection or early termination is made pursuant to an equitable cause, statute, regulation, judicial proceeding or other applicable law, unless prior to such termination or rejection, such Pledged Loan and any related Pledged Assets have been released from the Lien created by this Indenture.

(i) Debt. Create, incur, assume or suffer to exist any Debt except as contemplated by the Transaction Documents.

(j) Guarantees. Guarantee, endorse or otherwise be or become contingently liable (including by agreement to maintain balance sheet tests) in connection with the obligations of any other Person, except endorsements of negotiable instruments for collection in the ordinary

course of business and reimbursement or indemnification obligations as provided for under this Indenture or as contemplated by the Transaction Documents.

(k) Limitation on Transactions with Affiliates. Enter into, or be a party to any transaction with any Affiliate, except for:

(i) the transactions contemplated hereby and by the other Transaction Documents; and

(ii) to the extent not otherwise prohibited under this Indenture, other transactions upon fair and reasonable terms materially no less favorable to the Issuer than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

(l) Lines of Business. Conduct any business other than that described in the LLC Agreement, or enter into any transaction with any Person which is not contemplated by or incidental to the performance of its obligations under the Transaction Documents to which it is a party.

(m) Limitation on Investments. Make or suffer to exist any loans or advances to, or extend any credit to, or make any investments (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets or otherwise) in, any Affiliate or any other Person except for (i) Permitted Investments and (ii) the purchase of Loans pursuant to the terms of the Term Purchase Agreement.

(n) Insolvency Proceedings. Seek dissolution or liquidation in whole or in part of the Issuer.

(o) Distributions to Member. Make any distribution to its Member except as provided in the LLC Agreement.

(p) Place of Business; Change of Name. Change (x) its type or jurisdiction of organization from that listed in Section 4.1(a) or (y) its name, unless in any such event the Issuer shall have given the Trustee, the Collateral Agent and the Insurer and the Swap Counterparty at least ten (10) days prior written notice thereof and shall take all action necessary or reasonably requested by the Trustee, the Insurer or the Collateral Agent to amend its existing Financing Statements and file additional Financing Statements in all applicable jurisdictions necessary or advisable to maintain the perfection of the Lien of the Collateral Agent under this Indenture.

ARTICLE VII

SERVICING OF PLEDGED LOANS

Section 7.1 Responsibility for Loan Administration. The Servicer shall manage, administer, service and make collections on the Pledged Loans on behalf of the Trustee and Issuer. Without limiting the generality of the foregoing, but subject to all other provisions hereof, the Trustee and the Issuer grant to the Servicer a limited power of attorney to execute and the Servicer is hereby authorized and empowered to so execute and deliver, on behalf of itself,

the Issuer and the Trustee or any of them, any and all instruments of satisfaction or cancellation or of partial or full release or discharge and all other comparable instruments with respect to the Pledged Loans, any related Mortgages and the related Timeshare Properties, but only to the extent deemed necessary by the Servicer.

The Trustee, the Issuer and the Collateral Agent, at the request of a Servicing Officer, shall furnish the Servicer with any reasonable documents or take any action reasonably requested, necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder (subject, in the case of requests for documents contained in any Loan Files, to the requirements of Section 6.1(l)).

FAC is hereby appointed as the Servicer until such time as any Service Transfer shall be effected under Article XII.

Section 7.2 Standard of Care. In managing, administering, servicing and making collections on the Pledged Loans pursuant to this Indenture, the Servicer will exercise that degree of skill and care consistent with Customary Practices and the Credit Standards and Collection Policies.

Section 7.3 Records. The Servicer shall, during the period it is Servicer hereunder, maintain such books of account, computer data files and other records as will enable the Trustee to determine the status of each Pledged Loan and will enable such Loan to be serviced in accordance with the terms of this Indenture by a Successor Servicer following a Service Transfer.

Section 7.4 Loan Schedule. The Servicer shall at all times maintain the Loan Schedule and electronically provide to the Trustee, the Issuer, the Collateral Agent and the Custodian a current, complete copy of the Loan Schedule. The Loan Schedule may be in one or multiple documents including the original listing and monthly amendments listing changes.

Section 7.5 Enforcement.

(a) The Servicer will, consistent with Section 7.2, act with respect to the Pledged Loans in such manner as will maximize the receipt of Collections in respect of such Pledged Loans (including, to the extent necessary, instituting foreclosure proceedings against the Timeshare Property, if any, underlying a Pledged Loan or disposing of the underlying Timeshare Property, if any). The Servicer will diligently monitor the integration of the collection functions of FAC and Trendwest and to the extent the Servicer detects any deterioration in collections or any increase in delinquencies or defaults or other factors which indicate or might indicate any deterioration in collections, the Servicer will use its best efforts to determine the source of the problem and will use its best efforts to remedy such problem.

(b) The Servicer may sue to enforce or collect upon Pledged Loans, in its own name, if possible, or as agent for the Issuer. If the Servicer elects to commence a legal proceeding to enforce a Pledged Loan, the act of commencement shall be deemed to be an automatic assignment of the Pledged Loan to the Servicer for purposes of collection only. If, however, in any enforcement suit or legal proceeding it is held that the Servicer may not enforce a Pledged Loan on the grounds that it is not a real party in interest or a holder entitled to enforce the

Pledged Loan, the Trustee on behalf of the Issuer shall, at the Servicer's expense, take such steps as the Servicer and the Trustee may mutually agree are necessary (such agreement not to be unreasonably withheld) to enforce the Pledged Loan, including bringing suit in its name or the name of the Issuer. The Servicer shall provide to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred thereby.

(c) The Servicer, upon notice to the Trustee, may grant to the Obligor on any Pledged Loan any rebate, refund or adjustment out of the appropriate Collection Account that the Servicer in good faith believes is required as a matter of law; provided that, on any Business Day on which such rebate, refund or adjustment is to be paid hereunder, such rebate, refund or adjustment shall only be paid to the extent of funds otherwise available for distribution from the Collection Account.

(d) The Servicer will not extend, amend, waive or otherwise modify the terms of any Pledged Loan (other than in accordance with Customary Practices) or permit the rescission or cancellation of any Pledged Loan, whether for any reason relating to a negative change in the related Obligor's creditworthiness or inability to make any payment under the Pledged Loan or otherwise.

(e) The Servicer shall have discretion to sell the collateral which secures any Defaulted Loans free and clear of the Lien of this Indenture, in exchange for cash, in accordance with Customary Practices and Credit Standards and Collection Policies. All proceeds of any such sale of such collateral shall be deposited by the Servicer into the Collection Account.

(f) The Servicer shall not sell any Defaulted Loan or any collateral securing a Defaulted Loan to any Seller or Originator except for an amount at least equal to the fair market value thereof.

(g) Notwithstanding any other provision of this Indenture, the Servicer shall have no obligation to, and shall not, foreclose on the collateral securing any Pledged Loan unless the proceeds from such foreclosure will be sufficient to cover the expenses of such foreclosure. Notwithstanding any other provision of this Indenture, proceeds from the foreclosure by the Servicer on the collateral securing any Pledged Loans shall first be applied by the Servicer to reimburse itself for the expenses of such foreclosure, and any remaining proceeds shall be deposited into the Collection Account.

Section 7.6 Trustee and Collateral Agent to Cooperate. Upon request of a Servicing Officer, the Trustee and the Collateral Agent shall perform such other acts as are reasonably requested by the Servicer (including without limitation the execution of documents) and otherwise cooperate with the Servicer in enforcement of the Trustee's rights and remedies with respect to Pledged Loans.

Section 7.7 Other Matters Relating to the Servicer. The Servicer is hereby authorized and empowered to:

(a) advise the Trustee in connection with the amount of withdrawals from Accounts in accordance with the provisions of this Indenture;

(b) execute and deliver, on behalf of the Issuer, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Pledged Loans and, after the delinquency of any Pledged Loan and to the extent permitted under and in compliance with applicable law and regulations, to commence enforcement proceedings with respect to such Pledged Loan including without limitation the exercise of rights under any power-of-attorney granted in any Pledged Loan; and

(c) make any filings, reports, notices, applications, registrations with, and to seek any consents or authorizations from the Securities and Exchange Commission and any state securities authority on behalf of the Issuer as may be necessary or advisable to comply with any federal or state securities or reporting requirements laws.

Prior to the occurrence of an Event of Default hereunder, the Trustee agrees that it shall promptly follow the instructions of the Servicer duly given to withdraw funds from the Accounts.

Section 7.8 Servicing Compensation. As compensation for its servicing activities hereunder the Servicer shall be entitled to receive the Monthly Servicer Fee.

Section 7.9 Costs and Expenses. The costs and expenses incurred by the Servicer in carrying out its duties hereunder, including without limitation the fees and expenses incurred in connection with the enforcement of Pledged Loans, shall be paid by the Servicer and the Servicer shall be entitled to reimbursement hereunder from the Issuer as provided in Section 3.1. Failure by the Servicer to receive reimbursement shall not relieve the Servicer of its obligations under this Indenture.

Section 7.10 Representations and Warranties of the Servicer. The Servicer hereby represents and warrants to the Trustee, the Collateral Agent and the Noteholders as of the date of this Indenture:

(a) Organization and Good Standing. The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power, authority, and legal right to own its property and conduct its business as such properties are presently owned and such business is presently conducted, and to execute, deliver and perform its obligations under this Indenture. The Servicer is duly qualified to do business and is in good standing as a foreign corporation, and has obtained all necessary licenses and approvals in each jurisdiction necessary for the enforcement of each Pledged Loan or in which failure to qualify or to obtain such licenses and approvals would have a Material Adverse Effect on the Noteholders.

(b) Due Authorization. The execution and delivery by the Servicer of each of the Transaction Documents to which it is a party, and the consummation by the Servicer of the transactions contemplated hereby and thereby have been duly authorized by the Servicer by all necessary corporate action on the part of the Servicer.

(c) Binding Obligations. Each of the Transaction Documents to which Servicer is a party constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, except as such enforceability may be subject to or limited

by applicable Debtor Relief Laws and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(d) No Conflict; No Violation. The execution and delivery by the Servicer of each of the Transaction Documents to which the Servicer is a party, and the performance by the Servicer of the transactions contemplated by such agreements and the fulfillment by the Servicer of the terms hereof and thereof applicable to the Servicer, will not conflict with, violate, result in any breach of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under any provision of any existing law or regulation or any order or decree of any court applicable to the Servicer or its certificate of incorporation or bylaws or any material indenture, contract, agreement, mortgage, deed of trust or other material instrument, to which the Servicer is a party or by which it is bound, except where such conflict, violation, breach or default would not have a Material Adverse Effect.

(e) No Proceedings. There are no proceedings or investigations pending or, to the knowledge of the Servicer threatened, against the Servicer, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Indenture or any of the other Transaction Documents, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Indenture or any of the other Transaction Documents, (iii) seeking any determination or ruling that, in the reasonable judgment of the Servicer, would adversely affect the performance by the Servicer of its obligations under this Indenture or any of the other Transaction Documents, (iv) seeking any determination or ruling that would adversely affect the validity or enforceability of this Indenture or any of the other Transaction Documents or (v) seeking any determination or ruling that would have a Material Adverse Effect.

(f) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any governmental body or official required in connection with the execution and delivery by the Servicer of this Indenture or of the other Transaction Documents to which it is a party or the performance by the Servicer of the transactions contemplated hereby and thereby and the fulfillment by the Servicer of the terms hereof and thereof, have been obtained, except where the failure so to do would not have a Material Adverse Effect.

Section 7.11 Additional Covenants of the Servicer. The Servicer further agrees as provided in this Section 7.11.

(a) Change in Payment Instructions to Obligors. The Servicer will not add or terminate any bank as a Lockbox Bank from those listed in Schedule 2 to this Indenture or make any change in the instructions to Obligors regarding payments to be made to any Lockbox Bank, unless the Trustee shall have received (i) 30 Business Days' prior notice of such addition, termination or change and (ii) prior to the effective date of such addition, termination or change, (x) fully executed copies of the new or revised Lockbox Agreements executed by each new Lockbox Bank, the Issuer, the Trustee and the Servicer and (y) copies of all agreements and documents signed by either the Issuer or the respective Lockbox Bank with respect to any new Lockbox Account.

(b) Collections. If the Servicer receives any Collections, the Servicer shall hold such Collections in trust for the benefit of the Trustee and deposit such Collections into a Lockbox Account or the Collection Account as soon as practicable but in any event within two Business Days following the Servicer's receipt thereof.

(c) Compliance with Requirements of Law. The Servicer will maintain in effect all qualifications required under all relevant laws, rules, regulations and orders in order to service each Pledged Loan, and shall comply in all material respects with all applicable laws, rules, regulations and orders with respect to it, its business and properties, and the servicing of the Pledged Loans (including without limitation the laws, rules and regulations of each state governing the sale of timeshare contracts).

(d) Protection of Rights. The Servicer will take no action that would impair in any material respect the rights of any of the Collateral Agent or the Trustee in the Pledged Loans or any other Collateral, or violate the Collateral Agency Agreement.

(e) Credit Standards and Collection Policies. The Servicer will comply in all material respects with the Credit Standards and Collection Policies and Customary Practices with respect to each Pledged Loan.

(f) Notice to Obligors. The Servicer will ensure that the Obligor of each Pledged Loan either:

(1) has been instructed, pursuant to the Servicer's routine distribution of a periodic statement to such Obligor next succeeding:

(A) the date the Loan becomes a Pledged Loan, or

(B) the day on which a PAC ceased to apply to such Pledged Loan, in the case of a Pledged Loan formerly subject to a PAC,

but in no event later than the then next succeeding due date for a Scheduled Payment under the related Pledged Loan, to remit Scheduled Payments thereunder to a Post Office Box for credit to a Lockbox Account, or directly to a Lockbox Account, in each case maintained at a Lockbox Bank pursuant to the terms of a Lockbox Agreement, or

(2) has entered into a PAC, pursuant to which a deposit account of such Obligor is made subject to a pre-authorized debit in respect of Scheduled Payments as they become due and payable, and the Issuer has, and has caused each of the Servicer, a Lockbox Bank and/or the Trustee, to take all necessary and appropriate action to ensure that each such pre-authorized debit is credited directly to a Lockbox Account.

(g) Relocation of Servicer. The Servicer shall at all times maintain each office from which it services Pledged Loans within the United States of America.

(h) Instruments. The Servicer will not remove any portion of the Pledged Loans or other collateral that consists of money or is evidenced by an instrument, certificate or other writing (including any Pledged Loan) from the jurisdiction in which it is then held unless the

Trustee has first received an Opinion of Counsel to the effect that the Lien created by this Indenture with respect to such property will continue to be maintained after giving effect to such action or actions; provided, however, that the Custodian, the Collateral Agent and the Servicer may remove Loans from such jurisdiction to the extent necessary to satisfy any requirement of law or court order, in all cases in accordance with the provisions of the Custodial Agreement, the Collateral Agency Agreement and this Indenture.

(i) Loan Schedule. The Servicer will promptly amend the Loan Schedule to reflect terms or discrepancies that become known to the Servicer at any time.

(j) Segregation of Collections. The Servicer will:

(a) prevent the deposit into any Account of any funds other than Collections or other funds to be deposited into such Account under this Indenture (provided that, this covenant shall not be breached to the extent that funds are inadvertently deposited into any of such Accounts and are promptly segregated and removed from the Account); and

(b) with respect to each Lockbox Account either (i) prevent the deposit into such account of any funds other than Collections in respect of Pledged Loans or (ii) enter into an intercreditor agreement with other entities which have an interest in the amounts in such Lockbox Account to allocate the Collections with respect to Pledged Loans to the Issuer and transfer such amounts to the Trustee for deposit into the appropriate Collection Account (provided that, the covenant in clause (i) of this paragraph (b) shall not be breached to the extent funds not constituting Collections in respect of Pledged Loans are inadvertently deposited into such Lockbox Account and are promptly segregated and remitted to the owner thereof).

(k) Terminate or Reject Loans. Except to the extent necessary to address defects in the sales process or in cases of exceptional hardship of the Obligor, and without limiting anything in subsection 6.2(b), the Servicer will not terminate any Pledged Loan prior to the end of the term of such Loan, whether such early termination is made pursuant to an equitable cause, statute, regulation, judicial proceeding or other applicable law, unless prior to such termination, the Issuer consents and any related Pledged Assets have been released from the Lien of this Indenture.

(l) Change in Business or Credit Standards and Collection Policies. The Servicer will not make any change in the Credit Standards and Collection Policies or deviate from the exercise of Customary Practices, which change or deviation would materially impair the value or collectibility of any Pledged Loan.

(m) Keeping of Records and Books of Account. The Servicer shall maintain and implement administrative and operating procedures (including without limitation an ability to recreate records evidencing the Pledged Loans in the event of the destruction or loss of the originals thereof) and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Pledged Loans (including without limitation records adequate to permit the daily identification of all Collections with respect to, and adjustments of amounts payable under, each Pledged Loan).

(n) Recordation of Collateral Assignments. The Servicer will cause the collateral Assignment of Mortgage to the Collateral Agent to be perfected as provided in the Fairfield Master Loan Purchase Agreement, except that the Servicer shall not be required to file or cause the filing of such collateral Assignment of Mortgage to the extent (a) the related Timeshare Property is located in the State of Florida and the Servicer shall have received an Opinion of Counsel to the effect that recordation of the Assignment of Mortgage is not necessary to perfect a security interest therein in favor of the Collateral Agent and (b) the long-term debt rating assigned by Moody's to the obligations of Cendant has not been withdrawn or reduced below Baa1. If the Servicer is unable to obtain the opinion described in clause (a) of the preceding sentence or if the rating described in clause (b) is withdrawn or reduced, then the Servicer will take or cause to be taken such action as is required to record the Assignment of Mortgage with respect to the Timeshare Properties located in the State of Florida.

(o) Maintenance of Security Interest. Upon its receipt on or before March 31 of each year, commencing in 2005, of a copy of the opinion described in Section 2.02(g) of the Insurance Agreement as in effect on the date hereof, the Servicer shall review the opinion and, to the extent any such opinion describes the recording, filing, re-recording or refiling of any document or the filing of any financing statements, continuation statements, or amendments that, in the opinion of such counsel, are required to maintain the lien and security interest created by this Indenture, then the Servicer, at the expense of the Issuer, shall cooperate with the Issuer in taking such actions within the time limits described in such opinion.

(p) Credit Standards and Collection Policies. The Servicer will make a diligent effort to deliver to the Insurer a copy of each material amendment or material modification of the Credit Standards and Collection Policies promptly upon the effectiveness of any such amendment or modification provided that any inadvertent failure to deliver any such amendment or modification will not be deemed a default under this Agreement.

Section 7.12 Servicer not to Resign.

The entity then serving as Servicer shall not resign from the obligations and duties hereby imposed on it hereunder except upon determination that (i) the performance of its duties hereunder is no longer permissible under applicable law, (ii) there is no reasonable action which can be taken to make the performance of its duties hereunder permissible under applicable law and (iii) a Successor Servicer shall have been appointed and accepted the duties as Servicer pursuant to Section 12.2. Any such determination permitting the resignation of the Servicer pursuant to clause (i) of the preceding sentence shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee. No such resignation shall be effective until a Successor Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 12.2.

Section 7.13 Merger or Consolidation of, or Assumption of the Obligations of Servicer.

The Servicer shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the corporation formed by such consolidation or into which the Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of the Servicer substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia and, if the Servicer is not the surviving entity, shall expressly assume by an agreement supplemental hereto, executed and delivered to the Trustee in form satisfactory to the Trustee, the performance of every covenant and obligation of the Servicer hereunder;

(ii) the Servicer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section 7.13, and all conditions precedent provided for herein relating to such transaction have been satisfied;

(iii) the Rating Agency Condition has been satisfied with respect to such consolidation, amendment, merger, conveyance or transfer; and

(iv) immediately prior to and after the consummation of such merger, consolidation, conveyance or transfer, no event which, with notice or passage of time or both, would become a Servicer Default under the terms of this Indenture shall have occurred and be continuing.

Section 7.14 Examination of Records. Each of the Issuer and the Servicer shall clearly and unambiguously identify each Pledged Loan in its respective computer or other records to reflect that such Pledged Loan has been Granted to the Collateral Agent pursuant to this Indenture. Each of the Issuer and the Servicer shall, prior to the sale or transfer to a third party of any Loan similar to the Pledged Loans held in its custody, examine its computer and other records to determine that such Loan is not a Pledged Loan.

Section 7.15 Subservicing Agreements; Delegation of Duties.

(a) Notwithstanding anything to the contrary in subsection 7.15(b), the Servicer, including any Successor Servicer, may enter into the Subservicing Agreements with the Subservicers for the servicing and administration of all or a part of the Pledged Loans (which are not Defaulted Loans) for which the Servicer is responsible hereunder, provided that, in each case, the Subservicing Agreement is not inconsistent with this Indenture. References in this Indenture to actions taken or to be taken by the Servicer include actions taken or to be taken by a Subservicer. As part of its servicing activities hereunder, the Servicer shall monitor the performance and enforce the obligations of each Subservicer retained by it under the related Subservicing Agreement. Subject to the terms of the Subservicing Agreement, the Servicer shall have the right to remove a Subservicer retained by it at any time it considers to be appropriate provided that no Subservicer shall be removed unless Cendant has given its prior written consent to the Servicer and the Trustee. Upon the resignation or removal of a Servicer, all Subservicing Agreements shall also be terminated unless accepted or reaffirmed by the Successor Servicer.

Notwithstanding anything to the contrary contained herein, or any Subservicing Agreement, the Servicer shall remain obligated and liable to the Trustee, the Issuer, the Collateral Agent, the Insurer and the Noteholders for the servicing and administration of the Pledged Loans in accordance with the provisions of this Indenture to the same extent and under the same terms and conditions as if it alone were servicing and administering the Pledged Loans.

The fees of a Subservicer shall be the obligation of the Servicer and neither the Issuer nor any other Person shall bear any responsibility for such fees.

(b) In the ordinary course of business, the Servicer, including any Successor Servicer, and each Subservicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the terms of this Indenture. Any such delegations shall not constitute a resignation within the meaning of Section 7.12 of this Indenture. Notwithstanding anything to the contrary contained herein, or in any agreement relating to such delegations, the Servicer shall remain obligated and liable to the Trustee, the Issuer, the Collateral Agent, the Insurer and the Noteholders for the servicing and administration of the Pledged Loans in accordance with the provisions of this Indenture to the same extent and under the same terms and conditions as if it alone were servicing and administering the Pledged Loans.

Section 7.16 Servicer Advances. On or before each Determination Date the Servicer may deposit into the Collection Account an amount equal to the aggregate amount of Servicer Advances, if any, with respect to Scheduled Payments on Pledged Loans (which are not Defaulted Loans) for the preceding Due Period which are not received on or prior to such Payment Date. Such Servicer Advances shall be included as Available Funds. Neither the Servicer, any Successor Servicer nor the Trustee, acting as Servicer, shall have any obligation to make any Servicer Advance and may refuse to make a Servicer Advance for any reason or no reason. The Servicer shall not make any Servicer Advance that, after reasonable inquiry and in its sole discretion, it determines is unlikely to be ultimately recoverable from subsequent payments or collections or otherwise with respect to the Pledged Loan with respect to which such Servicer Advance is proposed to be made.

Section 7.17 Delivery of Monthly Files. Beginning on the later of (i) the date the FAC and Trendwest computer systems used for servicing are fully integrated and (ii) the Determination Date in January 2005, the Servicer shall on or before the Determination Date in each calendar month deliver to the Trustee, as backup servicer, an electronic file containing with respect to each Pledged Loan the loan number, the principal balance of the loan and the next payment due date for such loan.

ARTICLE VIII

REPORTS

Section 8.1 Monthly Servicing Report. On or before the Determination Date prior to each Payment Date, the Servicer shall deliver to the Trustee, the Issuer, the Insurer, Fitch and S&P a Monthly Servicing Report in a form substantially like that attached as Exhibit D to this Indenture with such additions as the Trustee may from time to time request and containing information necessary to make payments and transfer funds as provided in Sections 3.1 and 3.4

of this Indenture. The Servicer shall deliver each such Monthly Servicer Report to the Trustee on or before 3:00 p.m. New York City time on the Determination Date. Each Monthly Servicing Report shall be accompanied by a certificate of a Servicing Officer substantially in the form of Exhibit D certifying the accuracy of such report and that no Event of Default or event that with the giving of notice or lapse of time or both would become an Event of Default has occurred, or if such event has occurred and is continuing, specifying the event and its status. Such certificate shall state whether or not a Rapid Amortization Event, Cash Accumulation Event or Servicer Default has occurred and shall also identify which, if any, Pledged Loans have been identified as Defective Loans or have become Defaulted Loans during the preceding Due Period and if a Cash Accumulation Event has occurred.

Section 8.2 Other Data. In addition, the Servicer shall at the reasonable request of the Trustee, the Issuer, the Insurer or a Rating Agency, furnish to the Trustee, the Issuer, the Insurer or such Rating Agency such underlying data as can be generated by the Servicer's existing data processing system without undue modification or expense; provided, however, nothing in this Section 8.2 shall permit any of the Trustee, the Issuer, the Insurer or any Rating Agency to materially change or modify the ongoing data reporting requirements under this Article VIII.

Section 8.3 Annual Servicer's Certificate. The Servicer will deliver to the Issuer, the Trustee, the Insurer and each Rating Agency within forty-five (45) days after the end of each fiscal year, beginning with the fiscal year ending December 31, 2004, an Officer's Certificate substantially in the form of Exhibit E stating that (a) a review of the activities of the Servicer during the preceding calendar year (or, in the case of the first such Officer's Certificate, the period since the Closing Date) and of its performance under this Indenture during such period was made under the supervision of the officer signing such certificate and (b) to the Servicer's knowledge, based on such review, the Servicer has fully performed all of its obligations under this Indenture for the relevant time period, or, if there has been a default in the performance of any such obligation, specifying each such default known to such officer and the nature and status thereof.

Section 8.4 Notices to FAC. In the event that FAC is not acting as Servicer, any Successor Servicer appointed and acting pursuant to Section 12.2 shall deliver or make available to FAC each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to the provisions of this Article VIII.

Section 8.5 Tax Reporting. The Trustee shall file or cause to be filed with the Internal Revenue Service and furnish or cause to be furnished to Noteholders Information Reporting Forms 1099, together with such other information reports or returns at the time or times and in the manner required by the Code consistent with the treatment of the Notes as indebtedness of the Issuer for federal income tax purposes.

ARTICLE IX

LOCKBOX ACCOUNTS

Section 9.1 Lockbox Accounts. The Issuer has established or has caused to be established and shall maintain or cause to be maintained a system of operations, accounts and

instructions with respect to the Obligors and Lockbox Accounts at the Lockbox Banks as described in Sections 4.1(j) and 6.1. Pursuant to the Lockbox Agreement to which it is party, each Lockbox Bank shall be irrevocably instructed to initiate an electronic transfer of all funds on deposit in the relevant Lockbox Account or to the extent the Lockbox Account is operated under an intercreditor agreement all funds in the Lockbox Account that are derived from Pledged Loans, to the Collection Account on the Business Day on which such funds become available. Prior to the occurrence of an Event of Default, the Trustee shall be authorized to allow the Servicer to effect or direct deposits into the Lockbox Accounts. The Trustee is hereby irrevocably authorized and empowered, as the Issuer's attorney-in-fact, to endorse any item deposited in a Lockbox Account, or presented for deposit in any Lockbox Account or the Collection Account, requiring the endorsement of the Issuer, which authorization is coupled with an interest and is irrevocable.

All funds in each Lockbox Account shall be transferred daily by or upon the order of the Trustee by electronic funds transfer or intra-bank transfer to the Collection Account.

ARTICLE X

INDEMNITIES

Section 10.1 Liabilities to Obligors. No obligation or liability to any Obligor under any of the Pledged Loans is intended to be assumed by the Trustee, the Insurer or the Noteholders under or as a result of this Indenture and the transactions contemplated hereby and, to the maximum extent permitted by law, the Trustee, the Insurer and the Noteholders expressly disclaim any such obligation and liability.

Section 10.2 Tax Indemnification. The Issuer agrees to pay, and to indemnify, defend and hold harmless the Trustee, the Noteholders, the Insurer and the Swap Counterparty from, any taxes which may at any time be asserted with respect to, and as of the date of, the Grant of the Pledged Loans to the Collateral Agent for the benefit of the Trustee, the Noteholders, the Insurer and the Swap Counterparty, including without limitation any sales, gross receipts, general corporation, personal property, privilege or license taxes (but not including any federal, state or other income or intangible asset taxes arising out of the issuance of the Notes or distributions with respect thereto, other than any such intangible asset taxes in respect of a jurisdiction in which the indemnified person is not otherwise subject to tax on its intangible assets) and costs, expenses and reasonable counsel fees in defending against the same.

Section 10.3 Servicer's Indemnities. Each entity serving as Servicer shall defend and indemnify the Issuer and the Trustee against any and all costs, expenses, losses, damages, claims and liabilities, including reasonable fees and expenses of counsel and expenses of litigation, in respect of any action taken, or failure to take any action by such entity as Servicer (but not by any predecessor or successor Servicer) with respect to this Indenture or any Pledged Loan; provided, however, such indemnity shall apply only in respect of any negligent action taken, or negligent failure to take any action, or reckless disregard of duties hereunder, or bad faith or willful misconduct by the Servicer. This indemnity shall survive any Service Transfer (but a Servicer's obligations under this Section 10.3 shall not relate to any actions of any Successor

Servicer after a Service Transfer) and any payment of the amount owing hereunder or any release by the Issuer of any such Pledged Loan.

Section 10.4 Operation of Indemnities. Indemnification under this Article X shall include without limitation reasonable fees and expenses of counsel and expenses of litigation. If the Servicer has made any indemnity payments to the Trustee, the Noteholders, the Swap Counterparty or the Issuer pursuant to this Article X and if either the Trustee or the Issuer thereafter collect any of such amounts from others, the Trustee, the Noteholders, the Swap Counterparty or the Issuer will promptly repay such amounts collected to the Servicer without interest.

ARTICLE XI

EVENTS OF DEFAULT

Section 11.1 Events of Default. If any one of the following events shall occur:

(a) Available Funds together with the Reserve Account Draw Amount are not sufficient to pay in full interest due on the Notes on any Payment Date (without regard to amounts paid pursuant to the Insurance Policy);

(b) Available Funds together with the Reserve Account Draw Amount on the Scheduled Final Maturity Date are not sufficient to reduce the Aggregate Principal Amount of the Notes to zero;

(c) a default in the observance or performance of any material covenant or agreement of the Issuer made with respect to itself or the Servicer made with respect to itself in this Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section 11.1 specifically dealt with) or in the Insurance Agreement, or any representation or warranty of the Issuer made as to itself or the Servicer made with respect to itself in this Indenture or in the Insurance Agreement, or in any certificate or other writing delivered pursuant hereto or thereto, or in connection herewith or therewith, proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of thirty (30) days after the earlier of actual knowledge or the receipt of written notice sent by registered or certified mail, return receipt requested, to the Issuer, if the Issuer is in default, or by the Servicer, if the Servicer is in default, by the Trustee or to the Issuer and the Servicer, as applicable, and the Trustee by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Noteholders of at least 25% of the Aggregate Principal Amount of the Notes, specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(d) (1) the Issuer shall consent to the appointment of a conservator, receiver or liquidator in any insolvency, adjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Issuer or to all or substantially all of its property, as the case

may be; (2) a decree or order of a court, agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, adjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Issuer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days; or (3) the Issuer shall become insolvent or admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations;

(e) the Issuer shall become or come under the control of an "investment company" subject to registration under the Investment Company Act; or

(f) failure on the part of FAC or Trendwest, if any, to (i) repurchase any Defective Loan or provide a Qualified Substitute Loan if required to do so under the terms of the applicable Purchase Agreement or (ii) maintain the perfection and first priority status of the security interest granted to the Depositor upon the sale of the Pledged Loans and such failure continues for a period of thirty (30) days after actual knowledge of such failure or the receipt of written notice sent by registered or certified mail, return receipt requested, to the Issuer, and to FAC or Trendwest, as applicable, by the Trustee or to the Issuer and FAC or Trendwest, as applicable, and the Trustee by (a) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of at least 25% of the Aggregate Principal Amount of the Notes, specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

THEN, with respect to the event described in subparagraph (d), an Event of Default shall automatically occur as of the date of such event and with respect to each of the events described in subparagraphs (a), (b), (c), (e) and (f) an Event of Default shall occur upon the occurrence of the event, the passage of the applicable grace period, if any and the declaration that such event shall constitute an Event of Default which declaration shall be made by the Trustee or (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of at least 25% of the Aggregate Principal Amount of the Notes. If an Event of Default has occurred, it shall continue unless waived in writing by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes.

Promptly after the automatic occurrence of an Event of Default, and, in any event, within two Business Days thereafter, the Trustee shall notify the Insurer, each Noteholder and each Rating Agency of the occurrence thereof to the extent a Responsible Officer of the Trustee has actual knowledge thereof based upon receipt of written information or other communication.

Section 11.2 Acceleration of Maturity; Rescission and Annulment.

(a) If any Event of Default occurs under subparagraph (d) of Section 11.1, the principal of each Class of Notes, together with accrued and unpaid interest thereon, will automatically be accelerated and become immediately due and payable. If any other Event of Default occurs, (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Majority Holders of the Notes may accelerate the

Notes by declaring the principal of each Class of Notes, together with accrued and unpaid interest thereon to be immediately due and payable, by a notice in writing to the Issuer, the Trustee, the Insurer and the Swap Counterparty and upon any such declaration such principal and interest shall become immediately due and payable.

(b) At any time after such an acceleration or declaration of acceleration of the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in this Indenture, such acceleration may be rescinded by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes by written notice to the Issuer, the Trustee and the Swap Counterparty. No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

(c) If an Event of Default has occurred and the Notes have been accelerated, payments will continue to be made in accordance with the Priority of Payment unless a Rapid Amortization Event has also occurred, in which case payments will be made as provided in Section 3.1 upon the occurrence of a Rapid Amortization Event; provided, however, if the Trustee has sold the Collateral under this Indenture, then payments shall be made as provided in Section 11.7.

Section 11.3 Collection of Indebtedness and Suits for Enforcement by Trustee. The Issuer covenants that if the Notes are accelerated following the occurrence of an Event of Default, and such acceleration has not been rescinded and annulled, the Issuer shall, upon demand of the Trustee, pay to it, for the benefit of the Noteholders, the Insurer and the Swap Counterparty the whole amount then due and payable on the Notes for principal and interest, with interest upon the overdue principal and upon overdue installments of interest, as determined for each Class, any amounts due to the Insurer and any amounts due to the Swap Counterparty, to the extent that payment of such interest shall be legally enforceable; and, in addition thereto, such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; provided, however, the amount due under this Section 11.3 shall not exceed the aggregate proceeds from the sale of the relevant Collateral and amounts otherwise held by the Issuer and available for such purpose.

Until such demand is made by the Trustee, the Issuer shall pay the principal of and interest on the Notes to the Trustee for the benefit of the registered Holders to be applied as provided in this Indenture, whether or not the Notes are overdue.

If the Issuer fails to pay such amounts forthwith upon such demand, then the Trustee for the benefit of the Noteholders, the Insurer and the Swap Counterparty and as trustee of an express trust, may, with the prior written consent of or shall at the direction of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes, institute suits in equity, actions at law or other legal, judicial or administrative proceedings (each, a "Proceeding") for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer and collect the monies adjudged or decreed to be payable in the manner provided by law out of the

Collateral wherever situated. In the event a Proceeding shall involve the liquidation of Collateral, the Trustee shall pay all costs and expenses for such Proceeding and shall be reimbursed for such costs and expenses from the resulting liquidation proceeds. In the event that the Trustee determines that liquidation proceeds will not be sufficient to fully reimburse the Trustee, the Trustee shall receive indemnity satisfactory to it against such costs and expenses from the Noteholders (which indemnity may include, at the Trustee's option, consent by each Noteholder authorizing the Trustee to be reimbursed from amounts available in the Collection Account) or if the Trustee is acting at the direction of the Insurer, from the Insurer in which case an unsecured indemnity from the Insurer shall be sufficient.

If an Event of Default occurs and is continuing, the Trustee may, with the prior written consent of or shall at the direction of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes, proceed to protect and enforce its rights and the rights of the Noteholders and the Insurer hereunder and under the Notes, by such appropriate Proceedings as are necessary to effectuate, protect and enforce any such rights, whether for the specific enforcement of any covenant, agreement, obligation or indemnity in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 11.4 Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other Proceeding relative to the Issuer or the property of the Issuer or its creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise) shall be entitled and empowered, by intervention in such Proceeding or otherwise,

(a) to file a proof of claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and other amounts owing under the Insurance Agreement and to file such 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), the Insurer and of the Noteholders allowed in such Proceeding, and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same to the Noteholders and the Insurer;

and any receiver, assignee, trustee, liquidator or sequestrator (or other similar official) in any such 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 to 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 to the Trustee under Article XIII.

Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder or the Insurer any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof

or the Insurer, or to authorize the Trustee to vote in respect of the claim of any Noteholder or the Insurer in any such Proceeding.

Section 11.5 Remedies.

(a) If an Event of Default shall have occurred and be continuing, the Trustee and the Collateral Agent (upon direction by the Trustee) may, with the prior written consent of, or shall at the direction of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes, do one or more of the following (subject to Section 11.6):

(1) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes or under this Indenture, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Collateral monies adjudged due;

(2) obtain possession of the Pledged Loans in accordance with the terms of the Custodial Agreement and sell the Collateral or any portion thereof or rights or interests therein, at one or more public or private sales called and conducted in any manner permitted by law and in accordance with Section 11.13;

(3) institute Proceedings in its own name and as trustee of an express trust from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;

(4) exercise any remedies of a secured party under the UCC with respect to the Collateral (including any Accounts), take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Insurer or the Holders and each other agreement contemplated hereby (including retaining the Collateral pursuant to Section 11.6 and applying distributions from the Collateral pursuant to Section 11.7); and

(5) exercise any rights or remedies under this Agreement, the First Guaranty Agreement, the Performance Guaranty or any Transaction Document;

provided, however, that neither the Trustee nor the Collateral Agent may sell or otherwise liquidate the Collateral which constitutes Pledged Loans and Pledged Assets following an Event of Default other than an Event of Default described in this Agreement resulting from an Insolvency Event, unless either (i) (A) the Insurer, if no Insurer Default has occurred and is continuing, or (B) during the continuation of an Insurer Default, the Holders of 100% of the Aggregate Principal Amount of the Notes then outstanding, consents thereto, (ii) the proceeds of such sale or liquidation are sufficient to discharge in full the amounts then due and unpaid upon the Notes for principal and Accrued Interest and the fees and all other amounts required to be paid pursuant to Section 11.7 or (iii) (A) the Control Party directs and the Trustee, only if the Insurer is not the Control Party, determines that the Collateral will not continue to provide sufficient funds for the payment of principal of, and interest on, the Notes as they would have become due if such Notes would not have been declared due and payable. If an Event of Default has occurred and is continuing and (A) the Insurer, if no Insurer Default has occurred and is continuing, or (B) during the continuation of an Insurer Default, the Holders of 100% of the

Aggregate Principal Amount of the Notes then outstanding directs the Trustee to sell or otherwise liquidate the Collateral, the Trustee will dispose of the Collateral as directed.

For purposes of clause (ii) or clause (iii) of the preceding paragraph and Section 11.6, the Trustee may, but need not, obtain and rely upon an opinion of an independent accountant or an independent investment banking firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the distributions and other amounts receivable with respect to the Collateral to make the required payments of principal of and interest on the Notes, and any such opinion shall be conclusive evidence as to such feasibility or sufficiency. The Issuer shall bear the reasonable costs and expenses of any such opinion.

For purposes of this Section 11.5, the Trustee agrees to take all actions requested or directed by (A) the Insurer, if no Insurer Default has occurred and is continuing, or (B) during the continuation of an Insurer Default, the Holders of 100% of the Aggregate Principal Amount of the Notes then outstanding as provided for in this Section 11.5.

(b) In addition to the remedies provided in Section 11.5(a), the Trustee may with the consent of and shall at the direction of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes institute a Proceeding in its own name and as trustee of an express trust solely to compel performance of a covenant, agreement, obligation or indemnity or to cure the representation or warranty or statement, the breach of which gave rise to the Event of Default; and the Trustee shall enforce any equitable decree or order arising from such Proceeding.

Section 11.6 Optional Preservation of Collateral. If the Notes have been accelerated following an Event of Default and such acceleration and its consequences have not been rescinded and annulled, to the extent permitted by law, the Trustee at the request of the Control Party shall retain the Collateral securing the Notes intact for the benefit of the Holders of the Notes, the Insurer and the Swap Counterparty and in such event it shall deposit all funds received with respect to the Collateral into the Collection Account and apply such funds in accordance with the payment priorities set forth in this Indenture, as if there had not been such an acceleration. So long as the Trustee retains the Collateral, the Trustee shall continue to apply all distributions received on such Collateral in accordance with this Agreement.

Section 11.7 Application of Monies Collected During Event of Default. If the Notes have been accelerated following an Event of Default and such acceleration and its consequences have not been rescinded and annulled, and the Trustee has sold the Collateral, the proceeds collected by the Trustee pursuant to this Article XI or otherwise with respect to such Notes shall be applied as provided below:

FIRST, to the Trustee in payment of the Monthly Trustee Fees and in reimbursement of permitted expenses of the Trustee under each of the Transaction Documents to which the Trustee is a party and amounts due to the Trustee as indemnification; in the event of a Servicer Default and the replacement of the Servicer with the Trustee or a Successor Servicer, the costs and expenses of replacing the Servicer shall be permitted expenses of the Trustee;

SECOND, to the Servicer, the Monthly Servicer Fee plus any unreimbursed Servicer Advances plus any accrued and unpaid Monthly Servicer Fees and any unreimbursed Servicer Advances for prior Payment Dates;

THIRD, to the Swap Counterparty, the Net Swap Payment, if any;

FOURTH, to the extent not paid by the Servicer, to the Custodian the Monthly Custodian Fee, plus any accrued and unpaid Monthly Custodian Fees for prior Payment Dates;

FIFTH, to the extent not paid by the Servicer, to the Collateral Agent, the Monthly Collateral Agent Fee plus any accrued and unpaid Monthly Collateral Agent Fees for prior Payment Dates;

SIXTH, as long as no Insurer Default has occurred and is continuing, to the Insurer, any accrued and unpaid Insurer Premium;

SEVENTH, to the holders of the Class A-1 Notes, Accrued Interest on the Class A-1 Notes, and to the holders of the Class A-2 Notes, Accrued Interest on the Class A-2 Notes (to the extent that there are insufficient funds, pro rata in proportion to their respective Class Percentages);

EIGHTH, to the Insurer, any Reimbursement Amounts then due and owing to the Insurer;

NINTH, (i) to the holders of the Class A-1 Notes the lesser of (a) the amount allocated to the Class A-1 Notes when all Available Funds are allocated pro rata between the Class A-1 Notes and the Class A-2 Notes in proportion to their respective Principal Amounts and (b) the Principal Amount of the Class A-1 Notes; and (ii) to the holders of the Class A-2 Notes and the Swap Counterparty, the amount allocated to the Class A-2 Notes when all Available Funds are allocated pro rata between the Class A-1 Notes and the Class A-2 Notes in proportion to their respective Principal Amounts, pro rata in proportion to the Principal Amount of the Class A-2 Notes and the unpaid Senior Priority Swap Termination Amount, respectively, until such amounts are reduced to zero;

TENTH, (i) first, to the Insurer, any other amounts due to the Insurer pursuant to the Insurance Agreement and (ii) second, to the Trustee, any other amounts due to the Trustee under this Indenture;

ELEVENTH, to the Swap Counterparty, any amounts owing to the Swap Counterparty in respect of a termination of the Interest Rate Swap; and

TWELFTH, to Issuer, any remaining amounts free and clear of the Lien of this Indenture.

Section 11.8 Limitation on Suits by Individual Noteholders. Subject to Section 11.9, no Noteholder shall have any right to institute any Proceeding with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder or thereunder, unless:

(a) an Insurer Default shall have occurred and be continuing;

(b) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(c) the Majority Holders shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(d) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and

(e) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such Proceeding,

it being understood and intended that no one or more Noteholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholders or the Insurer or to obtain or to seek to obtain priority or preference over any other Holders or the Insurer or to enforce any right under this Indenture, except in the manner herein provided.

Section 11.9 Unconditional Rights of Noteholders to Receive Principal and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which right is absolute and unconditional, to receive payment of the principal and interest on such Note on or after the respective due dates thereof expressed in such Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder; provided, however, that the Insurer will be subrogated to the rights of each Noteholder to receive payments of principal and interest, as applicable, with respect to distributions on the Notes to the extent of any payment by the Insurer under the Insurance Policy and the Insurer will be reimbursed therefor, together with interest thereon as provided in the Insurance Agreement in accordance with Sections 3.1 and 11.7

Section 11.10 Restoration of Rights and Remedies. If the Trustee, the Insurer or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, the Insurer or to such Noteholder, then and in every such case the Issuer, the Trustee, the Insurer and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, the Insurer and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 11.11 Waiver of Event of Default. Prior to the Trustee's acquisition of a money judgment or decree for payment, in either case for the payment of all amounts owing by the Issuer in connection with this Indenture and the Notes issued thereunder (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of 50% or more of the Aggregate Principal Amount of Notes have the right to waive any Event of Default and its consequences.

Upon any such waiver, such Event of Default shall cease to exist, and be deemed to have been cured, for every purpose of this Indenture but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 11.12 Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) 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 stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, on the basis of any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 11.13 Sale of Collateral.

(a) The power to effect any sale (a "Sale") of any portion of the Collateral pursuant to Section 11.5 shall not be exhausted by any one or more Sales as to any portion of such Collateral remaining unsold, but shall continue unimpaired until the entire Collateral shall have been sold or all amounts payable on the Notes and all amounts owing to the Insurer shall have been paid, whichever occurs later. The Trustee may from time to time postpone any Sale by public announcement made at the time and place of such Sale. The Trustee hereby expressly waives its right to any amount fixed by law as compensation for any Sale. The Trustee may reimburse itself from the proceeds of any sale for the reasonable costs and expenses incurred in connection with such sale. The net proceeds of such sale shall be applied as provided in this Indenture.

(b) The Trustee and the Collateral Agent shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Collateral in connection with a Sale thereof. In addition, the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey the Issuer's interest in any portion of the Collateral in connection with a Sale thereof, and to take all action necessary to effect such Sale. No purchaser or transferee at such Sale shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

Section 11.14 Action on Notes. The Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. None of the rights or remedies of the Trustee or the Noteholders hereunder shall be impaired by the recovery of any judgment by the Trustee or any Noteholder against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral.

Section 11.15 Control by the Insurer or the Noteholders. If an Event of Default has occurred and is continuing, (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee; provided that

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) any direction to the Trustee to sell or liquidate the Collateral which constitutes Loans and the related Pledged Assets shall be subject to the provisions of Sections 11.5 and 11.6; and

(iii) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

provided, however, that, subject to Section 13.1, the Trustee need not take any action that it determines might involve it in liability unless it has been provided with reasonable indemnity against such liability, it being agreed that an unsecured indemnity from the Insurer shall constitute sufficient indemnity;

ARTICLE XII

SERVICER DEFAULTS

Section 12.1 Servicer Defaults. If any one of the following events (each, a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to make any payment, transfer or deposit on or before the date such payment, transfer or deposit is required to be made or given under the terms of this Indenture and such failure remains unremedied for two Business Days; provided, however, that if the Servicer is unable to make a payment, transfer or deposit when due and such failure is as a result of circumstances beyond the Servicer's control, the grace period shall be extended to five Business Days;

(b) failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in this Indenture or any other Transaction Document to which the Servicer is a party and such failure continues unremedied for a period of 30 days after the earlier of the date on which the Servicer has actual knowledge of the failure and the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Trustee, or to the Servicer and the Trustee by the Insurer or the Holders of 25% or more of the Aggregate Principal Amount of the Notes;

(c) any representation and warranty made by the Servicer in this Indenture shall prove to have been incorrect in any material respect when made and has a material and adverse impact on the Trustee's interest in the Pledged Loans and other Pledged Assets and the Servicer is not in compliance with such representation or warranty within 30 Business Days after the

earlier of the date on which the Servicer has actual knowledge of such breach and the date on which written notice of such breach requiring that such breach be remedied, shall have been given to the Servicer by the Trustee or to the Servicer and the Trustee by the Insurer or the Holders of 25% or more of the Aggregate Principal Amount of the Notes;

(d) an Insolvency Event shall occur with respect to the Servicer or Cendant; or

(e) the Servicer shall fail to deliver the reports described in Section 8.1 of this Indenture and such failure shall continue for five Business Days.

THEN, so long as such Servicer Default shall be continuing, the Control Party by notice then given in writing to the Servicer, the Swap Counterparty, the Issuer, the Trustee, the Insurer and each Rating Agency (a "Termination Notice"), may terminate all of the rights and obligations of the Servicer as Servicer under this Indenture (such termination being herein called a "Service Transfer"). After receipt by the Servicer and the Trustee of such Termination Notice and subject to the terms of Section 12.2(a), the Trustee shall automatically assume the responsibilities of the Servicer hereunder until the date that a Successor Servicer shall have been appointed pursuant to Section 12.2 and all authority and power of the Servicer under this Indenture shall pass to and be vested in the Trustee or such Successor Servicer, as the case may be, without further action on the part of any Person, and, without limitation, the Trustee at the direction of the Control Party (which authorization is coupled with an interest and is irrevocable) is hereby authorized and empowered (upon the failure of the Servicer to cooperate) to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of the Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights.

The Servicer agrees to cooperate with the Trustee and such Successor Servicer in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing hereunder, including without limitation the transfer to such Successor Servicer of all authority of the Servicer to service the Pledged Loans provided for under this Indenture, including without limitation all authority over any Collections which shall on the date of transfer be held by the Servicer for deposit in a Lockbox Account or which shall thereafter be received by the Servicer with respect to the Pledged Loans, and in assisting the Successor Servicer in enforcing all rights under this Indenture including, without limitation, allowing the Successor Servicer's personnel access to the Servicer's premises for the purpose of collecting payments on the Pledged Loans made at such premises. The Servicer shall promptly transfer its electronic records relating to the Pledged Loans to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Pledged Loans in the manner and at such times as the Successor Servicer shall reasonably request. The Servicer shall allow the Successor Servicer access to the Servicer's officers and employees. To the extent that compliance with this Section 12.1 shall require the Servicer to disclose to the Successor Servicer information of any kind which the Servicer reasonably deems to be confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem necessary to protect its interest and as shall be satisfactory in form and substance to the Successor Servicer. The Servicer hereby consents to the entry against it of an

order for preliminary, temporary or permanent injunctive relief by any court of competent jurisdiction, to ensure compliance by the Servicer with the provisions of this paragraph.

Section 12.2 Appointment of Successor.

(a) Appointment. On and after the receipt by the Servicer of a Termination Notice pursuant to Section 12.1, or any permitted resignation of the Servicer pursuant to Section 7.12, the Servicer shall continue to perform all servicing functions under this Indenture until the date specified in the Termination Notice or otherwise specified by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Trustee or until a date mutually agreed upon by the Servicer and (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Trustee. Upon receipt by the Servicer of a Termination Notice, (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Trustee shall as promptly as possible after the giving of a Termination Notice appoint a successor servicer (in any case, the "Successor Servicer") and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Trustee and, so long as no Insurer Default has occurred and is continuing, the Insurer; provided that such appointment shall be subject to satisfaction of the Rating Agency Condition. In the event a Successor Servicer has not been appointed and accepted the appointment by the date of termination stated in the Termination Notice the Trustee shall automatically assume responsibility for performing the servicing functions under this Indenture on the date of such termination. In the event that a Successor Servicer has not been appointed and has not accepted its appointment and the Trustee is legally unable or otherwise not capable of assuming responsibility for performing the servicing functions under this Indenture, the Trustee shall petition a court of competent jurisdiction to appoint any established financial institution having a net worth of not less than $100,000,000 and whose regular business includes the servicing of receivables similar to the Pledged Loans or other consumer finance receivables; provided, however, pending the appointment of a Successor Servicer, the Trustee will act as the Successor Servicer.

(b) Duties and Obligations of Successor Servicer. Upon its appointment, the Successor Servicer shall be the successor in all respects to the Servicer with respect to servicing functions under this Indenture and shall be subject to all the responsibilities and duties relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Indenture to the Servicer shall be deemed to refer to the Successor Servicer.

(c) Compensation of Successor Servicer; Costs and Expenses of Servicing Transfer. In connection with such appointment and assumption, the Trustee may make arrangements for the compensation of the Successor Servicer. The costs and expenses of transferring servicing shall be paid by the Servicer which is resigning or being replaced and to the extent such costs and expenses are not so paid, shall be paid from Collections as provided herein in Sections 3.1 and 11.7.

Section 12.3 Notification to Noteholders. Upon the occurrence of any Servicer Default or any event which, with the giving of notice or passage of time or both, would become a Servicer Default, the Servicer shall give prompt written notice thereof to the Trustee and the Issuer and the Trustee shall give notice to the Noteholders at their respective addresses appearing

in the Note Register and to the Insurer and the Swap Counterparty. Upon any termination or appointment of a Successor Servicer pursuant to this Article XII, the Trustee shall give prompt written notice thereof to the Issuer and to the Noteholders at their respective addresses appearing in the Note Register and to the Insurer and the Swap Counterparty.

Section 12.4 Waiver of Past Defaults. With respect to a Servicer Default described in Section 12.1, (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Majority Holders of the Notes may, on behalf of all Holders, waive any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any default arising therefrom shall be deemed to have been remedied for every purpose of this Indenture. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

Section 12.5 Termination of Servicer's Authority. All authority and power granted to the Servicer under this Indenture shall automatically cease and terminate upon termination of this Indenture pursuant to Section 14.1, and shall pass to and be vested in the Issuer and without limitation the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights upon termination of this Indenture. The Servicer shall cooperate with the Issuer in effecting the termination of the responsibilities and rights of the Servicer to conduct servicing on the Pledged Loans. The Servicer shall transfer its electronic records relating to the Pledged Loans to the Issuer in such electronic form as Issuer may reasonably request and shall transfer all other records, correspondence and documents relating to the Pledged Loans to the Issuer in the manner and at such times as the Issuer shall reasonably request. To the extent that compliance with this Section 12.5 shall require the Servicer to disclose information of any kind which the Servicer deems to be confidential, the Issuer shall be required to enter into such customary licensing and confidentiality agreements as the Servicer shall deem necessary to protect its interests and as shall be reasonably satisfactory in form and substance to the Issuer.

Section 12.6 Matters Related to Successor Servicer.

The Successor Servicer will not be responsible for delays attributable to the Servicer's failure to deliver information, defects in the information supplied by the Servicer or other circumstances beyond the control of the Successor Servicer.

The Successor Servicer will make arrangements with the Servicer for the prompt and safe transfer of, and the Servicer shall provide to the Successor Servicer, all necessary servicing files and records, including (as deemed necessary by the Successor Servicer at such time): (i) microfiche loan documentation, (ii) servicing system tapes, (iii) Pledged Loan payment history, (iv) collections history and (v) the trial balances, as of the close of business on the day immediately preceding conversion to the Successor Servicer, reflecting all applicable Pledged Loan information.

The Successor Servicer shall have no responsibility and shall not be in default hereunder nor incur any liability for any failure, error, malfunction or any delay in carrying out any of its

duties under this Indenture if any such failure or delay results from the Successor Servicer acting in accordance with information prepared or supplied by a Person other than the Successor Servicer or the failure of any such Person to prepare or provide such information. The Successor Servicer shall have no responsibility, shall not be in default and shall incur no liability (i) for any act or failure to act by any third party, including the Servicer, the Issuer or the Trustee or for any inaccuracy or omission in a notice or communication received by the Successor Servicer from any third party or (ii) which is due to or results from the invalidity, unenforceability of any Pledged Loan under applicable law or the breach or the inaccuracy of any representation or warranty made with respect to any Pledged Loan.

If the Trustee or any other Successor Servicer assumes the role of Successor Servicer hereunder, such Successor Servicer shall be entitled to appoint Subservicers whenever it shall be deemed necessary by such Successor Servicer.

ARTICLE XIII

THE TRUSTEE; THE COLLATERAL AGENT; THE CUSTODIAN

Section 13.1 Duties of Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee shall have actual knowledge and after the curing of all such Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If an Event of Default of which a Responsible Officer of the Trustee shall have actual knowledge has occurred and has not been cured or waived, 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 institutional trustee would exercise or use under the circumstances in the conduct of such institution's own affairs. The Trustee is hereby authorized and empowered to make the withdrawals and payments from the Accounts in accordance with the instructions set forth in this Indenture until the termination of this Indenture in accordance with Section 14.1 unless this appointment is earlier terminated pursuant to the terms hereof.

(b) The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee which are specifically required to be furnished pursuant to any provision of this Indenture, shall examine them to determine whether they conform to such requirements; provided, however, that the Trustee shall not be responsible for the accuracy or content of any resolution, certificate, statement, opinion, report, document, order or other instrument furnished by the Servicer, the Issuer or any other Person hereunder (other than the Trustee). The Trustee shall give prompt written notice to the Noteholders of any material lack of conformity of any such instrument to the applicable requirements of this Indenture discovered by the Trustee.

(c) Subject to Section 13.1(a), no provision of this Indenture shall be construed to relieve the Trustee from liability for its own gross negligence, reckless disregard of its duties, bad faith or misconduct; provided, however, that:

(i) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer or employees of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with this Indenture or at the direction of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising or omitting to exercise any trust or power conferred upon the Trustee, under this Indenture;

(iii) the Trustee shall not be charged with knowledge of any failure by any other party hereto to comply with its obligations hereunder or of the occurrence of any Event of Default, Rapid Amortization Event, Cash Accumulation Event or Servicer Default unless a Responsible Officer of the Trustee obtains actual knowledge of such failure based upon receipt of written information or other communication or a Responsible Officer of the Trustee receives written notice of such failure from the Servicer, the Issuer, the Insurer or any Noteholder. In the absence of receipt of notice or actual knowledge by a Responsible Officer the Trustee may conclusively assume there is no Event of Default, Rapid Amortization Event, Cash Accumulation Event or Servicer Default; and

(iv) Prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee shall have actual knowledge or have received notice and after all the curing of all such Events of Default which may have occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, no implied covenants or obligations shall be read into this Indenture against the Trustee and, in the absence of bad faith, willful misconduct or negligence on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(d) The Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (which adequate indemnity may include, at the Trustee's option, consent by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes authorizing the Trustee to be reimbursed for any funds from amounts available in the Collection Account), and none of the provisions contained in this Indenture shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Indenture except during such time, if any, as the Trustee shall be the

successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Indenture.

(e) Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the interests of the Issuer in any Pledged Loan or other Collateral now existing or hereafter created or to impair the value of any Pledged Loan or other Collateral now existing or hereafter created.

(f) Except as provided in this Indenture, the Trustee shall have no power to dispose of or vary any Collateral.

(g) In the event that the Note Registrar shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Note Registrar, as the case may be, under this Indenture, the Trustee (if it is not then the Note Registrar) shall be obligated promptly to perform such obligation, duty or agreement in the manner so required.

(h) The Trustee shall have no duty to (A) see to any recording, filing or depositing of this Indenture or any agreement referred to herein or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing or depositing or to any rerecording, refiling or redepositing of any thereof, (B) see to any insurance, (C) see to the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of any Collateral other than from funds available in the Collection Account, or (D) confirm or verify the contents of any reports or certificates of the Servicer delivered to the Trustee pursuant to this Indenture believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties.

Section 13.2 Certain Matters Affecting the Trustee. Except for its own gross negligence, reckless disregard of its duties, bad faith or misconduct:

(a) the Trustee may rely on and shall be protected from liability to the Issuer and the Noteholders in acting on, or in refraining from acting in accord with, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, conversation, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed, sent or made by the proper Person or Persons;

(b) the Trustee may consult with counsel and any advice of counsel (including without limitation counsel to the Issuer or the Servicer) shall be full and complete authorization and protection from liability to the Issuer and the Noteholders in respect to any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel;

(c) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, 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 Indenture, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity 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 any Servicer Default of which a Responsible Officer of the Trustee shall have actual knowledge or have received notice (which has not been cured), to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs;

(d) neither the Trustee nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be personally liable for any action taken, suffered or omitted to be taken by the Trustee or such Person in good faith and believed by such Person to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, nor for any action taken or omitted to be taken by any other party hereto;

(e) the Trustee shall not be bound to make any investigation into the facts of matters stated in any Monthly Servicing Report, any other report or statement delivered to the Trustee by the Servicer, 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 (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of more than 50% of the Aggregate Principal Amount of the Notes; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity satisfactory to the Trustee against such cost, expense or liability as a condition to taking any such action.

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney or custodian appointed with due care by it hereunder;

(g) except as may be required by Section 13.1(b), the Trustee shall not be required to make any initial or periodic examination of any documents or records related to the Pledged Loans for the purpose of establishing the presence or absence of defects, the compliance by the Servicer or the Issuer with their respective representations and warranties or for any other purpose;

(h) the right of the Trustee to perform any discretionary act enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for the performance of such act; and

(i) the Trustee shall not be required to give any bond or surety in respect of the powers granted hereunder.

Section 13.3 Trustee Not Liable for Recitals in Notes or Use of Proceeds of Notes. The Trustee assumes no responsibility for the correctness of the recitals contained herein and in the Notes (other than the certificate of authentication on the Notes) or for any statements, representations or warranties made herein by any Person other than the Trustee (except as

expressly set forth herein). Except as set forth in Section 13.14, the Trustee makes no representations as to the validity, enforceability or sufficiency of this Indenture or of the Notes (other than the certificate of authentication on the Notes) or of any Pledged Loan or related document. The Trustee shall not be accountable for the use or application of funds properly withdrawn from any Account on the instructions of the Servicer or for the use or application by the Issuer of the proceeds of any of the Notes, or for the use or application of any funds paid to the Issuer in respect of the Pledged Loans. The Trustee shall not be responsible for the legality or validity of this Indenture or the validity, priority, perfection or sufficiency of the security for the Notes issued or intended to be issued hereunder. The Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder or to record this Indenture.

Section 13.4 Trustee May Own Notes; Trustee in its Individual Capacity. Wachovia Bank, National Association, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights as it would have if it were not the Trustee. Wachovia Bank, National Association and its Affiliates may generally engage in any kind of business with the Issuer or the Servicer as though Wachovia Bank, National Association were not acting in such capacity hereunder and without any duty to account therefor. Nothing contained in this Indenture shall limit in any way the ability of Wachovia Bank, National Association and its Affiliates to act as a trustee or in a similar capacity for other interval ownership and lot contract and installment note financings pursuant to agreements similar to this Indenture.

Section 13.5 Trustee's Fees and Expenses; Indemnification. The Trustee shall be entitled to receive from time to time pursuant to this Indenture and the Trustee Fee Letter, (a) such compensation as shall be agreed to between the Issuer and the Trustee (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trust hereby created and in the exercise and performance of any of the powers and duties hereunder as the Trustee and to be reimbursed for its out-of-pocket expenses (including reasonable attorneys' fees), incurred or paid in establishing, administering and carrying out its duties under this Indenture or the Collateral Agency Agreement and (b) subject to Section 10.3, the Issuer and the Servicer agree, jointly and severally, to pay, reimburse, indemnify and hold harmless the Trustee (without reimbursement from any Account or otherwise) upon its request for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever (including without limitation fees, expenses and disbursements of counsel) which may at any time (including without limitation at any time following the termination of this Indenture and payment on account of the Notes) be imposed on, incurred by or asserted against the Trustee in any way relating to or arising out of this Indenture, the Collateral Agency Agreement or any other Transaction Document to which the Trustee is a party or the transactions contemplated hereby or any action taken or omitted by the Trustee under or in connection with any of the foregoing except for those liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence, reckless disregard of its duties, bad faith or willful misconduct of the Trustee and except that if the Trustee is appointed Successor Servicer pursuant to Section 12.2, the provisions of this Section 13.5 shall not apply to expenses, disbursements and advances made or incurred by the Trustee in its capacity as Successor Servicer. The agreements in this Section 13.5 shall survive

the termination of this Indenture, the resignation or removal of the Trustee and all amounts payable on account of the Notes.

Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 13.6 Eligibility Requirements for Trustee. The Trustee hereunder (if other than Wachovia Bank, National Association) shall at all times be an Eligible Institution and a corporation or banking association organized and doing business under the laws of the United States of America or any state thereof authorized under such laws to exercise corporate trust powers, and such Trustee (including Wachovia Bank, National Association) shall have a combined capital and surplus of at least $25,000,000 (or, in the case of a successor to the initial Trustee, $100,000,000) and subject to supervision or examination by federal or state authority. If such corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of federal or state supervising or examining authority, then for the purpose of this Section 13.6, the combined capital and surplus of such corporation or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 13.6, the Trustee shall resign immediately in the manner and with the effect specified in Section 13.7.

Section 13.7 Resignation or Removal of Trustee.

(a) The Trustee may at any time resign and be discharged from the trust hereby created by giving 60 days prior written notice thereof to the Issuer, the Swap Counterparty, the Servicer, the Noteholders, the Insurer and each Rating Agency. Upon receiving such notice of resignation, the Issuer shall promptly arrange to appoint a successor trustee meeting the requirements of Section 13.6 and the Servicer shall notify the Trustee, the Insurer, the Swap Counterparty and each Rating Agency of such appointment by written instrument, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. If no successor Trustee shall have been so appointed and have accepted within 30 days after the giving of such notice of resignation, a successor Trustee shall be appointed by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Majority Holders (with notice to the Swap Counterparty). The successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the Trustee. If no successor Trustee shall have been so appointed and shall have accepted appointment in the manner hereinafter provided, any Noteholder, on behalf of itself and all others similarly situated, or the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 13.6 and shall fail to resign after written request therefor by the Issuer or the Servicer, or if at any time the Trustee shall be legally unable to act, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the

purpose of rehabilitation, conservation or liquidation, then the Issuer (with the consent of the Insurer, which consent shall not be unreasonably withheld) may remove the Trustee and promptly appoint a successor Trustee by written instrument, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee.

(c) At any time (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Majority Holders may remove the Trustee and promptly appoint a successor Trustee by written instrument, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section 13.7 shall not become effective until acceptance of appointment by the successor Trustee as provided in Section 13.8.

Section 13.8 Successor Trustee.

(a) Any successor Trustee, appointed as provided in Section 13.7, shall execute, acknowledge and deliver to the Issuer, the Servicer and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein. The predecessor Trustee shall deliver to the successor Trustee all money, documents and other property held by it hereunder; and Issuer and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Trustee all such rights, power, duties and obligations.

(b) No successor Trustee shall accept appointment as provided in this Section 13.8 unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 13.6.

(c) Upon acceptance of appointment by a successor Trustee as provided in this Section 13.8, such successor Trustee shall mail notice of such succession hereunder to the Trustee, the Issuer, the Insurer, the Swap Counterparty, the Servicer and all Noteholders at their addresses as shown in the Note Register.

Section 13.9 Merger or Consolidation of Trustee. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided, such corporation shall be eligible under the provisions of Section 13.6, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 13.10 Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, 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 Noteholders, the Insurer and the Swap Counterparty, such title to the Collateral, or any part thereof, and subject to the other provisions of this Section 13.10, 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 13.6 and no notice to the Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 13.8.

(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) 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 laws 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;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or 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 to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article XIII. 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 Indenture, specifically including every provision of this Indenture 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 the Servicer.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee as 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 Indenture 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 a successor trustee.

Section 13.11 Trustee May Enforce Claims Without Possession of Notes. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the Noteholders and the Insurer in respect of which such judgment has been obtained.

Section 13.12 Suits for Enforcement. If an Event of Default or a Servicer Default shall occur and be continuing, the Trustee, in its discretion may or at the direction of the Control Party shall subject to the provisions of Article XI and Section 12.1, proceed to protect and enforce its rights and the rights of the Noteholders and the Insurer under this Indenture by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee, the Noteholders or the Insurer.

Section 13.13 Rights of the Insurer or the Noteholders to Direct the Trustee. The (A) Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, Majority Holders shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that, subject to Section 13.1, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall, by a Responsible Officer or Responsible Officers of the Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability or be unduly prejudicial to the rights of Noteholders not parties to such direction, or if the Trustee has not been offered reasonable security or indemnity (it being agreed that an unsecured indemnity from the Insurer shall constitute sufficient indemnity), as contemplated by Section 13.2, by (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default, the Holders of greater than 50% of the Aggregate Principal Amount of the Notes; and provided further, that nothing in this Indenture shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Noteholders.

Section 13.14 Representations and Warranties of the Trustee. The Trustee represents and warrants that:

(a) the Trustee is a national banking association with trust powers organized, validly existing and in good standing under the laws of the United States;

(b) the Trustee has full power, authority and right to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture; and

(c) this Indenture has been duly executed and delivered by the Trustee and constitutes the legal, valid and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

Section 13.15 Maintenance of Office or Agency. The Trustee will maintain at its expense in The City of New York, State of New York, an office or offices or agency or agencies where notices and demands to or upon the Trustee in respect of the Notes and this Indenture may be served. The Trustee will give prompt written notice to the Issuer, the Insurer, the Swap Counterparty, the Servicer and the Noteholders of any change in the location of any such office or agency.

Section 13.16 No Assessment. Wachovia Bank, National Association's agreement to act as Trustee hereunder shall not constitute or be construed as Wachovia Bank, National Association's assessment of the Issuer's or any Obligor's creditworthiness or a credit analysis of any Loans.

Section 13.17 UCC Filings and Title Certificates. (a) The Trustee and the Noteholders expressly recognize and agree that the Collateral Agent may be listed as the secured party of record on the various Financing Statements required to be filed under this Indenture in order to perfect the security interest in the Collateral, and such listing will not affect in any way the respective status of the other secured parties under the Collateral Agency Agreement as the holders of their respective interests in other collateral. In addition, such listing shall impose no duties on the Collateral Agent other than those expressly and specifically undertaken in accordance with this Indenture and the Collateral Agency Agreement.

(b) The Trustee shall file such financing statements covering the Collateral as the Control Party shall request in writing.

(c) The Trustee hereby agrees that it will promptly after its receipt forward to the Insurer a copy of each notice and report which it receives under or with respect to this Indenture or other Transaction Documents (unless it is clear from the face of such notice or report that the Insurer has already received a copy of the same).

Section 13.18 Replacement of the Custodian. Each of the Issuer and the Servicer agree not to replace the Custodian then acting as custodian of the Pledged Loans and related assets unless the Insurer has given its prior written consent to such action (which consent shall not be

unreasonably withheld) and the Rating Agency Condition has been satisfied with respect to such replacement.

ARTICLE XIV

TERMINATION

Section 14.1 Termination of Agreement. The respective obligations and responsibilities of the Issuer, the Servicer and the Trustee created hereby (other than the obligation of the Trustee to make payments to Noteholders and the Insurer as hereafter set forth) shall terminate (the "Termination Date") on the day after the Payment Date following the date on which funds shall have been deposited in the Collection Account sufficient to pay the Aggregate Principal Amount of all Notes plus all interest accrued on the Notes through the day preceding such Payment Date and all other amounts owed to the Insurer pursuant to this Agreement and the Insurance Agreement; provided that, all amounts required to be paid on such Payment Date pursuant to this Indenture shall have been paid.

Section 14.2 Final Payment.

(a) Written notice of any termination shall be given (subject to at least two Business Days' prior notice from the Servicer to the Trustee) by the Trustee to the Noteholders, the Insurer, the Swap Counterparty and each Rating Agency then rating any Notes mailed not later than the fifth day of the month of such final payment specifying (a) the Payment Date and (b) the amount of any such final payment. The Trustee shall give such notice to the Note Registrar at the time such notice is given to the Noteholders.

(b) On or after the final Payment Date, upon written request of the Trustee, the Noteholders shall surrender their Notes to the office specified in such request. If presentation or surrender of a Definitive Note is not made within six years of notice of final distribution, no claim may be made in respect of such Definitive Note.

(c) The Trustee shall surrender the Insurance Policy to the Insurer on the date which is one year and one day following the earlier of (i) the Rated Final Maturity Date and (ii) the date on which this Indenture has been terminated in accordance with its terms and all obligations hereunder have been satisfied and discharged; provided, that if an Insolvency Proceeding by or against the Issuer is existing during such one year and one day period, then the Insurance Policy shall not be surrendered until the later of (x) the date of the conclusion or dismissal of such Insolvency Proceeding without continuing jurisdiction by the court in such Insolvency Proceeding, and (y) if any Noteholder is required to return any Preference Amount as a result of such Insolvency Proceeding, the date on which the Insurer has made all payments required to be made under the terms of the Insurance Policy in respect of all such Preference Amounts.

Section 14.3 [Reserved].

Section 14.4 Release of Collateral. Upon the termination of this Indenture pursuant to Section 14.1, the Trustee shall release all liens and assign to the Issuer (without recourse, representation or warranty) all right, title and interest of the Trustee in and to the Collateral and all proceeds thereof. The Trustee shall execute and deliver such instruments of assignment, in

each case without recourse, representation or warranty, as shall be reasonably requested by the Issuer to release the security interest of the Trustee in the Collateral.

Section 14.5 Release of Defaulted Loans.

(a) Issuer May Obtain Release. If any Pledged Loan becomes a Defaulted Loan during any Due Period, the Issuer may, subject to the limitation set forth in Section 14.5(d), obtain a release of such Pledged Loan from the Lien of this Indenture on any Payment Date thereafter. To obtain such release the Issuer shall be required either to (i) pay the Release Price of such Defaulted Loan to the Trustee for deposit into the Collection Account or (ii) deliver to the Trustee one or more Qualified Substitute Loans in substitution for such Defaulted Loan and pay the applicable Substitution Adjustment Amount to the Trustee for deposit into the Collection Account. The Issuer shall provide written notice to the Trustee, the Insurer and the Collateral Agent of any release pursuant to this Section 14.5 not less than two Business Days prior to the Payment Date on which such release is to be effected, specifying the Defaulted Loan and the Release Price therefor. The Issuer shall (i) pay the Release Price to the Trustee for deposit into the Collection Account not later than 12:00 noon, New York City time, on the Payment Date on which such release is made or (ii) deliver the Qualified Substitute Loan or Qualified Substitute Loans by 12:00 noon, New York City time, on the Payment Date on which such release is made and pay any Substitution Adjustment Amount to the Trustee for deposit into the Collection Account not later than 12:00 noon, New York City time, on such Release Date.

(b) Substitution. If a Seller delivers to the Issuer a Qualified Substitute Loan or Qualified Substitute Loans in lieu of payment for the repurchase of a Defaulted Loan, the Issuer shall execute a Supplemental Grant in substantially the form of Exhibit G hereto and deliver such Supplemental Grant to the Trustee and the Collateral Agent. Payments due with respect to Qualified Substitute Loans on or prior to the Calculation Date next preceding the date of substitution shall not be property of the Issuer, but, to the extent received by the Servicer, will be retained by the Servicer and remitted by the Servicer to the Seller on the next succeeding Payment Date. Payments due with respect to the Qualified Substitute Loans after the Calculation Date next preceding the date of substitution shall be property of the Issuer. The Issuer shall cause the Servicer to electronically deliver a schedule of any Defaulted Loans so removed and Qualified Substitute Loans so substituted to the Trustee and such schedule shall be an amendment to the Loan Schedule. Upon such substitution, the Qualified Substitute Loan or Qualified Substitute Loans shall be subject to the terms of this Indenture in all respects, the Issuer shall be deemed to have made the representations, and warranties with respect to each Qualified Substitute Loan set forth in Section 5.1 and 5.2 of this Indenture, in each case as of the date of substitution, and the Issuer shall be deemed to have made a representation and warranty that each Loan so substituted is a Qualified Substitute Loan as of the date of substitution. The provisions of Section 5.4(a) shall apply to any Qualified Substitute Loan as to which the Issuer has breached the Issuer's representations and warranties in Section 5.1 and 5.2 to the same extent as for any other Pledged Loan. In connection with the substitution of one or more Qualified Substitute Loans for one or more Defaulted Loans, the Servicer shall determine the Substitution Adjustment Amount. Such Substitution Adjustment Amount shall be paid to the Trustee and treated as if it were a portion of the Release Price for the Defaulted Loan and included in Available Funds as such.

(c) Release of Defaulted Loans. Upon each release of a Pledged Loan under this Section 14.5, the Collateral Agent and the Trustee shall automatically and without further action release, sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse, representation or warranty, all of the Collateral Agent's and Trustee's right, title and interest in and to such Defaulted Loan and the Transferred Assets related to such Defaulted Loan free and clear of the Lien of this Indenture. The Collateral Agent and the Trustee shall execute such documents, releases and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the Issuer to effect the release of such Defaulted Loans and the related Transferred Assets pursuant to this Section 14.5. Promptly after the occurrence of a Release Date and after the payment for or substitution for and release of a Defaulted Loan, in respect to which the Release Price has been paid or Qualified Substitute Loans have been provided, the Issuer shall direct the Servicer to delete such Defaulted Loans from the Loan Schedule.

(d) Limitations on Purchase of Defaulted Loans. The amount of Defaulted Loans for which the Issuer is permitted to obtain a release and transfer to a Seller is limited as provided in the Fairfield Master Loan Purchase Agreement and the Trendwest Master Loan Purchase Agreement and as follows:

(i) The Loan Balance of Pledged Loans which become Defaulted Loans and which are released and transferred to FAC, as Seller, shall not exceed in the aggregate 10.5% of the Loan Balance of the Pledged Loans as of the Cut-Off Date which were Fairfield Loans; for such purposes, the Loan Balance of a Pledged Loan shall be calculated on the day prior to the day the Pledged Loan became a Defaulted Loan; and

(ii) The Loan Balance of Pledged Loans which become Defaulted Loans and which are released and transferred to Trendwest, as Seller, shall not exceed in the aggregate 16.0% of the Loan Balance of the Pledged Loans as of the Cut-Off Date which were Trendwest Loans; for such purposes, the Loan Balance of a Pledged Loan shall be calculated on the day prior to the day the Pledged Loan became a Defaulted Loan.

Section 14.6 Release of Trendwest Timeshare Upgrades. If a Trendwest Loan becomes a Trendwest Timeshare Upgrade, the Issuer, upon the written request of the Depositor and the receipt by the Issuer or the Trustee of the Release Price from or on behalf of the Depositor, shall obtain a release of such Pledged Loan from the Lien of this Indenture and upon such Release, shall transfer the Trendwest Loan to the Depositor. To obtain such release the Issuer shall be required to pay or cause to be paid to the Trustee the Release Price of such Trendwest Loan. Upon receipt of such Release Price, the Trustee shall deposit the Release Price into the Collection Account. The Issuer shall provide written notice to the Trustee and the Collateral Agent of any release pursuant to this Section 14.6 not less than two Business Days prior to the date on which such release is to be effected, specifying the Trendwest Loan which has become a Trendwest Timeshare Upgrade and the Release Price therefor. The Issuer shall pay the Release Price to the Trustee for deposit into the Collection Account not later than 12:00 noon, New York City time, on the day on which such release is made.

Upon each release of a Pledged Loan under this Section 14.6, the Collateral Agent and the Trustee shall automatically and without further action release, sell, transfer, assign, set over

and otherwise convey to the Depositor, without recourse, representation or warranty, all of the Collateral Agent's and Trustee's right, title and interest in and to such Trendwest Loan and the Pledged Assets related thereto, all monies due or to become due with respect thereto and all Collections with respect thereto free and clear of the Lien of this Indenture. The Collateral Agent and the Trustee shall execute such documents, releases and instruments of transfer or assignment and take such other actions as shall reasonably be requested by the Issuer to effect the release of such Trendwest Loans and the related Pledged Assets pursuant to this Section 14.6. Promptly after the occurrence of a Release Date and after the payment for and release of a Trendwest Loan, in respect to which the Release Price has been paid the Issuer shall direct the Servicer to delete such Trendwest Loan from the Loan Schedule.

Section 14.7 Release Upon Payment in Full. At such time as the Notes have been paid in full, all fees and expenses of the Trustee and the Collateral Agent with respect to the Notes have been paid in full, all obligations relating to this Indenture have been paid in full and all amounts owed to the Insurer pursuant to the Insurance Agreement have been paid in full, then, the Collateral Agent shall, upon the written request of the Issuer, release all liens and assign to Issuer (without recourse, representation or warranty) all right, title and interest of the Collateral Agent in and to the Collateral, and all proceeds thereof. The Collateral Agent and the Trustee shall execute and deliver such instruments of assignment, in each case without recourse, representation or warranty, as shall be reasonably requested by the Issuer to release the security interest of the Collateral Agent in the Collateral.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.1 Amendment.

(a) Supplemental Indentures and Amendments Without Consent of the Noteholders. The Issuer, the Trustee, the Collateral Agent and the Servicer, at any time and from time to time, with the consent of the Insurer and without the consent of any of the Noteholders, may enter into one or more amendments or indentures supplemental to this Indenture in form satisfactory to the Trustee for any of the following purposes:

(i) to add to the covenants of the Issuer for the benefit of the Noteholders, the Insurer and the Swap Counterparty or to surrender any right or power conferred upon the Issuer;

(ii) to Grant any additional property to the Trustee or the Collateral Agent or to be held by the Custodian, in each case, for the benefit of the Trustee and the Holders of the Notes and the Insurer and the Swap Counterparty;

(iii) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or to better assure, convey and confirm unto the Trustee or the Collateral Agent or deliver to the Custodian, in each case for the benefit of the Trustee and the Noteholders and the Insurer and the Swap Counterparty, any property subject to the Lien of this Indenture;

(iv) to cure any ambiguity, correct, modify or supplement any provision which is defective or inconsistent with any other provision herein; provided that, such correction, modification or supplement shall not alter in any material respect, the amount or timing of payments to or other rights of the Noteholders;

(v) to modify transfer restrictions on the Notes, so long as any such modifications comply with the Securities Act and the Investment Company Act; or

(vi) make any other changes which do not, individually or in the aggregate, materially and adversely affect the rights of any Noteholders.

provided that, (x) in each case, the Issuer shall have satisfied the Rating Agency Condition with respect to such corrections, amendments, modifications or clarifications and (y), with respect to any changes described in subsection (vi), the Issuer shall have delivered to the Trustee an Officer's Certificate of the Issuer and an Officer's Certificate of the Servicer both to the effect that such change will not adversely affect the rights of any Noteholders.

Subject to Section 15.1(c), the Trustee is hereby authorized to join in the execution of any such amendment or supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained. So long as any of the Notes are outstanding, at the cost of the Issuer, the Trustee shall provide to the Insurer and each Rating Agency then rating any Notes a copy of any proposed amendment or supplemental indenture prior to the execution thereof by the Trustee and, as soon as practicable after the execution by the Issuer, the Servicer, the Trustee and the Collateral Agent of any such amendment or supplemental indenture, provide to the Insurer and each Rating Agency a copy of the executed amendment or supplemental indenture, as the case may be.

(b) Amendments and Supplemental Indentures With Consent of the Noteholders. With the consent of (A) the Insurer, if no Insurer Default has occurred and is continuing or (B) during the continuation of an Insurer Default the Majority Holders and upon satisfaction of the Rating Agency Condition, the Issuer, the Servicer and the Trustee may enter into an amendment or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture, or modifying in any manner the rights of the Holders of the Notes under this Indenture; provided that, so long as the Interest Rate Swap is in effect, no such amendment or supplemental indenture shall be entered into without the prior written consent of the Swap Counterparty if the effect of such amendment or supplement would be to adversely affect the Swap Counterparty's ability or right to receive payment under the terms of the Interest Rate Swap, or if the amendment or supplemental indenture would modify the obligations of or impair the ability of the Issuer to fully perform any of its payment obligations under the Interest Rate Swap.

No such amendment or supplemental indenture shall, without the consent of the Insurer, each affected Noteholder and the Swap Counterparty, to the extent such amendment or supplemental indenture would adversely affect any of the Swap Counterparty's rights or obligations, or impair the ability of the Issuer to fully perform any of its obligations, under the Interest Rate Swap for so long as the Interest Rate Swap has not been terminated:

(i) reduce in any manner the amount of, or change the timing of, principal, interest and other payments required to be made on any Note;

(ii) change the application of proceeds of any Collateral to the payment of Notes of such Series;

(iii) reduce the percentage of Noteholders required to take or approve any action under this Indenture; or

(iv) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Collateral or terminate the lien of this Indenture on any property at any time subject thereto or deprive the Noteholders of the security afforded by the lien of this Indenture.

It shall not be necessary in connection with any consent of the Noteholders under this Section 15.1(b) for the Noteholders to approve the specific form of any proposed amendment or supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. The Trustee will not be permitted to enter into any such supplemental indenture or unless the Rating Agency Condition is met.

Promptly after the execution by the Issuer, the Trustee, the Collateral Agent and the Servicer of any amendment or supplemental indenture pursuant to this Section 15.1(b), the Trustee, at the expense of the Issuer shall mail to the Noteholders, the Insurer, the Luxembourg Stock Exchange (if and for so long as any Class of Notes is listed thereon) and each Rating Agency rating any of the Notes, a copy thereof.

(c) Execution of Amendments and Supplemental Indentures. In executing or accepting the additional trusts created by any amendment or supplemental indenture permitted by this Section 15.1 or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Sections 13.1 and 13.2) shall be fully protected in relying in good faith upon, an Opinion of Counsel stating that the execution of such amendment or supplemental indenture is authorized or permitted by this Indenture and that all conditions precedent applicable thereto under this Indenture have been satisfied. The Trustee may, but shall not be obligated to, enter into any such amendment or supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Effect of Amendments and Supplemental Indentures. Upon the execution of any amendment or supplemental indenture under this Section 15.1, this Indenture shall be modified in accordance therewith, and such amendment or supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of a Note theretofore and thereafter authenticated and delivered hereunder shall be bound thereby.

(e) Reference in Notes to Amendments and Supplemental Indentures. Notes executed, authenticated and delivered after the execution of any amendment or supplemental indenture pursuant to this Section 15.1 may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such amendment or supplemental indenture. If the Issuer shall so determine, new Notes, so modified as to conform in the opinion of the Trustee and the Issuer to any such amendment or supplemental indenture,

may be prepared and executed by the Issuer and authenticated and delivered by the Trustee or the Authentication Agent in exchange for outstanding Notes.

(f) In determining whether the requisite percentage of Noteholders have concurred in any direction, waiver or consent, Notes owned by the Issuer or an Affiliate of the Issuer shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in making such determination or relying on any such direction, waiver or consent, only Notes which a Responsible Officer of the Trustee knows pursuant to written notice (or in the case of the Issuer, by reference to the Note Register if the Trustee is also the Note Registrar) are so owned shall be so disregarded.

Section 15.2 Discretion with Respect to Derivative Financial Instruments. The parties to this Indenture recognize and agree that, in the course of managing its assets and obligations, the Issuer may, from time to time, find it useful and prudent to enter into, or to terminate or modify, derivative financial instruments for the purpose of hedging its interest rate risk, and the parties hereby agree that, (a) in addition to the Interest Rate Swap, the Issuer may, from time to time, enter into derivative financial instruments for the purpose of hedging the Issuer's interest rate risk and (b) the Issuer may, in its discretion, terminate, or modify, any such derivative financial instrument; provided that the Issuer shall not terminate or modify the Interest Rate Swap except as provided in this Indenture and solely in accordance with the appropriate mechanism(s) as set forth in the Interest Rate Swap, and, with respect to any derivative financial instruments, other than the Interest Rate Swap, the Issuer shall not enter into any such instruments unless the Rating Agency Condition has been satisfied with respect to such derivative financial instrument; provided further, however, that, so long as the Interest Rate Swap is in effect, (x) no instrument shall be entered into pursuant to clause (a) above and (y) no termination (or modification) shall be effected pursuant to clause (b) above, without the prior written consent of the Swap Counterparty if the effect of such instrument, termination (or modification) would be to adversely affect the Swap Counterparty's ability or right to receive payment under the terms of the Interest Rate Swap, or if the instrument, termination (or modification) would modify the obligations of or impair the ability of the Issuer to fully perform any of its payment obligations under the Interest Rate Swap; and provided further, however, that any termination, modification or replacement with respect to the Interest Rate Swap effected otherwise in accordance with this Indenture and the appropriate mechanism(s) as set forth in the Interest Rate Swap shall not be subject to the provisions of this Section 15.2.

Section 15.3 Limitation on Rights of the Noteholders.

(a) The death or incapacity of any Noteholder shall not operate to terminate this Indenture, nor shall such death or incapacity entitle such Noteholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Collateral, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

(b) Nothing herein set forth, or contained in the terms of the Notes, shall be construed so as to constitute the Noteholders from time to time as partners or members of an association; nor shall any Noteholder be under any liability to any third person by reason of any action taken by the parties to this Indenture pursuant to any provision hereof.

Section 15.4 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING § 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

Section 15.5 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO AND THEIR ASSIGNEES WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

Section 15.6 Notices. All communications and notices hereunder shall be in writing and shall be deemed to have been duly given if personally delivered to, or transmitted by overnight courier, or transmitted by telex or telecopy and confirmed by a mailed writing:

If to the Issuer:

CENDANT TIMESHARE 2004-1 RECEIVABLES FUNDING, LLC
10750 West Charleston Boulevard
Suite 130, Mail Stop 2066
Las Vegas, Nevada 89135
Attention: President
(or such other address as may hereafter be furnished to the Trustee, the Servicer and the Collateral Agent in writing by the Issuer).

If to the Servicer:

FAIRFIELD ACCEPTANCE CORPORATION-NEVADA
10750 West Charleston Boulevard
Suite 130
Las Vegas, Nevada 89135
Fax number: 702-227-3114
Attention: President, Treasurer and Controller
(or such other address as may hereafter be furnished to the Trustee, the Issuer and the Collateral Agent in writing by the Servicer).

If to the Trustee:

WACHOVIA BANK, NATIONAL ASSOCIATION
401 South Tryon Street
NC — 1179
12th Floor
Charlotte, North Carolina 28288-1179
Fax number: 704-383-6039
Attention: Structured Finance Trust Services
Re: Cendant Timeshare 2004-1 Receivables Funding, LLC

(or such other address as may be furnished to the Servicer, the Issuer or the Collateral Agent in writing by the Trustee).

If to the Collateral Agent:

WACHOVIA BANK, NATIONAL ASSOCIATION
269 Technology Way
Building B, Unit 3
Rocklin, CA 95765
Fax number: 916-626-3152
Attention: Structured Finance Trust Services
Re: Cendant Timeshare 2004-1 Receivables Funding, LLC

(or such other address as may be furnished in writing to the Trustee, the Issuer and the Servicer by the Collateral Agent).

If to each Rating Agency:

Fitch, Inc.
Attn: Asset-Backed Securities — Timeshare
55 East Monroe
Suite 3500
Chicago, IL 60610
Fax number: 312-368-2069

(or such other address as may be furnished in writing to the Trustee, the Issuer and the Servicer).

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Fax number: 212-553-4392

(or such other address as may be furnished in writing to the Trustee, the Issuer and the Servicer).

Standard & Poor's Ratings Group
55 Water Street
New York, New York 10041
Fax number: 212-438-2655

(or such other address as may be furnished in writing to the Trustee, the Issuer and the Servicer).

If to the Swap Counterparty:

Bank of America, N.A.
Sears Tower
233 South Wacker Drive, Suite 2800
Chicago, Illinois 60606
Attention: Swap Operations
Telex N.: 49663210 Answerback: NATIONSBANK CHA

(or such other address as may be furnished in writing to the Trustee, the Issuer and the Servicer),

with a copy to:

Bank of America, N.A.
100 N. Tryon St., NC1-007-13-01
Charlotte, North Carolina 28255
Attention: Capital Markets Documentation
(Telex No.: 9663210; Answerback: NATIONSBK CHA)
Facsimile No.: 704-386-4113

If to the Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Manager — Insured Portfolio Management — Structured Finance (with regards to Policy #44032)
Telecopy No.: 914-765-3810
Confirmation: 914-273-4545

(in each case in which notice or other communication to the Insurer refers to a Servicer Default, an Unmatured Servicer Default, an Event of Default or an Unmatured Event of Default, a claim on the Policy or with respect to which failure on the part of the Insurer to respond shall be deemed to constitute consent or acceptance, then a copy of such notice or other communication should also be sent to the attention of "general counsel" of the Insurer at the same address and shall be marked to indicate "URGENT MATERIAL ENCLOSED.")

All communications and notices pursuant hereto to a Noteholder will be given by first-class mail, postage prepaid, to the registered holders of such Notes at their respective address as shown in the Note Register. Any notice so given within the time prescribed in this Indenture shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such notice.

Section 15.7 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Indenture shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Indenture and shall in no way affect the validity or enforceability of the other provisions of this Indenture or of the Notes or rights of the Noteholders thereof.

Section 15.8 Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 12.2, this Indenture may not be assigned by the Issuer or the Servicer without the prior consent of the Majority Holders, the Insurer and the Swap Counterparty.

Section 15.9 Notes Non-assessable and Fully Paid. It is the intention of the Issuer that the Noteholders shall not be personally liable for obligations of the Issuer and that the indebtedness represented by the Notes shall be non-assessable for any losses or expenses of the Issuer or for any reason whatsoever.

Section 15.10 Further Assurances. Each of the Issuer, the Servicer and the Collateral Agent agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Trustee more fully to effect the purposes of this Indenture, including without limitation the authorization of any financing statements, amendments thereto, or continuation statements relating to the Pledged Loans for filing under the provisions of the UCC of any applicable jurisdiction.

Section 15.11 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trustee or the Noteholders, 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. No waiver of any provision hereof shall be effective unless made in writing. The rights, remedies, powers and privileges therein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 15.12 Counterparts. This Indenture may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 15.13 Third-Party Beneficiaries. This Indenture will inure to the benefit of and be binding upon the parties hereto, the Swap Counterparty, the Insurer, the Noteholders and their respective successors and permitted assigns. Except as otherwise provided in this Article XV, no other person will have any right or obligation hereunder.

Section 15.14 Actions by the Noteholders.

(a) Wherever in this Indenture a provision is made that an action may be taken or a notice, demand or instruction given by the Noteholders, such action, notice or instruction may be taken or given by any Noteholder, unless such provision requires a specific percentage of the Noteholders. If, at any time, the request, demand, authorization, direction, consent, waiver or other act of a specific percentage of the Noteholders is required pursuant to this Indenture, written notification of the substance thereof shall be furnished to all Noteholders.

(b) Any request, demand, authorization, direction, consent, waiver or other act by a Noteholder binds such Noteholder and every subsequent holder of such Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by the Trustee, the Issuer or the Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 15.15 Merger and Integration. Except as set forth in the Trustee Fee Letter, and except as specifically stated otherwise herein, this Indenture and the other Transaction Documents set forth the entire understanding of the parties relating to the subject matter hereof, and, except as set forth in such Trustee Fee Letter, all prior understandings, written or oral, are superseded by this Indenture and the other Transaction Documents. This Indenture may not be modified, amended, waived or supplemented except as provided herein.

Section 15.16 No Bankruptcy Petition. The Trustee, the Insurer, the Servicer, the Collateral Agent and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against the Issuer or the Depositor, or join in instituting against the Issuer or the Depositor, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any Debtor Relief Law until one year and one day after such time as both the Issuer and the Depositor have paid in full all indebtedness owed by such Person. The provisions of this Section 15.16 will survive any termination of this Agreement.

Section 15.17 Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Issuer, the Servicer, the Trustee and the Collateral Agent have caused this Indenture to be duly executed by their respective officers as of the day and year first above written.

CENDANT TIMESHARE 2004-1 RECEIVABLES FUNDING, LLC,
as Issuer

By: /s/ Kim Vukanovich
Name: Kim Vukanovich
Title: President, Treasurer and Controller

FAIRFIELD ACCEPTANCE CORPORATION-NEVADA,
as Servicer

By: /s/ Kim Vukanovich
Name: Kim Vukanovich
Title: President, Treasurer and Controller

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Gregory J. Yanok
Name: Gregory J. Yanok
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Cheryl Whitehead
Name: Cheryl Whitehaed
Title: Vice President

[Signature page for Indenture and Servicing Agreement]

Exhibit 10.4

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Employment Agreement dated as of June 2, 2001 by and between Cendant Corporation, a Delaware corporation ("Cendant") and Richard A. Smith (the "Executive") is hereby amended and restated as of June 30, 2004.

WHEREAS, Cendant desires to continue to employ the Executive as Chairman and Chief Executive Officer, Cendant Real Estate Division, and the Executive desires to continue to serve Cendant in such capacity.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

SECTION I
EMPLOYMENT

Cendant agrees to employ the Executive and the Executive agrees to be employed by Cendant for the Period of Employment as provided in Section III below and upon the terms and conditions provided in this Agreement.

SECTION II
POSITION AND RESPONSIBILITIES

During the Period of Employment, the Executive will serve as Chairman and Chief Executive Officer, Cendant Real Estate Division, and subject to the direction of the Chief Executive Officer of Cendant (the "CEO"), will perform such duties and exercise such supervision with regard to the business of Cendant as are associated with such position, as well as such additional duties as may be prescribed from time to time by the Board of Directors of Cendant (the "Board") and/or the CEO. Cendant acknowledges that such position is equivalent to the position of Vice Chairman of Cendant Corporation for purposes of compensation, employee benefits, officer perquisites and officer indemnification. The Executive will, during the Period of Employment, devote substantially all of his time and attention during normal business hours to the performance of services for Cendant. The Executive will maintain a primary office and conduct his business in Parsippany, New Jersey (the "Business Office"), except for normal and reasonable business travel in connection with his duties hereunder.

SECTION III
PERIOD OF EMPLOYMENT

The period of the Executive's employment under this Agreement (the "Period of Employment") will begin on June 30, 2004 and end on June 30, 2006, subject to earlier termination as provided in this Agreement; provided, however, that the Period of Employment will be automatically extended for an additional one year period on June 30, 2005, and on each anniversary of such date thereafter, unless written notice of non-extension is provided by either party hereto to the other party hereto at least 30 days prior to any such anniversary.

SECTION IV
COMPENSATION AND BENEFITS

A. Compensation.

For all services rendered by the Executive pursuant to this Agreement during the Period of Employment, including services as an executive, officer, director or committee member of Cendant or any subsidiary or affiliate of Cendant, the Executive will be compensated as follows:

i. Base Salary.

Cendant will pay the Executive a fixed base salary ("Base Salary") of not less than $762,500, per annum, and thereafter will be eligible to receive annual increases as the Board deems appropriate, in accordance with Cendant's customary procedures regarding the salaries of senior officers, but with due consideration given to the published Consumer Price Index applicable to the New York/New Jersey greater metropolitan area. Base Salary will be payable according to the customary payroll practices of Cendant, but in no event less frequently than once each month.

ii. Annual Incentive Awards

The Executive will be eligible for discretionary annual incentive compensation awards; provided, that the Executive will be eligible to receive an annual bonus for each fiscal year of Cendant during the Period of Employment based upon a target bonus equal to not less than 100% of Base Salary, subject to Cendant's attainment of applicable performance targets established and certified by the Compensation Committee of the Board (the "Committee"). The parties acknowledge that it is currently contemplated that such performance targets will be stated in terms of "earnings before interest and taxes" of Cendant, however such targets may relate to

such other financial and business criteria of Cendant or any of its subsidiaries or business units as determined by the Committee in its sole discretion (each such annual bonus, an "Incentive Compensation Award").

iii. Long-Term Incentive Awards

The Executive will be eligible for long term incentive awards, subject to the sole discretion of the Committee.

iv. Additional Benefits

The Executive will be entitled to participate in all other compensation and employee benefit plans or programs and receive all benefits and perquisites for which salaried employees of Cendant generally are eligible under any plan or program now in effect, or later established by Cendant, on the same basis as similarly situated senior executives of Cendant with comparable duties and responsibilities. The Executive will participate to the extent permissible under the terms and provisions of such plans or programs, and in accordance with the terms of such plans and program.

Pursuant to prior agreement by letter dated May 2, 2003, the Executive agrees that Cendant may terminate the Executive's existing split dollar insurance policy and that the Executive will transfer, immediately upon request by Cendant, all of his rights pursuant to such policy (including rights to the cash surrender value) to Cendant. The Executive will execute such documents necessary to effectuate the foregoing.

The Executive was previously designated a participant in the Cendant Corporation Senior Executive Officer Supplemental Life Insurance Program, subject to the terms and conditions of such program.

v. Further Consideration

Cendant acknowledges and agrees that in connection with its prior commitments to the Executive, the Executive has become entitled to the following benefits, subject to the following conditions. Upon the Executive's termination of employment from Cendant and its subsidiaries and affiliates, the Executive and each person who is his covered dependent at such time under each applicable plan sponsored by Cendant, shall remain eligible to continue to participate in the following plans: Executive Physical Exams, Medical Expense Reimbursement Plan (MERP), Medical Insurance, Dental Insurance, Group Life Insurance (up to $1 million cover-

age on Executive's life), Vision Service Plan (collectively, the "Post-Employment Plans"), but that coverage under such Post-Employment Plans shall be subject to the Executive and/or such dependents, as applicable, continuing to pay the applicable employee portion of any premiums, co-payments, deductibles and similar costs, until the end of the plan year in which the Executive reaches, or would have reached, age sixty-two (62). Solely with respect to the Executive's dependents, such coverage shall terminate upon such earlier date if and when they become ineligible for any such benefits under the terms of such plans. Such benefits shall be provided in the event of the Executive's termination of employment for any reason. Notwithstanding the foregoing, Cendant may meet any of its foregoing obligations under the Post-Employment Plans by paying for, or providing for the payment of, such benefits directly or through alternative plans or individual policies which are no less favorable in all material respects (with respect to both coverage and cost to the Executive) to the Post-Employment Plans.

SECTION V
BUSINESS EXPENSES

Cendant will reimburse the Executive for all reasonable travel and other expenses incurred by the Executive in connection with the performance of his duties and obligations under this Agreement. The Executive will comply with such limitations and reporting requirements with respect to expenses as may be established by Cendant from time to time and will promptly provide all appropriate and requested documentation in connection with such expenses.

SECTION VI
DISABILITY

A. If the Executive becomes Disabled, as defined below, during the Period of Employment, the Period of Employment may be terminated at the option of the Executive upon notice of resignation to Cendant, or at the option of Cendant upon notice of termination to the Executive. Cendant's obligation to make payments to the Executive under this Agreement will cease as of such date of termination, except for Base Salary and any Incentive Compensation Awards earned but unpaid as of the date of such termination. In such event (i) each of the Executive's then outstanding options to purchase shares of Cendant common stock which was granted on or after September 3, 1998 will become immediately and fully vested and exercisable and, notwithstanding any term or provision relating to such option to the contrary, shall remain exercisable until the first to occur of the fifth (5^{th}) anniversary of the Executive's termination of employment by reason of his becoming Disabled, and the original expiration date of such option and (ii) the Executive and each of his depend-

ents then covered under the Post-Employment Plans at the time of the Executive's termination of employment shall remain eligible to continue to participate in such Post-Employment Plans (subject to the Executive or such dependents continuing to pay the applicable employee portion of any premiums, co-payments, deductibles and similar costs) until the end of the plan year in which the Executive reaches, or would have reached, age seventy-five (75), or until such dependents would otherwise have become ineligible for such benefits under the terms of such plans, whichever is earlier. Notwithstanding the foregoing, Cendant may meet any of its foregoing obligations under the Post-Employment Plans by paying for, or providing for the payment of, such benefits directly or through alternative plans or individual policies which are no less favorable in all material respects (with respect to both coverage and cost to the Executive and his dependents) to the Post-Employment Plans. For purposes of this Agreement, "Disabled" means the Executive's inability to perform his duties hereunder as a result of serious physical or mental illness or injury for a period of no less than 180 days, together with a determination by an independent medical authority that (i) the Executive is currently unable to perform such duties and (ii) in all reasonable likelihood such disability will continue for a period in excess of an additional 90 days. Such medical authority shall be mutually and reasonably agreed upon by Cendant and the Executive and such opinion shall be binding on Cendant and the Executive.

SECTION VII
DEATH

In the event of the death of the Executive during the Period of Employment, the Period of Employment will end and Cendant's obligation to make payments under this Agreement will cease as of the date of death, except for Base Salary and any Incentive Compensation Awards earned but unpaid as of the date of death, which will be paid to the Executive's surviving spouse, estate or personal representative, as applicable. In addition, in such event (i) each of the Executive's then outstanding options to purchase shares of Cendant common stock which was granted on or after September 3, 1998 will become immediately and fully vested and exercisable and, notwithstanding any term or provision relating to such options to the contrary, shall remain exercisable (by the Executive's beneficiary or estate, as provided in any applicable option plan or agreement) until the first to occur of the fifth (5^{th}) anniversary of the Executive's death, and the original expiration date of such option and (ii) each of the Executive's dependents then covered under the Post-Employment Plans at the time of the Executive's death shall remain eligible to continue to participate in such plans (subject to such dependents continuing to pay the applicable employee portion of any premiums, co-payments, deductibles and similar costs) until the end of the plan year in which the Executive would have reached age

seventy-five (75), or until such dependents would otherwise have become ineligible for such benefits under the terms of such plans, whichever is earlier. Notwithstanding the foregoing, Cendant may meet any of its foregoing obligations under the Post-Employment Plans by paying for, or providing for the payment of, such benefits directly or through alternative plans or individual policies which are no less favorable in all material respects (with respect to both coverage and cost to the Executive and his dependents) to the Post-Employment Plans.

SECTION VIII
EFFECT OF TERMINATION OF EMPLOYMENT

A. Without Cause Termination and Constructive Discharge. If the Executive's employment terminates during the Period of Employment due to either (i) a Without Cause Termination or (ii) a Constructive Discharge (each such capitalized term as defined below): (a) Cendant will pay the Executive (or his surviving spouse, estate or personal representative, as applicable) a lump sum amount equal to 300% multiplied by the sum of (1) the Executive's then current Base Salary, plus (2) the Executive's then current target Incentive Compensation Award (for purposes of multiplying 300% times the sum of base salary plus target Incentive Compensation Award, the target Incentive Compensation Award will be deemed to equal 100% of then current base salary); (b) each of the Executive's then outstanding options to purchase shares of Cendant common stock which were granted on or after June 1, 2001 will become immediately and fully vested and exercisable and, notwithstanding any term or provision relating to such options to the contrary, shall remain exercisable until the first to occur of the fifth (5^{th}) anniversary of the Executive's termination of employment and the original expiration date of such option; and (c) the Executive and each of his dependents then covered under applicable Post-Employment Plans at the time of the Executive's termination of employment shall remain eligible to continue to participate in such plans (subject to the Executive or such dependents continuing to pay the applicable employee portion of any premiums, co-payments, deductibles and similar costs) until the end of the plan year in which the Executive reaches, or would have reached, age seventy-five (75), or until such dependents would otherwise have become ineligible for such benefits under the terms of such plans, whichever is earlier; provided, however, that once the Executive or his dependents become eligible for Medicare or any other government-sponsored medical insurance plan, the Executive or his dependents shall utilize such government plan, and Cendant's insurance obligations hereunder shall become secondary to such government plan, and; further, provided, that Cendant's obligation to provide such benefits shall terminate in the event the Executive shall accept employment with any entity which is in competition with Cendant's Real Estate Division. Notwithstanding the foregoing, Cendant may meet any of its foregoing obligations under the Post-

Employment Plans by paying for, or providing for the payment of, such benefits directly or through alternative plans or individual policies which are no less favorable in all material respects (with respect to both coverage and cost to the Executive and his dependents) to the Post-Employment Plans.

Further, if the Executive's employment terminates by reason of (i) Without Cause Termination or Constructive Discharge during the Period of Employment or (ii) a Resignation at any time during or after the expiration of the Period of Employment, each of the Executive's then outstanding options to purchase shares of Cendant common stock which were granted on or after September 3, 1998 and prior to December 31, 2000, notwithstanding any term or provision relating to such options to the contrary, shall remain exercisable until the first to occur of the fifth (5^{th}) anniversary of the Executive's termination of employment and the original expiration date of such option.

B. Termination for Cause; Resignation. If the Executive's employment terminates due to a Termination for Cause or a Resignation, Base Salary and any Incentive Compensation Awards earned but unpaid as of the date of such termination will be paid to the Executive in a lump sum. Each outstanding stock options held by the Executive as of the date of termination will be treated in accordance with its terms (except as provided in the preceding paragraph). In addition, in the event that the Executive's employment terminates due to a Resignation which occurs within 6 months following the expiration of the Period of Employment, as extended from time to time, Cendant shall pay the Executive a lump sum severance payment equal to the then current Base Salary. Except as provided in this paragraph, Cendant will have no further obligations to the Executive hereunder.

C. For purposes of this Agreement, the following terms have the following meanings:

i. "Termination for Cause" means (i) the Executive's willful failure to substantially perform his duties as an employee of Cendant or any subsidiary (other than any such failure resulting from incapacity due to physical or mental illness), (ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against Cendant or any subsidiary, (iii) the Executive's conviction of a felony or any crime involving moral turpitude (which conviction, due to the passage of time or otherwise, is not subject to further appeal), (iv) the Executive's gross negligence in the performance of his duties or (v) the Executive purposefully or negligently makes (or has been found to have made) a false certification to Cendant pertaining to its financial statements.

ii. "Constructive Discharge" means (i) any material failure of Cendant to fulfill its obligations under this Agreement (including without limitation any reduction of the Base Salary, as the same may be increased during the Period of Employment, or other element of compensation), (ii) the Business Office is relocated to any location which is more than 30 miles from the city limits of Parsippany, New Jersey or (iii) the Executive no longer reports directly to the CEO. The Executive will provide Cendant a written notice which describes the circumstances being relied on for the termination with respect to this Agreement within thirty (30) days after the event giving rise to the notice. Cendant will have thirty (30) days after receipt of such notice to remedy the situation prior to the termination for Constructive Discharge.

iii. "Without Cause Termination" or "Terminated Without Cause" means termination of the Executive's employment by Cendant other than due to death, disability, or Termination for Cause.

iv. "Resignation" means a termination of the Executive's employment by the Executive, other than in connection with a Constructive Discharge.

D. Conditions to Payment and Acceleration. All payments due to the Executive under this Section VIII shall be made as soon as practicable; provided, however, that such payments, as well as the modification of the terms of any Cendant options provided under this Section VIII, shall be subject to, and contingent upon, the execution by the Executive (or his beneficiary or estate) of a release of claims against Cendant and its affiliates in such reasonable form determined by Cendant in its sole discretion. The payments due to the Executive under this Section VIII shall be in lieu of any other severance benefits otherwise payable to the Executive under any severance plan of Cendant or its affiliates. To the extent any term or condition of any option to purchase Cendant common stock conflicts with any term or condition of this Agreement applicable to such option, the term or condition set forth in this Agreement shall govern.

SECTION IX
OTHER DUTIES OF THE EXECUTIVE
DURING AND AFTER THE PERIOD OF EMPLOYMENT

A. The Executive will, with reasonable notice during or after the Period of Employment, furnish information as may be in his possession and fully cooperate with Cendant and its affiliates as may be requested in connection with any claims or legal action in which Cendant or any of its affiliates is or may become a party. After the Period of Employment, the Executive will cooperate as reasonably requested with Cendant and its affiliates in connection with any claims or legal ac-

tions in which Cendant or any of its affiliates is or may become a party. Cendant agrees to reimburse the Executive for any reasonable out-of-pocket expenses incurred by Executive by reason of such cooperation, including any loss of salary, and Cendant will make reasonable efforts to minimize interruption of the Executive's life in connection with his cooperation in such matters as provided for in this paragraph.

B. The Executive recognizes and acknowledges that all information pertaining to this Agreement or to the affairs; business; results of operations; accounting methods, practices and procedures; members; acquisition candidates; financial condition; clients; customers or other relationships of Cendant or any of its affiliates ("Information") is confidential and is a unique and valuable asset of Cendant or any of its affiliates. Access to and knowledge of certain of the Information is essential to the performance of the Executive's duties under this Agreement. The Executive will not during the Period of Employment or thereafter, except to the extent reasonably necessary in performance of his duties under this Agreement, give to any person, firm, association, corporation, or governmental agency any Information, except as may be required by law. The Executive will not make use of the Information for his own purposes or for the benefit of any person or organization other than Cendant or any of its affiliates. The Executive will also use his best efforts to prevent the disclosure of this Information by others. All records, memoranda, etc. relating to the business of Cendant or its affiliates, whether made by the Executive or otherwise coming into his possession, are confidential and will remain the property of Cendant or its affiliates.

C. i. During the Period of Employment and for a two (2) year period thereafter (the "Restricted Period"), irrespective of the cause, manner or time of any termination, the Executive will not use his status with Cendant or any of its affiliates to obtain loans, goods or services from another organization on terms that would not be available to him in the absence of his relationship to Cendant or any of its affiliates.

ii. During the Restricted Period, the Executive will not make any statements or perform any acts intended to or which may have the effect of advancing the interest of any existing or prospective competitors of Cendant or any of its affiliates or in any way injuring the interests of Cendant or any of its affiliates. During the Restricted Period, the Executive, without prior express written approval by the Board, will not engage in, or directly or indirectly (whether for compensation or otherwise) own or hold proprietary interest in, manage, operate, or control, or join or participate in the ownership, management, operation or control of, or furnish any capital to or be connected in any manner with, any party which competes in any way or manner with the business of Cendant or any of its affiliates, as such business or

businesses may be conducted from time to time, either as a general or limited partner, proprietor, common or preferred shareholder, officer, director, agent, employee, consultant, trustee, affiliate, or otherwise. The Executive acknowledges that Cendant's and its affiliates' businesses are conducted nationally and internationally and agrees that the provisions in the foregoing sentence will operate throughout the United States and the world.

iii. During the Restricted Period, the Executive, without express prior written approval from the Board, will not solicit any members or the then-current clients of Cendant or any of its affiliates for any existing business of Cendant or any of its affiliates or discuss with any employee of Cendant or any of its affiliates information or operation of any business intended to compete with Cendant or any of its affiliates.

iv. During the Restricted Period, the Executive will not interfere with the employees or affairs of Cendant or any of its affiliates or solicit or induce any person who is an employee of Cendant or any of its affiliates to terminate any relationship such person may have with Cendant or any of its affiliates, nor will the Executive during such period directly or indirectly engage, employ or compensate, or cause or permit any person with which the Executive may be affiliated, to engage, employ or compensate, any employee of Cendant or any of its affiliates. The Executive hereby represents and warrants that the Executive has not entered into any agreement, understanding or arrangement with any employee of Cendant or any of its affiliates pertaining to any business in which the Executive has participated or plans to participate, or to the employment, engagement or compensation of any such employee.

v. For the purposes of this Agreement, proprietary interest means legal or equitable ownership, whether through stock holding or otherwise, of an equity interest in a business, firm or entity or ownership of more than 5% of any class of equity interest in a publicly-held company and the term "affiliate" will include without limitation all subsidiaries and licensees of Cendant.

D. The Executive hereby acknowledges that damages at law may be an insufficient remedy to Cendant if the Executive violates the terms of this Agreement and that Cendant will be entitled, upon making the requisite showing, to preliminary and/or permanent injunctive relief in any court of competent jurisdiction to restrain the breach of or otherwise to specifically enforce any of the covenants contained in this Section IX without the necessity of showing any actual damage or that monetary damages would not provide an adequate remedy. Such right to an injunction will be in addition to, and not in limitation of, any other rights or remedies Cendant may have. Without limiting the generality of the foregoing, neither party

will oppose any motion the other party may make for any expedited discovery or hearing in connection with any alleged breach of this Section IX.

E. The period of time during which the provisions of this Section IX will be in effect will be extended by the length of time during which the Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on Cendant's application for injunctive relief.

F. The Executive agrees that the restrictions contained in this Section IX are an essential element of the compensation the Executive is granted hereunder and but for the Executive's agreement to comply with such restrictions, Cendant would not have entered into this Agreement.

SECTION X
INDEMNIFICATION

Cendant will indemnify the Executive to the fullest extent permitted by the laws of the state of Cendant's incorporation in effect at that time, or the certificate of incorporation and by-laws of Cendant, whichever affords the greater protection to the Executive.

SECTION XI
CERTAIN TAXES

Anything in this Agreement or in any other plan, program or agreement to the contrary notwithstanding and except as set forth below, in the event that (i) the Executive becomes entitled to any benefits or payments under Paragraph A of Section VIII hereof and (ii) it shall be determined that any payment or distribution by Cendant to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section XI) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Pay-

ments. Notwithstanding the foregoing provisions of this Section XI, if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to the Executive such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. All determinations required to be made under this Section XI, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Deloitte & Touche LLP or such other certified public accounting firm as may be designated by Cendant.

SECTION XII
MITIGATION

The Executive will not be required to mitigate the amount of any payment provided for hereunder by seeking other employment or otherwise, nor will the amount of any such payment be reduced by any compensation earned by the Executive as the result of employment by another employer after the date the Executive's employment hereunder terminates.

SECTION XIII
WITHHOLDING TAXES

The Executive acknowledges and agrees that Cendant may directly or indirectly withhold from any payments under this Agreement all federal, state, city or other taxes that will be required pursuant to any law or governmental regulation.

SECTION XIV
EFFECT OF PRIOR AGREEMENTS

This Agreement will supersede any prior employment agreement between Cendant and the Executive hereof, and any such prior employment agreement will be deemed terminated without any remaining obligations of either party thereunder.

SECTION XV
CONSOLIDATION, MERGER OR SALE OF ASSETS

Nothing in this Agreement will preclude Cendant from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation which assumes this Agreement and all obligations and undertakings of Cendant hereunder. Upon such a consolidation, merger or sale of assets the term "Cendant" will mean the other corporation and this Agreement will continue in full force and effect.

SECTION XVI
MODIFICATION

This Agreement may not be modified or amended except in writing signed by the parties. No term or condition of this Agreement will be deemed to have been waived except in writing by the party charged with waiver. A waiver will operate only as to the specific term or condition waived and will not constitute a waiver for the future or act on anything other than that which is specifically waived.

SECTION XVII
GOVERNING LAW

This Agreement has been executed and delivered in the State of New Jersey and its validity, interpretation, performance and enforcement will be governed by the internal laws of that state.

SECTION XVIII
ARBITRATION

A. Any controversy, dispute or claim arising out of or relating to this Agreement or the breach hereof which cannot be settled by mutual agreement (other than with respect to the matters covered by Section IX for which Cendant

may, but will not be required to, seek injunctive relief) will be finally settled by binding arbitration in accordance with the Federal Arbitration Act (or if not applicable, the applicable state arbitration law) as follows: Any party who is aggrieved will deliver a notice to the other party setting forth the specific points in dispute. Any points remaining in dispute twenty (20) days after the giving of such notice may be submitted to arbitration in New York, New York, to the American Arbitration Association, before a single arbitrator appointed in accordance with the arbitration rules of the American Arbitration Association, modified only as herein expressly provided. After the aforesaid twenty (20) days, either party, upon ten (10) days notice to the other, may so submit the points in dispute to arbitration. The arbitrator may enter a default decision against any party who fails to participate in the arbitration proceedings.

B. The decision of the arbitrator on the points in dispute will be final, unappealable and binding, and judgment on the award may be entered in any court having jurisdiction thereof.

C. Except as otherwise provided in this Agreement, the arbitrator will be authorized to apportion its fees and expenses and the reasonable attorneys' fees and expenses of any such party as the arbitrator deems appropriate. In the absence of any such apportionment, the fees and expenses of the arbitrator will be borne equally by each party, and each party will bear the fees and expenses of its own attorney.

D. The parties agree that this Section XVIII has been included to rapidly and inexpensively resolve any disputes between them with respect to this Agreement, and that this Section XVIII will be grounds for dismissal of any court action commenced by either party with respect to this Agreement, other than post-arbitration actions seeking to enforce an arbitration award. In the event that any court determines that this arbitration procedure is not binding, or otherwise allows any litigation regarding a dispute, claim, or controversy covered by this Agreement to proceed, the parties hereto hereby waive any and all right to a trial by jury in or with respect to such litigation.

E. The parties will keep confidential, and will not disclose to any person, except as may be required by law, the existence of any controversy hereunder, the referral of any such controversy to arbitration or the status or resolution thereof.

SECTION XIX
SURVIVAL

Sections IX, X, XI, XII, XIII and XVIII will continue in full force in accordance with their respective terms notwithstanding any termination of the Period of Employment.

SECTION XX
SEPARABILITY

All provisions of this Agreement are intended to be severable. In the event any provision or restriction contained herein is held to be invalid or unenforceable in any respect, in whole or in part, such finding will in no way affect the validity or enforceability of any other provision of this Agreement. The parties hereto further agree that any such invalid or unenforceable provision will be deemed modified so that it will be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restriction herein to be unreasonable in any respect, such court may limit this Agreement to render it reasonable in the light of the circumstances in which it was entered into and specifically enforce this Agreement as limited.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CENDANT CORPORATION

/s/Terry Conley

By: Terry Conley
Title: Executive Vice President

RICHARD A. SMITH

/s/ Richard A. Smith

Exhibit 10.5

CENDANT CORPORATION
2004
PERFORMANCE METRIC
LONG TERM INCENTIVE PLAN

1. Purpose.

The purpose of the Cendant Corporation 2004 Performance Metric Long Term Incentive Plan is to provide a performance-based incentive grant intended to promote the Company's efforts (i) to align the interests of key management personnel with the interests of the Company's stockholders, and incentivize key management personnel to create stockholder value and (ii) to retain key management personnel over a long-term period. Unless otherwise approved by the Committee, awards granted under the Plan shall vest upon both the Company's attainment of pre-established performance goals determined by the Committee, and Participants' continuous employment with the Company.

2. Definitions.

The following terms, as used herein, shall have the following meanings:

(a) "Cendant" shall mean Cendant Corporation, a Delaware corporation.

(b) "Award Agreement" shall mean a written agreement between Cendant and a Participant evidencing an award of Restricted Stock Units or Stock Options.

(c) "Board" shall mean the Board of Directors of Cendant.

(d) "Committee" shall mean the Compensation Committee of the Board.

(e) "Company" shall mean, collectively, Cendant and its subsidiaries.

(f) "Participant" shall mean an officer or key employee of the Company who is, pursuant to Section 4 of the Plan, selected and designated by the Committee in writing to participate herein, and who has been provided an Award Agreement.

(g) "Plan" shall mean this Cendant Corporation 2004 Performance Metric Long Term Incentive Plan.

(h) "Change-of-Control Transaction" shall mean any transaction or series of transactions pursuant to or as a result of which (i) during any period of not more than 24 months, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a third party who has entered into an agreement to effect a transaction described in clause (ii), (iii) or (iv) of this paragraph) whose election by the Board or nomination for election by Cendant's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (other than approval given in connection with an actual or threatened proxy or election contest), cease for any reason to constitute at least a majority of the members of the Board, (ii) any person or entity is or becomes, directly or indirectly, the beneficial owner of 50% or more of the common stock of Cendant (or other securities of Cendant having generally the right to vote for election of the Board), (iii) Cendant or any subsidiary shall sell, assign or otherwise transfer, directly or indirectly, assets (including stock or other securities of subsidiaries) having a fair market or book value or earning power of 50% or more of the assets or earning power of Cendant and its subsidiaries (taken as a whole) to any third party, other than Cendant or a wholly-owned subsidiary thereof, (iv) control of 50% or more of the business of Cendant shall be sold, assigned or otherwise transferred directly or indirectly to any third party, (v) there is consummated a merger or consolidation of Cendant with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of Cendant outstanding immediately prior to such event continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of Cendant or such surviving entity or any parent thereof outstanding immediately after such event or (B) a merger or consolidation effected to implement a recapitalization of Cendant (or similar transaction) in which no person or entity becomes the beneficial owner or more than 50% or more of the combined voting power of Cendant's then outstanding securities or (vi) the stockholders of Cendant approve a plan of liquidation or dissolution.

(i) "Award" shall mean an award of Restricted Stock Units or Stock Options granted pursuant to this Plan.

(j) "Restricted Stock Unit" shall mean an Award granted pursuant to Section 5(c) of this Plan.

(k) "Stock Option" shall mean an Award granted pursuant to Section 5(b) of this Plan.

(l) "Cendant Stock Plans" shall mean the following stock plans maintained by Cendant, as amended from time to time: (1) 1999 Broad-Based Employee Stock Option Plan; (2) 1997 Stock Option Plan and (3) Galileo International 1999 Equity and Performance Incentive Plan.

(m) "Cendant Stock" shall mean common stock of Cendant, par value $0.01 per share, of the series designated CD Common Stock.

(n) "Disability" shall mean a Participant's termination of employment by reason of "Disability" within the meaning of the Company-sponsored Long Term Disability Plan, as in effect from time to time, providing eligibility to employees of Cendant Operations, Inc.

(o) "Performance Goals" shall mean a set of pre-established performance goals relating to the financial performance of Cendant and/or any of its subsidiaries or divisions, including without limitation, TUG.

(p) "TUG" or "Total Unit Growth" shall mean, in respect of any performance period, as the percentage change in the Company's Adjusted EBITDA, as defined below, plus, the Company's Free Cash Flow Yield, as defined below.

EBITDA means the Company's "income before taxes and minority interest," (as reported); plus "non-program interest expense (net of interest income and including early extinguishment of debt)" (as reported); plus "non-program related depreciation and amortization" (as reported); plus "acquisition and integration related costs: amortization of pendings and listings" (as reported). "Adjusted EBITDA" means EBITDA as adjusted solely to disregard (i) "gains and losses on disposition of businesses" (as reported); (ii) any financial impact relating to costs, liabilities, revenue, or income in respect of any change in the reserves relating to the CUC accounting irregularities and related litigation and the existing BNP Paribas litigation (as reported); and (iii) "Acquisitions and Dispositions" in the manner described on Annex A hereto.

To the extent that the Financial Accounting Standards Board issues new accounting literature relating to "Business Combinations," Adjusted EBITDA will be further adjusted to exclude (i) deal related costs currently capitalized under existing accounting literature that would be required to be expensed in the Company's Income Statement (as reported); (ii) exit related costs as

defined by E.I.T.F. 95-3 that would be required to be expensed in the Company's Income Statement relating to acquisitions (as reported) and (iii) any change in contingent consideration liability required to be recorded in the Company's Income Statement that was previously recorded as purchase price (as reported).

"Free Cash Flow Yield" means the Company's "Free Cash Flow" divided by the Company's "Market Value." "Free Cash Flow" means "net cash provided by (used in) operating activities exclusive of management and mortgage programs" (as reported); plus "management and mortgage programs: cash provided by (used in) operating activities" (as reported); plus "management and mortgage programs: cash provided by (used in) investing activities" (as reported); plus "management and mortgage programs: cash provided by (used in) financing activities" (as reported); less "property and equipment additions" (as reported); less "cash utilized for net assets acquired and acquisition related payments" (as reported), adjusted to exclude the cash impact of CUC accounting irregularities and related litigation and the existing BNP Paribas litigation (as reported); less "provision for income taxes" calculated assuming a 27% aggregate effective tax rate (such taxes calculated on Adjusted EBITDA, less "non-program related depreciation and amortization" (as reported); less "acquisition and integration related costs: amortization of pendings and listings" (as reported)).

"Market Value" equals the Company's prior year Adjusted EBITDA multiplied by the applicable "enterprise value multiple," which the Committee has determined to equal 9 (once set in respect of any grant, such enterprise value multiple may not be changed for any reason in respect of such grant).

Vesting will be determined by comparing the cumulative compounded TUG over the term of a particular grant to the Performance Goals. For example, in Year 1, vesting will be determined by comparing the TUG for Year 1 to the Year 1 Performance Goals. In Year 2, vesting will be determined by multiplying Year 1 TUG+1, by Year 2 TUG+1, and then subtracting 1 from the product, and comparing such product to the Year 2 cumulative Performance Goals. In Year 3, vesting will be determined by multiplying Year 1 TUG+1, by Year 2 TUG+1, by Year 3 TUG+1, and then subtracting 1 from the product, and comparing such product to the Year 3 cumulative Performance Goals. In Year 4, vesting will be determined by multiplying Year 1 TUG+1, by Year 2 TUG+1, by Year 3 TUG+1, by Year 4 TUG+1, and then subtracting 1 from the product, and comparing such result to the Year 4 cumulative Performance Goals.

Once determined for a particular year, TUG or cumulative TUG used to determine vesting is fixed and is not adjusted as a result of acquisitions, dispositions or other transactions.

(q) "as reported" shall mean as disclosed in the Company's Annual Report on Form 10-K or, if combined within another line item or immaterial to disclose separately, as set forth in the Company's books and records.

3. Administration.

The Plan shall be administered by the Committee. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Awards; to determine the persons to whom and the time or times at which Awards shall be granted; to determine the terms, conditions and restrictions relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, canceled, forfeited, or surrendered; to determine the terms and provisions of Award Agreements; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

All determinations of the Committee shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable. All decisions, determinations and interpretations of the Committee shall be final and binding on all persons, including the Company, the Participant (or any person claiming any rights under the Plan from or through any Participant) and any stockholder.

Without limiting the generality of the foregoing, the Committee shall have the full and absolute authority (i) to determine and establish any and all applicable Performance Goals and (ii) to determine whether any Performance Goals have been attained and to certify to such attainment.

No member of the Board or the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

4. Eligibility.

Awards may be granted to key personnel of the Company in the sole and absolute discretion of the Committee. No employee of the Company or any other person shall have any right to participate in the Plan absent an express designation by the Committee.

5. Terms of Awards.

Awards granted pursuant to the Plan shall be evidenced by Award Agreements substantially in such form as the Committee shall from time to time approve and the terms and conditions of such Awards shall be set forth therein. Awards under the Plan may not be memorialized or evidenced other than pursuant to an Award Agreement.

(a) Participation. The Committee shall grant participation in the Plan to key personnel of the Company in its sole and absolute discretion. The Committee may determine that participation in the Plan is subject to and contingent upon:

(i) the Participant executing a covenant not to compete and confidentiality agreement in such form as the Committee shall prescribe; and/or

(ii) the Participant executing a covenant to devote his or her best efforts to create and deliver value to the stockholders of Cendant; and/or

(iii) such other conditions as the Committee shall determine in its sole discretion.

(b) Stock Options. The Committee may grant to a Participant an Award of Stock Options which shall become vested subject to (i) the Participant remaining continuously employed in good standing with the Company through one or more dates determined by the Committee and/or (ii) the Company's attainment of Performance Goals. All such Awards shall be evidenced by an Award Agreement. Except as set forth in Section 5(e) below or as otherwise determined by the Committee in its sole discretion, such Awards shall not vest and shall immediately terminate if such Participant's employment terminates prior to an applicable vesting date, irrespective of the reason for termination of employment. Upon the occurrence of a Change-of-Control Transaction, each Award granted pursuant to this paragraph shall become immediately and fully vested and payable; provided, that the Participant (i) remains employed with the

Company (or its successor) during a 90 day transition period immediately following such Change-of-Control Transaction or (ii) is terminated during such 90 day transition period by the Company or its successor. Awards granted hereunder shall be granted pursuant to and in accordance with any one or more of the Cendant Stock Plans, as determined by the Committee and set forth in an Award Agreement, and accordingly such Awards shall be subject to the terms of such Cendant Stock Plan (except as otherwise provided in this Plan), including without limitation all provisions regarding stock options, the exercising of stock options and restrictions thereto, tax withholding obligations and equitable adjustment provisions. Notwithstanding the foregoing, the Committee shall have the sole discretion to accelerate the vesting of any Award granted pursuant to this paragraph at any time and for any reason.

(c) Restricted Stock Unit Awards. The Committee may grant to a Participant an Award of Restricted Stock Units which shall become vested subject to (i) the Participant remaining continuously employed in good standing with the Company through one or more dates determined by the Committee and/or (ii) the Company's attainment of Performance Goals. Except as set forth in Section 5(e) below or as otherwise determined by the Committee in its sole discretion, such Awards shall not vest and shall immediately terminate if such Participant's employment terminates prior to an applicable vesting date, irrespective of the reason for termination of employment. Upon the occurrence of a Change-of-Control Transaction, each Award granted pursuant to this paragraph shall become immediately and fully vested and payable; provided, that the Participant (i) remains employed with the Company (or its successor) during a 90 day transition period immediately following such Change-of-Control Transaction or (ii) is terminated during such 90 day transition period by the Company or its successor. Notwithstanding the foregoing, the Committee shall have the sole discretion to accelerate the vesting and payment of an Award granted pursuant to this paragraph at any time and for any reason. Awards granted hereunder shall be granted pursuant to and in accordance with any one or more of the Cendant Stock Plans, as determined by the Committee and set forth in an Award Agreement, and accordingly such Awards shall be subject to the terms of such Cendant Stock Plan (except as otherwise provided in this Plan), including without limitation any equitable adjustment provisions. As soon as practicable following the vesting of each Restricted Stock Unit, the Participant shall be entitled to receive one share of Cendant Stock; provided, however, that the Participant shall remain required to remit to the Company such amount that the Company determines is necessary to meet all required minimum withholding taxes. In the event that Cendant shall determine to pay a dividend in respect of Cendant Stock, a cash dividend-equivalent in respect of each then outstanding Restricted Stock Unit shall be paid to the holder thereof; provided, however, that any such dividend-equivalents shall be subject to the same vesting schedules, Performance Goals, forfeiture provisions and deferral elections as the Restricted Stock Unit to which it relates.

(d) Performance Based Vesting. Unless otherwise approved by the Committee and set forth in writing in an Award Agreement, Awards granted hereunder will vest only upon the attainment of Performance Goals (as well as any other additional vesting requirements).

(e) Disability. A Participant's Award shall immediately vest upon his or her termination of employment by reason of Disability.

6. General Provisions.

(a) Compliance with Legal Requirements. The Plan and the granting and payment of Awards, and the other obligations of the Company under the Plan and any Award Agreement or other agreement, entered into pursuant hereto, shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The selling of shares of Cendant Stock and the exercise of Stock Options may be restricted by virtue of any "blackout period" or any other restrictive policy imposed by the Company for any reason or for no reason. No Participant shall have any actual or implied right to sell Cendant Stock or exercise any Stock Option at any particular time or particular date, and any such transactions may be limited or delayed by the Company at any time, with or without prior notice to the Participant, for any reason or for no reason. The foregoing specifically includes the Company's discretionary determination to suspend any such transactions during a Company investigation of any Participant's alleged misconduct.

(b) Nontransferability. Awards shall not be transferable by a Participant for any reason whatsoever, other than pursuant to the applicable laws of descent and distribution.

(c) No Right To Continued Employment. Nothing in the Plan, any Award or any Award Agreement or other agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ of the Company or to be entitled to any remuneration or benefits not set forth in the Plan or such Award Agreement or other agreement or to interfere with or limit in any way the right of the Company to terminate such Participant's employment.

(d) Withholding Taxes. All Awards hereunder, and the vesting thereof, are subject to any and all required minimum withholding taxes and similar required withholding obligations.

(e) Amendment, Termination and Duration of the Plan. The Board or the Committee may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any Participant, without such Participant's consent, under any Award theretofore granted under the Plan.

(f) Participant Rights. No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment for Participants.

(g) Unfunded Status of Awards. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation for a select group of management and highly compensated employees. Nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company. The Plan is not intended to provide retirement benefits, retirement income or welfare benefits.

(h) Deferral. Cendant may (but is not obligated to) establish procedures pursuant to which certain designated Participants may elect to defer, until a time or times later than the vesting of a Restricted Stock Unit, receipt of all or a portion of the shares of Cendant Stock deliverable in respect of a Restricted Stock Unit, all on such terms and conditions as Cendant shall determine in its sole discretion. If any such deferrals are permitted for some or all Participants, then notwithstanding any provision of this Plan to the contrary, a Participant who elects such deferral shall not have any rights as a stockholder with respect to any such deferred shares of Cendant Stock unless and until certificates representing such shares are actually delivered to the Participant, except to the extent otherwise determined by the Committee.

(i) Other Provisions. Notwithstanding any other provision of the Plan, an Award Agreement or any other agreement (written or oral) to the contrary, for purposes of the Plan and any Award hereunder, a termination of employment shall be deemed to have occurred on the date upon which the Participant ceases to perform active employment duties for the Company following the provision of any notification of termination or resignation from employment, and without regard to any period of notice of termination of employment (whether expressed or implied) or any period of severance or salary continuation. Notwithstanding any other provision of the Plan, an Award Agreement or any other agreement (written or oral) to the contrary, a Participant shall not be entitled (and by accepting any Award, thereby irrevocably waives any such entitlement), by way of compensation for loss of office or otherwise, to any sum or other benefit to compensate the Participant for the loss of any rights under the Plan as a result of the termination or expiration in of any Award in connection with any termination of

employment. No amounts earned pursuant to the Plan or any Award shall be deemed to be eligible compensation in respect of any other plan of Cendant Corporation or any of its subsidiaries.

(j) Governing Law. The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(k) Effective Date. The Plan shall take effect upon its adoption by the Committee.

Annex A
Adjustments to EBITDA and Free Cash Flow for
Acquisitions and Dispositions

Dispositions of Subsidiaries and Business Units

1. If a disposition is accounted for as "discontinued operations" in accordance with U.S. GAAP, then all historical years of EBITDA and Free Cash Flow shall be adjusted by eliminating the historical results of the disposed entity in the manner reported on the Company's Annual Report on Form 10-K. Further, any assets, cash or other consideration (if any) received in connection with such disposition shall not be considered Free Cash Flow.

2. If a disposition with greater than $50 million of "total consideration" (as defined below) is not accounted for as "discontinued operations" in accordance with U.S. GAAP, then all historical years of EBITDA and Free Cash Flow shall be adjusted by the Company by eliminating the historical results of the disposed entity by making such appropriate adjustments which would have otherwise been made assuming the disposition was accounted for as "discontinued operations." Further, any assets, cash or other consideration (if any) received in connection with such disposition shall not be considered Free Cash Flow.

   If a disposition with $50 million or less of total consideration is not accounted for as discontinued operations in accordance with U.S. GAAP, then there shall be no adjustment made to EBITDA and Free Cash Flow. In this case, the total consideration received will be included as a cash inflow to Free Cash Flow.

3. Once determined for a particular year, TUG or cumulative TUG used to determine vesting is fixed and is not adjusted as a result of acquisitions, dispositions or other transactions.

Acquisitions of Subsidiaries and Business Units

1. There shall be no adjustment to EBITDA or Free Cash Flow in respect of any acquisition with a "total consideration" of $15 million or less ("Small Acquisitions") (specifically, Free Cash Flow will be reduced by such "total consideration" in the year of acquisition). The "total consideration" will consist of all cash consideration paid (including "earn-out" payments), related deal costs, any assumed debt and any

Cendant equity issued (Cendant common stock issued and conversion of stock options).

2. For acquisitions other than Small Acquisitions, EBITDA shall be adjusted in order to neutralize the impact of such acquisition in the year of such acquisition.

   For such acquisitions, EBITDA shall be adjusted to exclude the results of the acquired entity for the entirety of the fiscal year in which the acquisition occurs. The amount of the EBITDA adjustment will be exactly as set forth in the applicable Cendant Investment Committee Memorandum (all such acquisitions require presentation of key financial projections in a memorandum to such committee) used to review and approve the transaction (the "ICM"). Notwithstanding Company procedure, for purposes of this Plan, in the event that any acquisition closes more than 90 days following the date of the ICM, or in the event that an acquisition closes in the calendar year following the date of the ICM, then an updated ICM will be required. For all adjustments made pursuant to any ICM, whether an original ICM or an updated ICM, the financial information set forth in the ICM shall be pro rated to account for the period of time which elapses following the date of the ICM through the date of closing. The EBITDA noted in the ICM for the current year (relating to the period owned by the Company) will be removed from the actual results of the Company without regard to the actual results of the acquired entity. However, solely for purposes of determining EBITDA growth in the following year, the EBITDA for the year in which the acquisition occurred shall be adjusted to include the results of the acquired entity as if it was owned for the full year (for such purpose, the EBITDA for the period the acquired entity is not owned by the Company will equal the EBITDA for such period indicated in the ICM; note: the EBITDA for the period the acquired entity is owned by the Company will equal the actual EBITDA for such period). TUG calculated for prior years shall not be adjusted due to this calculation.

3. For such acquisitions other than Small Acquisitions, Free Cash Flow shall be adjusted to exclude the free cash flow results of the acquired entity for the entirety of the fiscal year in which the acquisition occurs. The amount of the Free Cash Flow adjustment will be exactly as set forth in the applicable ICM used to review and approve the transaction. Notwithstanding Company procedure, for purposes of this Plan, in the event that any acquisition closes more than 90 days following the date of the ICM, or in the event that an acquisition closes in the calendar year following the date of the ICM, then an updated ICM will be required. For all adjustments made pursuant to any ICM, whether an original ICM or an updated ICM, the financial information set forth in the ICM shall be pro rated to account for the period of time which elapses following the date of the ICM through the date of closing. The Free Cash Flow noted in the ICM for the current year will be removed from the actual results of the

Company without regard to the actual results of the acquired entity. Free Cash Flow will be adjusted to exclude the total consideration paid for the acquisition.

4. For acquisitions other than Small Acquisitions, but only those for which the Company pays "total consideration" in excess of the "enterprise value multiple" (determined by the Committee to equal 9), multiplied by the acquired entity's prior calendar year GAAP earnings before interest, taxes, depreciation and amortization (as set forth in the ICM) ("Acquiree EBITDA"), Free Cash Flow shall be adjusted.

   For such acquisitions, the total consideration paid by the Company in excess of the "enterprise value multiple" (determined by the Committee to equal 9), multiplied by Acquiree EBITDA shall be referred to as the "Acquisition Premium." Commencing on the year following the acquisition, 25% of the Acquisition Premium shall be included as a cash outflow from Free Cash Flow in each of the following remaining years of the grant.

5. Once determined for a particular year, TUG or cumulative TUG used to determine vesting is fixed and is not adjusted as a result of acquisitions, dispositions or other transactions.

Exhibit 10.6

CENDANT CORPORATION
2003 LONG TERM INCENTIVE PLAN

1. Purpose.

The purpose of the Cendant Corporation 2003 Long Term Incentive Plan is to provide an annual incentive grant intended to promote the Company's efforts (i) to align the interests of key management personnel with the interests of the Company's stockholders, and incentivize key management personnel to create stockholder value and (ii) to retain key management personnel over a long-term period during which the Company contemplates competitive business markets and a challenging economic environment.

2. Definitions.

The following terms, as used herein, shall have the following meanings:

(a) "Cendant" shall mean Cendant Corporation, a Delaware corporation.

(b) "Award Agreement" shall mean a written agreement between Cendant and a Participant evidencing an award of Restricted Stock Units or Restricted Cash Units.

(c) "Board" shall mean the Board of Directors of Cendant.

(d) "Committee" shall mean the Compensation Committee of the Board.

(e) "Company" shall mean, collectively, Cendant and its subsidiaries.

(f) "Participant" shall mean an officer or key employee of the Company who is, pursuant to Section 4 of the Plan, selected and designated by the Committee in writing to participate herein.

(g) "Plan" shall mean this Cendant Corporation 2003 Long Term Incentive Plan.

(h) "Change-of-Control Transaction" shall mean any transaction or series of transactions pursuant to or as a result of which (i) during any period of not more than 24 months, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by

a third party who has entered into an agreement to effect a transaction described in clause (ii), (iii) or (iv) of this paragraph) whose election by the Board or nomination for election by Cendant's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (other than approval given in connection with an actual or threatened proxy or election contest), cease for any reason to constitute at least a majority of the members of the Board, (ii) any person or entity is or becomes, directly or indirectly, the beneficial owner of 50% or more of the common stock of Cendant (or other securities of Cendant having generally the right to vote for election of the Board), (iii) Cendant or any subsidiary shall sell, assign or otherwise transfer, directly or indirectly, assets (including stock or other securities of subsidiaries) having a fair market or book value or earning power of 50% or more of the assets or earning power of Cendant and its subsidiaries (taken as a whole) to any third party, other than Cendant or a wholly-owned subsidiary thereof, (iv) control of 50% or more of the business of Cendant shall be sold, assigned or otherwise transferred directly or indirectly to any third party, (v) there is consummated a merger or consolidation of Cendant with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of Cendant outstanding immediately prior to such event continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of Cendant or such surviving entity or any parent thereof outstanding immediately after such event or (B) a merger or consolidation effected to implement a recapitalization of Cendant (or similar transaction) in which no person or entity becomes the beneficial owner or more than 50% or more of the combined voting power of Cendant's then outstanding securities or (vi) the stockholders of Cendant approve a plan of liquidation or dissolution.

(i) "Award" shall mean an award of Restricted Stock Units or Restricted Cash Units granted pursuant to this Plan.

(j) "Restricted Stock Unit" shall mean an Award granted pursuant to Section 5(c) of this Plan.

(k) "Restricted Cash Unit" shall mean an Award granted pursuant to Section 5(b) of this Plan.

(l) "Cendant Stock Plans" shall mean the following stock plans maintained by Cendant, as amended from time to time: (1) 1999 Broad-Based Employee Stock Option Plan; (2) 1997 Stock Option Plan and (3) Galileo International 1999 Equity and Performance Incentive Plan.

(m) "Cendant Stock" shall mean common stock of Cendant, par value $0.01 per share, of the series designated CD Common Stock.

(n) Disability shall mean a Participant's termination of employment by reason of "Disability" within the meaning of Cendant's Long Term Disability Plan as in effect from time to time.

3. Administration.

The Plan shall be administered by the Committee. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Awards; to determine the persons to whom and the time or times at which Awards shall be granted; to determine the terms, conditions and restrictions relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, canceled, forfeited, or surrendered; to determine the terms and provisions of Award Agreements; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

All determinations of the Committee shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable. All decisions, determinations and interpretations of the Committee shall be final and binding on all persons, including the Company, the Participant (or any person claiming any rights under the Plan from or through any Participant) and any stockholder.

No member of the Board or the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

4. Eligibility.

Awards may be granted to key management personnel of the Company in the sole discretion of the Committee.

5. Terms of Awards.

Awards granted pursuant to the Plan shall be evidenced by Award Agreements substantially in such form as the Committee shall from time to time approve and the terms and conditions of such Awards shall be set forth therein.

(a) Participation. The Committee shall grant participation in the Plan to key management personnel in its sole and absolute discretion. The Committee may determine that participation in the Plan is subject to and contingent upon:

(i) the Participant executing a covenant not to compete and confidentiality agreement in such form as the Committee shall prescribe; and/or

(ii) the Participant executing a covenant to devote his or her best efforts to create and deliver value to the stockholders of Cendant; and/or

(iii) such other conditions as the Committee shall determine in its sole discretion.

(b) Restricted Cash Units Awards. The Committee may grant to a Participant an Award of Restricted Cash Units, subject to the Participant remaining continuously employed in good standing with the Company through one or more dates determined by the Committee, and upon which dates such Award may become fully or partially vested and payable. All such Awards shall be evidenced by an Award Agreement. Such Award will not vest or become payable and shall immediately terminate if such Participant's employment terminates prior to an applicable vesting date, irrespective of the reason for termination of employment. Upon the occurrence of a Change-of-Control Transaction, each Award of Restricted Cash Units granted pursuant to this paragraph shall become immediately and fully vested and payable; provided, that the Company shall retain the right in its sole discretion to make such payment contingent upon the Participant executing an agreement to remain employed with the Company (or its successor) during a 90 day transition period immediately following such Change-of-Control Transaction. Notwithstanding the foregoing, the Committee shall have the sole discretion to accelerate the vesting and payment of a Restricted Cash Unit Award at any time and for any reason. As soon as practicable following the vesting of each Restricted

Cash Unit, the Participant will be entitled to receive an amount of cash equal to one dollar ($1.00), less any and all required minimum withholding taxes.

(c) Restricted Stock Unit Awards. The Committee may grant to a Participant an Award of Restricted Stock Units, subject to the Participant remaining continuously employed in good standing with the Company through one or more dates determined by the Committee, and upon which dates such Award may become fully or partially vested and payable. All such Awards shall be evidenced by an Award Agreement. Such Award will not vest and will immediately terminate if such Participant's employment terminates prior to an applicable vesting date, irrespective of the reason for termination of employment. Upon the occurrence of a Change-of-Control Transaction, each Award of Restricted Stock Units granted pursuant to this paragraph shall become immediately and fully vested and payable; provided, that Company shall retain the right in its sole discretion to make such payment contingent upon the Participant executing an agreement to remain employed with the Company (or its successor) during a 90 day transition period immediately following such Change-of-Control Transaction. Notwithstanding the foregoing, the Committee shall have the sole discretion to accelerate the vesting and payment of a Restricted Stock Unit Award at any time and for any reason. Restricted Stock Units granted hereunder shall be granted pursuant to and in accordance with any one or more of the Cendant Stock Plans, as determined by the Committee and set forth in an Award Agreement, and accordingly such Awards shall be subject to the terms of such Cendant Stock Plan (except as otherwise provided in this Plan), including without limitation any equitable adjustment provisions. As soon as practicable following the vesting of each one Restricted Stock Unit, the Participant will be entitled to receive one share of Cendant Stock; provided, however, that the Participant shall remain required to remit to the Company such amount that the Company determines is necessary to meet all required minimum withholding taxes. In the event that Cendant shall determine to pay a dividend in respect of Cendant Stock, a cash dividend-equivalent in respect of each then outstanding Restricted Stock Unit will be paid to the holder thereof; provided, however, that any such dividend-equivalents shall be subject to the same vesting schedules, forfeiture provisions and deferral elections as the Restricted Stock Unit to which it relates.

(d) Disability. A Participant's Restricted Stock Units and/or Restricted Cash Units shall immediately vest upon his or her termination of employment by reason of Disability.

6. General Provisions.

(a) Compliance with Legal Requirements. The Plan and the granting and payment of Awards, and the other obligations of the Company under the Plan and any

Award Agreement or other agreement, entered into pursuant hereto, shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required.

(b) Nontransferability. Awards shall not be transferable by a Participant for any reason whatsoever.

(c) No Right To Continued Employment. Nothing in the Plan, any Award or any Award Agreement or other agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ of the Company or to be entitled to any remuneration or benefits not set forth in the Plan or such Award Agreement or other agreement or to interfere with or limit in any way the right of the Company to terminate such Participant's employment.

(d) Withholding Taxes. All Awards hereunder are subject to any and all required minimum withholding taxes and similar required withholding obligations.

(e) Amendment, Termination and Duration of the Plan. The Board or the Committee may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any Participant, without such Participant's consent, under any Award theretofore granted under the Plan.

(f) Participant Rights. No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment for Participants.

(g) Unfunded Status of Awards. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation for a select group of management and highly compensated employees. Nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(h) Deferral. Cendant may establish procedures pursuant to which certain designated Participants may elect to defer, until a time or times later than the vesting of an Award, receipt of all or a portion of the shares of Cendant Stock deliverable in respect of a Restricted Stock Unit and/or receipt of all or a portion of the amounts payable in respect of a Restricted Cash Unit, all on such terms and conditions as Cendant shall determine in its sole discretion. If any such deferrals are permitted for some or all Participants, then notwithstanding any provision of this Plan to the contrary, a Participant who elects such deferral shall not have any rights as a stockholder with respect to any

such deferred shares of Cendant Stock unless and until certificates representing such shares are actually delivered to the Participant, except to the extent otherwise determined by the Committee.

(i) Other Provisions. Notwithstanding any other provision of the Plan, an Award Agreement or any other agreement (written or oral) to the contrary, for purposes of the Plan and any Award hereunder, a termination of employment shall be deemed to have occurred on the date upon which the Participant ceases to perform active employment duties for the Company following the provision of any notification of termination or resignation from employment, and without regard to any period of notice of termination of employment (whether expressed or implied) or any period of severance or salary continuation. Notwithstanding any other provision of the Plan, an Award Agreement or any other agreement (written or oral) to the contrary, a Participant shall not be entitled (and by accepting any Award, thereby irrevocably waives any such entitlement), by way of compensation for loss of office or otherwise, to any sum or other benefit to compensate the Participant for the loss of any rights under the Plan as a result of the termination or expiration in of any Award in connection with any termination of employment. No amounts earned pursuant to the Plan or any Award shall be deemed to be eligible compensation in respect of any other plan of Cendant Corporation or any of its subsidiaries.

(j) Governing Law. The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(k) Effective Date. The Plan shall take effect upon its adoption by the Committee.

Exhibit 10.7

CENDANT RENTAL CAR FUNDING (AESOP) LLC,

as Issuer

and

THE BANK OF NEW YORK,
as Trustee

SECOND AMENDED AND RESTATED BASE INDENTURE

Dated as of June 3, 2004

Rental Car Asset Backed Notes
(Issuable in Series)

TABLE OF CONTENTS

SCHEDULES AND EXHIBITS

SECOND AMENDED AND RESTATED BASE INDENTURE, dated as of June 3, 2004, between CENDANT RENTAL CAR FUNDING (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), a special purpose limited liability company established under the laws of Delaware, as issuer ("CRCF"), and THE BANK OF NEW YORK, a New York banking corporation, as trustee (in such capacity, the "Trustee")

W I T N E S S E T H:

WHEREAS, AESOP Funding Corp. II ("Original AFC-II") and Harris Trust and Savings Bank were parties to a Base Indenture, dated as of May 1, 1996 (the "Original Indenture");

WHEREAS, pursuant to an Agreement of Merger, dated as of July 30, 1997, between Original AFC-II and CRCF, CRCF assumed all of the rights and obligations of Original AFC-II under the Original Indenture;

WHEREAS, CRCF and Harris Trust and Savings Bank entered into an Amended and Restated Base Indenture (the "Prior Indenture"), dated as of July 30, 1997, pursuant to which CRCF amended and restated the Original Indenture in its entirety, with the consent of Harris Trust and Savings Bank;

WHEREAS, CRCF desires to amend and restate the Prior Indenture in its entirety as herein set forth, and The Bank of New York, as Trustee and successor to Harris Trust and Savings Bank under the Prior Indenture, hereby consents thereto;

WHEREAS, CRCF has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of one or more series of CRCF's Rental Car Asset Backed Notes (the "Notes"), issuable as provided in this Indenture; and

WHEREAS, all things necessary to make this Indenture a legal, valid and binding agreement of CRCF, enforceable in accordance with its terms, have been done, and CRCF proposes to do all the things necessary to make the Notes, when executed by CRCF and authenticated and delivered by the Trustee hereunder and duly issued by CRCF, the legal, valid and binding obligations of CRCF 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, that the Prior Indenture be amended and restated in its entirety as follows:

ARTICLE 1.

DEFINITIONS, INCORPORATION BY REFERENCE AND CONSTRUCTION

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 Schedule 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 Indenture and in each other Related Document to any Article or Section are references to such Article or Section of this Indenture 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 applied on a consistent basis. When used herein, the term "financial statement" shall include the notes and schedules thereto. All 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:

(i) the singular includes the plural and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Indenture, and reference to any Person in a particular capacity only refers to such Person in such capacity;

(iii) reference to any gender includes the other gender;

(iv) reference to any Requirement of Law means such Requirement of Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time;

(v) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(vi) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

(vii) "or" is not exclusive.

Section 1.5. Other Definitional Provisions.

(i) All terms defined in this Indenture or any Supplement shall have such defined meanings when used in any certificate or document made or delivered pursuant hereto unless otherwise defined therein.

(ii) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Indenture shall refer to this Indenture as a whole and not to any particular provision

of this Indenture; and Section, subsection, Schedule and Exhibit references contained in this Indenture are references to Sections, subsections, Schedules and Exhibits in or to this Indenture unless otherwise specified.

Section 1.6. Ratification and Confirmation. On the date hereof, CRCF hereby ratifies and confirms all of the Notes Outstanding issued under the Prior Indenture and ratifies and confirms the grant of a lien in the Collateral for the benefit of the Secured Parties pursuant to the Prior Indenture.

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 Supplement and shall bear, upon its face, the designation for such Series to which it belongs so selected by CRCF. All Notes of any Series shall, except as specified in the related 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 Indenture and the applicable Supplement. The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is unlimited. The Notes of each Series shall be issued in the minimum denominations, if any, set forth in the applicable Supplement.

Section 2.2. Notes Issuable in Series. The Notes may be issued in one or more Series. Each Series of Notes shall be created by a Supplement. Notes of a new Series may from time to time be executed by CRCF 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 (or such shorter period as is acceptable to the Trustee) in advance of the related Series Closing Date and upon delivery by CRCF to the Trustee, and receipt by the Trustee, of the following:

(a) 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 aggregate principal amount of Notes of such new Series to be authenticated and the Note Rate (or the method for allocating interest payments or other cash flow) with respect to such new Series;

(b) a Supplement in form satisfactory to the Trustee executed by CRCF and the Trustee and specifying the Principal Terms of such new Series;

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

(d) written confirmation that the Rating Agency Confirmation Condition shall have been satisfied with respect to such issuance;

(e) an Officer's Certificate of CRCF dated as of the applicable Series Closing Date to the effect that (1) no Amortization Event, Aggregate Asset Amount Deficiency,

Enhancement Agreement Event of Default, if applicable, Enhancement Deficiency, Loan Event of Default, AESOP I Operating Lease Vehicle Deficiency, Manufacturer Event of Default, Lease Event of Default, Potential Amortization Event, Potential Enhancement Agreement Event of Default, Potential Loan Event of Default, Potential Lease Event of Default, or Potential Manufacturer Event of Default is continuing or will occur as a result of the issuance of the new Series of Notes, (ii) 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 CRCF 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 CRCF is a party or by which it or its property may be bound or to which it or its property may be subject, (iii) all conditions precedent provided in this Base Indenture and the related Supplement with respect to the authentication and delivery of the new Series of Notes have been complied with and (iv) if such new Series of Notes is a Segregated Series, the criteria used to select the Series-Specific Collateral will not have a material adverse effect on the quality of the Collateral securing any other outstanding Series of Notes;

(f) unless otherwise specified in the related 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 Series Closing Date, substantially to the effect that or relating to:

(i) (x) the new Series of Notes will be treated as indebtedness of CRCF for Federal and New York state income tax purposes and (y) the issuance of such Series will not result in any of the outstanding Series of Notes failing to be characterized as debt for Federal or New York state income tax purposes;

(ii) all instruments furnished to the Trustee conform in all material respects to the requirements of this Base Indenture and the related 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 Supplement with respect to the authentication and delivery of the new Series of Notes have been complied with in all material respects;

(iii) (w) CRCF is duly organized under the jurisdiction of its formation and has the power and authority to execute and deliver the related Supplement, this Base Indenture and each other Related Document to which it is a party and to issue the new Series of Notes, (x) AESOP Leasing is duly organized under the jurisdiction of its formation and has the power and authority to execute and deliver each of the Related Documents to which it is a party, (y) each of Original AESOP, AESOP Leasing II, PVHC and Quartx is duly incorporated 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 (z) CCRG, each Lessee and each Permitted Sublessee is duly incorporated in the jurisdiction of its incorporation and, as of the date of this Indenture, has the

corporate power and authority to execute and deliver each of the Related Documents to which it is a party;

(iv) the related Supplement, this Base Indenture, the Loan Agreements, the Leases and each of the other Related Documents to which CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG, ARAC, BRAC or any Permitted Sublessee is a party have been duly authorized, executed and delivered by CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG, ARAC, BRAC or any Permitted Sublessee, as the case may be;

(v) 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 Supplement, will constitute valid, binding and enforceable obligations of CRCF entitled to the benefits of this Base Indenture and the related 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;

(vi) this Base Indenture, the related Supplement and each of the other Related Documents to which CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG, ARAC, BRAC or any Permitted Sublessee is a party are legal, valid and binding agreements of CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG, ARAC, BRAC or any Permitted Sublessee, as the case may be, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and to general principles of equity;

(vii) each of CRCF, AESOP Leasing, Original AESOP and AESOP Leasing II 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 Supplement are not required to be registered under the Trust Indenture Act;

(viii) the offer and sale of the new Series of Notes is not required to be registered under the Securities Act;

(ix) (A) the validity, perfection and priority of security interests created under the Related Documents, (B) the nature of each of the Operating Leases as a "true lease" and not as a financing arrangement, (C) the analysis of substantive consolidation of the assets of (1) CRCF, AESOP Leasing, AESOP Leasing II or Original AESOP with the assets of CCRG or any of its Subsidiaries in the event of the insolvency of CCRG or any of its Subsidiaries, (2) CRCF with the assets of AESOP Leasing, AESOP Leasing II or Original AESOP in the event of the insolvency of AESOP Leasing, AESOP Leasing II or Original AESOP and (3) AESOP Leasing, AESOP Leasing II or Original AESOP with the assets of CRCF

in the event of the insolvency of CRCF, (D) there being no pending or threatened litigation which, if adversely determined, would materially and adversely affect the ability of each of CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG, ARAC or BRAC to perform its obligations under any of the Related Documents, and (E) the absence of any conflict with or violation of any court decree, injunction, writ or order applicable to CRCF or any breach or default of any indenture, agreement or other instrument as a result of the issuance of such Series of Notes by CRCF; and

(x) such other matters as the Trustee may reasonably require;

(g) executed counterparts of each Loan Agreement and each Lease, duly executed by the applicable parties thereto;

(h) evidence that each of the parties to the Related Documents and each party to any Swap Agreement (other than any interest rate cap agreement) outstanding as of the date thereof has covenanted and agreed 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 CRCF, AESOP Leasing, AESOP Leasing II, the Intermediary, Original AESOP, PVHC or Quartx any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any Federal or state bankruptcy or similar law;

(i) evidence of the grant (i) by AESOP Leasing, PVHC and Quartx to (1) CRCF and (2) the Trustee of a first-priority security interest in and to the AESOP I Operating Lease Loan Collateral, (ii) by AESOP Leasing to (1) CRCF and (2) the Trustee of a first-priority security interest in and to the AESOP I Finance Lease Loan Collateral, (iii) by AESOP Leasing II and Original AESOP to (1) CRCF and (2) the Trustee of a first-priority security interest in and to the AESOP II Loan Collateral and (iv) by CRCF to the Trustee of a first-priority security interest in and to the Collateral;

(j) evidence (which, in the case of the filing of financing statements on form UCC-l, may be telephonic, followed by prompt written confirmation) that AESOP Leasing and AESOP Leasing II have caused or are causing the Trustee's name to be noted on each Vehicle's Certificate of Title (other than Certificates of Title for the Franchisee Vehicles and Vehicles titled in Nebraska, Ohio and Oklahoma) in accordance with the Loan Agreements and this Indenture and all filings (including filing of financing statements on form UCC-l) and recordings have been accomplished as may be required by law to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers, privileges, licenses and security interest of the Trustee in such Vehicles and the Collateral for the benefit of the Secured Parties (except, as to perfection, with respect to Vehicles titled in Nebraska, Ohio and Oklahoma); and

(k) 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 CRCF.

Section 2.3. Supplement For Each Series. (a) In conjunction with the issuance of a new Series, the parties hereto shall execute a Supplement, which shall specify the relevant terms with respect to such new Series of Notes, which shall include, as applicable: (i) its name or designation, (ii) the aggregate principal amount of Notes of such Series to be issued or the method for determining the aggregate principal amount of Notes if such Series will have a variable principal amount, (iii) the Note Rate (or the method for calculating such Note Rate) with respect to such Series, (iv) the interest payment date or dates and the date or dates from which interest shall accrue, (v) the method of allocating Collections with respect to such Series and the method by which the principal amount of Notes of such Series shall amortize or accrete, (vi) the names of any accounts to be used by such Series and the terms governing the operation of any such account, (vii) the terms of any Enhancement, (viii) the Enhancement Provider, if any, (ix) whether the Notes may be issued in bearer form and any limitations imposed thereon, (x) the Series Termination Date, (xi) whether the Notes will be issued in multiple classes and, if so, the method of allocating Collections among such classes, (xii) whether such Series of Notes shall have the benefit of Series-Specific Collateral and (xiii) any other relevant terms of such Series of Notes that do not (subject to Section 2.3(b) and Article 12 hereof) change the terms of any Outstanding Series of Notes or otherwise materially conflict with the provisions of this Indenture and that do not prevent the satisfaction of the Rating Agency Confirmation Condition with respect to the issuance of such new Series (all such terms, the "Principal Terms" of such Series);

(b) (i) A Supplement may specify that the related Series of Notes (each, a "Segregated Series") will, in addition to the Enhancement, have Collateral that is to be solely for the benefit of the Noteholders of such Segregated Series of Notes (such Collateral being referred to as "Series-Specific Collateral"); provided, however, that no such Segregated Series of Notes will be issued unless (x) the Rating Agency Confirmation Condition is met, (y) CRCF shall have delivered to the Trustee an Officers' Certificate to the effect that the issuance of such Segregated Series of Notes will not have a material adverse effect upon the Noteholders of any Series of Notes outstanding at the time of the issuance of the Segregated Series of Notes, and (z) the applicable Supplement provides, in form satisfactory to the Trustee, for the changes and modifications to the Indenture and the other Related Documents as are described in clause (ii) below.

(ii) In the event any Segregated Series of Notes is issued, the related Supplement will provide that (A) the Administrator will identify to the Trustee the Collateral for such Segregated Series of Notes such that (x) the Series-Specific Collateral will secure only the Segregated Series of Notes to which such Series-Specific Collateral is applicable and (y) the Noteholders with respect to any other Series of Notes will not be entitled to the benefit of such Series-Specific Collateral, (B) the Trustee will adjust the allocations and distributions to be made under the Indenture at the written direction of the Administrator so that the Noteholders with respect to the Segregated Series of Notes will be entitled to allocations and distributions arising solely from the Series-Specific Collateral applicable to such Segregated Series of Notes and the Noteholders with respect to the non-Segregated Series of Notes will be entitled to allocations and distributions arising solely from the non-Series-Specific Collateral, (C) the Trustee will act as collateral agent under the Indenture (and in such capacity the Trustee shall (x) establish and

maintain a master collection account, and one or more segregated collection accounts, into which Collections allocated to all Series of Notes will be deposited and, after such deposit, further allocated among one or more Segregated Series of Notes and the non-Segregated Series of Notes and (y) hold its lien encumbering the non-Series-Specific Collateral for the benefit of the non-Segregated Series of Notes and hold its lien encumbering the Series-Specific Collateral for the benefit of the Segregated Series of Notes), (D) the Administrator will designate on its computer system the source of the funds for the financing of each Vehicle (as between one or more Segregated Series of Notes and the non-segregated Series of Notes, the "Financing Provider" with respect to such Series of Notes), (E) the Noteholders of any Segregated Series of Notes will, subject to the limitations contained in this Base Indenture and the applicable Supplement, be entitled to direct the Trustee in writing to exercise the remedies under the Indenture solely on behalf of such Segregated Series of Notes, (F) separate monthly reports and other information will be furnished under the Indenture for the Series-Specific Collateral, which monthly reports and other information will contain substantially the same type of information as the monthly reports provided under the Indenture prior to the issuance of such Segregated Series of Notes, (G) a separate segregated loan agreement and separate segregated leases pertaining solely to the Series-Specific Collateral will be executed and delivered by CRCF, as lender, AESOP Leasing or AESOP Leasing II, as borrower, the Lessees, as lessees, and, if applicable, CCRG, as guarantor, (H) to the extent specified in the Supplement for such Segregated Series of Notes, CRCF and AESOP Leasing or AESOP Leasing II, as the case may be, will take such actions as are necessary to perfect the Trustee's interest on behalf of the Noteholders of such Series in the Series-Specific Collateral, (I) amendments will be made to this Indenture and the other Related Documents, if necessary, to reflect the foregoing, which amendments will, among other things, provide for revisions to the terms "Aggregate Asset Amount", "Required Aggregate Asset Amount", "Collateral", "Collection Account", "CRCF Agreements", "CRCF Obligations", "Loan Agreements", "Leases", "Related Documents", "Aggregate Invested Amount" and "Requisite Investors" and such other terms as may be appropriate to reflect the creation of the Segregated Series, provided that any such amendment shall not have a material adverse effect (excluding any impact from the dilution of the percentage interests in the Collateral or voting percentage of the existing Noteholders as a result of such issuance) on the Noteholders of any Series unless the Required Noteholders of such Series shall have given their prior written consent thereto (and, with respect to each Series, the Trustee may conclusively rely on an Officer's Certificate of AESOP Leasing and AESOP Leasing II as sufficient evidence of such lack of a material adverse effect), (J) the relative rights and priorities with respect to the Series-Specific Collateral with respect to such Segregated Series of Notes are adequately defined, and (K) references herein to "all" Series of Notes (other than as specifically stated herein) shall be modified to refer to all Series of Notes other than any Segregated Series of Notes which may hereafter be issued.

Section 2.4. Execution and Authentication. (a) An Authorized Officer shall sign the Notes for CRCF by manual, facsimile or electronically scanned signature. 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 Indenture, CRCF may deliver Notes of any particular Series executed by CRCF to the Trustee 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 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 (and the Luxembourg agent (the "Luxembourg Agent"), if such Notes are listed on the Luxembourg Stock Exchange and if the Luxembourg Stock Exchange so requires). 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 CRCF 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. An authenticating agent has the same rights as an Agent to deal with CRCF or an Affiliate of CRCF. 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,
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 CRCF, and CRCF shall deliver such Note to the Trustee for cancellation as provided in Section 2.14 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 CRCF, 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. Form of Notes; Book Entry Provisions; Title.

(a) Restricted Global Note. If provided for in an applicable Supplement, any Series of Notes (other than any Series of Variable Funding Notes), or any class of such Series, to be issued in the United States will be in registered form and sold initially to "institutional accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act (each an "Institutional Accredited Investor") in reliance on an exemption from the registration requirements of the Securities Act and thereafter (i) to "qualified institutional buyers" (each a "Qualified Institutional Buyer") within the meaning of, and in reliance on, Rule 144A under the Securities Act ("Rule 144A"), (ii) outside the United States to a non-U.S. Person (as such term is defined in Regulation S of the Securities Act) in a transaction in

compliance with Regulation S of the Securities Act, (iii) pursuant to an effective registration statement under the Securities Act or (iv) in reliance on another exemption under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States, and as provided in the applicable Supplement and prior to any such sale, each such purchaser shall be deemed to have represented and agreed as follows:

(1) It is an Institutional Accredited Investor and is acquiring the Notes for its own institutional account or for the account of an Institutional Accredited Investor;

(2) It understands that the Notes purchased by it will be offered, and may be transferred, only in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer any Notes, such Notes may be resold, pledged or transferred only (a) to a person who the seller reasonably believes is a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (b) outside the United States to a non-U.S. Person (as such term is defined in Regulation S of the Securities Act) in a transaction in compliance with Regulation S of the Securities Act, (c) pursuant to an effective registration statement under the Securities Act or (d) in reliance on another exemption under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States;

(3) It understands that the Notes will bear a legend substantially as set forth in Section 2.10(a); and

(4) It acknowledges that the Trustee, CRCF, any underwriter, each Placement Agent for such Series of Notes and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more Institutional Accredited Investors, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

In addition, such purchaser shall be responsible for providing additional information or certification, as shall be reasonably requested by the Trustee, CRCF or any Placement Agent for such Series of Notes, to support the truth and accuracy of the foregoing acknowledgements, representations and agreements, it being understood that such additional information is not intended to create additional restrictions on the transfer of the Notes. Such Series of Notes (other than any Series of Variable Funding Notes) shall be issued in the form of and represented by one or more permanent global Notes in fully registered form without interest coupons (each, a "Restricted Global Note"), substantially in the form set forth in the applicable Supplement, with such legends as may be applicable thereto, which shall be deposited on behalf of the subscribers for the Notes represented thereby with a custodian for DTC, and registered in the name of DTC or a nominee of DTC, duly executed by CRCF and authenticated by the Trustee as provided in Section 2.4 for credit to the accounts of the subscribers at DTC. The aggregate initial principal amount of a Restricted Global Note may from time to time be

increased or decreased by adjustments made on the records of the custodian for DTC, DTC or its nominee, as the case may be, as hereinafter provided.

(b) Temporary Global Note; Permanent Global Note. Any Series of Notes (other than any Series of Variable Funding Notes), or any class of such Series, offered and sold outside of the United States will be offered and sold in reliance on Regulation S ("Regulation S") under the Securities Act and shall initially be issued in the form of one or more temporary global Notes (each, a "Temporary Global Note") in fully registered form without interest coupons substantially in the form set forth in the applicable Supplement with such legends as may be applicable thereto, registered in the name of DTC or a nominee of DTC, duly executed by CRCF and authenticated by the Trustee as provided in Section 2.4, for credit to the subscribers' accounts at Euroclear Bank S.A./N.V., as operator of Euroclear, or Clearstream. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (a "Permanent Global Note") in fully registered form without interest coupons, representing Notes of the same Series, substantially in the form set forth in the applicable Supplement, in accordance with the provisions of the Temporary Global Note and this Indenture. Beneficial interests in a Temporary Global Note may only be held by the agent members of Euroclear and Clearstream. The aggregate initial principal amount of the Temporary Global Note may from time to time be increased or decreased by adjustments made on the records of the custodian for DTC, DTC or its nominee, as the case may be, as hereinafter provided.

(c) Variable Funding Notes. Any Series of variable funding notes shall initially be sold to investors in reliance on an exemption from the registration requirements of the Securities Act. Any such Series of Notes shall be issued in the form of one or more variable funding notes (each, a "Variable Funding Note") in fully registered form without interest coupons substantially in the form set forth in the applicable Supplement with such legends as may be applicable thereto, duly executed by CRCF and authenticated by the Trustee as provided in Section 2.4. The aggregate outstanding principal amount of a Series of Variable Funding Notes may from time to time be increased or decreased in accordance with the applicable Supplement.

Section 2.6. Registrar and Paying Agent. (a) CRCF shall (i) maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("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"). CRCF 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. CRCF may change any Paying Agent or Registrar without prior notice to any Noteholder. CRCF shall notify the Trustee in writing of the name and address of any Agent not a party to this 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.

(b) CRCF shall enter into an appropriate agency agreement with any Agent not a party to this Indenture. Such agency agreement shall implement the provisions of this Indenture that relate to such Agent. CRCF shall notify the Trustee in writing of the name and

address of any such Agent. If CRCF fails to maintain a Registrar or Paying Agent and a Trust Officer has actual knowledge of such failure, or if CRCF fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with this Indenture, until CRCF shall appoint a replacement Registrar and Paying Agent.

Section 2.7. Paying Agent to Hold Money in Trust. (a) CRCF 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, 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 CRCF (or any other obligor under the Notes) of which it (or, in the case of the Trustee, a Trust Officer) 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) CRCF 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 money.

(c) Subject to applicable laws with respect to escheat of funds, any money held by the Trustee or any Paying Agent or a Clearing Agency in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to CRCF on Company Request. The Holder of such Note shall thereafter, as an unsecured general creditor, look only to CRCF for payment thereof (but only to the extent of the amounts so paid to CRCF), and all liability of the Trustee, such Paying Agent or such Clearing Agency with respect to such trust money shall thereupon cease; provided, however, that the Trustee, such Paying Agent or such Clearing Agency, before being required to make any such repayment, may at the expense of

CRCF 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, and London and Luxembourg (if the related Series of Notes has been listed on the Luxembourg Stock Exchange), if applicable, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to CRCF. The Trustee may also adopt and employ, at the expense of CRCF, any other reasonable means of notification of such repayment.

Section 2.8. Noteholder List. 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, CRCF shall furnish to the Trustee at least seven (7) Business Days before each Distribution Date (or such shorter period as is acceptable to the Trustee) 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 2.9. Transfer and Exchange. (a) When Notes of any particular Series are presented to the Registrar or a co-registrar with a request to register a transfer or to exchange them for an equal principal amount of Notes of other authorized denominations of the same Series, the Registrar shall register the transfer or make the exchange if its requirements for such transaction are met; provided, however, that the Notes surrendered for transfer or exchange (x) shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to CRCF and the Registrar, duly executed by the holder thereof or its attorney, duly authorized in writing and (y) shall only be transferred or exchanged in compliance with this Section 2.9.

(b) Except as otherwise provided in Section 2.18, the Trustee or the Registrar shall not register the exchange of interests in a Note for a Definitive Note. In the event that a Restricted Global Note is exchanged for Definitive Notes pursuant to Section 2.18, exchanges and transfers of such Definitive Notes shall be made only in accordance with this Section 2.9(b).

(i) (A) If a Definitive Note is being acquired for the account of a Holder of a beneficial interest in a Restricted Global Note without transfer, the Registrar shall receive a certification from such Holder to that effect (in substantially the form of Exhibit A-1 hereto); or

(B) If such Definitive Note is being transferred to a Qualified Institutional Buyer in accordance with Rule 144A, the Registrar shall receive a certification to that effect (in substantially the form of Exhibit A-l hereto); or

(C) If such Definitive Note is being transferred pursuant to an exemption from registration in accordance with Regulation S, the Registrar shall receive a certification to that effect (in substantially the form of Exhibit A-1 hereto); or

(D) If such Definitive Note is being transferred in reliance on another exemption from the registration requirements of the Securities Act, the Registrar

shall receive a certification to that effect (in substantially the form of Exhibit A-1 hereto) and an opinion of counsel in form and substance acceptable to CRCF and to the Registrar to the effect that such transfer is in compliance with the Securities Act.

(ii) The Trustee shall not register the exchange of interests in a Note for a Definitive Note or the transfer of or exchange of a Definitive Note during the period beginning on any Record Date and ending on the next following Distribution Date.

(c) So long as a Book-Entry Note remains outstanding and is held by or on behalf of a Clearing Agency, transfers of such Book-Entry Note, in whole or in part, or interests therein, shall only be made in accordance with this Section 2.9(c).

(i) Transfers of Book-Entry Notes. Subject to clauses (iii) and (iv) of this Section 2.9(c), transfers of a Book-Entry Note shall be limited to transfers of such Book-Entry Note in whole, but not in part, to nominees of the applicable Clearing Agency or to a successor Clearing Agency or such successor Clearing Agency's nominee.

(ii) Transfers of Interests in Restricted Global Notes. If interests in a Restricted Global Note are being transferred to a Qualified Institutional Buyer in accordance with Rule 144A, each such transferee shall be deemed to have represented and agreed as follows:

(A) It is a qualified institutional buyer as defined in Rule 144A and is acquiring the Notes for its own institutional account or for the account of a qualified institutional buyer;

(B) It understands that the Notes purchased by it will be offered, and may be transferred, only in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer any Notes, such Notes may be resold, pledged or transferred only (a) to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule l44A under the Securities Act) that purchases for it own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (b) outside the United States to a non-U.S. Person (as such term is defined in Regulation S of the Securities Act) in a transaction in compliance with Regulation S of the Securities Act, (c) pursuant to an effective registration statement under the Securities Act or (d) in reliance on another exemption under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States;

(C) It understands that the Notes will bear a legend substantially as set forth in Section 2.10(a); and

(D) It acknowledges that the Trustee, CRCF, each Placement Agent for such Series of Notes, and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If

it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

In addition, such transferee shall be responsible for providing additional information or certification, as shall be reasonably requested by the Trustee, CRCF or any Placement Agent for such Series of Notes, to support the truth and accuracy of the foregoing acknowledgements, representations and agreements, it being understood that such additional information is not intended to create additional restrictions on the transfer of the Notes.

(iii) Temporary Global Note to Permanent Global Note. Interests in a Temporary Global Note as to which the Trustee has received from Euroclear or Clearstream, as the case may be, a certificate substantially in the form of Exhibit B to the effect that Euroclear or Clearstream, as applicable, has received a certificate substantially in the form of Exhibit C from the holder of a beneficial interest in such Note, will be exchanged, on and after the 40th day after the completion of the distribution of the relevant Series (the "Exchange Date"), for interests in a Permanent Global Note. To effect such exchange CRCF shall execute and the Trustee shall authenticate and deliver to Euroclear or Clearstream, as applicable, for credit to the respective accounts of the holders of Notes, a duly executed and authenticated Permanent Global Note, representing the principal amount of interests in the Temporary Global Note initially exchanged for interests in the Permanent Global Note. The delivery to the Trustee by Euroclear or Clearstream of the certificate or certificates referred to above may be relied upon by CRCF and the Trustee as conclusive evidence that the certificate or certificates referred to therein has or have been delivered to Euroclear or Clearstream pursuant to the terms of this Indenture and the Temporary Global Note. Upon any exchange of interests in a Temporary Global Note for interests in a Permanent Global Note, the Trustee shall endorse the Temporary Global Note to reflect the reduction in the principal amount represented thereby by the amount so exchanged and shall endorse the Permanent Global Note to reflect the corresponding increase in the amount represented thereby. The Temporary Global Note or the Permanent Global Note shall also be endorsed upon any cancellation of principal amounts upon surrender of Notes purchased by CRCF or any of its respective subsidiaries or affiliates or upon any repayment of the principal amount represented thereby or any payment of interest in respect of such Notes.

(iv) Restricted Global Note to Temporary Global Note Prior to the Exchange Date. If, prior to the Exchange Date, a holder of a beneficial interest in the Restricted Global Note registered in the name of DTC or its nominee wishes at any time to exchange its interest in such Restricted Global Note for an interest in the Temporary Global Note, such holder may, subject to the rules and procedures of DTC, exchange or cause the exchange or transfer of such interest for an equivalent beneficial interest in the Temporary Global Note. Upon receipt by the Trustee as Transfer Agent ("Transfer Agent") of (1) instructions given in accordance with DTC's procedures from an agent member directing the Trustee as Transfer Agent to credit or cause to be credited a beneficial interest in the Temporary Global Note in an amount equal to the beneficial

interest in the Restricted Global Note to be exchanged or transferred, (2) a written order given in accordance with DTC's procedures containing information regarding the Euroclear or Clearstream account to be credited with such increase and the name of such account, and (3) a certificate in the form of Exhibit A-3 attached hereto given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to the Notes and pursuant to and in accordance with Regulation S, the Transfer Agent shall instruct DTC to reduce the Restricted Global Note by the aggregate principal amount of the beneficial interest in the Restricted Global Note to be so exchanged or transferred and the Transfer Agent shall instruct DTC, concurrently with such reduction, to increase the principal amount of the Temporary Global Note by the aggregate principal amount of the beneficial interest in the Restricted Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions (who shall be the agent member of Euroclear or Clearstream, or both, as the case may be) a beneficial interest in the Temporary Global Note equal to the reduction in the principal amount of the Restricted Global Note.

(v) Restricted Global Note to Permanent Global Note After the Exchange Date. If, after the Exchange Date, a holder of a beneficial interest in the Restricted Global Note registered in the name of DTC or its nominee wishes at any time to exchange its interest in such Restricted Global Note for an interest in the Permanent Global Note, or to transfer its interest in such Restricted Global Note to a Person who wishes to take delivery thereof in the form of an interest in the Permanent Global Note, such holder may, subject to the rules and procedures of DTC, exchange or cause the exchange or transfer of such interest for an equivalent beneficial interest in the Permanent Global Note. Upon receipt by the Transfer Agent of (1) instructions given in accordance with DTC's procedures from an agent member directing the Trustee to credit or cause to be credited a beneficial interest in the Permanent Global Note in an amount equal to the beneficial interest in the Restricted Global Note to be exchanged or transferred, (2) a written order given in accordance with DTC's procedures containing information regarding the participant account of DTC and, in the case of a transfer pursuant to and in accordance with Regulation S, the Euroclear or Clearstream account to be credited with such increase and (3) a certificate in the form of Exhibit A-4 attached hereto given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to the Notes (A) and pursuant to and in accordance with Regulation S or (B) and that the Note being exchanged or transferred is not a "restricted security" as defined in Rule 144, the Trustee shall instruct DTC to reduce the Restricted Global Note by the aggregate principal amount of the beneficial interest in the Restricted Global Note to be so exchanged or transferred and the Transfer Agent shall instruct DTC, concurrently with such reduction, to increase the principal amount of the Permanent Global Note by the aggregate principal amount of the beneficial interest in the Restricted Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Permanent Global Note equal to the reduction in the principal amount of the Restricted Global Note.

(vi) Temporary Global Note to Restricted Global Note. If a holder of a beneficial interest in the Temporary Global Note registered in the name of DTC or its nominee wishes at any time to exchange its interest in such Temporary Global Note for an interest in the Restricted Global Note, or to transfer its interest in such Temporary Global Note to a Person who wishes to take delivery thereof in the form of an interest in the Restricted Global Note, such holder may, subject to the rules and procedures of Euroclear or Clearstream and DTC, as the case may be, exchange or cause the exchange or transfer of such interest for an equivalent beneficial interest in the Restricted Global Note. Upon receipt by the Transfer Agent of (1) instructions from Euroclear or Clearstream or DTC, as the case may be, directing the Trustee to credit or cause to be credited a beneficial interest in the Restricted Global Note equal to the beneficial interest in the Temporary Global Note to be exchanged or transferred, such instructions to contain information regarding the agent member's account with DTC to be credited with such increase, and, with respect to an exchange or transfer of an interest in the Temporary Global Note after the Exchange Date, information regarding the agent member's account with DTC to be debited with such decrease, and (2) with respect to an exchange or transfer of an interest in the Temporary Global Note for an interest in the Restricted Global Note prior to the Exchange Date, a certificate in the form of Exhibit A-5 attached hereto given by the holder of such beneficial interest and stating that the Person transferring such interest in the Temporary Global Note reasonably believes that the Person acquiring such interest in the Restricted Global Note is a Qualified Institutional Buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A, Euroclear or Clearstream or the Trustee, as the case may be, shall instruct DTC to reduce the Temporary Global Note by the aggregate principal amount of the beneficial interest in the Temporary Global Note to be exchanged or transferred, and the Transfer Agent shall instruct DTC, concurrently with such reduction, to increase the principal amount of the Restricted Global Note by the aggregate principal amount of the beneficial interest in the Temporary Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Restricted Global Note equal to the reduction in the principal amount of the Temporary Global Note.

(vii) Permanent Global Note to Restricted Global Note. If a holder of a beneficial interest in the Permanent Global Note wishes at any time to exchange its interest in such Permanent Global Note for an interest in the Restricted Global Note, or to transfer its interest in such Permanent Global Note to a Person who wishes to take delivery thereof in the form of an interest in the Restricted Global Note, such holder may, subject to the rules and procedures of Euroclear or Clearstream and DTC, as the case may be, exchange or cause the exchange or transfer of such interest for an equivalent beneficial interest in the Restricted Global Note. Upon receipt by the Transfer Agent of instructions from Euroclear or Clearstream or DTC, as the case may be, directing the Trustee to credit or cause to be credited a beneficial interest in the Restricted Global Note equal to the beneficial interest in the Permanent Global Note to be exchanged or transferred, such instructions to contain information regarding the agent member's account with DTC to be credited with such increase, and information regarding the agent member's account with DTC to be debited with such decrease, Euroclear or Clearstream or the Trustee, as the case may be, shall instruct DTC to reduce the Permanent Global

Note by the aggregate principal amount of the beneficial interest in the Permanent Global Note to be exchanged or transferred, and the Transfer Agent shall instruct DTC, concurrently with such reduction, to increase the principal amount of the Restricted Global Note by the aggregate principal amount of the beneficial interest in the Permanent Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Restricted Global Note equal to the reduction in the principal amount of the Permanent Global Note.

(d) Transfers of Variable Funding Notes. A Variable Funding Note shall not be transferable except in the limited circumstances, if any, described in the applicable Supplement; provided, however, that a Variable Funding Note may be pledged as security (and transferred) in accordance with the terms described in the applicable Supplement.

(e) CRCF or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes. No service charge shall be made for any such transaction.

(f) If the Notes are listed on the Luxembourg Stock Exchange, the Trustee or the Luxembourg Agent, as the case may be, shall send to CRCF upon any transfer or exchange of any Note information reflected in the copy of the register for the Notes maintained by the Registrar or the Luxembourg Agent, as the case may be.

(g) To permit registrations of transfers and exchanges, CRCF shall execute and the Trustee shall authenticate Notes, subject to such rules as the Trustee may reasonably require. No service charge to the Noteholder shall be made for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Registrar may require payment of a sum sufficient to cover any transfer tax or similar government charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Section 2.13 hereof in which event the Registrar will be responsible for the payment of any such taxes).

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

(i) Prior to due presentment for registration of transfer of any Note, the Trustee, any Agent and CRCF 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 CRCF shall be affected by notice to the contrary.

(j) By its acceptance of a Note, each Noteholder and Note Owner shall be deemed to have represented and warranted that its purchase and holding of the Note will not, throughout the term of its holding an interest therein, constitute a non-exempt "prohibited transaction" under Section 406(a) of ERISA or Section 4975 of the Code.

Section 2.10. Legending of Notes. (a) Unless otherwise provided for in a Supplement and except as permitted by the last paragraph of this Section 2.10(a), each Note (other than any Variable Funding Note) issued on or after the date hereof shall bear a legend in substantially the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF CENDANT RENTAL CAR FUNDING (AESOP) LLC (THE "COMPANY") THAT THIS NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT IN THE CASE OF THIS CLAUSE (4) TO RECEIPT OF SUCH CERTIFICATES AND OTHER DOCUMENTS AS THE TRUSTEE MAY REQUIRE UNDER THE INDENTURE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

Upon any transfer, exchange or replacement of Notes bearing such legend (or, in the case of any Note issued prior to the date hereof, bearing such similar legend as required under the Original Indenture or the Prior Indenture, as the case may be), or if a request is made to remove such legend on a Note, the Notes so issued shall bear such legend, or such legend shall not be removed, as the case may be, unless there is delivered to CRCF and the Trustee or the Luxembourg Agent, if the Notes are listed on the Luxembourg Exchange, such satisfactory evidence, which may include an opinion of counsel, as may be reasonably required by CRCF that neither such legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S. Upon provision of such satisfactory evidence, the Trustee, at the direction of CRCF, shall authenticate and deliver a Note that does not bear such legend.

(b) Unless otherwise provided for in a Supplement, each Variable Funding Note issued on or after the date hereof shall bear a legend in substantially the following form:

THIS VARIABLE FUNDING NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY

PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF CENDANT RENTAL CAR FUNDING (AESOP) LLC (THE "COMPANY") THAT THIS NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION. THIS VARIABLE FUNDING NOTE IS NOT PERMITTED TO BE TRANSFERRED, ASSIGNED OR OTHERWISE PLEDGED OR CONVEYED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE INDENTURE REFERRED TO HEREIN.

Section 2.11. Replacement Notes. (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 CRCF, each Enhancement Provider and the Trustee harmless then, in the absence of notice to CRCF, the Registrar or the Trustee that such Note has been acquired by a protected purchaser, and provided that the requirements of Section 8-405 of the UCC (which generally permit CRCF to impose reasonable requirements) are met, CRCF 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 of like tenor and aggregate principal amount; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven (7) days shall be due and payable or shall have been called for redemption, instead of issuing a replacement Note, CRCF 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 of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, CRCF 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 CRCF or the Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section 2.11, CRCF 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 fees and expenses of the Trustee) connected therewith.

(c) Every replacement Note issued pursuant to this Section 2.11 in replacement of any mutilated, destroyed, lost or stolen Note shall be entitled to all the benefits of this 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 2.12. Treasury Notes. In determining whether the Noteholders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by CRCF or any Affiliate of CRCF shall be considered as though they are not

Outstanding, except that (i) for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes of which the Trustee has received written notice of such ownership shall be so disregarded and (ii) solely for the purpose of determining whether the Holders of the required principal amount of Notes of any particular Series have concurred in any direction, waiver or consent required of the Holders of the Notes of such Series, Notes owned by an Affiliate of CRCF shall be deemed Outstanding if, and only if, all Notes of such Series are owned by Affiliates of CRCF. Absent written notice to the Trustee of such ownership, the Trustee shall not be deemed to have knowledge of the identity of the individual beneficial owners of the Notes.

Section 2.13. Temporary Notes. (a) Pending the preparation of Definitive Notes issued under Section 2.18 hereof, CRCF may prepare and the Trustee, upon receipt of a Company Order, shall authenticate and deliver temporary Notes of such Series. Temporary Notes shall be substantially in the form of Definitive Notes of like Series but may have variations that are not inconsistent with the terms of this Indenture as the officers executing such Notes may determine, as evidenced by their execution of such Notes.

(b) If temporary Notes are issued pursuant to Section 2.13(a) above, CRCF will cause Definitive Notes to be prepared without unreasonable delay. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at the office or agency of CRCF to be maintained as provided in Section 8.2, without charge to the Noteholder. Upon surrender for cancellation of any one or more temporary Notes, CRCF shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes.

Section 2.14. Cancellation. CRCF may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which CRCF may have acquired in any manner whatsoever, 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. CRCF 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 by a written order, signed by two Authorized Officers and received by the Trustee in a timely fashion, CRCF shall direct that cancelled Notes be returned to it.

Section 2.15. 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 related Supplement and in accordance with Section 6.1.

(b) Each Series of Notes shall accrue interest as provided in the related Supplement and such interest shall be payable on each Distribution Date for such Series in accordance with Section 6.1 and the related 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) If CRCF 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 CRCF, cease to be payable to the Persons who were Noteholders of such Series at the applicable Record Date and CRCF 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 this Indenture and in the Notes of such Series. CRCF shall fix or cause to be fixed each such special record date and payment date, and at least fifteen (15) days before the special record date. CRCF (or the Trustee, in the name of and at the expense of CRCF) 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 2.16. Book-Entry Notes. (a) For each Series of Notes to be issued in registered form (other than any Series of Variable Funding Notes), CRCF shall duly execute the Notes, and the Trustee shall, in accordance with Section 2.4 hereof, authenticate and deliver initially one or more Global Notes that (a) shall be registered on the Note Register in the name of DTC or DTC's nominee, and (b) shall bear legends substantially to the following effect:

> UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO CRCF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. ("CEDE") OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE, HAS AN INTEREST HEREIN.

So long as DTC or its nominee is the registered owner or holder of a Global Note, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for purposes of this Indenture and such Notes. Members of, or participants in, DTC shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC, and DTC may be treated by CRCF, the Trustee, any Agent and any agent of such entities as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent CRCF, the Trustee, any Agent and any agent of such entities from giving effect to any written certification, proxy or other

authorization furnished by DTC or impair, as between DTC and its agent members, the operation of customary practices governing the exercise of the rights of a holder of any Note.

(b) Subject to Section 2.9(i), the provisions of the "Operating Procedures of the Euroclear System" and the "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions" of Clearstream, respectively, shall be applicable to the Global Note insofar as interests in a Global Note are held by the agent members of Euroclear or Clearstream (which shall only occur in the case of the Temporary Global Note and the Permanent Global Note). Account holders or participants in Euroclear and Clearstream shall have no rights under this Indenture with respect to such Global Note, and the registered holder may be treated by CRCF, the Trustee and any agent of CRCF or the Trustee as the owner of such Global Note for all purposes whatsoever.

(c) Title to the Notes shall pass only by registration in the Note Register maintained by the Registrar pursuant to Section 2.6.

(d) Any typewritten Note or Notes representing Book Entry Notes shall provide that they represent the aggregate or a specified amount of Outstanding Notes from time to time endorsed thereon and may also provide that the aggregate amount of Outstanding Notes represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a typewritten Note or Notes representing Book-Entry Notes to reflect the amount, or any increase or decrease in the amount, or changes in the rights of Note Owners represented thereby, shall be made in such manner and by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 2.4. Subject to the provisions of Section 2.5, the Trustee shall deliver and redeliver any typewritten Note or Notes representing Book-Entry Notes in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. Any instructions by CRCF with respect to endorsement or delivery or redelivery of a typewritten Note or Notes representing the Book-Entry Notes shall be in writing but need not comply with Section 13.3 hereof and need not be accompanied by an Opinion of Counsel.

(e) Unless and until definitive, fully registered Notes ("Definitive Notes") have been issued to Note Owners pursuant to Section 2.18:

(i) the provisions of this Section 2.16 shall be in full force and effect:

(ii) the Paying Agent, the Registrar and the Trustee may deal with the Clearing Agency and the Clearing Agency Participants for all purposes of this Indenture (including the making of payments on the Notes and the giving of instructions or directions hereunder) as the authorized representatives of the Note Owners;

(iii) to the extent that the provisions of this Section 2.16 conflict with any other provisions of this Indenture, the provisions of this Section 2.16 shall control;

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the Outstanding principal amount of the Notes, the applicable Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to

such effect from Note Owners and/or their related Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to the Trustee; and

(v) the rights of Note Owners shall be exercised only through the applicable Clearing Agency and their related Clearing Agency Participants and shall be limited to those established by law and agreements between such Note Owners and their related Clearing Agency and/or the Clearing Agency Participants. Unless and until Definitive Notes are issued pursuant to Section 2.18, the applicable Clearing Agencies will make book-entry transfers among their related Clearing Agency Participants and receive and transmit payments of principal and interest on the Notes to such Clearing Agency Participants.

Section 2.17. Notices to Clearing Agency. Whenever notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.18, the Trustee and CRCF shall give all such notices and communications specified herein to be given to Noteholders to the applicable Clearing Agency for distribution to the Note Owners.

Section 2.18. Definitive Notes. (a) Conditions for Issuance. Interests in a Restricted Global Note or Permanent Global Note deposited with DTC pursuant to Section 2.5 shall be transferred to the beneficial owners thereof in the form of Definitive Notes only if such transfer complies with Section 2.9 and (x) DTC notifies CRCF that it is unwilling or unable to continue as depositary for such Restricted Global Note or Permanent Global Note or at any time ceases to be a "clearing agency" registered under the Exchange Act, and a successor depositary so registered is not appointed by CRCF within ninety (90) days of such notice or (y) CRCF determines that the Restricted Global Note or Permanent Global Note with respect to the relevant Series of Notes shall be exchangeable for Definitive Notes, in which case Definitive Notes shall be issuable or exchangeable only in respect of such Global Notes or the category of Definitive Notes represented thereby or (z) any Noteholder, purchaser or transferee of a Restricted Global Note or a Permanent Global Note requests the same in the form of a Definitive Note and CRCF, in its sole discretion, consents to such request (in which case a Definitive Note shall be issuable or transferable only to such Noteholder, purchaser or transferee), CRCF will deliver Definitive Notes in exchange for the Restricted Global Notes or the Permanent Global Notes or, in the case of an exchange or transfer described in clause (z) above, in exchange for the applicable beneficial interest in one or more Global Notes.

(b) Issuance. If interests in any Restricted Global Note or Permanent Global Note, as the case may be, are to be transferred to the beneficial owners thereof in the form of Definitive Notes pursuant to this Section 2.18, such Restricted Global Note or Permanent Global Note, as the case may be, shall be surrendered by DTC to the office or agency of the Transfer Agent located in the Borough of Manhattan, the City of New York, or if the Notes are listed on the Luxembourg Stock Exchange, to the applicable Luxembourg Agent in Luxembourg, to be so transferred, without charge. If interests in any Permanent Global Note are to be transferred to the beneficial owners thereof in the form of Definitive Notes pursuant to this Section 2.18, such Permanent Global Note shall be surrendered by the custodian for DTC to the Transfer Agent or its agent located in London to be so transferred, without charge. The Trustee shall authenticate

and deliver, upon such transfer of interests in such Restricted Global Note or Permanent Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations; provided, that in the case of an interest in a Restricted Global Note, no such interest will be transferred except upon (i) delivery of a Transfer Certificate substantially in the form of Exhibit A-1 hereto and (ii) compliance with the conditions set forth in Section 2.9. The Definitive Notes transferred pursuant to this Section 2.18 shall be executed, authenticated and delivered only in the denominations specified in the related Supplement, and Definitive Notes shall be registered in such names as DTC shall direct in writing. The Transfer Agent shall have at least 30 days from the date of its receipt of Definitive Notes and registration information to authenticate and deliver such Definitive Notes. Any Definitive Note delivered in exchange for an interest in a Restricted Global Note or Permanent Global Note shall, except as otherwise provided by Section 2.10, bear, and be subject to, the legend regarding transfer restrictions set forth in Section 2.10. CRCF will promptly make available to the Transfer Agent a reasonable supply of Definitive Notes. CRCF shall bear the costs and expenses of printing or preparing any Definitive Notes.

(c) Transfer of Definitive Notes. Subject to the terms of this Indenture, the holder of any Definitive Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering at the office maintained by the Transfer Agent for such purpose in the Borough of Manhattan, The City of New York, such Note with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to CRCF and the Transfer Agent by, the holder thereof and accompanied by a Transfer Certificate substantially in the form of Exhibit A-1 hereto. In exchange for any Definitive Note properly presented for transfer, CRCF shall execute and the Trustee shall promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Definitive Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Definitive Note in part, CRCF shall execute and the Trustee shall also promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Definitive Notes for the aggregate principal amount that was not transferred. No transfer of any Definitive Note shall be made unless the request for such transfer is made by the registered holder at such office.

(d) Neither CRCF nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes for such Series, the Trustee shall recognize the Holders of the Definitive Notes as Noteholders of such Series.

Section 2.19. Tax Treatment. CRCF has structured this Indenture and the Notes have been (or will be) issued with the intention that the Notes will qualify under applicable tax law as indebtedness of CRCF and any entity acquiring any direct or indirect interest in any Note by acceptance of its Notes (or, in the case of a Note Owner, by virtue of such Note Owner's acquisition of a beneficial interest therein) agrees to treat the Notes (or beneficial interests therein) 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 CRCF. Each Noteholder agrees that it will cause any Note Owner acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for such tax purposes.

Section 2.20. CUSIP Numbers. CRCF may use "CUSIP" numbers in respect of any Series of Notes (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption in respect of such Series of Notes as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes of such Series or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes of such Series, and any such redemption shall not be affected by any defect in or omission of such numbers. CRCF will promptly notify the Trustee in writing of any change in any such "CUSIP" numbers.

ARTICLE 3.

SECURITY

Section 3.1. Grant of Security Interest. (a) To secure the CRCF Obligations, CRCF hereby pledges, assigns, conveys, delivers, transfers and sets over to the Trustee, for the benefit of the Noteholders and, to the extent provided in any Supplement, any Enhancement Providers and any Swap Counterparties (collectively, the "Secured Parties"), and hereby grants to the Trustee, for the benefit of the Secured Parties, a security interest in, all of CRCF's right, title and interest in, to and under all of the following property whether now or hereafter existing, acquired or created (all of the foregoing being referred to as the "Collateral"):

(i) the CRCF Agreements, including, without limitation, the Loan Notes, all monies due and to become due to CRCF from AESOP Leasing and AESOP Leasing II under or in connection with the CRCF Agreements, whether payable as principal, interest, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the CRCF Agreements or otherwise, and all rights, remedies, powers, privileges and claims of CRCF against any other party under or with respect to the CRCF Agreements (whether arising pursuant to the terms of such CRCF Agreements or otherwise available to CRCF at law or in equity), the right to enforce any of the CRCF Agreements as provided herein and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the CRCF Agreements or the obligations of any party thereunder, and all AESOP I Loan Collateral and AESOP II Loan Collateral;

(ii) the Leases, any books, records or computer programs relating thereto, the right to enforce any of the Leases as provided therein and in the Loan Agreements and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Leases or the obligations of any party thereunder;

(iii) all Vehicles and all Certificates of Title with respect thereto, including all payments under insurance policies or any warranty payable by reason of loss or damage to, or otherwise with respect to, any of the Vehicles;

(iv) all Manufacturer Programs as they relate to Vehicles leased under the Leases and all monies due and to become due in respect of such Vehicles from the Manufacturers under or in connection with the Manufacturer Programs whether payable

as Vehicle repurchase prices, auction sales proceeds, fees, expenses, costs, indemnities, insurance recoveries, damages for breach of the Manufacturer Programs or otherwise (but excluding all incentive payments payable in respect of purchases of vehicles under the Manufacturer Programs) and all rights to compel performance and otherwise exercise remedies thereunder;

(v) 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 Vehicles;

(vi) any Proceeds from the sale of Vehicles leased under the Leases, including all monies due in respect of such Vehicles, whether payable as the purchase price of such Vehicles, or as fees, expenses, costs, indemnities, insurance recoveries, or otherwise (including all upfront incentive payments payable by Manufacturers in respect of purchases of Non-Program Vehicles);

(vii) (a) the Collection Account, (b) all funds on deposit therein from time to time, (c) all certificates and instruments, if any, representing or evidencing any or all of the Collection Account or the funds on deposit therein from time to time, and (d) all Permitted Investments made at any time and from time to time with the moneys in the Collection Account or any subaccount thereof (including income thereon);

(viii) (a) the Termination Services Reserve Account, (b) all funds on deposit therein from time to time, (c) all certificates and instruments, if any, representing or evidencing any or all of the Termination Services Reserve Account or the funds on deposit therein from time to time, and (d) all Permitted Investments made at any time and from time to time with the moneys in the Termination Services Reserve Account (including income thereon);

(ix) (a) any Approved Lockbox Account, (b) all funds on deposit therein from time to time, and (c) all certificates and instruments, if any, representing or evidencing any or all of such Approved Lockbox Account or the funds on deposit therein from time to time;

(x) the Master Exchange Agreement and the Escrow Agreement, including any amendments thereof, all monies due and to become due to CRCF, AESOP Leasing, ARAC, BRAC or CCRG thereunder, whether amounts payable by the Intermediary to CRCF, AESOP Leasing, ARAC, BRAC or CCRG from the Joint Collection Accounts or the accounts maintained pursuant to the Escrow Agreement or payable as damages for breach of the Master Exchange Agreement, the Escrow Agreement or otherwise, and all other property payable by the Intermediary to CRCF, AESOP Leasing, ARAC, BRAC or CCRG thereunder and all rights to compel performance and otherwise exercise remedies thereunder; provided, however, that in the case of any funds held in the Joint Collection Accounts or the accounts maintained pursuant to the Escrow Agreement that constitute Relinquished Property Proceeds, such funds shall not constitute Collateral until such funds are payable from the Joint Collection Accounts or the accounts maintained

pursuant to the Escrow Agreement to the Trustee pursuant to the Master Exchange Agreement or the Escrow Agreement;

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

(xii) all Proceeds, products, rents or profits of any and all of the foregoing including, without limitation, payments under insurance (whether or not the Trustee is the loss payee thereof) or Vehicle warranties and cash;

provided, however, the security interest of the Trustee on behalf of the Secured Parties shall be deemed to be released with respect to amounts that are released to the Administrator from the Termination Services Reserve Account on any Distribution Date in accordance with Section 3.7(d).

(b) The foregoing grant is made in trust to secure CRCF Obligations and to secure compliance with the provisions of this Indenture and any 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 Sections 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 Supplement) or distinction.

(c) CRCF authorizes the Trustee to file (provided that the Trustee shall have no obligation to so file), or cause to be filed, all UCC financing statements necessary or advisable to perfect or maintain the Trustee's perfection in any of the Collateral.

Section 3.2. Certain Rights and Obligations of CRCF Unaffected. (a) Notwithstanding the assignment and security interest so granted to the Trustee on behalf of the Secured Parties, CRCF shall nevertheless be permitted, subject to the Trustee's right to revoke such permission in the event of an Amortization Event 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 defaults under any of the CRCF Agreements or other Related Documents or any of the Manufacturer Programs or revocation of powers of attorney to the Lessees) to AESOP Leasing or AESOP Leasing II by CRCF and by AESOP Leasing or AESOP Leasing II to the Manufacturers by the specific terms of each of the Loan Agreements and each Manufacturer Program, respectively.

(b) The grant of the security interest in the Collateral to the Trustee on behalf of the Secured Parties shall not (i) relieve CRCF from the performance of any term, covenant, condition or agreement on CRCF's part to be performed or observed under or in connection with any of the CRCF Agreements or from any liability to AESOP Leasing, AESOP Leasing II or the Manufacturers, as the case may be, or (ii) impose any obligation on the Trustee or any of the

Secured Parties to perform or observe any such term, covenant, condition or agreement on CRCF'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 CRCF or from any breach of any representation or warranty on the part of CRCF. CRCF 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 security interest granted hereby or by any Assignment Agreement, whether arising by virtue of any act or omission on the part of CRCF 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 Indenture, any Supplement or any Assignment Agreement.

Section 3.3. Performance of Agreement. Upon the occurrence of a Limited Liquidation Event of Default or Liquidation Event of Default, promptly following a request from the Trustee to do so and at CRCF's expense, CRCF 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: (i) AESOP Leasing, AESOP Leasing II or any other party to any of the CRCF Agreements or any other Related Document of its obligations to CRCF, (ii) the Administrator, any Lessee, the Intermediary, the Escrow Agent or any other party to any Related Document of its obligations to AESOP Leasing and AESOP Leasing II and (iii) a Manufacturer under a Manufacturer Program of its obligations to AESOP Leasing, AESOP Leasing II and CRCF, as assignee, in each case in accordance with the applicable terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to CRCF 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 AESOP Leasing and AESOP Leasing II (or such other party to any CRCF Agreement or any other Related Document), by the Administrator, the Intermediary, the Escrow Agent or any Lessee (or such other party to any other Related Document) or by a Manufacturer under a Manufacturer Program, of their respective obligations thereunder. If (i) CRCF, AESOP Leasing, AESOP Leasing II, the Administrator, the Intermediary, the Escrow Agent or any Lessee shall have failed, within thirty (30) days of receiving the direction of the Trustee, to take commercially reasonable action to accomplish such directions of the Trustee, (ii) CRCF, AESOP Leasing, AESOP Leasing II, the Administrator, the Intermediary, the Escrow Agent, or any Lessee, as applicable, refuses to take any such action, or (iii) the Trustee reasonably determines that such action must be taken immediately, the Trustee may take 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 the Indenture to direct CRCF to take such action), on behalf of CRCF and the Secured Parties.

Section 3.4. Release of Lien on Vehicles. The Lien of the Trustee on the Vehicles shall automatically be deemed to be released concurrently with any release thereof as provided in Section 7.3 of each of the Loan Agreements.

Section 3.5. Stamp, Other Similar Taxes and Filing Fees. CRCF 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. CRCF 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.

Section 3.6. Vehicle Title Check. The Trustee shall, on an annual basis, request that the Borrowers cause a title check to be performed by an independent, nationally recognized firm of certified public accountants acceptable to the Trustee and each Enhancement Provider on a statistical sample of all Vehicles leased under the Leases designed to provide a ninety-five percent (95%) confidence level that no more than five percent (5%) of the Certificates of Title for such Vehicles did not correctly reference the Trustee, as first lienholder, and the Lessor of such Vehicle or its Permitted Nominee or, in the case of Financed Vehicles, CCRG, ARAC, BRAC or their respective Permitted Nominees, as owner, and cause such party to deliver a report stating that, within the confidence level set forth above, no more than five percent (5%) of the Certificates of Title did not correctly reference the lienholder or owner of the Vehicles described in the immediately preceding clause.

Section 3.7. Termination Services Reserve Account. (a) Pursuant to Section 3 of the Administration Agreement, there has been established and there shall be maintained the Termination Services Reserve Account in the name of the Trustee for the benefit of the Secured Parties. The Trustee shall possess all right, title and interest in all moneys, instruments, securities and other property on deposit from time to time in the Termination Services Reserve Account and the Proceeds thereof for the benefit of the Secured Parties. The Termination Services Reserve Account shall be under the sole dominion and control of the Trustee for the benefit of the Secured Parties. The Termination Services 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 Termination Services 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 Baa3 by Moody's, then the Trustee shall, within thirty (30) days of such reduction, establish a new Termination Services Reserve Account with a new Qualified Institution. If the Termination Services Reserve Account is not maintained in accordance with the previous sentence, then within ten (10) Business Days after obtaining knowledge of such fact, the Trustee shall establish a new Termination Services Reserve Account which complies with such sentence and transfer into the new Termination Services Reserve Account all cash and investments from the non-qualifying Termination Services Reserve Account. The Termination Services Reserve Account has been established at The Bank of New York, as successor to Harris Trust and Savings Bank. The Bank of New York, as successor to Harris Trust and Savings Bank, is party

to an agreement pursuant to which it has agreed to comply with orders issued by the Trustee directing the transfer or redemption of any security or other financial asset credited to the Termination Services Reserve Account without consent of CRCF.

(b) Investment of Funds in the Termination Services Reserve Account. CRCF shall instruct the institution maintaining the Termination Services Reserve Account to invest funds on deposit in the Termination Services Reserve Account at all times in Permitted Investments selected by CRCF; 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 so invested. All such Permitted Investments shall be credited to the Termination Services Account. Neither CRCF nor the Trustee shall 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.

(c) Earnings from Termination Services Reserve Account. Subject to the restrictions set forth above, CRCF shall have the authority to instruct the Trustee (which instructions shall be in writing) with respect to (i) the investment of funds on deposit in the Termination Services Reserve Account and (ii) liquidation of such investments. On each Distribution Date, the Trustee shall withdraw all interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Termination Services Reserve Account during the related Interest Period and distribute such amounts to the Administrator in payment of a portion of the Monthly Administration Fee.

(d) Termination Services Reserve Draws and Reimbursements. On or prior to the date which is five (5) days prior to the date on which any payment is due from CCRG to WizCom pursuant to Section 2 of the Termination Services Agreement, the Administrator shall deliver written evidence to the Trustee that an amount at least equal to the amount of such payment has been deposited by CCRG in a segregated account for the benefit of WizCom. In the event that CCRG fails to make such deposit, the Administrator shall deliver to the Trustee on the following day a written statement of an Authorized Officer of CCRG describing such failure and the action that CCRG proposes to take with respect thereto. If such failure has not been cured within four (4) days following the date on which such payment is due from CCRG to WizCom pursuant to the Termination Services Agreement, the Trustee shall, upon the written direction (on which it may conclusively rely) of CRCF delivered by 11:00 a.m. (New York City time) on the fifth day following the date on which such payment was due, withdraw an amount equal to the Termination Services Reserve Draw Amount from the Termination Services Reserve Account and shall pay such amount to WizCom on behalf of CCRG in payment of amounts then due under the Termination Services Agreement. Pursuant to the Administration Agreement, the Administrator will be obligated to reimburse any such withdrawal within two Business Days thereof by deposit to the Termination Services Reserve Account of an amount equal to such Termination Services Reserve Draw Amount plus interest thereon at the applicable Lender's Carrying Cost Interest Rate from and including the date of such withdrawal to but excluding the date of such deposit.

(e) Termination of Termination Services Reserve Account. After the termination of this Indenture and the payment in full of the CRCF Obligations, the Trustee shall

distribute any amounts remaining in the Termination Services Reserve Account to the Administrator.

ARTICLE 4.

REPORTS

Section 4.1. Agreement of CRCF to Provide Reports and Instructions. (a) Daily Reports. On each Business Day commencing on the date hereof, CRCF shall prepare and maintain, or cause to be prepared and maintained, at the office of CRCF 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 payments received from Manufacturers and/or auction dealers under Manufacturers Programs related to Program Vehicles leased under the AESOP I Operating Lease, the AESOP II Operating Lease and the Finance Lease (separately stated) and in each case deposited in the Collection Account, whether directly or as a result of transfers from a Joint Collection Account, plus (B) the aggregate amount of proceeds received from third parties (other than Manufacturers and auction dealers) with respect to the sale of Vehicles leased under the AESOP I Operating Lease, the AESOP II Operating Lease and the Finance Lease (separately stated) and in each case deposited in the Collection Account, whether directly or as a result of transfers from a Joint Collection Account, plus (C) the aggregate amount of other Collections deposited in the Collection Account. CRCF shall deliver a copy of the Daily Report for each Business Day to the Trustee.

(b) Monthly Certificate. On each Determination Date, CRCF shall forward to the Trustee, the Paying Agent, the Rating Agencies and any Enhancement Provider, an Officer's Certificate of CRCF containing the information required by Exhibit D to this Base Indenture (each, a "Monthly Certificate") setting forth, inter alia the following information (which, in the cases of clauses (iii), (iv) and (v) below, will be expressed as a dollar amount per $1,000 of the original principal amount of each Series of Notes and as a percentage of the outstanding principal balance of the Notes as of such date): (i) the aggregate amount of payments received from the Manufacturers and/or auction dealers under Manufacturer Programs related to Program Vehicles leased under the AESOP I Operating Lease, the AESOP II Operating Lease and the Finance Lease (separately stated) and the aggregate amount of payments received from third parties (other than Manufacturers and auction dealers) with respect to the sale of Vehicles leased under the AESOP I Operating Lease, the AESOP II Operating Lease and the Finance Lease (separately stated) and in each case deposited in the Collection Account, whether directly or as a result of transfers from a Joint Collection Account, and the aggregate amount of other Collections deposited in the Collection Account for the Related Month with respect to such Determination Date; (ii) the Invested Percentage on the last day of, the Related Month of each Series of Notes and each class of each Series; (iii) for each Series, the total amount to be distributed to Noteholders on the next succeeding Distribution Date; (iv) for each Series and each class of each Series, the amount of such distribution allocable to principal on the Notes; (v) for each Series, the amount of such distribution allocable to interest on the Notes; (vi) the portion of the Monthly Administration Fee payable by CRCF and allocable to each Series and each class of each Series; (vii) for each Series and each class of each Series, to the extent applicable, the amount of Enhancement used or drawn in connection with the distribution to Noteholders of

such Series or class on the next succeeding Distribution Date, together with the aggregate amount of remaining Enhancement not theretofore used or drawn; (viii) for each applicable Series and each class of each Series, the existing Carryover Controlled Amortization Amount, if any; (ix) the Pool Factor with respect to such Related Month for each applicable Series and each class of each Series; (x) a list of all Vehicles leased under the AESOP I Operating Lease, the AESOP II Operating Lease and the Finance Lease (separately stated) at the close of business on the last day of the Related Month; (xi) the aggregate Net Book Value at the time of the respective sale of all Non-Program Vehicles leased under the AESOP I Operating Lease and the Finance Lease (separately stated) that were disposed of during the related Measurement Month; (xii) the aggregate Disposition Proceeds with respect to all Non-Program Vehicles leased under the AESOP I Operating Lease and the Finance Lease (separately stated) that were disposed of during the related Measurement Month; (xiii) the Aggregate Asset Amount and the amount of the Aggregate Asset Amount Deficiency, if any, at the close of business on the last day of the Related Month; (xiv) the aggregate Net Book Value of all Non-Program Vehicles leased under the AESOP I Operating Lease and the Finance Lease (separately stated) as of the last day of the Related Month; (xv) the Non-Program Fleet Market Value of all Non-Program Vehicles lease d under the AESOP I Operating Lease and the Finance Lease as of the related Determination Date; (xvi) the amount of Monthly Base Rent and any Supplemental Rent, due under each Lease on the next succeeding Payment Date (separately stated); (xvii) the amount of Loan Interest, Monthly Loan Principal Amount and any other amounts due under each Loan Agreement on the next succeeding Payment Date (separately stated); (xviii) the Loan Principal Amount with respect to the Loans under each Loan Agreement (separately stated) at the close of business on the last day of the Related Month; (xix) the amount on deposit in the Termination Services Reserve Account; (xx) the amount of any withdrawals in respect of Termination Services Reserve Draw Amounts from the Termination Services Reserve Account during the Related Month; (xxi) the amount, if any, of investment earnings on funds on deposit in the Termination Services Reserve Account that will be distributed to the Administrator on the next succeeding Distribution Date; (xxii) for each Series, the Required Enhancement Amount with respect to such Series and whether an Enhancement Deficiency exists with respect to such Series and the amount thereof; (xxiii) whether an AESOP I Operating Lease Vehicle Deficiency exists and the amount thereof; (xxiv) whether, to the knowledge of CRCF, (A) any Lien exists on any of the Collateral (other than Liens granted pursuant to the Indenture and the other Related Documents or permitted thereunder) and (B) any Lease Event of Default or Loan Event of Default has occurred.

(c) Monthly Noteholders' Statement. On or before each Distribution Date, CRCF shall furnish to the Trustee a monthly statement with respect to each Series of Notes containing the information required by Exhibit E to this Base Indenture (each, a "Monthly Noteholder's Statement").

(d) Instructions as to Withdrawals and Payments. CRCF 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, the Termination Services Reserve Account and any other accounts specified in a Supplement and to make drawings under any Enhancement, as contemplated herein and in any Supplement. The Trustee and the Paying Agent shall promptly follow any such written instructions.

Section 4.2. Administrator. Pursuant to the Administration Agreement, the Administrator has agreed to provide certain reports, instructions and other services on behalf of AESOP Leasing, AESOP Leasing II and CRCF. The Noteholders by their acceptance of the Notes consent to the provision of such reports by the Administrator in lieu of the Trustee or CRCF.

ARTICLE 5.

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.1. Collection Account. (a) Establishment of Collection Account. The Trustee has established and shall maintain, or cause to be maintained, in the name of the Trustee for the benefit of the Secured Parties, an account (the "Collection Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Secured Parties. The Trustee shall possess all right, title and interest in all moneys, instruments, securities and other property on deposit from time to time in the Collection Account and the Proceeds thereof for the benefit of the Secured Parties. The Collection Account shall be under the sole dominion and control of the Trustee for the benefit of the Secured Parties. The Collection 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 Collection 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 the Trustee shall within thirty (30) days of such reduction, establish a new Collection Account with a new Qualified Institution. If the Collection Account is not maintained in accordance with the previous sentence, then within ten (10) Business Days after obtaining knowledge of such fact, the Trustee shall establish a new Collection Account which complies with such sentence and transfer into the new Collection Account all cash and investments from the non-qualifying Collection Account. As of the date hereof, the Collection Account has been established with The Bank of New York, as successor to Harris Trust and Savings Bank. The Bank of New York, as successor to Harris Trust and Savings Bank, is party to an agreement pursuant to which it has agreed to comply with orders issued by the Trustee directing the transfer or redemption of any security or other financial asset credited to the Collection Account without consent of CRCF.

(b) Establishment of Additional Accounts. To the extent specified in the Supplement with respect to any Series of Notes, the Trustee may establish and maintain one or more additional accounts and/or administrative sub-accounts at the written direction of CRCF to facilitate the proper allocation of Collections in accordance with the terms of such Supplement. In addition, to the extent deemed necessary or appropriate by CRCF, CRCF may establish one or more Approved Lockbox Accounts. For purposes of any provision of this Indenture or any other Related Document requiring that payments be made into the Collection Account, payment to an Approved Lockbox Account shall constitute compliance with such requirement; provided, however that in the case of any reference in this Indenture or in any other Related Document to amounts "credited to" or "deposited in" the Collection Account (or any similar phrase), amounts shall not be deemed so credited or deposited upon payment into an Approved Lockbox Account, but only upon receipt by the Trustee in the Collection Account.

(c) Administration of the Collection Account. CRCF shall instruct the institution maintaining the Collection Account to invest funds on deposit in the Collection Account at all times in Permitted Investments selected by CRCF; 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 so invested, except for any Permitted Investment held in the Collection Account which is in an investment made by the Paying Agent institution, in which event 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 Collection Account. Neither CRCF nor the Trustee shall 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.

(d) Earnings from Collection Account. Subject to the restrictions set forth above, CRCF shall have the authority to instruct the Trustee (which instructions shall be in writing) with respect to (i) the investment of funds on deposit in the Collection Account and (ii) liquidation of such investments. 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.

(e) Establishment of Joint Collection Accounts. To facilitate the collection of (i) disposition proceeds and related amounts payable to AESOP Leasing, AESOP Leasing II or any Lessee by Manufacturers, related auction houses or third-party purchasers in respect of Vehicles that were not Relinquished Vehicles at the time of disposition and (ii) disposition proceeds and related amounts payable to the Intermediary by Manufacturers, related auction houses and third-party purchasers in respect of Vehicles that were Relinquished Vehicles at the time of disposition, the Trustee shall establish and maintain with a Qualified Institution, in the joint name of the Trustee and the Intermediary, one or more Joint Collection Accounts that shall be administered and operated as provided in this Indenture and the Master Exchange Agreement. If at any time the Qualified Institution with which a Joint Collection Account is maintained 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 the Trustee shall within thirty (30) days of such reduction, in conjunction with the Intermediary, establish a new Joint Collection Account with a new Qualified Institution.

Section 5.2. Collections and Allocations. (a) Collections in General. Until this Indenture is terminated pursuant to Section 11.1, CRCF shall, and the Trustee is authorized to, cause all Collections due and to become due to CRCF or the Trustee, as the case may be, (i) under or in connection with the Collateral (other than Vehicle Disposition Proceeds) to be paid directly to the Trustee or its agent for deposit into the Collection Account, (ii) under or in connection with Collateral constituting Vehicle Disposition Proceeds to be paid either (x) directly to the Trustee or its agent for deposit into the Collection Account or (y) to a Joint Collection Account for application in accordance with Section 4.2 of the Master Exchange Agreement; (iii) under the Loan Agreements to be paid directly to the Trustee for deposit into the Collection Account; and (iv) from any other source to be paid either (a) directly into the Collection Account at such times as such amounts are due or (b) by AESOP Leasing, AESOP Leasing II or any Lessee into the Collection Account within two (2) Business Days of its receipt thereof (and, in each case, CRCF represents to the Secured Parties that it has instructed AESOP

Leasing, AESOP Leasing II, each Lessee, the Manufacturers, and any other source of Collections, as applicable, to so remit such amounts). Upon the occurrence and during the continuance of an Amortization Event or Potential Amortization Event, insurance proceeds and warranty payments will be deposited in the Collection Account within two (2) Business Days of their receipt by AESOP Leasing, AESOP Leasing II or any Lessee; provided, however, upon the delivery of an Officer's Certificate of AESOP Leasing or AESOP Leasing II, as the case may be, to the Trustee (upon which it may conclusively rely) certifying (i) that a Vehicle 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 AESOP Leasing or AESOP Leasing II, as applicable, insurance proceeds or warranty payments, as the case may be, in such dollar amount (to the extent not previously applied hereunder). CRCF agrees that if any such monies, instruments, cash or other proceeds shall be received by CRCF 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 CRCF 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 CRCF for, and immediately paid over to, but in any event within two (2) Business Days from receipt, the Trustee, with any necessary endorsement. 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. Notwithstanding the foregoing, provided that all amounts due and payable under the Loan Agreements as of any Payment Date have been paid in full and so long as an Amortization Event shall not have occurred and be continuing and no Potential Loan Event of Default under Section 12.1.1 of any of the Loan Agreements shall result therefrom, to the extent that (i) the aggregate amount of proceeds received in the Collection Account with respect to Vehicles during the Related Month exceeds the aggregate Termination Values of such Vehicles payable under the Loan Agreements on the related Distribution Date, (ii) any amounts in respect of payments to AESOP Leasing pursuant to Section 16.2 of the AESOP I Operating Lease or the Finance Lease remain on deposit in the Collection Account or (iii) any amounts in respect of payments to AESOP Leasing II pursuant to Section 16.2 of the AESOP II Operating Lease remain on deposit in the Collection Account, the Trustee shall, upon the written direction (on which it may conclusively rely) of CRCF delivered by 12:00 noon (New York City time) on the second Business Day prior to such Distribution Date (which direction CRCF agrees to give), release (x) in the case of clause (i) above, the portion of such excess (to the extent not previously applied hereunder) allocable to Vehicles financed under the AESOP II Loan Agreement to AESOP Leasing II and the remaining portion of such excess to AESOP Leasing (in each case, in accordance with such written direction of CRCF), (y) in the case of clause (ii) above, such unreimbursed amounts to AESOP Leasing and (z) in the case of clause (iii) above, such unreimbursed amounts to AESOP Leasing II. The Trustee shall release such excess or amounts to AESOP Leasing or AESOP Leasing II, as the case may be, by deposit to, (i) in the case of AESOP Leasing, the AESOP I Segregated Account and, (ii) in the case of AESOP Leasing II, the AESOP II Segregated Account, in each case on such Distribution Date, or, if such written direction is received by the Trustee after 12:00 noon (New York City time) on such Distribution Date, on the next succeeding Business Day.

(b) Disqualification of Institution Maintaining Collection Account or Joint Collection Account. In the event the Qualified Institution maintaining the Collection Account or any Joint Collection Account ceases to be such, then, upon the occurrence of such event and the establishment of a new Collection Account or a new Joint Collection Account, as applicable,

with a Qualified Institution or qualified corporate trust department pursuant to Section 5.1(a) or Section 5.1(e) and thereafter, CRCF shall deposit or cause to be deposited all Collections as set forth in Section 5.2(a) into the new Collection Account or such new Joint Collection Account, as applicable, and in no such event shall deposit or cause to be deposited any Collections thereafter into any account established, held or maintained with the institution formerly maintaining the Collection Account or such Joint Collection Account, as applicable (unless it later becomes a Qualified Institution or qualified corporate trust department). CRCF will instruct AESOP Leasing and AESOP Leasing II as to the foregoing requirements of this subsection (b).

(c) Sharing Collections. In the manner described in the related Supplement, to the extent that Principal Collections that are allocated to any Series on a Distribution Date are not needed to make payments to Noteholders of such Series or required to be deposited in a reserve account or a Distribution Account for such Series on such Distribution Date, such Principal Collections may, at the direction of CRCF, be applied to cover principal payments due to or for the benefit of Noteholders of another Series. Any such reallocation will not result in a reduction in the Invested Amount of the Series to which such Principal Collections were initially allocated.

(d) Unallocated Principal Collections. If, after giving effect to Section 5.2(c), 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 or there are Principal Collections that have not been allocated to any Series in accordance with the terms of the Indenture, then any such excess or unallocated Principal Collections shall be allocated to CRCF or such other party as may be entitled thereto as set forth in any Supplement.

Section 5.3. Determination of Monthly Interest. Monthly interest with respect to each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Supplement.

Section 5.4. Determination of Monthly Principal. Monthly principal with respect to each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Supplement. However, all principal or interest with respect to any Series of Notes shall be due and payable no later than the Series Termination Date with respect to such Series.

Section 5.5. Paired Series. To the extent provided in a Supplement, any Series of Notes may be paired with one or more other Series (each, a "Paired Series"). Each Paired Series may be prefunded with an initial deposit to a pre-funding account in an amount up to the initial principal balance of such Paired Series, primarily from the proceeds of the sale of such Paired Series, or will have a variable principal amount. Any such pre-funding account will be held for the benefit of such Paired Series and not for the benefit of the Noteholders of the Series paired therewith. As funds are accumulated in a principal funding account or paid to Noteholders of the Series paired to the Paired Series either (i) in the case of a pre-funded Paired Series, an equal amount of funds on deposit in any pre-funding account for such pre-funded Paired Series will be released and paid to CRCF or (ii) in the case of a Paired Series having a variable principal amount, an interest in such variable Paired Series in an equal or lesser amount may be sold by CRCF and, in either case, the invested amount of such Paired Series will increase by up to a

corresponding amount. Upon payment in full of the Series paired to the Paired Series, the aggregate invested amount of such related Paired Series will have been increased by an amount up to an aggregate amount equal to the Invested Amount of such Series paid to the Noteholders thereof. The issuance of a Paired Series may be subject to certain conditions described in the related Supplement.

Section 5.6. Joint Collection Account Disputes. If the Trustee receives notice pursuant to Section 4.2(c) of the Master Exchange Agreement that the Intermediary has disapproved of any proposed transfer of funds from any Joint Collection Account to the Collection Account that was to be used to repay Loans Outstanding under either AESOP I Loan Agreement, then the Trustee may, and upon written direction of the Administrator or the Required Noteholders of any Series shall, deliver a certification to the Intermediary setting forth the amounts due and owing in respect of the applicable Loan Agreement.

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

ARTICLE 6.

DISTRIBUTIONS AND REPORTS TO NOTEHOLDERS

Section 6.1. Distributions in General. (a) Notwithstanding any provision hereof or of any 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 Section 10.11 and under the Vehicle Title and Lienholder Nominee Agreements (including all costs and expenses incurred by the Trustee related to the disposition of any Collateral), to the extent not already paid by CRCF, shall be withdrawn from the Collection Account and paid to the Trustee. Unless otherwise specified in the applicable 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, if during an Amortization Period, principal, and (ii) to the extent provided for in the applicable 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.

(b) Unless otherwise specified in the applicable Supplement, on each Distribution Date, the Paying Agent shall distribute to the Noteholders of each Series, to the extent amounts are on deposit in the Distribution Account for such Series, an amount sufficient to pay all principal and interest due on such Series on such Distribution Date in accordance with the Monthly Certificate delivered to the Trustee. Such distribution shall be to each Noteholder of record of such Series on the preceding Record Date based on such Noteholder's pro rata share of the aggregate principal amount of the Notes of such Series held by such Noteholder; provided, however, that, the final principal payment due on a Note shall only be paid to the holder 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 Supplement, amounts distributable to a Noteholder pursuant to this Section 6.1 shall be payable by wire transfer of immediately available funds released by the Paying Agent from the Distribution Account no later than 12:00 noon (New York City time) for credit to the account designated by such Noteholder.

(d) Unless otherwise specified in the applicable 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.

(e) All distributions in respect of Notes represented by a Temporary Global Note will be made only with respect to that portion of the Temporary Global Note in respect of which Euroclear or Clearstream shall have delivered to the Trustee a certificate or certificates substantially in the form of Exhibit B. The delivery to the Trustee by Euroclear or Clearstream of the certificate or certificates referred to above may be relied upon by CRCF and the Trustee as conclusive evidence that the certificate or certificates referred to therein has or have been delivered to Euroclear or Clearstream pursuant to the terms of this Indenture and the Temporary Global Note. No payments of interest will be made on a Temporary Global Note after the Exchange Date therefor.

Section 6.2. Reserved.

Section 6.3. Optional Repurchase of Notes. On any Distribution Date occurring on or after the date on which the Invested Amount of any Series or class of such Series is equal to or less than the Repurchase Amount (if any) for such Series or class set forth in the Supplement related to such Series, or at such other time otherwise provided for in the Supplement relating to such Series, CRCF shall have the option to purchase all Outstanding Notes of such Series, or class of such Series, at a purchase price (determined after giving effect to any payment of principal and interest on such Distribution Date) equal to (unless otherwise specified in the related Supplement) the Invested Amount of such Series on such Distribution Date, plus accrued and unpaid interest on the unpaid principal balance of the Notes of such Series (calculated at the Note Rate of such Series) through the day immediately prior to the date of such purchase plus, if provided for in the related Supplement, any premium payable at such time. CRCF shall give the Trustee at least thirty (30) days' prior written notice of the date on which CRCF intends to exercise such option to purchase. Not later than 12:00 noon, New York City time, on such Distribution Date, an amount of the purchase price equal to the Invested Amount of all Notes of such Series on such Distribution Date and the amount of accrued and unpaid interest with respect to such Notes and any applicable premium will be deposited into the Distribution Account for such Series in immediately available funds. The funds deposited into such Distribution Account or distributed to the Paying Agent will be passed through in full to the Noteholders on such Distribution Date.

Section 6.4. Monthly Noteholders' Statement. (a) On each Distribution Date, the Paying Agent shall forward to each Noteholder of record of each Outstanding Series the

Monthly Noteholders' Statement with respect to such Series, with a copy to the Rating Agencies, the Trustee (if other than the Paying Agent) and any Enhancement Provider with respect to such Series.

(b) Annual Noteholders' Tax Statement. On or before January 31 of each calendar year, beginning with calendar year 2005, the Paying Agent shall furnish to each Person who at any time during the preceding calendar year was a Noteholder a statement prepared by CRCF containing the information which is required to be contained in the Monthly Noteholders' Statements with respect to each Series of Notes aggregated for the immediately preceding 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 CRCF deems necessary or desirable to enable the Noteholders to prepare their tax returns (each such statement, an "Annual Noteholders' Tax Statement"). Such obligations of CRCF 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 from time to time in effect.

ARTICLE 7.

REPRESENTATIONS AND WARRANTIES

CRCF 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. CRCF (a) is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign limited liability 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 limited liability company powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and for purposes of the transactions contemplated by this Indenture and the other Related Documents.

Section 7.2. Limited Liability Company and Governmental Authorization. The execution, delivery and performance by CRCF of this Indenture, the related Supplement and the other Related Documents to which it is a party (a) is within CRCF's limited liability company powers, has been duly authorized by all necessary limited liability company action, (b) requires no action by or in respect of, or filing with, any governmental body, agency or official which has not been obtained and (c) does not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of formation or limited liability company agreement of CRCF or of any law or governmental regulation, rule, contract, agreement, judgment, injunction, order, decree or other instrument binding upon CRCF or any of its Assets or result in the creation or imposition of any Lien on any Asset of CRCF, except for Liens created by this Indenture or the other Related Documents. This Indenture and each of the other Related Documents to which CRCF is a party has been executed and delivered by a duly authorized officer of CRCF.

Section 7.3. Binding Effect. This Indenture and each other Related Document to which CRCF is a party is a legal, valid and binding obligation of CRCF enforceable against CRCF 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 7.4. 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 by CRCF to the Trustee and the Rating Agencies pursuant to Section 8.3 have been and will be prepared in accordance with GAAP applied on a consistent basis (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 7.5. Litigation. There is no action, suit or proceeding pending against or, to the knowledge of CRCF, threatened against or affecting CRCF before any court or arbitrator or any Governmental Authority with respect to which there is a reasonable possibility of an adverse decision that could materially adversely affect the financial position, results of operations, business, properties, performance, prospects or condition (financial or otherwise) of CRCF or which in any manner draws into question the validity or enforceability of this Indenture, any Supplement or any other Related Document or the ability of CRCF to perform its obligations hereunder or thereunder.

Section 7.6. No ERISA Plan. CRCF has not established and does not maintain or contribute to any Pension Plan that is covered by Title IV of ERISA and will not do so, as long as any Notes are Outstanding.

Section 7.7. Tax Filings and Expenses. CRCF has filed all federal, state and local tax returns and all other tax returns which, to the knowledge of CRCF, 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 by CRCF, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been set aside on its books. CRCF 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 where the failure to pay any such fees and expenses is not reasonably likely to have a Material Adverse Effect.

Section 7.8. Disclosure. All certificates, reports, statements, documents and other information furnished to the Trustee by or on behalf of CRCF 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 true and accurate knowledge of the subject matter thereof in all material respects, and the furnishing

of the same to the Trustee shall constitute a representation and warranty by CRCF made on the date the same are furnished to the Trustee to the effect specified herein.

Section 7.9. Investment Company Act; Securities Act. CRCF 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. It is not necessary in connection with the issuance and sale of the Notes under the circumstances contemplated in the related Supplement to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act.

Section 7.10. 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) . CRCF is not engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock.

Section 7.11. No Consent. 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 of this Indenture or any Supplement or for the performance of any of CRCF's obligations hereunder or thereunder or under any other Related Document other than such consents, approvals, authorizations, registrations, declarations or filings as shall have been obtained by CRCF prior to the Initial Closing Date or as contemplated in Section 7.14.

Section 7.12. Solvency. Both before and after giving effect to the transactions contemplated by this Indenture and the other Related Documents, CRCF is solvent within the meaning of the Bankruptcy Code and CRCF 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 CRCF.

Section 7.13. Ownership of Limited Liability Company Interests; Subsidiary. As of each Series Closing Date, all of the issued and outstanding limited liability company interests of CRCF are owned by AESOP Leasing and Original AESOP, all of which limited liability company interests have been validly issued, are fully paid and non-assessable and are owned of record by such entities. CRCF has no subsidiaries and owns no capital stock of, or other interest in, any other Person.

Section 7.14. Security Interests. (a) All action necessary (including the filing of UCC-1 financing statements, the delivery of the Loan Notes to the Trustee, the assignment of rights under the Manufacturer Programs to the Trustee and the notation on the Certificates of Title for all Vehicles (other than the Franchisee Vehicles and Vehicles titled in the states of Nebraska, Ohio and Oklahoma) of the Trustee's Lien for the benefit of the Secured Parties) to protect and perfect the Trustee's security interest in the Collateral (except, as to perfection, with respect to Vehicles titled in Nebraska, Ohio and Oklahoma) now in existence and hereafter acquired or created has been duly and effectively taken.

(b) No security agreement, financing statement, equivalent security or lien instrument or continuation statement listing CRCF 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 CRCF in favor of the Trustee on behalf of the Secured Parties in connection with this Indenture.

(c) This Indenture creates a valid and continuing Lien on the Collateral in favor of the Trustee on behalf of the Secured Parties, which Lien is prior to all other Liens (other than Permitted Liens), and is enforceable as such as against creditors of and purchasers from CRCF 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. All action necessary to perfect such first-priority security interest has been duly taken (except with respect to Vehicles titled in Nebraska, Ohio and Oklahoma).

(d) CRCF owns and has good and marketable title to the Collateral, free and clear of all Liens other than Permitted Liens. CRCF's rights under the Manufacturer Programs in respect of the Vehicles and under the Loan Agreements, the Leases, the Master Exchange Agreement and the Escrow Agreement constitute general intangibles under the applicable UCC. The Loan Notes constitute instruments under the applicable UCC.

(e) CRCF's principal place of business and chief executive office is at 48 Wall Street, 27th Floor, New York, New York 10005, and the place where its records concerning the Collateral are kept is at 48 Wall Street, 27th Floor, New York, New York 10005 or, in each case, at such other locations as CRCF may notify the Trustee in writing from time to time. CRCF does not transact, and has not transacted, business under any other name.

(f) All authorizations in this 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.

Section 7.15. Binding Effect of Loan Agreements. Each of the Loan Agreements is in full force and effect and there are no outstanding Loan Events of Default thereunder or Manufacturer Events of Default under the Leases nor have events occurred which, with the giving of notice, the passage of time or both, would constitute a Loan Event of Default or a Manufacturer Event of Default.

Section 7.16. Non-Existence of Other Agreements. As of the date hereof, other than as permitted by Section 8.24 and Section 8.26 hereof (i) CRCF is not a party to any contract or agreement of any kind or nature and (ii) CRCF is not subject to any obligations or liabilities of any kind or nature in favor of any third party, including, without limitation, Contingent Obligations.

Section 7.17. Manufacturer Programs. On the date of each Loan, each Manufacturer Program in respect of which any portion of the Aggregate Asset Amount is

calculated (including any portion of the Aggregate Asset Amount comprising the value of any Loans used to purchase Vehicles covered by such Manufacturer Program) shall be an Eligible Manufacturer Program.

Section 7.18. Other Representations. All representations and warranties of CRCF 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.

ARTICLE 8.

COVENANTS

Section 8.1. Payment of Notes. CRCF shall pay the principal of (and premium, if any) and interest on the Notes pursuant to the provisions of this Indenture and any applicable 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. CRCF will maintain an office or agency (which may be an office of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange, where notices and demands to or upon CRCF in respect of the Notes and this Indenture may be served, and where, at any time when CRCF is obligated to make a payment of principal and premium upon the Notes, the Notes may be surrendered for payment. CRCF 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 CRCF shall fail to maintain any such required office or agency or 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 of the Trustee.

CRCF 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. CRCF 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.

CRCF hereby designates the Corporate Trust Office of the Trustee as one such office or agency of CRCF.

Section 8.3. Information. CRCF will deliver or cause to be delivered to the Trustee and each Rating Agency:

(a) promptly upon the delivery by each Borrower to CRCF, a copy of the financial information and other materials required to be delivered by such Borrower to CRCF pursuant to Section 9.5(i) of the related Loan Agreements;

(b) from time to time such additional information regarding the financial position, results of operations or business of each Borrower as the Trustee may reasonably request to the extent that such Borrower delivers such information to CRCF pursuant to Section 9.5(iv) and (v) of the related Loan Agreements;

(c) at the time of delivery of the items described in clause (a) above, a certificate of an officer of CRCF that, except as provided in any certificate delivered in accordance with Section 8.10, no Amortization Event, Loan Event of Default or (to the best of such officer's knowledge) Potential Amortization Event, Potential Loan Event of Default, Lease Event of Default or Potential Lease Event of Default has occurred or is continuing during such fiscal quarter;

(d) on or prior to June 30 of each year, a certificate of the chief financial officer of CRCF certifying that (i) the ratings assigned by the Rating Agencies in respect of any outstanding Series of Notes have not been withdrawn or downgraded since the date of the related Supplement, (ii) no Rating Agency has determined that the amount of Enhancement for any outstanding Series of Notes must be increased in order to maintain the then current rating of such Series or, if any Rating Agency has made such a determination, the amount of additional Enhancement that would be required in order to maintain such current rating, (iii) no change in the Manufacturer Program of any Manufacturer in respect of any new model year shall have given rise to any request on the part of the Rating Agencies that any modification be made to any Loan Agreement or any other Related Document, and (iv) CRCF has apprised the Rating Agencies of all material changes in the Manufacturer Programs occurring since the date of this Indenture; and

(e) promptly following the introduction of any prospective change in any Manufacturer Program or the introduction of any new Manufacturer Program by an existing Manufacturer, or, if later, the date CRCF or any Lessee obtains notice thereof, notice of the same and notice thereof to the Rating Agencies describing the principal terms thereof, and at least annually a copy of each Manufacturer Program to the Rating Agencies.

Section 8.4. Payment of Obligations. CRCF 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 applied on a consistent basis, reserves as appropriate for the accrual of any of the same.

Section 8.5. Maintenance of Property. CRCF 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 8.5 shall require CRCF 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 CRCF, is obsolete or surplus or unfit for use and cannot be used advantageously in the conduct of the business of CRCF.

Section 8.6. Conduct of Business and Maintenance of Existence. CRCF will maintain its existence as a limited liability company validly existing, and in good standing under the laws of the State of Delaware and duly qualified as a foreign limited liability company licensed under the laws of each state in which the failure to so qualify would have a material adverse effect on the business and operations of CRCF.

Section 8.7. Compliance with Laws. CRCF will comply in all respects with all Requirements of Law 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 condition, financial or otherwise, operations, performance, properties or prospects of CRCF or its ability to carry out the transactions contemplated in this Indenture and each other Related Document; provided, however, such noncompliance will not result in a Lien (other than a Permitted Lien) on any Assets of CRCF.

Section 8.8. Inspection of Property, Books and Records. CRCF will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its Assets, business and activities in accordance with GAAP applied on a consistent basis; and 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 public accountants, all at such reasonable times upon reasonable notice and as often as may reasonably be requested.

Section 8.9. Compliance with Related Documents. CRCF 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 and will not take any action which would permit AESOP Leasing, AESOP Leasing II or any Lessee to have the right to refuse to perform any of its respective obligations under any Related Document. CRCF will not amend any of the Loan Agreements, except in accordance with Article 12 hereof.

Section 8.10. Notice of Defaults. (a) Promptly upon becoming aware of any Potential Amortization Event, Amortization Event, Potential Loan Event of Default, Loan Event of Default, Potential Lease Event of Default or Lease Event of Default, CRCF shall give the Trustee, each Enhancement Provider and the Rating Agencies notice thereof, together with a certificate of the President, Vice President or principal financial officer of CRCF setting forth the details thereof and any action with respect thereto taken or contemplated to be taken by CRCF.

(b) Promptly upon becoming aware of any default under any Related Document or under any Manufacturer Program, CRCF shall give the Trustee, each Enhancement Provider and the Rating Agencies notice thereof.

Section 8.11. Notice of Material Proceedings. Promptly upon becoming aware thereof, CRCF shall give the Trustee and the Rating Agencies written notice of the commencement or existence of any proceeding by or before any Governmental Authority against or affecting CRCF which is reasonably likely to have a material adverse effect on the business, condition (financial or otherwise), results of operations, properties or performance of CRCF or the ability of CRCF to perform its obligations under this Indenture or under any other Related Document to which it is a party.

Section 8.12. Further Requests. CRCF will promptly furnish to the Trustee, each Enhancement Provider and the Rating Agencies such other information as, and in such form as,

the Trustee or such Enhancement Provider or the Rating Agencies may reasonably request in connection with the transactions contemplated hereby.

Section 8.13. Further Assurances. (a) CRCF shall do such further acts and things, and execute and deliver to the Trustee such additional assignments, agreements, powers and instruments, as the Trustee or the Required Noteholders reasonably determines to be necessary 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 Uniform Commercial Code in effect in any jurisdiction with respect to the liens and security interests granted hereby. CRCF hereby authorizes the Trustee to file any such financing statement or continuation statement in order to perfect or maintain the lien created by this Base Indenture in the Collateral but acknowledges that the Trustee has no obligation to file any such financing statement or continuation statement. 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 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. Without limiting the generality of the foregoing provisions of this Section 8.13(a), CRCF shall take all actions that are required to maintain the security interest of the Trustee on behalf of the Secured Parties in the Collateral as a perfected security interest subject to no prior Liens, including, without limitation (i) filing all Uniform Commercial Code financing statements, continuation statements and amendments thereto necessary to achieve the foregoing, (ii) causing the Lien of the Trustee to be noted on all Certificates of Title (other than on Certificates of Title with respect to the (1) Franchisee Vehicles, which Certificates of Title shall reflect the lien of the nominee lienholder under the applicable Franchisee Nominee Agreement and (2) Vehicles located in Ohio, Oklahoma and Nebraska) and (iii) causing the Administrator, as agent for the Trustee, to maintain possession of the Certificates of Title for the benefit of the Trustee pursuant to Section 10 of each of the Leases. CRCF further agrees that it will not, without the prior written consent of the Trustee and without prior written notice to the Enhancement Providers, exercise any right, remedy, power or privilege available to it with respect to any obligor under the Collateral, take any action to compel or secure performance or observance by any obligor of its obligations to CRCF, or give any consent, request, notice, direction, approval, extension or waiver with respect to any obligor.

(b) CRCF 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.

(c) If so requested by the Trustee or by Noteholders holding 10% or in excess of 10% of the aggregate Invested Amount of any Series of Notes (excluding, for the purposes of making the foregoing calculation, any Notes held by CCRG or any Affiliate of CCRG), CRCF will provide, no more frequently than annually, an Opinion of Counsel to the effect that no UCC financing or continuation statements are required to be filed with respect to any of the Collateral in which a security interest may be perfected by the filing of UCC financing statements.

Section 8.14. Manufacturer Programs. (a) Prior to making any Loans with respect to any Program Vehicles for any model year or years after the 2004 model year, CRCF will have received (i) an executed Assignment Agreement with respect to such Manufacturer Program for such model year or years, (ii) if any Series of Notes is then being rated by a Rating Agency, a written confirmation from each such Rating Agency that the acquisition of Vehicles pursuant to such Manufacturer Program satisfies the Rating Agency Consent Condition in respect of any Outstanding Series of Notes, and (iii) if there is a material change to a Manufacturer Program during a model year, written confirmation from each Rating Agency that the acquisition of Vehicles pursuant to such Manufacturer Program satisfies the Rating Agency Consent Condition in respect of any Outstanding Series of Notes. A copy of the rating confirmations set forth in clauses (ii) and (iii) will promptly be delivered to the Trustee.

(b) CRCF will (a) provide the Trustee with at least thirty (30) days' prior written notice of its intention to make Loans to AESOP Leasing or AESOP Leasing II, as the case may be, for the financing of Program Vehicles from any new Manufacturer, (b) provide the Trustee with a copy of the draft Manufacturer Program of such Manufacturer as it exists at the time of such notice and a copy of the final Manufacturer Program promptly upon its being available and (c) certify to the Trustee and the Noteholders that such Manufacturer Program is an Eligible Manufacturer Program at such time. In no event shall CRCF agree, to the extent any consent of CRCF is solicited or required by the Manufacturer or any assignor of such Manufacturer Program, to any change in any Manufacturer Program that is reasonably likely to materially adversely affect its rights or the rights of the Noteholders with respect to any Program Vehicle previously purchased or financed under such Manufacturer Program.

Section 8.15. Liens. CRCF will not create, incur, assume or permit to exist any Lien upon any of its Assets (including the Collateral), other than (i) Liens in favor of the Trustee for the benefit of the Secured Parties, and (ii) Permitted Liens.

Section 8.16. Other Indebtedness. CRCF will not create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any Indebtedness other than (i) Indebtedness hereunder and (ii) Indebtedness permitted under any other Related Document.

Section 8.17. Mergers. CRCF will not merge or consolidate with or into any other Person.

Section 8.18. Sales of Assets. CRCF will not sell, lease, transfer, liquidate or otherwise dispose of any Assets, except as contemplated by the Related Documents and provided that the proceeds received by CRCF are paid directly to the Collection Account or deposited by CRCF into the Collection Account within two (2) Business Days after receipt thereof by CRCF.

Section 8.19. Acquisition of Assets. CRCF will not acquire, by long-term or operating lease or otherwise, any Assets except in accordance with the terms of the Related Documents.

Section 8.20. Dividends, Officers' Compensation, etc. CRCF will not (i) declare or pay any distributions on any of its limited liability company interests or make any purchase, redemption or other acquisition of, any of its limited liability company interests; provided,

however, that so long as no Amortization Event with respect to any Series of Notes Outstanding, Potential Amortization Event with respect to any Series of Notes Outstanding, AESOP I Operating Lease Vehicle Deficiency, Aggregate Asset Amount Deficiency, Enhancement Deficiency, Event of Default, Liquidation Event of Default, Limited Liquidation Event of Default, Potential Enhancement Agreement Event of Default, Enhancement Agreement Event of Default, Potential AESOP I Operating Lease Event of Default, AESOP I Operating Lease Event of Default, Potential AESOP I Operating Lease Loan Event of Default or AESOP I Operating Lease Loan Event of Default has occurred and is continuing or would result therefrom, CRCF, subject to Section 18-607 of the Delaware Limited Liability Company Act, may declare and pay distributions on its limited liability company interests out of earnings or capital surplus computed in accordance with GAAP applied on a consistent basis, or (ii) pay any wages or salaries or other compensation to officers, directors, employees or others except out of earnings or capital surplus computed in accordance with GAAP applied on a consistent basis.

Section 8.21. Name; Principal Office. CRCF will neither (a) change its location (within the meaning of Section 9-307 of the applicable UCC) without sixty (60) days' prior written notice to the Trustee nor (b) change its name without prior written notice to the Trustee sufficient to allow the Trustee to make all filings (including filings of financing statements on form UCC-1) and recordings necessary to maintain the perfection of the interest of the Trustee on behalf of the Secured Parties in the Collateral pursuant to this Indenture. In the event that CRCF desires to so change its location or change its name, CRCF will make any required filings and prior to actually changing its location or its name CRCF will deliver to the Trustee (i) an Officers' Certificate 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 name of CRCF 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 8.22. Organizational Documents. CRCF will not amend any of its organizational documents, including its certificate of formation or limited liability company agreement unless, prior to such amendment, each Rating Agency confirms that after such amendment the Rating Agency Consent Condition will be met.

Section 8.23. Investments. CRCF will not make, incur, or suffer to exist any loan, advance, extension of credit or other investment in any Person other than pursuant to the Loan Agreements and with respect to Permitted Investments and, in addition, without limiting the generality of the foregoing, CRCF will not cause the Trustee to make any Permitted Investments on CRCF's behalf that would have the effect of causing CRCF to be an "investment company" within the meaning of the Investment Company Act.

Section 8.24. No Other Agreements. CRCF will not (a) enter into or be a party to any agreement or instrument other than any Related Document or any documents related to any Enhancement or documents and agreements incidental thereto or entered into as contemplated in Section 8.26 or (b) except as provided for in Sections 12.1 or 12.2, amend, modify or waive any provision of any Related Document to which it is a party, or (c) give any approval or consent or permission provided for in any Related Document, except as permitted in Section 3.2(a).

Section 8.25. Other Business. CRCF will not engage in any business or enterprise or enter into any transaction other than the making of Loans to AESOP Leasing and AESOP Leasing II pursuant to the Loan Agreements, the related exercise of its rights as lender 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 either of the foregoing (including transactions contemplated in Sections 8.24 and 8.26).

Section 8.26. Maintenance of Separate Existence. CRCF will do all things necessary to continue to be readily distinguishable from each Lessee, each Permitted Sublessee, AESOP Leasing, Original AESOP, AESOP Leasing II and the Affiliates of the foregoing and maintain its limited liability company existence separate and apart from that of AESOP Leasing, Original AESOP, AESOP Leasing II, each Lessee, each Permitted Sublessee and Affiliates of the foregoing including, without limitation, (i) practicing and adhering to organizational formalities, such as maintaining appropriate books and records; (ii) observing all organizational formalities in connection with all dealings between itself and each Lessee, each Permitted Sublessee, AESOP Leasing, Original AESOP, AESOP Leasing II, the Affiliates of the foregoing or any other unaffiliated entity; (iii) observing all procedures required by its certificate of formation, its limited liability company agreement and the laws of the State of Delaware; (iv) acting solely in its name and through its duly authorized officers or agents in the conduct of its businesses; (v) managing its business and affairs by or under the direction of its Managers; (vi) ensuring that its Chairman of the Managers or its Managers duly authorizes all of its actions; (vii) ensuring the receipt of proper authorization, when necessary, from its Members for its actions; (viii) maintaining at least one Manager who is an Independent Manager; (ix) owning or leasing (including through shared arrangements with Affiliates) all office furniture and equipment necessary to operate its business; (x) not (A) having or incurring any indebtedness to AESOP Leasing or AESOP Leasing II; (B) guaranteeing or otherwise becoming liable for any obligations of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing; (C) other than as provided in the Related Documents, having obligations guaranteed by AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing; (D) holding itself out as responsible for debts of AESOP Leasing, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing or for decisions or actions with respect to the affairs of AESOP Leasing, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing; (E) failing to correct any known misrepresentation with respect to the statement in subsection (C); (F) operating or purporting to operate as an integrated, single economic unit with respect to AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity; (G) seeking to obtain credit or incur any obligation to any third party based upon the assets of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity; (H) inducing any such third party to reasonably rely on the creditworthiness of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity; and (I) being directly or indirectly named as a direct or contingent beneficiary or loss payee on any insurance policy of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing other than as required by the Related Documents with respect to insurance on the Vehicles; (xi) other than as provided in the Related Documents, maintaining its deposit and other bank accounts and all of its assets separate from those of any

other Person; (xii) maintaining its financial records separate and apart from those of any other Person; (xiii) disclosing in its annual financial statements the effects of the transactions contemplated by the Related Documents in accordance with generally accepted accounting principles; (xiv) setting forth clearly in its financial statements its separate assets and liabilities and the fact that the Vehicles subject to the AESOP I Operating Lease are owned by AESOP Leasing and that the Vehicles subject to the AESOP II Operating Lease are owned by AESOP Leasing II; (xv) not suggesting in any way, within its financial statements, that its assets are available to pay the claims of creditors or AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; (xvi) compensating all its employees, officers, consultants and agents for services provided to it by such Persons out of its own funds; (xvii) maintaining office space separate and apart from that of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing (even if such office space is subleased from or is on or near premises occupied by AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing) and a telephone number separate and apart from that of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee or any Affiliates of the foregoing; (xviii) conducting all oral and written communications, including, without limitation, letters, invoices, purchase orders, contracts, statements, and applications solely in its own name; (xix) having separate stationery from AESOP Leasing, Original AESOP, AESOP Leasing II, each Lessee, each Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity; (xx) having no debt or obligations to any of AESOP Leasing, Original AESOP, AESOP Leasing II, any Lessee, any Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity except for obligations under Variable Funding Notes acquired by an Affiliate; (xxi) accounting for and managing all of its liabilities separately from those of AESOP Leasing, Original AESOP, AESOP Leasing II, each Lessee, each Permitted Sublessee or any Affiliates of the foregoing; (xxii) allocating, 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 maintaining an arm's-length relationship with each of AESOP Leasing, Original AESOP, AESOP Leasing II, each Lessee, each Permitted Sublessee, the Affiliates of the foregoing or any other unaffiliated entity; (xxiii) refraining from filing or otherwise initiating or supporting the filing of a motion in any bankruptcy or other insolvency proceeding involving AESOP Leasing, Original AESOP, AESOP Leasing II or any Lessee or Permitted Sublessee to substantively consolidate AESOP Leasing, Original AESOP, AESOP Leasing II, or CRCF with any Lessee or Permitted Sublessee or any Affiliate of a Lessee or a Permitted Sublessee; (xxiv) remaining solvent and assuring adequate capitalization for the business in which it is engaged and (xxvi) conducting all of its business (whether written or oral) solely in its own name so as not to mislead others as to the identity of each of AESOP Leasing, Original AESOP, AESOP Leasing II, each Lessee, each Permitted Sublessee and the Affiliates of the foregoing. CRCF acknowledges its receipt of a copy of those certain opinion letters issued by White & Case LLP dated the Restatement Effective Date, addressing the issue of substantive consolidation as t hey may relate to any of each Lessee, each Permitted Sublessee and each Affiliate of a Lessee or a Permitted Sublessee on the one hand and any of AESOP Leasing II, Original AESOP, CRCF and AESOP Leasing on the other hand and as among AESOP Leasing II, AESOP Leasing, Original AESOP and CRCF. CRCF 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, CRCF will provide to the Rating Agencies and the Trustee an Officer's Certificate certifying that it is in compliance with its obligations under this Section 8.26.

Section 8.27. Rule 144A Information Requirement. 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, CRCF 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 in connection with any sale thereof and any prospective purchaser of Notes from such Noteholder in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

Section 8.28. Use of Proceeds of Notes. CRCF shall use the proceeds of Notes solely for one or more of the following purposes: (a) to repay Notes, in accordance with this Indenture; and (b) to fund Loans pursuant to the Loan Agreements.

Section 8.29. Vehicles. CRCF shall use commercially reasonable efforts to cause AESOP Leasing and AESOP Leasing II (and CCRG, to the extent applicable) to maintain good, legal and marketable title to the Vehicles purchased with proceeds of Loans (and, in the case of CCRG, leased to CCRG under the Finance Lease), free and clear of all Liens except for Permitted Liens.

ARTICLE 9.

AMORTIZATION EVENTS AND REMEDIES

Section 9.1. Amortization Events. If any one of the following events shall occur during the Revolving Period, the Accumulation Period or the Controlled Amortization Period with respect to any Series of Notes (each, an "Amortization Event"):

(a) CRCF defaults in the payment of any interest on any Note of such Series when the same becomes due and payable and such default continues for a period of five (5) Business Days;

(b) CRCF defaults in the payment of any principal or premium on any Note of such Series when the same becomes due and payable and such default continues for a period of one (1) Business Day;

(c) CRCF 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 CRCF 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 CRCF by the Trustee or to CRCF and the Trustee by the Required Noteholders of such Series;

(d) the occurrence of an Event of Bankruptcy with respect to CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG or any other Lessee;

(e) (i) any Loan Event of Default described in Section 12.1.1, 12.1.2 or 12.1.3 of any of the Loan Agreements shall occur, whether or not subsequently waived by CRCF or (ii) any other Loan Event of Default shall occur, whether or not subsequently waived by CRCF;

(f) any Aggregate Asset Amount Deficiency exists and continues for a period of 10 days;

(g) CRCF shall have become an "investment company" or shall have become under the "control" of an "investment company" under the Investment Company Act;

(h) any of the Loan Agreements is terminated for any reason;

(i) any representation made by CRCF in this Base Indenture or any 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 CRCF obtains knowledge thereof or (ii) the date that written notice thereof is given to CRCF by the Trustee or to CRCF and the Trustee by the Required Noteholders of such Series;

(j) any of the Related Documents or any portion thereof shall not be in full force and effect, enforceable in accordance with its terms or CRCF, any Lessee, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, any Manufacturer or the Administrator shall so assert in writing;

(k) CCRG receives notice of termination of the Computer Services Agreement from WizCom pursuant to Section 14.1(b) or 14.2(b) thereof, and, in the case of any such notice pursuant to Section 14.2(b) thereof, a qualified successor provider of vehicle processing services substantially similar to those provided by WizCom pursuant to the Computer Services Agreement is not appointed by CCRG on or before the date which is 180 days prior to the effective date of such termination;

(l) the occurrence of any event of default described in (i) Section 17.2 or 17.3 of the Licensing Agreement and ARAC receives notice of termination of the Licensing Agreement from Avis Car Rental Group, Inc. (formerly known as Cendant Car Rental, Inc.) or Wizard Co., Inc. or (ii) Section 17.1 of the Licensing Agreement;

(m) the occurrence of any Administrator Default;

(n) any other event shall occur which may be specified in any Supplement as an "Amortization Event";

then (i) in the case of any event described in clause (a), (b), (c), (i) or (n) above (with respect to clause (n) above, only to the extent such Amortization Event is subject to waiver as set forth in

the applicable Supplement), either the Trustee, by written notice to CRCF, or the Required Noteholders of the applicable Series of Notes, by written notice to CRCF 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 (e)(ii), either the Trustee, by written notice to CRCF, or the Required Noteholders of any Series of Notes, by written notice to CRCF and the Trustee, may declare that an Amortization Event has occurred with respect to such Series as of the date of the notice, or (iii) in the case of any event described in clause (d), (e)(i), (f), (g), (h), (j), (k), (l) or (m) 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 Noteholders or (iv) in the case of any event described in clause (n) above (only to the extent such Amortization Event is not subject to waiver as set forth in the applicable 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 Noteholders; provided, however, that the Trustee shall have no liability in connection with any action or inaction taken, or not taken by it upon the occurrence of an Amortization Event unless a Trust Officer has actual knowledge of such Amortization Event; and provided, further, the provisions of this sentence shall not insulate the Trustee from liability arising out of its gross negligence or willful misconduct.

Section 9.2. Rights of the Trustee upon Amortization Event or Certain Other Events of Default (a) General. (a) If and whenever an Amortization Event shall have occurred and be continuing, the Trustee may and, at the written direction of the Requisite Investors 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 based solely on an event described in clause (a), (b), (c), (i) or (n) of Section 9.1, 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 applicable Series of Notes, be limited to rights and remedies pertaining only to those 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 CRCF Obligations and shall be applied as provided in Article 5 hereof. If so specified in the applicable 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 only after giving prior written notice thereof to the Enhancement Provider, if any, with respect to such Series and obtaining the direction of the Required Noteholders of such Series.

(b) Loan Agreements. If a Liquidation Event of Default or a Limited Liquidation Event of Default shall have occurred and be continuing and a Trust Officer shall have notice thereof, the Trustee, at the written direction of the Requisite Investors (in the case of a Liquidation Event of Default) or the Required Noteholders (in the case of a Limited Liquidation Event of Default), shall direct CRCF to exercise (and CRCF agrees to exercise), to the extent necessary, all rights, remedies, powers, privileges and claims of CRCF against AESOP Leasing and AESOP Leasing II under or in connection with the Loan Agreements and any of the Related Documents and against any party to any Related Document, including the right or power to take any action to compel performance or observance by AESOP Leasing, AESOP Leasing II or any such party of its obligations to CRCF, the right to take possession of any of the Vehicles, and to give any consent, request, notice, direction, approval, extension or waiver in respect of

any of the Loan Agreements, and any right of CRCF to take such action independent of such direction shall be suspended; provided, however, nothing in this Section 9.2(b) shall in any way limit, condition or delay the duties of the Trustee set forth in Section 9.2(c)(i) or (iii) hereof.

(c) Manufacturer Programs and Vehicles.

(i) Upon the occurrence of a Liquidation Event of Default of which a Trust Officer has knowledge (and so long as a Manufacturer Event of Default has not occurred with respect to the related Manufacturer), the Trustee shall promptly return or instruct CRCF to return or cause AESOP Leasing, AESOP Leasing II or the Lessees to return, the Program Vehicles to the related Manufacturers (after the minimum holding period specified in the Manufacturer's Manufacturer Program) and then, to the extent any Manufacturer fails to accept any such Program Vehicles under the terms of the applicable Manufacturer Program (or if a Manufacturer Event of Default has occurred with respect to any Manufacturer), to liquidate or direct CRCF to liquidate, or cause AESOP Leasing, AESOP Leasing II or the Lessees to liquidate the Program Vehicles in accordance with the rights of CRCF under the Loan Agreements and to otherwise sell or cause to be sold to third parties all Non-Program Vehicles. Upon the occurrence of a Limited Liquidation Event of Default with respect to any Series of Notes of which the Trust Officer has knowledge, the Trustee shall promptly return or instruct CRCF to return or cause AESOP Leasing, AESOP Leasing II or the Lessees to return Program Vehicles to the related Manufacturers and to sell Non-Program Vehicles or cause Non-Program Vehicles to be sold to third parties in an amount sufficient to pay all interest and principal on such Series of Notes, and to the extent that any Manufacturer fails to accept any such Program Vehicles under the terms of the applicable Manufacturer Program, to return or direct CRCF to return or cause AESOP Leasing, AESOP Leasing II or the Lessees to liquidate such Program Vehicles in accordance with the rights of CRCF under the Loan Agreements; provided, however, that the Trustee and CRCF shall select the Program Vehicles to be returned to the related Manufacturers and the Non-Program Vehicles to be sold to third parties in a manner that does not adversely affect in any material respect the interests of the Noteholders of any Series of Notes or any Enhancement Provider.

(ii) In addition to, and not in limitation of, the remedies and duties of the Trustee set forth in subsection (i) above or (iii) below, if a Liquidation Event of Default or a Limited Liquidation Event of Default shall have occurred and be continuing, the Trustee may, and at the written direction of the Requisite Investors (in the case of a Liquidation Event of Default) or at the direction of the Required Noteholders (in the case of a Limited Liquidation Event of Default) shall exercise, or cause CRCF or AESOP Leasing, AESOP Leasing II or the Lessees to exercise, to the extent necessary, all rights, remedies, powers, privileges and claims of CRCF, AESOP Leasing, AESOP Leasing II or the Lessees, as the case may be, or the Trustee against the Manufacturers under or in connection with the Manufacturer Programs.

(iii) In the event that either (i) an Event of Bankruptcy with respect to any Manufacturer of Program Vehicles shall have occurred and such Manufacturer shall fail to repurchase any Eligible Vehicles in accordance with the terms of the related Manufacturer Program or (ii) if there has occurred a Manufacturer Event of Default of

which the Trust Officer has knowledge, the Trustee shall cause AESOP Leasing, AESOP Leasing II or the Lessees to sell any and all Program Vehicles covered by the related Manufacturer Program of such Manufacturer for the highest purchase price offered and, promptly upon receipt, to deposit the proceeds of such sale into the Collection Account or a Joint Collection Account for allocation hereunder.

(d) Failure of CRCF, AESOP Leasing, AESOP Leasing II or any Lessee to Take Action. If (i) CRCF, AESOP Leasing, AESOP Leasing II or any Lessee shall have failed, within fifteen (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) CRCF, AESOP Leasing, AESOP Leasing II or such 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 Amortization Event or any Liquidation Event of Default) shall), take such previously directed action (and any related action as permitted 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 CRCF, AESOP Leasing, AESOP Leasing II or such Lessee to take such action) on behalf of CRCF and the Secured Parties. The Trustee may institute legal proceedings for the appointment of a receiver or receivers (to which the Trustee shall be entitled as a matter of right) to take possession of the Vehicles pending the sale thereof pursuant either to the powers of sale granted by this Indenture 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, any Noteholder and/or any Enhancement Provider 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 CRCF 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 CRCF, 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 CRCF, 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, CRCF 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 Vehicles 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 Vehicles) have all of the rights and remedies of a secured party under the UCC as enacted in any applicable jurisdiction.

(g) Non-Segregated Series. Upon the occurrence of an Amortization Event relating to one or more, but not all, Outstanding Series of Notes (not including any Segregated Series of Notes), the Trustee shall exercise all remedies hereunder to the extent necessary to pay all interest on and principal of the related Series of Notes up to the Invested Amount of each Series.

(h) Certain Other Non-Segregated Series. Certain Series of Notes (not including any Segregated Series of Notes) may provide for allocations of Collections to such Series of Notes only in respect of specified items of Collateral upon the occurrence of certain Amortization Events. Upon the occurrence of such an Amortization Event relating to such a Series of Notes, the Trustee shall, to the extent specified in the applicable Supplement, limit any recourse hereunder to the related specified items of Collateral to satisfy the payment of all interest and principal on such Series of Notes up to the Invested Amount of such Series.

(i) Segregated Series. Upon the occurrence of an Amortization Event relating to any Outstanding Segregated Series of Notes, the Trustee shall limit any recourse hereunder to the related Series-Specific Collateral in satisfying the payment of interest and principal due on such Segregated Series of Notes.

Section 9.3. [RESERVED].

Section 9.4. 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 or interest on the Notes (or each affected Series of Notes, in the case of an Amortization Event that affects less than all Outstanding Series of Notes) or to enforce the performance of any provision of the Notes, this Indenture or any Supplement. If an Amortization Event has occurred in accordance with Section 9.1, the Trustee shall instruct CRCF to cease issuing Notes and the right of CRCF to issue Notes shall automatically terminate. Upon the occurrence of a Loan Event of Default,

the Trustee shall have the right to (and upon direction of the Requisite Investors, shall) direct CRCF to declare that the relevant Loan Commitment is terminated and the relevant Loan Note immediately due and payable. In addition, the Trustee may, or shall at the direction of the Requisite Investors (or the Required Noteholders, in the case of an Amortization Event that affects only one Series of Notes), direct CRCF to exercise any rights or remedies available under any Related Document or under applicable law or in equity. Each of CRCF and the Trustee acknowledge that the Trustee has direct rights to pursue remedies under the Sublease.

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 9.5. Waiver of Past Events. Subject to Section 12.2 hereof, the Noteholders of any Series owning an aggregate principal amount of Notes in excess of sixty-six and two-thirds percent (66 2/3%) of the aggregate principal amount of the Outstanding Notes of such Series, by notice to the Trustee, may waive any existing Potential Amortization Event or Amortization Event related to clause (a), (b), (c), (i) or (n) of Section 9.1 (with respect to clause (n), only to the extent subject to waiver as provided in the applicable Supplement) which relate to such Series and its consequences except a continuing Potential Amortization Event or Amortization Event in the payment of the principal of or interest on any Note. 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 related to clause (d), (e), (f), (g), (h), (j), (k), (l), (m) or (n) of Section 9.1 (with respect to clause (n), only to the extent not subject to waiver as set forth in the applicable Supplement) shall not be subject to waiver without the approval of 100% of the Noteholders (or, in the case of clause (n), 100% of the Noteholders of the applicable Series).

Section 9.6. Control by Requisite Investors. The Requisite Investors may direct the time, method and place of conducting any 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 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 9.7. Limitation on Suits. Any other provision of this Indenture to the contrary notwithstanding, a Noteholder may pursue a remedy with respect to this Indenture or the Notes only if:

(a) The Noteholder gives to the Trustee written notice of a continuing Amortization Event;

(b) The Noteholders of at least twenty-five percent (25%) in principal 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 forty-five (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 do not give the Trustee a direction inconsistent with the request.

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 9.8. Unconditional Rights of Holders to Receive Payment; Withholding Taxes. (a) Notwithstanding any other provision of this Indenture, except for clause (b) below, the right of any Noteholder of a Note to receive payment of principal of 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.

(b) The Paying Agent agrees, to the extent required by applicable law, to withhold from each payment due hereunder or under any Note, United States withholding taxes at the appropriate rate and, on a timely basis, to deposit such amounts with an authorized depository and make such reports, filings and other reports in connection therewith, and in the manner, required under applicable law. The Paying Agent shall promptly furnish each Noteholder (but in no event later than the date 30 days after the due date thereof) a U.S. Treasury Form 1042-S and Form 8109-B (or similar forms as at any relevant time in effect), if applicable, indicating payment in full of any taxes withheld from any payments by the Paying Agent to such Persons together with all such other information and documents reasonably requested by such Noteholder and necessary or appropriate to enable such Noteholder to substantiate a claim for credit or deduction with respect thereto for income tax purposes of any jurisdiction with respect to which such Noteholder is required to file a tax return. In the event that a Noteholder which is not a United States Person (as defined in Code Section 7701(a)(30)) has furnished to the Agent a properly completed and currently effective U.S. Treasury Form W-8BEN (with respect to a complete or partial exemption under an income tax treaty (including a taxpayer identification number)) (or such successor Form or Forms as may be required by the United States Treasury Department) and has not notified the Agent of the withdrawal or inaccuracy of such Form prior to the date of each interest payment, only the amount, if any, required by applicable law shall be withheld from payments under the Notes held by such Noteholder in respect of United States federal income tax. In the event that a Noteholder (x) which is not a United States Person has furnished to the Paying Agent a properly completed and currently effective U.S. Treasury Form W-8ECI (or such successor certificate or Form or Forms as may be required by the United States Treasury Department as necessary in order to avoid withholding of United States federal income tax), during the calendar year in which the payment is made, or in either of the two preceding

calendar years, and has not notified the Paying Agent of the withdrawal or inaccuracy of such certificate or Form prior to the date of each interest payment or (y) which is not a United States Person has furnished to the Paying Agent a properly completed and currently effective U.S. Treasury Form W-8BEN (with respect to the portfolio interest exemption) during the calendar year in which the payment is made, or in either of the two preceding calendar years, no amount shall be withheld from payments under the Notes held by such Noteholder in respect of United States federal income tax. Notwithstanding the foregoing, if any Noteholder has notified the Paying Agent that any of the foregoing Forms or certificates is withdrawn or inaccurate, or if the Code or the regulations thereunder or the administrative interpretation thereof are at any time after the date hereof amended to require such withholding of United States federal income taxes from payments under the Notes held by such Noteholder, or if such withholding is otherwise required under applicable law, the Paying Agent agrees to withhold from each payment due to the relevant Noteholder withholding taxes at the appropriate rate under applicable law, and will, as more fully provided above, on a timely basis, deposit such amounts with an authorized depository and make such reports, filings and other reports in connection therewith, and in the manner required under applicable law. The Trustee hereby agrees to use its best efforts (without incurring liability for a failure to do so) to inform the Paying Agent and the affected Noteholder or Noteholders if the Trustee has failed to receive Form W-8BEN or W-8ECI from a Noteholder prior to the date of an interest payment to such Noteholder.

Section 9.9. Collection Suit by the Trustee. If any Amortization Event specified in clauses (a) or (b) of Section 9.1 occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against CRCF for the whole amount of principal and interest remaining unpaid on the Notes 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 9.10. 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 CRCF (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 hereof. 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 hereof 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, Notes and other properties which the Noteholders of the Notes 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 9.11. 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 Indenture.

Section 9.12. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture 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 ten percent (10%) in principal amount of all then outstanding Notes.

Section 9.13. 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 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 Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.14. 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 the holders of Notes, as the case may be.

Section 9.15. Reassignment of Surplus. After termination of this Indenture and the payment in full of the CRCF Obligations, any Proceeds of all the Collateral received or held by the Trustee shall be turned over to CRCF and the Collateral shall be reassigned to CRCF 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 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; and provided, further, that 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 the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(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 9.4.

(iv) The Trustee shall not be charged with knowledge of any default by any Lessee in the performance of its obligations under any Related Document, unless a Trust Officer of the Trustee receives written notice of such failure from such Lessee or any Holders of Notes evidencing not less than ten percent (10%) of the aggregate principal amount of the Notes of any Series adversely affected thereby.

(d) Notwithstanding anything to the contrary contained in this Indenture or any of the Related Documents, no provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability if there is reasonable ground (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 satisfactory to it against any loss, liability or expense.

(e) In the event that the Paying Agent or the Transfer Agent and 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 Transfer Agent and 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. The Trustee may allow and credit to CRCF interest agreed upon by CRCF and the Trustee from time to time as may be permitted by law.

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.

(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 Trustee shall provide written notice to Moody's of any such appointment and, if practicable, shall provide prior written notice to Moody's of any such appointment.

(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 the Indenture.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or any 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 Indenture or any Supplement, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity 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 a default by any Lessee, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx or CRCF (which has not been cured), to exercise such of the rights and powers vested in it by this Indenture or any 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 which could be adversely affected if the Trustee does not perform such acts.

(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 such 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 CRCF or an Affiliate of CRCF with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Section 10.8.

Section 10.4. Notice of Amortization Events and Potential Amortization Events. If an Amortization Event or a Potential Amortization Event occurs and is continuing and if a Trust Officer of the Trustee receives written notice thereof, the Trustee shall promptly provide the Noteholders and each Rating Agency with notice of such Amortization Event or the Potential Amortization Event, if such Notes are represented by a Global Note, by telephone and facsimile, and, if such Notes are represented by Definitive Notes, by first class mail.

Section 10.5. Compensation. (a) CRCF shall promptly pay to the Trustee from time to time compensation for its acceptance of this Indenture and services hereunder as CRCF and the Trustee may agree from time to time. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. CRCF 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) CRCF 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, gross 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 and the satisfaction of the Rating Agency Consent Condition and the CP Rating Agency Condition.

(b) The Trustee may, after giving sixty (60) days' prior written notice to CRCF, each Noteholder and each Rating Agency, resign at any time and be discharged from the trust hereby created by so notifying CRCF and CCRG; 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 by so notifying the Trustee, CCRG, CRCF and each Rating Agency. CRCF may remove the Trustee upon notice to each Rating Agency 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

(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, CRCF 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 CRCF.

(c) If a successor Trustee does not take office within thirty (30) days after the retiring Trustee resigns or is removed, the retiring Trustee, CRCF or any Secured Party may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(d) If the Trustee after written request by any Noteholder who has been a Noteholder for at least six (6) months 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.

(e) A successor Trustee shall deliver a written acceptance of its appointment to the retiring or removed Trustee, CCRG and to CRCF. 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 Indenture and any 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, CRCF's obligations under Section 10.5 hereof 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 (i) be 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) be 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 and (iii) if such Trustee is other than The Bank of New York, as the original Trustee hereunder, or its Affiliate, be acceptable to the Requisite Investors.

(b) At any time the Trustee shall cease to satisfy the eligibility requirements of clauses (a)(i) or (a)(ii) 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 Indenture or any 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 CCRG 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 Assets 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 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 Indenture and any Supplement, specifically including every provision of this Indenture or any 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 CCRG.

(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 Indenture or any 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 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 CRCF and the Secured Parties that:

(i) The Trustee is a banking corporation organized, existing and in good standing under the laws of the State of New York;

(ii) The Trustee has full power, authority and right to execute, deliver and perform this Indenture and any 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 Indenture and any Supplement issued concurrently with this Indenture and to authenticate the Notes;

(iii) This 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 hereof.

Section 10.11. CRCF Indemnification of the Trustee. CRCF shall indemnify and hold harmless the Trustee and its directors, officers, agents and employees from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of the activities of the Trustee pursuant to this Indenture or any Supplement, 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 CRCF shall not indemnify the Trustee or its directors, officers, employees or agents if such acts, omissions or alleged acts or omissions constitute bad faith, negligence or willful misconduct by the Trustee. The indemnity provided herein shall survive the termination of this Indenture and the resignation and removal of the Trustee.

ARTICLE 11.

DISCHARGE OF INDENTURE

Section 11.1. Termination of CRCF's Obligations. (a) This Indenture shall cease to be of further effect (except that CRCF's obligations under Section 10.5 and Section 10.11 and the Trustee's and Paying Agent's obligations under Section 11.3 shall survive) when all Outstanding Notes theretofore authenticated and issued have been delivered (other than destroyed, lost or stolen Notes which have been replaced or paid) to the Trustee for cancellation and CRCF has paid all sums payable hereunder.

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

(i) CRCF irrevocably deposits in trust with the Trustee or at the option of the Trustee, with a trustee reasonably satisfactory to the Trustee and CRCF 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;

(ii) CRCF delivers to the Trustee an Officers' Certificate stating that all conditions precedent to satisfaction and discharge of this Indenture have been complied with, and an Opinion of Counsel to the same effect;

(iii) CRCF delivers to the Trustee an Officer's Certificate stating that no Potential Amortization Event or Amortization Event, in either case, described in Section 9.1(d) shall have occurred and be continuing on the date of such deposit; and

(iv) the Rating Agency Consent Condition is satisfied.

Then, this Indenture shall cease to be of further effect (except as provided in this Section 11.1), and the Trustee, on demand of CRCF, 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 CRCF'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 or interest on the Notes, the U.S. Government Obligations shall be payable as to principal 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 CRCF 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 of 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 CRCF. The Trustee and the Paying Agent shall promptly pay to CRCF upon written request any excess money or, pursuant to Sections 2.11 and 2.14, return any Notes held by them at any time.

Subject to Section 2.7(c), the Trustee and the Paying Agent shall pay to CRCF upon written request any money held by them for the payment of principal or interest that remains unclaimed for two (2) 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. Without Consent of the Noteholders. Without the consent of any Noteholder, CRCF, the Trustee, and any applicable Enhancement Provider, at any time and from time to time, may enter into one or more Supplements hereto, in form satisfactory to the Trustee, for any of the following purposes, provided that (i) with respect to clause (a) below, the Rating Agency Confirmation Condition is met and (ii) with respect to clauses (b) to (h) below, the Rating Agency Consent Condition is met:

(a) to create a new Series of Notes (including, without limitation, making such modifications to this Base Indenture and the other Related Documents as may be required to issue a Segregated Series of Notes; provided, however, that the creation of any Segregated Series of Notes shall not result in a material adverse effect on the Noteholders of any Outstanding Series unless the Required Noteholders of such Series shall have given their prior written consent to the creation thereof);

(b) to add to the covenants of CRCF for the benefit of any Secured Parties (and if such covenants are to be for the benefit of less than all Series of Notes, stating that such covenants are expressly being included solely for the benefit of such Series) or to surrender any right or power herein conferred upon CRCF (provided, however, that CRCF will not pursuant to this subsection 12.1(b) surrender any right or power it has against any Lessee, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx or any Manufacturer);

(c) to mortgage, pledge, convey, assign and transfer to the Trustee any property or assets as security for the Notes and to specify the terms and conditions upon which such property or assets are to be held and dealt with by the Trustee and to set forth such other provisions in respect thereof as may be required by this Base Indenture or as may, consistent with the provisions of this Base Indenture, be deemed appropriate by CRCF and the Trustee, or to correct or amplify the description of any such property or assets at any time so mortgaged, pledged, conveyed and transferred to the Trustee on behalf of the Secured Parties;

(d) to cure any mistake, ambiguity, defect, or inconsistency or to correct or supplement any provision contained herein or in any Supplement or in any Notes issued hereunder;

(e) to provide for uncertificated Notes in addition to certificated Notes;

(f) to add to or change any of the provisions of this Base Indenture to such extent as shall be necessary to permit or facilitate the issuance of Notes in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Notes of one or more Series and to add to or change any of the provisions of this Base Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or

(h) to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions with respect to matters or questions arising under this Base Indenture;

provided, however, that, as evidenced by an Opinion of Counsel, such action shall not adversely affect in any material respect the interests of any Noteholders. Upon the request of CRCF, accompanied by a resolution of the Managers authorizing the execution of any Supplement to effect such amendment, and upon receipt by the Trustee and CCRG of the documents described in Section 2.2 hereof, the Trustee shall join with CRCF in the execution of any Supplement

authorized or permitted by the terms of this Base Indenture and shall make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into such Supplement which affects its own rights, duties or immunities under this Base Indenture or otherwise.

Section 12.2. With Consent of the Noteholders. Except as provided in Section 12.1, the provisions of this Base Indenture and any Supplement (unless otherwise provided in such Supplement) and each other Related Document to which CRCF is a party 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 CRCF, the Trustee, any applicable Enhancement Provider, and the Requisite Investors (or the Required Noteholders of a Series of Notes, in respect of any amendment to this Base Indenture, the Supplement with respect to such Series of Notes or any Related Document 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 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 as to the truth of such factual matter) and provided that the Rating Agency Consent Condition is satisfied. Notwithstanding the foregoing:

(i) any modification of this Section 12.2, any change in any requirement hereunder that any particular action be taken by Noteholders holding the relevant percentage in principal amount of the Notes or any change in the definition of the terms "Aggregate Asset Amount" or "Aggregate Asset Amount Deficiency" (other than in connection with the issuance of a Segregated Series of Notes), "Eligible Program Manufacturer", "Eligible Non-Program Manufacturer" or "Eligible Manufacturer Program" (other than in connection with a waiver of such eligibility requirement by the Noteholders of any Series of Notes, but only to the extent so provided in the related Supplement in respect of such Series of Notes), "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 of or interest on any Note (or reduce the principal amount of or rate of interest on any Note) shall require the consent of each affected Noteholder; (b) approve the assignment or transfer by CRCF of any of its rights or obligations hereunder or under any other Related Document to which it is a party except pursuant to the express terms hereof or thereof shall require 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 shall require the consent of each Noteholder; provided, however, that the Liens on Vehicles may be released as provided in Section 3.5; (d) affect adversely the interests, rights or obligations of any Noteholder individually in comparison to any other Noteholder shall require the consent of such Noteholder; or (e) amend or otherwise modify any Amortization Event shall require the consent of each affected Noteholder.

No failure or delay on the part of any Noteholder or the Trustee in exercising any power or right under this Base Indenture 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 12.3. Supplements. Each amendment or other modification to the Indenture or the Notes shall be set forth in a Supplement. The initial effectiveness of each Supplement shall be subject to the satisfaction of the Rating Agency Consent Condition. In addition to the manner provided in Sections 12.1 and 12.2, each Supplement may be amended as provided for in such Supplement.

Section 12.4. 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. CRCF may fix a record date for determining which Noteholders must consent to such amendment or waiver.

Section 12.5. Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment or waiver on any Note thereafter authenticated. CRCF 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 12.6. 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 Officers' Certificate and an Opinion of Counsel as conclusive evidence that such Supplement is authorized or permitted by this Indenture and that it will be valid and binding upon CRCF in accordance with its terms. CRCF may not sign a Supplement until a majority of its Managers approves it.

ARTICLE 13.

MISCELLANEOUS

Section 13.1. Notices. (a) Any notice or communication by CRCF 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, overnight air courier guaranteeing next day delivery or, solely with the recipient's consent, e-mail, to the other's address, which may be updated or amended from time to time by written notice to the other party:

If to CRCF:

Cendant Rental Car Funding (AESOP) LLC:
c/o Lord Securities Corporation
48 Wall Street, 27th Floor
New York, New York 10005

Attn: Benjamin B. Abedine
Phone: (212) 346-9000
Fax: (212) 346-9012

with a copy to the Administrator:

Cendant Car Rental Group, Inc.
6 Sylvan Way
Parsippany, New Jersey 07054

Attn: Treasurer
Phone: (973) 496-5000
Fax: (973) 496-5852

If to the Trustee:

The Bank of New York
c/o BNY Midwest Trust Company
2 North LaSalle Street, 10th Floor
Chicago, Illinois 60602

Attn: Corporate Trust Officer
Phone: (312) 827-8569
Fax: (312) 869-8562

If to an Enhancement Provider, at the address provided in the applicable Enhancement Agreement.

CRCF or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications; provided, however, CRCF 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 such notice is mailed, (iii) delivered by telex, telecopier or other electronic means (including e-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 CRCF 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) 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 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 CRCF to the Trustee to take any action under this Indenture, CRCF shall furnish to the Trustee an Officers' Certificate 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. 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 CRCF, as such, shall not have any have any liability for any obligations of CRCF 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 Indenture. One signed copy is sufficient to prove this Indenture.

Section 13.8. Benefits of Indenture. Except as set forth in a 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. 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 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 shall accrue for the period from and after such Distribution Date, redemption date, or maturity date, as the case may be.

Section 13.10. Governing Law. The laws of the State of New York, shall govern and be used to construe this Indenture and the Notes and the rights and duties of the Trustee, Registrar, Paying Agent and Noteholders.

Section 13.11. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of CRCF or an Affiliate of CRCF. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.12. Successors. All agreements of CRCF in this Indenture and the Notes shall bind its successor; provided, however, CRCF 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 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, Cross-Reference Table, and headings of the Articles and Sections of this 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; 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 CRCF 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 CRCF and upon receipt of an Officers' Certificate from CRCF 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 relating to CRCF Obligations to the Noteholders and each Enhancement Provider have 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 CRCF.

CRCF and the Secured Parties hereby agree that, if any Deposited 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 CRCF.

Section 13.17. No Bankruptcy Petition Against CRCF. 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 CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, the Intermediary, PVHC or Quartx 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 CRCF pursuant to this Indenture. In the event that any such Secured Party or the Trustee takes action in violation of this Section 13.17, CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, the Intermediary, PVHC or Quartx shall file 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 CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, the Intermediary, PVHC or Quartx 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 CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, the Intermediary, PVHC or Quartx.

Section 13.18. No Recourse. The obligations of CRCF under this Indenture are solely the obligations of CRCF. 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 Manager, member, stockholder, employee, officer, director or incorporator of CRCF. Fees, expenses or costs payable by CRCF hereunder shall be payable by CRCF to the extent and only to the extent that CRCF is reimbursed therefor pursuant to any of the Loan Agreements or the Related Documents, or funds are then available or thereafter become available for such purpose pursuant to Article 5. Nothing in this Section 13.18 shall be construed to limit the Trustee from exercising its rights hereunder with respect to the Collateral.

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

CENDANT RENTAL CAR FUNDING
(AESOP) LLC,
as Issuer

By: /s/ Lori Gebron
By: Lori Gebron
Title: Vice President

THE BANK OF NEW YORK,
as Trustee

By: /s/ Mary L. Collier
By: Mary L. Collier
Title: Agent

Schedule I

Definitions List

EXHIBIT A-1

FORM OF TRANSFER CERTIFICATE

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OF A BENEFICIAL INTEREST IN THE RESTRICTED GLOBAL NOTE FOR DEFINITIVE SECURITIES OR EXCHANGE OR REGISTRATION OF TRANSFER OF DEFINITIVE SECURITIES

To: The Bank of New York, as Trustee
Cendant Rental Car Funding (AESOP) LLC

Re: Cendant Rental Car Funding (AESOP) LLC

This Certificate relates to $[ ] principal amount of Notes held in* [ ] book-entry or [ ] definitive form by [ ] (the "Transferor") (CUSIP No.[ ])
[insert name of transferor]

issued pursuant 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 (the "Base Indenture"). Capitalized terms used herein and not otherwise defined, shall have the meanings given thereto in the Base Indenture.

The Transferor has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with such request and in respect of each such Note, the Transferor does hereby certify as follows:*

[ ] Such Note is being acquired for its own account, without transfer.

[ ] Such Note is being transferred to (i) a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) in reliance on Rule 144A, (ii) pursuant to an exemption from registration in accordance with Regulation S under the Securities Act or (iii) pursuant to Rule 144 of the Securities Act.

[ ] Such Note is being transferred in reliance on and in compliance with an exemption from the registration requirements of the Securities Act, other than Rule 144A, Rule 144 or Regulation S under the Securities Act and in compliance with other applicable state and federal securities laws and an opinion of counsel is being furnished simultaneously with the delivery of this Certificate as required under Section 2.9(b)(i)(D) of the Base Indenture.

---

* Check applicable box.

[INSERT NAME OF TRANSFEROR]

By: _____
Name:
Title:

Date:

EXHIBIT A-2

[RESERVED]

EXHIBIT A-3

FORM OF TRANSFER CERTIFICATE
FOR EXCHANGE OR TRANSFER FROM RESTRICTED GLOBAL
NOTE TO TEMPORARY GLOBAL NOTE
(exchanges or transfers pursuant to
Section 2.9 of the Base Indenture)

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street, 10th Floor
Chicago, Illinois 60602
Attn: Indenture Trust Administration

Re: Cendant Rental Car Funding
(AESOP) LLC ("CRCF")
Asset Backed Rental Car Notes

Reference is hereby made to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (the "Base Indenture"), between CRCF and The Bank of New York, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Base Indenture.

This letter relates to [ ] principal amount of Series [ ] Notes represented by a beneficial interest in the Restricted Global Series [ ] Note (CUSIP No. [ ]) held with DTC by or on behalf of [Transferor] as beneficial owner (the "Transferor"). The Transferor has requested an exchange or transfer of its beneficial interest for an interest in the Temporary Global Series [ ] Note (CUSIP (CINS) No. [ ]) to be held with [Euroclear] [Clearstream] (ISIN Code [ ]) (Common Code [ ]) through DTC.

In connection with such request and in respect of such Series [ ] Note, the Transferor does hereby certify that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Series [ ] Notes and pursuant to and in accordance with Rule 904 of Regulation S under the Securities Act, and accordingly the Transferor does hereby certify that:

(1) the offer of the Series [ ] Notes was not made to a person in the United States;

(2) either (A) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States, or either (A) at the time

(B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903 (b) or 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(5) upon completion of the transaction, the beneficial interest being transferred as described above will be held with DTC through Euroclear or Clearstream or both (Common Code [ ] (ISIN Code [ ])).

This certificate and the statements contained herein are made for your benefit and the benefit of CRCF.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: [_____], 20[__]

EXHIBIT A-4

FORM OF TRANSFER CERTIFICATE
FOR EXCHANGE OR TRANSFER FROM RESTRICTED GLOBAL
NOTE TO PERMANENT GLOBAL NOTE
(exchanges or transfers pursuant to
Section 2.9 of the Base Indenture)

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street, 10th Floor
Chicago, Illinois 60602

Attn: Indenture Trust Administration

Re: Cendant Rental Car Funding (AESOP) LLC ("CRCF")
Asset Backed Rental Car Notes

Reference is hereby made to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (the "Base Indenture"), between CRCF and The Bank of New York, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Base Indenture.

This letter relates to [ ] principal amount of Series [ ] Notes represented by, a beneficial interest in the Restricted Global Series Note (CUSIP No. [ ] held with DTC by or on behalf of [Transferor] as beneficial owner (the "Transferor"). The Transferor has requested an exchange or transfer of its beneficial interest for an interest in the Permanent Global Series [ ] Note (CUSIP (CINS) No. [ ]).

In connection with such request and in respect of such Series [ ] Notes, the Transferor does hereby certify that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Series [ ] Notes and (i) that, with respect to transfers made in reliance on Rule 904 of Regulation S under the Securities Act:

(1) the offer of the Series [ ] Notes was not made to a person in the United States;

(2) either (A) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States; or

(B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903 (b) or 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

and (ii) that, with respect to transfers made in reliance on Rule 144 under the Securities Act, the Series [ ] Notes are being transferred in a transaction permitted by Rule 144 under the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of CRCF.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____, 20[__]

EXHIBIT A-5

FORM OF TRANSFER CERTIFICATE FOR TRANSFER OR
EXCHANGE FROM TEMPORARY GLOBAL NOTE
TO RESTRICTED GLOBAL NOTE
(exchanges or transfers pursuant to
Section 2.9 of the Base Indenture)

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street, 10th Floor
Chicago, Illinois 60602

Attn: Indenture Trust Administration

Re: Cendant Rental Car Funding (AESOP) LLC ("CRCF")
Asset Backed Rental Car Notes

Reference is hereby made to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (the "Base Indenture"), between CRCF and The Bank of New York, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to [ ] principal amount of Series [ ] Notes which are held in the form of the Permanent Global Series [ ] Note (CUSIP (CINS) No. [ ]) with Euroclear/Clearstream* (ISIN Code [ ]) (Common Code [ ]) through DTC by or on behalf of [Transferor] as beneficial owner (the "Transferor"). The Transferor has requested an exchange or transfer of its beneficial interest in the Series [ ] Notes for an interest in the Restricted Global Series [ ] Note (CUSIP No. [ ]).

In connection with such request, and in respect of such Series [ ] Notes, the Transferor does hereby certify that such Series [ ] Notes are being transferred in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act") to a transferee that the Transferor reasonably believes is purchasing the Series [ ] Notes for its own account or an account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified institutional buyer" within the meaning of Rule l44A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

---

* Select appropriate depositary.

This certificate and the statements contained herein are made for your benefit and the benefit of CRCF.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: [_____], 20[__]

EXHIBIT B

FORM OF CLEARING SYSTEM CERTIFICATE

Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street, 27th Floor
New York, New York 10005

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street, 10th Floor
Chicago, Illinois 60602
Attn: Indenture Trust Administration

Reference is hereby made to the Second Amended and Restated Base Indenture dated as of June 3, 2004 (the "Indenture") among Cendant Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This is to certify that, based solely on certificates we have received in writing, by tested telex or by electronic transmissions from noteholders appearing in our records as persons being entitled to a portion of the original principal amount of the Series [ ] Notes (the "Notes") equal to, as of the date hereof, U.S. $[ ] (our "Noteholders"), certificates with respect to such portion, substantially to the effect set forth in Exhibit C to the Indenture.

We further certify (i) that we are not making available herewith for exchange any portion of the Temporary Global Note excepted in such certificates and (ii) that as of the date hereof we have not received any notification from any of our Noteholders to the effect that the statements made by such Noteholder with respect to any portion of the part submitted herewith for exchange are no longer true and cannot be relied upon as at the date hereof. We understand that this certification is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with this certificate is or would be relevant, we irrevocably authorized you to produce this certification to any interested party in such proceedings.

Dated: [ ], 20[ ][1]

Yours faithfully,

EUROCLEAR BANK S.A./N.V., as
operator of the Euroclear System

or

[1] To be dated no earlier than the earliest of the Exchange Date or the relevant Distribution Date or the redemption date (as the case may be).

CLEARSTREAM, Société Anonyme

By: _____
Name:
Title:

EXHIBIT C

FORM OF CERTIFICATE OF BENEFICIAL OWNERSHIP

Re: Cendant Rental Car Funding (AESOP) LLC
Rental Car Asset Backed Notes, Series [ ]

If the Securities are of the category contemplated in Section 230.903(c)(3) of Regulation S under the Securities Act of 1933, as amended (the "Act"), then this is to certify that, except as set forth below, the Securities are beneficially owned by (a) non-U.S. persons or (b) U.S. persons who purchased the Securities in transactions which did not require registration under the Act. As used in this paragraph the terms "U.S. person" has the meaning given to it by Regulation S under the Act.

As used herein, "United States" means the United States of America (including the States and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to U.S.$[ ] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of definitive Securities (or, if relevant, exercise of any rights or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorize you to produce this certification to any interested party in such proceedings.

Date: [ ], 20[ ]*

By: _____

As, or as agent for, the beneficial owner(s) of the Securities to which this certificate relates.

* Not earlier than fifteen (15) days prior to the certification event to which the certification relates.

FORM OF MONTHLY CERTIFICATE

Cendant Rental Car Funding (AESOP) LLC

RENTAL CAR ASSET BACKED NOTES

The undersigned, duly authorized representatives of Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company ("CRCF"), pursuant to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (hereinafter as such agreement may have been, or may be from time to time, supplemented, amended or otherwise modified, the "Base Indenture"), between CRCF, as Issuer, and The Bank of New York, as Trustee, do hereby certify to the best of their knowledge after reasonable investigation that:

1. Capitalized terms used in this certificate have the respective meanings set forth in the Base Indenture, or in the case of a particular Series of Notes, the related Supplement. This certificate is delivered pursuant to Section 4.1(b) of the Base Indenture.

2. The undersigned are Authorized Officers of AESOP Leasing.

3. The date of this certificate is a Determination Date under the Base Indenture. Attached hereto as Schedule I is a true and correct copy of the Monthly Noteholders' Statement to be delivered on the Determination Date pursuant to Section 4.1(b) of the Base Indenture.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this certificate this [ ] day of [ ], 20[ ].

CENDANT RENTAL CAR FUNDING
(AESOP) LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE I

1. [1(a), (b) and (c) are only to be provided to the Trustee] (a) The aggregate amount of payments received and deposited in the Collection Account with respect to Vehicles from the Manufacturers and/or auction dealers under Manufacturer Programs for the Related Month with respect to the Determination Date was equal to $[ ] for Vehicles leased under the AESOP I Operating Lease, $[ ] for Vehicles leased under the AESOP II Operating Lease and $[ ] for Vehicles leased under the Finance Lease.

(b) The aggregate amount of payments received and deposited in the Collection Account from third parties (other than Manufacturers and auction dealers) with respect to the sale of Vehicles for the Related Month with respect to the Determination Date was equal to $[ ] for Vehicles leased under the AESOP I Operating Lease, $[ ] for Vehicles leased under the AESOP II Operating Lease and $[ ] for Vehicles leased under the Finance Lease.

(c) The aggregate amount of other Collections for the Related Month deposited in the Collection Account with respect to the determination date was equal to $[ ].

2. The Invested Percentage on the last day of the Related Month was equal to (for each Series of Notes and each Class of each Series):

Series _____ _____%
Class_____ _____%
Class_____ _____%
Series _____ _____%
Class_____ _____%
Class _____ _____%
etc.

3. The total amount to be distributed to the Noteholders (expressed as a dollar amount per $1,000) on the next succeeding Distribution Date is equal to (for each Series of Notes and each Class of each Series)

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

4. (a) The aggregate amount to be distributed to the Noteholders (expressed as a dollar amount per $1,000) on the next succeeding Distribution Date in respect of principal is equal to (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

(b) The aggregate amount to be distributed to the Noteholders (expressed as a dollar amount per $1,000) on the next succeeding Distribution Date in respect of interest is equal to (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

5. (a) The amount of Enhancement used or drawn in connection with the distribution to Noteholders on the next succeeding Distribution Date (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

(b) The amount available to be drawn under the Enhancement in connection with the distribution to Noteholders on the next succeeding Distribution Date, after giving effect to any drawing on the Enhancement and payments to the Enhancement Provider on the next succeeding Distribution Date (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

6. The existing Carryover Controlled Amortization Amount (if any) is (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

7. The Pool Factor (if any) for the Related Month is equal to (for each Series of Notes and each Class of each Series):

Series _____ $_____
Class_____$ _____
Class_____ $_____
Series _____ $_____
Class_____ $_____
Class _____ $_____%
etc.

8. The Vehicle Identification Numbers of all Vehicles leased under the Leases at the close of business on the last day of the Related Month are listed on Annex A.

9. (a) The aggregate Net Book Value of all Non-Program Vehicles disposed of during the related Measurement Month is as follows:

A. Vehicles under the AESOP I Operating Lease:
$_____

B. Vehicles under the Finance Lease:
$_____

(b) The aggregate Disposition Proceeds with respect to all Non-Program Vehicles disposed of during the related Measurement Month is as follows:

A. Vehicles under the AESOP I Operating Lease:
$_____

B. Vehicles under the Finance Lease:
$_____

10. The Aggregate Asset Amount and the Aggregate Asset Amount Deficiency at the close of business on the last day of the Related Month are $_____ and $_____, respectively.

11. The aggregate Net Book Value of all Non-Program Vehicles as of the last day of the Related Month is as follows:

A. Vehicles under the AESOP I Operating Lease:
$_____

B. Vehicles under the Finance Lease:
$_____

12. The amount of Monthly Base Rent and any Supplemental Rent due under each Lease on the next succeeding Payment Date is as follows:

A. AESOP I Operating Lease Base Rent due: $_____; and
AESOP I Operating Lease Supplemental Rent due: $_____.

B. Finance Lease Base Rent due: $_____; and
Finance Lease Supplemental Rent due: $_____.

C. AESOP II Operating Lease Base Rent due: $_____; and
AESOP II Operating Lease Supplemental Rent due: $_____.

13. The amount of Loan Interest, Monthly Loan Principal Amount and any other amounts due under each Loan Agreement on the next succeeding Payment Date is as follows:

A. AESOP I Operating Lease Loan Agreement Loan Interest due: $_____;
AESOP I Operating Lease Loan Agreement Monthly Loan Principal Amount due: $_____; and
AESOP I Operating Lease Loan Agreement (other amounts due): $_____.

B. AESOP I Finance Lease Loan Agreement Loan Interest due: $_____;
AESOP I Finance Lease Loan Agreement Monthly Loan Principal Amount due: $_____; and
AESOP I Finance Lease Loan Agreement (other amounts due): $_____.

C. AESOP II Loan Agreement Loan Interest due: $_____;
AESOP II Loan Agreement Monthly Loan Principal Amount due: $_____; and
AESOP II Loan Agreement (other amounts due): $_____.

14. The amount on deposit in the Termination Services Reserve Account is $_____.

15. The amount, if any, of withdrawals in respect of Termination Services Reserve Draw Amounts from the Termination Services Reserve Account during the related month was $_____.

16. The amount, if any, of investment earnings on funds on deposit in the Termination Services Reserve Account that will be distributed to the Administrator on the next succeeding payment date is $_____.

17. (a) The Required Enhancement Amount with respect to each Series is as follows:

Series _____ $_____
Series _____ $_____
etc.

(b) The amount of Enhancement Deficiency existing with respect to each Series is as follows:

Series _____ $_____
Series _____ $_____
etc.

18. The following Liens exist on the Loan Collateral (excluding Liens granted pursuant to the Indenture and the other Related Documents or permitted thereunder):

[List as applicable]

19. Check if applicable:

[ ] Lease Event of Default has occurred.

[ ] Loan Event of Default has occurred.

ANNEX A

1. Vehicles leased under the AESOP I Operating Lease:
   [List]

2. Vehicles leased under the AESOP II Operating Lease:
   [List]

3. Vehicles leased under the Finance Lease:
   [List]

EXHIBIT E

FORM OF MONTHLY NOTEHOLDERS' STATEMENT

CENDANT RENTAL CAR FUNDING (AESOP) LLC

RENTAL CAR ASSET BACKED NOTES
Series_____

Under Section 4.1(c) of the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (hereinafter as such agreement may have been, or may be from time to time, supplemented, amended or otherwise modified, the "Base Indenture"), between Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company ("CRCF"), and The Bank of New York, as Trustee (the "Trustee"), CRCF is required to prepare certain information each month for the Trustee regarding current distributions to Noteholders. The information which is required to be prepared with respect to the Distribution Date of [ ], 20[ ], is set forth below. Capitalized terms used herein have their respective meanings set forth in the Definitions List attached as Schedule I to the Base Indenture, or in the case of a particular Series of Notes, the related Supplement.

NOTE: Information contained herein with respect to each Series will only be distributed to holders of Notes with respect to such Series.

I. INVESTED PERCENTAGE

As of _____, the Invested Percentage is computed as the result of the following (the percentage equivalent, never to exceed 100%):

A. With respect to Principal Collections on Series [___]* Notes:

(1) Series [___]* Invested Amount: $_____, plus

(2) Series [___]* Overcollateralization Amount: $_____ divided by

(3) the greater of:

(a) the Aggregate Asset Amount: $_____, or

(b) the sum of ((1) + (2)) above for all Series outstanding.

Series [___]* Invested Percentage (with respect to Principal Collections ((1+2) / (greater of (a) or (b)): _____%

B. With respect to Principal Collections on Series [___]** Notes:

---

* Compute for each Series of Notes other than Variable Funding Notes.

(1) Series [___]** Invested Amount: $_____, divided by

(2) the greater of:

(a) the Aggregate Asset Amount: $_____, or

(b) the Sum of (A(1) + A(2)) above for all Series Outstanding.

Series [___]** Invested Percentage (with respect to Principal Collections (1) / (greater of (a) or (b)): %

C. With respect to Interest Collections on Series [___]* Notes:

(1) Accrued Amounts on Series [___]* Notes: $___, divided by

(2) The aggregate Accrued Amounts with respect to all Series of Notes: $___

Series [___]* Invested Percentage (with respect to Interest Collections ((1) / (2)): %

D. With respect to Interest Collections as Series [___]** Notes:

(1) Accrued Amounts on Series [___]** Notes: $___, divided by

(2) The aggregate Accrued Amounts with respect to all Series of Notes: $___.

Series [___]** Invested Percentage (with respect to Interest Collections ((1) / (2)): %

II. AGGREGATE ASSET AMOUNT

As of _____, the Aggregate Asset Amount is computed as the result of the following:

A. Aggregate Loan Principal Amount of all Loans outstanding: $___, plus

B. Outstanding amount of cash and Permitted Investments held in the Collection Account: ___, minus

C. All Monthly Loan Principal Amount payments then or previously due but not paid with respect to the Loans: $___.

Total Aggregate Asset Amount (A + B - C): $___.

III. REQUIRED AGGREGATE ASSET AMOUNT

As of _____, the Required Aggregate Asset Amount is computed as the result of the following:

A. Series [___]* Invested Amount ($__), plus

** Compute for each Series of Commercial Paper Notes.

B. Series [___]** Invested Amount ($__), plus

C. Sum of Invested Amounts for other Series of Notes ($_____).

Required Aggregate Asset Amount (A + B + C): $_____.

IV. AGGREGATE ASSET AMOUNT DEFICIENCY

As of _____, the Aggregate Asset Amount Deficiency equals: (III - II): $_____.

V. DISTRIBUTIONS TO NOTEHOLDERS

As of _____, the distributions with respect to principal and interest are computed as the result of the following:

A. With respect to Interest Payments on Series [___]* Notes:

(1) One-twelfth of % (the Class A-1 Note Rate): %, times

(2) Class A-1 Invested Amount (less principal payments): $_____.

Series [___]* Class A-1 Monthly Interest ((1) x (2)): $_____:

(3) One-twelfth of % (the Class A-2 Note Rate): %, times

(4) Class A-2 Invested Amount (less principal payments): $_____.

Series [___]* Class A-2 Monthly Interest ((3) x (4)): $_____.***

(5) Any unpaid Deficiency Amounts on Class A-1 Notes (plus interest accrued thereon): $__, plus

(6) Any unpaid Deficiency Amounts on Class A-2 Notes (plus interest accrued thereon): $_____.

Series [___]* distribution with respect to interest ((1) x (2)) + ((3) x (4)) + (5) + (6) = $_____.

B. With respect to Interest Payments on Series [___]** Notes:

(1) The Series [___]** Note Rate: %, times

(2) The average Series [___]** Invested Amount, times

(3) The actual number of days in such Series [___]** Interest Period divided by 360: , plus

(4) Any unpaid Deficiency Amounts (plus interest accrued thereon): $_____.

Series [___]** interest ((1) x (2) x (3)) + (4) = $_____

*** Repeat calculation for additional classes of Notes.

C. With respect to Principal Payments on Series [ ]* Notes:

(1) During Series [ ]* Controlled Amortization Period:

(a) Class A-1 Controlled Amortization Amount: $_____, plus

(b) Class A-1 Carryover Controlled Amortization Amount: $_____.

Series [ ]* Class A-1 principal payment ((a) + (b)): $_____.

(c) Class A-2 Controlled Amortization Amount: $_____, plus $_____.

(d) Class A-2 Carryover Controlled Amortization Amount: $_____.

Series [ ]* Class A-2 principal payment ((c) + (d)): $_____.

Series [ ]* distribution with respect to principal (a) + (b) + (c) + (d) = $_____..***

(2) During Series [ ]* Rapid Amortization Period:

(a) The total for each day during the Related Month of the Series [ ]* Invested Percentage ([____]each day) of the aggregate amount of Principal Collection on each day: $_____.

D. With respect to Principal Payments on Series [ ]** Notes:

(1) During Series [ ]** Controlled Amortization Period:

(a) The total for each day during the Related Month of the Series [ ]** Invested Percentage ([____]each day) of the aggregate amount of Principal Collections of each day: $_____., plus

(b) any Increase: $_____.

Series [ ]** principal payment (a) + (b): $_____.

(2) During Series [ ]** Rapid Amortization Period:

(a) The total for each day during the Related Month of the Series [ ]** Invested Percentage ([____]each day) of the aggregate amount of Principal Collections on each day: $_____.

E. The total amount distributed to the Series [ ]* Noteholders: (A + C): $_____.

F. The total amount distributed to the Series [ ]** Noteholders: (B + D): $_____.

VI. MONTHLY BASE RENT

As of the _____ Payment Date, the Monthly Base Rent is computed as a result of the following:

A. With respect to the AESOP I Operating Lease:

(1) The Loan Interest and Supplemental Interest with respect to the Loans under such Lease: $_____; plus

(2) Accrued Depreciation Charges (plus, without double counting, Ineligible Vehicles, Casualty Vehicles and Vehicles sold to third parties under the AESOP I Operating Lease): $_____; plus

(3) Upfront incentive payments from Manufacturers with respect to Non-Program Vehicles: $_____; plus

(4) Lease's share of Monthly Administration Fee: $_____; plus

(5) AESOP I Operating Lease Loan Agreement's share of Carrying Charges: $_____; plus

(6) Portion of AESOP I Operating Lease Management Fee: $__; plus

(7) One percent of the Net Book Value of Non-Program Vehicles: $_____.

The Monthly Base Rent with respect to the AESOP I Operating Lease is: (1 + 2 + 3 + 4 + 5 + 6 + 7) = $_____ .

B. With respect to the Finance Lease:

(1) The Loan Interest and Supplemental Interest with respect to the Loans under such Lease: $_____; plus

(2) Accrued Depreciation Charges (plus, without double counting, Ineligible Vehicles, Casualty Vehicles and Vehicles sold to third parties under the Finance Lease): $__; plus

(3) Upfront incentive payments from Manufacturers with respect to Non-Program Vehicles: $_____; plus

(4) Lease's share of Monthly Administration Fee: $_____; plus

(5) Finance Lease Loan Agreement's share of Carrying Charges: $_____; plus

(6) Portion of AESOP I Operating Lease Management Fee: $__; plus

(7) One percent of the Net Book Value of Non-Program Vehicles: $_____.

The Monthly Base Rent with respect to the AESOP I Finance Lease is: (1 + 2 + 3 + 4 + 5 + 6 + 7) = $_____.

C. With respect to the AESOP II Operating Lease:

(1) The Loan Interest and Supplemental Interest with respect to the Loans under such Lease: $_____; plus

(2) Accrued Depreciation Charges (plus, without double counting, Ineligible Vehicles, Casualty Vehicles and Vehicles sold to third parties under the AESOP II Operating Lease): $_____; plus

(3) Lease's share of Monthly Administration Fee: $_____; plus

(4) AESOP II Operating Lease Loan Agreement's share of Carrying Charges: $_____; plus

(5) Dividends accrued on the outstanding Preferred Stock: $_____;

6) Portion of AESOP II Management Fee: $_____.

The Monthly Base Rent with respect to the AESOP II Operating Lease is: (1 +2 + 3 + 4 + *5* + 6) = $_____.

VII. SUPPLEMENTAL BASE RENT

As of the _____ Payment Date, the Supplemental Base Rent is computed as a result of the following:

A. With respect to the AESOP I Operating Lease:

(1) Supplemental Base Rent: $_____.

B. With respect to the AESOP I Finance Lease:

(1) Supplemental Base Rent: $_____.

C. With respect to the AESOP II Operating Lease:

(1) Supplemental Base Rent: $_____.

VIII. MONTHLY ADMINISTRATION FEE

The amount of the Administration Fee payable by the Issuer is computed as a result of the following:

A. The Series [_____]* Percentage of the Monthly Administration Fee: $_____, and

B. The Series [_____]** Percentage of the Monthly Administration Fee: $_____, and

C. Any other Series Percentage of the Monthly Administration Fee: $_____.

Total Administration Fee payable by the Issuer (A + B + C) = $_____.

IX. LOAN PAYMENTS DUE

A. Loan Principal Due with respect to the AESOP I Operating Lease Loan Agreement (without duplication):

(1) Accrued Depreciation Charges for all Vehicles leased under the AESOP I Operating Lease: $_____; plus

(2) Incentive payments from Manufacturers with respect to purchases of Non-Program Vehicles leased under the AESOP I Operating Lease: $_____, plus

(3) The aggregate Termination Values of Vehicles leased under the AESOP I Operating Lease: $_____, minus

(4) Amounts received by the Lender or Trustee, or deposited in the Collection Account (representing Repurchase Prices and sales proceeds for Vehicles leased under the AESOP I Operating Lease): $_____, minus

(5) Payments applied to the Loan Principal Amount: $_____, times

(6) The applicable Loan Payment Allocation Percentage: ___%.

Total Principal Due ((1 + 2 + 3 - 4 - 5*)* x (6)):

Additional amounts due: $_____.

B. Loan Interest Due with respect to the AESOP I Operating Lease Loan Agreement:

(1) The greater of the Lender's Carrying Cost Interest Rate (as a percentage equivalent):

(a) The amount of interest accrued with respect to all Series of Notes: $_____, plus

(b) Any Swap Payments payable by the Issuer: $_____, minus

(c) Any accrued earnings on Permitted Investments in the Collection Account: $_____, divided by

(d) The Average Daily Loan Balance under the Loan Agreements: $_____

Lender's Carrying Cost Interest Rate: ((a + b — c) / (d)): ___%, or

(2) The rate of Loan Interest specified in the AESOP I Operating Lease Loan Agreement Loan Request Response: ___%

Loan Interest = (greater of ((1) or (2)) = ___%

(3) Unpaid principal amount of Loans: $_____

Total Loan Interest ((3) x (greater of ((1) or (2))): $_____

C. Loan Principal Due with respect to the AESOP II Loan Agreement (without duplication):

(1) Accrued Depreciation Charges for all Vehicles leased under the AESOP II Operating Lease: $_____, plus

(2) The aggregate Termination Values of Vehicles leased under the AESOP II Operating Lease: $_____, minus

(3) Amounts received by the Lender or Trustee, or deposited in the Collection Account (representing Repurchase Prices and sales proceeds for Vehicles leased under the AESOP II Operating Lease): $_____, minus

(4) Payments applied to the Loan Principal Amount: $_____, times

(5) The applicable Loan Payment Allocation Percentage: ___%

Total Principal Due ((1 + 2 - 3 - 4) x (5)): $_____

Additional amounts due: $_____.

D. Loan Interest Due with respect to the AESOP II Loan Agreement:

(1) The greater of the percentage from B(l) above: ___%, or

(2) The rate of Loan Interest specified in the AESOP II Loan Agreement Loan Request Response: ___%

Loan Interest = (greater of ((1) or (2)) = ___%

(3) Unpaid principal amount of Loans: $_____

Total Loan Interest (3 x (greater of ((1) or (2)): $_____.

E. Loan Principal Due with respect to the AESOP I Operating Lease Loan Agreement without duplication:

(1) Accrued Depreciation Charges for all Vehicles leased under the Finance Lease: $_____, plus

(2) Incentive payments from Manufacturers with respect to purchases of Non-Program Vehicles leased under the Finance Lease: $_____, plus

(3) The aggregate Termination Values of Vehicles leased under the Finance Lease: $_____, minus

(4) Amounts received by the Lender or Trustee, or deposited in the Collection Account (representing Repurchase Prices and sales proceeds for Vehicles leased under the Finance Lease): $_____, minus

(5) Payments applied to the Loan Principal Amount: $_____, times

(6) The applicable Loan Payment Allocation Percentage: ___%.

Total Principal Due ((1 + 2 + 3 - 4 - 5) x (6): $_____.

Additional amounts due: $_____.

F. Loan Interest Due with respect to the AESOP I Operating Lease Loan Agreement:

(1) The greater of the percentage from B(1) above: ___%, or

(2) The rate of Loan Interest specified in the AESOP I Operating Lease Loan Agreement Loan Request Response: ___%

Loan Interest = (greater of ((1) or (2)): ___%

(3) Unpaid principal amount of Loans: $_____.

Total Loan Interest ((3) x (greater of ((1) or (2)): $_____

X. ENHANCEMENT

A. With respect to Series [___]*:

(1) Draws on Series [___]* Available Reserve Account Amount: $_____.

(2) Current Series [___]* Available Reserve Account Amount: $_____.

(3) Current Series [___]* Overcollateralization Amount: $_____.

Available Series [___]* Enhancement Amount: (2 + 3): $_____.

B. With respect to Series [___]**:

(1) Draws on the Series [___]** Letter of Credit: $_____.

(2) Draws on the Series [___]** Cash Collateral Account: $_____.

(3) Current amount available on Series [___]** Letter of Credit: $_____.

(4) Current amount available from Series [___]** Cash Collateral Account: $_____.

Available Series [___]** Enhancement Amount: (3): $_____.

C. Series [___]* Required Enhancement Amount:

(1) The Series [____]* Percentage of the excess (if any) of the Non-Program Vehicle Amount over the Series [____]* Maximum Non-Program Vehicle Amount: $_____, plus

(2) The Series [___]* Percentage of the excess (if any) of the Non-Eligible Manufacturer Amount over the Series [___]* Maximum Non-Eligible Manufacturer Amount: $_____, plus

(3) The Series [_____]** Percentage of the excess (if any) of the Mitsubishi Vehicle Amount over the Series [_____]** Maximum Manufacturer Amount with respect to Mitsubishi: $_____, plus

(4) The Series [___]* Percentage of the excess (if any) of the Subaru/Hyundai/Suzuki Vehicle Amount over the Series [___]* Maximum Manufacturer Amount with respect to Subaru, Hyundai and Suzuki (in the aggregate): $_____, plus

(5) The Series [___]* Percentage of the excess (if any) of the Specified States Amount over the Series [___]* Specified States Amount: $_____, plus

(6) The product of:

(a) The Series [___]* Required Enhancement Percentage: %, times

(b) The Series [___]* Invested Amount.

The Series [___]* Required Enhancement Amount: (1 + 2 + 3 + 4 +5 + (6(a) x 6(b))): $_____.

D. Series [___]* Enhancement Deficiency:

(1) The amount by which:

(a) The Series [___]* Enhancement Amount: $_____, is less than

(b) The Series [___]* Required Enhancement Amount: $_____.

The Series [___]* Enhancement Deficiency, if any, is: $_____.

E. Series [___]** Required Enhancement Amount:

(1) The Series [___]** Percentage of the excess (if any) of the Non-Program Vehicle Amount over the Series [___]** Maximum Non-Program Vehicle Amount: $_____, plus

(2) The Series [___]** Percentage of the excess (if any) of the Non-Eligible Manufacturer Amount over the Series [___]** Maximum Non-Eligible Manufacturer Amount: $_____, plus

(3) The Series [_____]** Percentage of the excess (if any) of the Mitsubishi Vehicle Amount over the Series [_____]** Maximum Manufacturer Amount with respect to Mitsubishi: $_____, plus

(4) The Series [_____]** Percentage of the excess (if any) of the Subaru/Hyundai/Suzuki Vehicle Amount over the Series [_____]** Maximum Manufacturer Amount with respect to Subaru, Hyundai and Suzuki (in the aggregate): $_____, plus

(5) The excess (if any) of the Financed Vehicle Amount over the Series [___]** Maximum Financed Vehicle Amount: $_____, plus

(6) The product of:

(a) The Series [___]**Required Enhancement Percentage: %, times

(b) The Series [___]** Invested Amount.

The Series [___] Required Enhancement Amount: (1 + 2 + 3 + 4 + 5 + (6(a) x 6(b))): $_____.

F. Series [___]* Enhancement Deficiency:

(1) The amount by which:

(a) The Series [___]** Enhancement Amount: $_____, is less than
(b) The Series [___]** Required Enhancement Amount: $_____.

The Series [___]** Enhancement Deficiency, if any, is: $_____.

XI. LIENS AND DEFAULTS

A. The following Liens exist on the Loan Collateral (excluding Liens granted pursuant to the Indenture and the other Related Documents or permitted thereunder):

[List as applicable]

B. Check if applicable:

[ ] Lease Event of Default has occurred.

[ ] Loan Event of Default has occurred.

XII. SALE OF NON-PROGRAM VEHICLES

A. The aggregate Net Book value of all Non-Program Vehicles disposed of during the related Measurement Month is as follows:

(1) Vehicles under the AESOP I Operating Lease: $_____.

(2) Vehicles under the Finance Lease: $_____.

B. The aggregate Disposition Proceeds with respect to all Non-Program Vehicles disposed of during the related Measurement Month is as follows:

(1) Vehicles under the AESOP I Operating Lease: $_____.

(2) Vehicles under the Finance Lease: $_____.

XIII. VALUE OF NON-PROGRAM VEHICLES

A. The aggregate Net Book Value of all Non-Program Vehicles is as follows:

(1) Vehicles under the AESOP I Operating Lease: $_____.

(2) Vehicles under the Finance Lease: $_____.

B. The aggregate Market Value of all Non-Program Vehicles is as follows:

(1) Vehicles under the AESOP I Operating Lease: $_____.

(2) Vehicles under the Finance Lease: $_____.

XIV. TERMINATION SERVICES RESERVE ACCOUNT

A. The amount on deposit in the Termination Services Reserve Account: $_____.

B. The amount of withdrawals from the Termination Services Reserve Account: $_____.

C. The amount, if any, of investment earnings on funds on deposit in the Termination Services Reserve Account that will be distributed to the Administrator (as a portion of the Monthly Administration Fee): $_____.

IN WITNESS WHEREOF, the undersigned have duly executed this certificate this [___] day of [___], 20[__].

By: /s/
Name:
Title:

By: /s/
Name:
Title:

DEFINITIONS LIST

"Accrued Amounts" means, with respect to any Series of Notes (or any class of such Series of Notes), on any date of determination, the sum of (i) accrued and unpaid interest on the Notes of such Series of Notes (or the applicable class thereof) as of such date, plus any Swap Payments payable by CRCF with respect to such Series of Notes and (ii) the product of (A) the sum of all other accrued and unpaid Trustee fees and other fees and expenses and indemnity amounts, if any, payable by CRCF under the Indenture and/or the Related Documents on such date, and (B) a fraction, the numerator of which is the Invested Amount of such Series of Notes (or the applicable class thereof) on such date and the denominator of which is the Aggregate Invested Amount of all Series of Notes on such date.

"Accumulation Period" means, with respect to any Series of Notes, the period, if any, specified in the applicable Supplement.

"Additional Lease Collateral" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 7.1(iii) thereof and (ii) for purposes of the AESOP II Loan Agreement, in Section 7.1(iii) thereof.

"Administration Agreement" means the Second Amended and Restated Administration Agreement, dated as of the Restatement Effective Date, by and among CCRG, as Administrator, AESOP Leasing, AESOP Leasing II, CRCF, ARAC, BRAC and the Trustee, as amended, modified or supplemented from time to time in accordance with its terms.

"Administrator" means CCRG, 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.

"AESOP I Finance Lease Loan Agreement" means the Amended and Restated Loan Agreement, dated as of the Restatement Effective Date, between CRCF, as lender thereunder, and AESOP Leasing, as the borrower thereunder, relating to the financing of Vehicles to be leased under the Finance Lease, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"AESOP I Finance Lease Loan Agreement Borrowing Base" means, on any date of determination, the sum of the AESOP I Finance Lease Loan Agreement Program Vehicle Borrowing Base and the AESOP I Finance Lease Loan Agreement Non-Program Vehicle Borrowing Base on such date.

"AESOP I Finance Lease Loan Agreement Non-Program Vehicle Borrowing Base" means, on any date of determination, without duplication, an amount equal to (i) the Capitalized Cost of new Non-Program Vehicles being leased under the Finance Lease on such date and the Net Book Value of all Non-Program Vehicles (other than new Vehicles) leased under the Finance Lease that are Eligible Vehicles on such date, plus (ii) all amounts receivable, as of such date, by a Lessee, AESOP Leasing or the Intermediary from any person or entity in connection with the auction, sale or other disposition of Non-Program Vehicles leased under the Finance Lease that were at the time of disposition Eligible Vehicles, plus (iii) all accrued and unpaid amounts pursuant to clause (b) of the definition of Monthly Base Rent and all accrued and unpaid Supplemental Rent, in each case, with respect to Non-Program Vehicles leased under the Finance Lease (other than amounts specified in clause (ii) above), minus (iv) the Finance Lease Non-Program Vehicle Ineligible Asset Amount, if any.

"AESOP I Finance Lease Loan Agreement Program Vehicle Borrowing Base" means, on any date of determination, without duplication, an amount equal to (i) the Capitalized Cost of new Program Vehicles being leased under the Finance Lease on such date and the Net Book Value of all Program Vehicles (other than new Vehicles) leased under the Finance Lease that are Eligible Vehicles on such date, plus (ii) all amounts receivable, as of such date, by a Lessee, AESOP Leasing or the Intermediary from Manufacturers under and in accordance with their respective Eligible Manufacturer Programs with respect to Program Vehicles leased under the Finance Lease that were at the time of disposition Eligible Vehicles, plus (iii) all amounts (other than amounts specified in clause (ii) above) receivable, as of such date, by a Lessee or AESOP Leasing from any person or entity in connection with the auction, sale or other disposition of Program Vehicles leased under the Finance Lease that were at the time of disposition Eligible Vehicles, plus (iv) all accrued and unpaid amounts pursuant to clause (b) of the definition of Monthly Base Rent and all accrued and unpaid Supplemental Rent, in each case, with respect to Program Vehicles leased under the Finance Lease (other than amounts specified in clauses (ii) and (iii) above), minus (v) the Finance Lease Program Vehicle Ineligible Asset Amount, if any.

"AESOP I Finance Lease Loan Collateral" means all the property and rights on or in which a Lien is granted to the Lender to secure all or any of the Liabilities under the AESOP I Finance Lease Loan Agreement pursuant to Section 7.1(a) of the AESOP I Finance Lease Loan Agreement, or under any other instruments, agreements or documents provided for in the AESOP I Finance Lease Loan Agreement or delivered or to be delivered thereunder or in connection therewith.

"AESOP I Finance Lease Loan Event of Default" means any of the events described in Section 12.1 of the AESOP I Finance Lease Loan Agreement.

"AESOP I Loan Agreements" means the AESOP I Operating Lease Loan Agreement and the AESOP I Finance Lease Loan Agreement.

"AESOP I Loan Collateral" means the AESOP I Operating Lease Loan Collateral and the AESOP I Finance Lease Loan Collateral.

"AESOP I Loan Event of Default" means an AESOP I Operating Lease Loan Event of Default or an AESOP I Finance Lease Loan Event of Default.

"AESOP I Operating Lease" means the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of the Restatement Effective Date, between AESOP Leasing, as the lessor thereunder, and CCRG, as the lessee thereunder and as Administrator, as amended, modified or supplemented from time to time in accordance with its terms.

"AESOP I Operating Lease Commencement Date" is defined in Section 3.2 of the AESOP I Operating Lease.

"AESOP I Operating Lease Event of Default" is defined in Section 18.1 of the AESOP I Operating Lease.

"AESOP I Operating Lease Expiration Date" is defined in Section 3.2 of the AESOP I Operating Lease.

"AESOP I Operating Lease Loan Agreement" means the Second Amended and Restated Loan Agreement, dated as of the Restatement Effective Date, among CRCF, as lender thereunder, AESOP Leasing, as the borrower thereunder, and PVHC and Quartx, each as a Permitted Nominee of AESOP Leasing, relating to the financing of Vehicles to be leased under the AESOP I Operating Lease, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"AESOP I Operating Lease Loan Agreement Borrowing Base" means, on any date of determination, the sum of the AESOP I Operating Lease Loan Agreement Program Vehicle Borrowing Base and the AESOP I Operating Lease Loan Agreement Non-Program Vehicle Borrowing Base on such date.

"AESOP I Operating Lease Loan Agreement Non-Program Vehicle Borrowing Base" means, on any date of determination, without duplication, an amount equal to (i) the Capitalized Cost of new Non-Program Vehicles being leased under the AESOP I Operating Lease on such date and the Net Book Value of all Non-Program Vehicles (other than new Vehicles) leased under the AESOP I Operating Lease that are Eligible Vehicles on such date, plus (ii) all amounts receivable, as of such date, by AESOP Leasing or the Intermediary from any person or entity in connection with the auction, sale or other disposition of Non-Program Vehicles leased under the AESOP I Operating Lease that were at the time of disposition Eligible Vehicles, plus (iii) all accrued and unpaid amounts pursuant to clause (b) of the definition of Monthly Base Rent and all accrued and unpaid Supplemental Rent, in each case, with respect to Non-Program Vehicles leased under the AESOP I Operating Lease (other than amounts specified in clause (ii) above), minus (iv) the AESOP I Operating Lease Non-Program Vehicle Ineligible Asset Amount, if any.

"AESOP I Operating Lease Loan Agreement Program Vehicle Borrowing Base" means, on any date of determination, without duplication, an amount equal to (i) the Capitalized Cost of

new Program Vehicles being leased under the AESOP I Operating Lease on such date and the Net Book Value of all Program Vehicles (other than new Vehicles) leased under the AESOP I Operating Lease that are Eligible Vehicles on such date, plus (ii) all amounts receivable, as of such date, by AESOP Leasing or the Intermediary from Manufacturers under and in accordance with their respective Eligible Manufacturer Programs with respect to Program Vehicles leased under the AESOP I Operating Lease that were at the time of disposition Eligible Vehicles, plus (iii) all amounts (other than amounts specified in clause (ii)) receivable, as of such date, by AESOP Leasing or the Intermediary from any person or entity in connection with the auction, sale or other disposition of Program Vehicles leased under the AESOP I Operating Lease that were at the time of disposition Eligible Vehicles, plus (iv) all accrued and unpaid amounts pursuant to clause (b) of the definition of Monthly Base Rent and all accrued and unpaid Supplemental Rent, in each case, with respect to Program Vehicles leased under the AESOP I Operating Lease (other than amounts specified in clauses (ii) and (iii) above), minus (v) the AESOP I Operating Lease Program Vehicle Ineligible Asset Amount, if any.

"AESOP I Operating Lease Loan Collateral" means all the property and rights on or in which a Lien is granted to the Lender to secure all or any of the Liabilities under the AESOP I Operating Lease Loan Agreement pursuant to Section 7.1(a) of the AESOP I Operating Lease Loan Agreement, or under any other instruments, agreements or documents provided for in the AESOP I Operating Lease Loan Agreement or delivered or to be delivered thereunder or in connection therewith; other than any such property released from such lien pursuant to Section 7.3 of the AESOP I Operating Lease Loan Agreement.

"AESOP I Operating Lease Loan Event of Default" means any of the events described in Section 12.1 of the AESOP I Operating Lease Loan Agreement.

"AESOP I Operating Lease Non-Program Vehicle Ineligible Asset Amount" means, as of any date of determination, an amount equal to, without duplication, (a) the aggregate of all amounts specified in clause (ii) of the definition of "AESOP I Operating Lease Loan Agreement Non-Program Vehicle Borrowing Base" which are unpaid more than thirty (30) days past the applicable disposition date, plus (b) the aggregate of all amounts specified in clause (iii) of the definition of "AESOP I Operating Lease Loan Agreement Non-Program Vehicle Borrowing Base" which are past due as of such date.

"AESOP I Operating Lease Program Vehicle Ineligible Asset Amount" means, as of any date of determination, an amount equal to, without duplication, (a) the aggregate of all amounts receivable as of such date by AESOP Leasing or the Intermediary under and in accordance with a Manufacturer Program with respect to Program Vehicles that were leased under the AESOP I Operating Lease from a Manufacturer with respect to which a Manufacturer Event of Default has occurred, plus (b) the aggregate of all amounts receivable as of such date by AESOP Leasing or the Intermediary under and in accordance with a Manufacturer Program with respect to Program Vehicles that were leased under the AESOP I Operating Lease from a Manufacturer which amounts are unpaid more than ninety (90) days past the applicable Turnback Date, plus (c) the aggregate of all amounts specified in clause (iii) of the definition of "AESOP I Operating Lease Loan Agreement Program Vehicle Borrowing Base" which are unpaid more than thirty (30) days past the applicable disposition date, plus (d) the aggregate of all amounts specified in clause (iv)

of the definition of "AESOP I Operating Lease Loan Agreement Program Vehicle Borrowing Base" which are past due as of such date.

"AESOP I Operating Lease Vehicle Deficiency" means, on any date of determination, the amount by which the aggregate Required AESOP I Operating Lease Vehicle Amounts with respect to all Series of Notes exceeds the AESOP I Operating Lease Loan Agreement Borrowing Base on such date.

"AESOP I Operating Lease Vehicle Percentage" means, with respect to any Series of Notes, the percentage specified in the applicable Supplement.

"AESOP I Segregated Account" is defined in Section 7.8 of each of the AESOP I Operating Lease Loan Agreement and the AESOP I Finance Lease Loan Agreement.

"AESOP II Ineligible Asset Amount" means, as of any date of determination, an amount equal to, without duplication, (a) the aggregate of all amounts receivable as of such date by AESOP Leasing II under and in accordance with a Manufacturer Program with respect to Program Vehicles leased under the AESOP II Operating Lease from a Manufacturer with respect to which a Manufacturer Event of Default has occurred, plus (b) the aggregate of all amounts receivable as of such date by AESOP Leasing II under and in accordance with a Manufacturer Program with respect to Program Vehicles leased under the AESOP II Operating Lease from a Manufacturer which amounts are unpaid more than ninety (90) days past the applicable Turnback Date, plus (c) the aggregate of all amounts specified in clause (iii) of the definition of "AESOP II Loan Agreement Borrowing Base" which are unpaid more than thirty (30) days past the applicable disposition date, plus (d) the aggregate of all amounts specified in clause (iv) of the definition of "AESOP II Loan Agreement Borrowing Base" which are past due as of such date.

"AESOP II Loan Agreement" means the Amended and Restated Loan Agreement, dated as of the Restatement Effective Date, among CRCF, as lender thereunder, AESOP Leasing II, as the borrower thereunder, and Original AESOP, as Permitted Nominee of AESOP Leasing II, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"AESOP II Loan Agreement Borrowing Base" means, on any date of determination, without duplication, an amount equal to (i) the Capitalized Cost of new Program Vehicles leased under the AESOP II Operating Lease on such date and the Net Book Value of Program Vehicles (other than new Vehicles) leased under the AESOP II Operating Lease on such date, plus (ii) all amounts receivable, as of such date, by AESOP Leasing II from Manufacturers under and in accordance with their respective Eligible Manufacturer Programs with respect to Program Vehicles leased under the AESOP II Operating Lease, plus (iii) all amounts (other than amounts specified in clause (ii) above) receivable, as of such date, by AESOP Leasing II from any person or entity in connection with the auction, sale or other disposition of Program Vehicles leased under the AESOP II Operating Lease, plus (iv) all accrued and unpaid amounts pursuant to clause (b) of the definition of Monthly Base Rent and all accrued and unpaid Supplemental Rent, in each case, under the AESOP II Operating Lease (other than amounts specified in clauses (ii) and (iii) above), minus (v) the AESOP II Ineligible Asset Amount, if any.

"AESOP II Loan Collateral" means all property and rights on or in which a Lien is granted to the Lender to secure all or any of the Liabilities under the AESOP II Loan Agreement pursuant to Section 7.1(a) of the AESOP II Loan Agreement, or under any other instruments, agreements or documents provided for in the AESOP II Loan Agreement or delivered or to be delivered thereunder or in connection therewith.

"AESOP II Loan Event of Default" means any of the events described in Section 12.1 of the AESOP II Loan Agreement.

"AESOP II Management Agreement" means the Management Agreement, dated as of July 30, 1997, between the Managing Agent and AESOP Leasing II, as amended, modified or supplemented from time to time in accordance with its terms.

"AESOP II Management Fee" is defined in Section 2 of the AESOP II Management Agreement.

"AESOP II Operating Lease" means the Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of the Restatement Effective Date, between AESOP Leasing II, as the lessor thereunder, CCRG, individually as the lessee and as Administrator, as amended, modified or supplemented from time to time in accordance with its terms.

"AESOP II Operating Lease Commencement Date" is defined in Section 3.2 of the AESOP II Operating Lease.

"AESOP II Operating Lease Event of Default" is defined in Section 18.1 of the AESOP II Operating Lease.

"AESOP II Operating Lease Expiration Date" is defined in Section 3.2 of the AESOP II Operating Lease.

"AESOP II Segregated Account" is defined in Section 7.8 of the AESOP II Loan Agreement.

"AESOP Leasing" means AESOP Leasing L.P., a Delaware limited partnership, and its permitted successors.

"AESOP Leasing Limited Partnership Agreement" means the Limited Partnership Agreement of AESOP Leasing, dated as of July 21, 1997, between Original AESOP, as general partner, and AESOP Leasing, as limited partner, as amended, modified or supplemented from time to time in accordance with its terms.

"AESOP Leasing II" means AESOP Leasing Corp. II, a Delaware corporation, and its permitted successors.

"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. For purposes of the Loan Agreements, the Lender shall not be considered to be an Affiliate of either AESOP Leasing or AESOP Leasing II.

"Agent" means any Registrar or Paying Agent.

"Aggregate Asset Amount" means, as of any date of determination, an amount equal to (a) the aggregate Loan Principal Amount of Loans outstanding under the Loan Agreements on such date plus (b) cash and Permitted Investments on deposit in the Collection Account on such date minus (c) any Aggregate Asset Amount Decline.

"Aggregate Asset Amount Decline" means the aggregate amount of all Monthly Loan Principal Amount payments then or previously due but not paid with respect to the Loans under all the Loan Agreements.

"Aggregate Asset Amount Deficiency" means, with respect to any date of determination, the amount, if any, by which the Required Aggregate Asset Amount on such date exceeds the Aggregate Asset Amount on such date.

"Aggregate Invested Amount" means the sum of the Invested Amounts with respect to all Series of Notes then outstanding.

"Amortization Commencement Date" means, with respect to a Series of Notes, the date on which an Amortization Event for such Series is deemed to have occurred pursuant to Section 9.1 of the Base Indenture.

"Amortization Event" is defined, with respect to each Series of Notes, in Section 9.1 of the Base Indenture.

"Amortization Period" means, with respect to any Series of Notes, the period following the Revolving Period (as defined in any related Supplement) which shall be the Accumulation Period, the Controlled Amortization Period, or the Rapid Amortization Period, each as defined in the related Supplement.

"Annual Noteholders' Tax Statement" is defined in Section 6.4(b) of the Base Indenture.

"Approved Lockbox Account" means a lockbox account that is: (i) maintained with a Qualified Institution, (ii) established and maintained pursuant to an agreement that is approved in writing by the Trustee and each Enhancement Provider and (iii) pledged to the Trustee and over which no other Person has rights of withdrawal.

"ARAC" means Avis Rent A Car System, Inc., a Delaware corporation, and its permitted successors.

"AGH" means Avis Group Holdings, Inc., a Delaware corporation.

"Assets" means any interest of any kind in any assets or property of any kind (including, without limitation, any security interest in Vehicles), tangible or intangible, real, personal or

mixed, now owned or hereafter acquired by CRCF, AESOP Leasing, AESOP Leasing II or such other Person as the context may require.

"Assignment Agreement" means the agreement with respect to each Manufacturer and its Manufacturer Program, entered into or to be entered into among CRCF, CCRG, ARAC, BRAC, AESOP Leasing, AESOP Leasing II and the Trustee and acknowledged by such Manufacturer, assigning to the Trustee certain of AESOP Leasing's, AESOP Leasing II's, CCRG's, ARAC's and BRAC's right, title and interest in and to such Manufacturer's Manufacturer Program as it relates to Vehicles purchased from such Manufacturer.

"Authorized Officer" means (a) as to Original AESOP, PVHC, Quartx and AESOP Leasing II, any of the President, any Vice President, the Secretary or any Assistant Secretary, (b) as to AESOP Leasing, any of the President, any Vice President, the Secretary or any Assistant Secretary of Original AESOP, (c) as to CRCF, any Manager, President, Vice President, Secretary or Assistant Secretary and (d) as to CCRG or any Lessee, those officers, employees and agents of CCRG or such Lessee whose signatures and incumbency shall have been certified in such certificates as may be delivered by CCRG or such Lessee to AESOP Leasing or AESOP Leasing II, as the case may be, from time to time as duly authorized to execute and deliver the applicable Leases and any instruments, certificates, notices and other documents in connection herewith on behalf of CCRG or such Lessee and to take, from time to time, all other actions on behalf of CCRG or such Lessee in connection therewith.

"Average Daily Loan Balance" means, for any Loan Interest Period, (i) with respect to Loans made under the AESOP I Operating Lease Loan Agreement, the average daily outstanding Loan Principal Amount of all such Loans at any time during such Loan Interest Period, (ii) with respect to Loans made under the AESOP I Finance Lease Loan Agreement, the average daily outstanding Loan Principal Amount of all such Loans at any time during such Loan Interest Period and (iii) with respect to Loans made under the AESOP II Loan Agreement, the average daily outstanding Loan Principal Amount of all such Loans at any time during such Loan Interest Period.

"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 Second Amended and Restated Base Indenture, dated as of the Restatement Effective Date, between CRCF and the Trustee, as amended, modified or supplemented from time to time in accordance with its terms, exclusive of Supplements creating a new Series of Notes.

"Board of Directors" means the Board of Directors of AESOP Leasing II, Original AESOP, PVHC, Quartx, the Finance Lease Guarantor or any Lessee, as applicable, or any authorized committee of the Board of Directors.

"BONY" means The Bank of New York, a New York banking corporation.

"Book-Entry Notes" means beneficial interests in the Notes, ownership and transfers of which shall be evidenced or made through book entries by a Clearing Agency as described in Section 2.16 of the Base Indenture; provided that after the occurrence of a condition whereupon

book-entry registration and transfer are no longer permitted and Definitive Notes are issued to the Note Owners, such Definitive Notes shall replace Book-Entry Notes.

"Borrower" means (i) AESOP Leasing, in its capacity as the borrower under each of the AESOP I Loan Agreements, and (ii) AESOP Leasing II, in its capacity as the borrower under the AESOP II Loan Agreement.

"Borrowing Date" means the date a Loan is made to a Borrower under the Loan Agreement to which such Borrower is a party.

"BRAC" means Budget Rent A Car System, Inc., a Delaware corporation, and its permitted 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, or Chicago, Illinois.

"Capitalized Cost" means, with respect to each Vehicle purchased by the Intermediary, AESOP Leasing, AESOP Leasing II, CCRG, ARAC or BRAC, as the case may be, directly from a dealer (including any Vehicle for delivery to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG pursuant to the Master Exchange Agreement), the price paid for such Vehicle by the Intermediary, AESOP Leasing, AESOP Leasing II, CCRG, ARAC or BRAC, as applicable, to the dealer selling such Vehicle, including dealer profit and delivery charges but excluding taxes and any registration or titling fees.

"Carrying Charges" means, as of any day, an amount equal to, without duplication, (i) the aggregate of all Trustee fees and other costs, fees and expenses and indemnity amounts, if any, payable by the Lender under the Indenture or the Related Documents which have accrued since the then most recent Payment Date, plus (ii) the Monthly Administration Fee payable by the Lender under the Administration Agreement on the next succeeding Payment Date plus (iii) without duplication, all other operating expenses of CRCF (including, without limitation, the CRCF Management Fee and all costs, fees, expenses and other amounts payable by CRCF to any Enhancement Provider) (other than amounts payable by AESOP Leasing pursuant to Section 13.4 or 13.5 of the AESOP I Loan Agreements and by AESOP Leasing II pursuant to Section 13.4 or 13.5 of the AESOP II Loan Agreement) which have accrued since the then most recent Payment Date.

"Carryover Controlled Amortization Amount" means, with respect to each Series of Notes, the amount specified as such in the related Supplement.

"Cash Collateral Account" is defined, with respect to any Series, in the related Supplement.

"Casualty" means, with respect to any Vehicle, that (i) such vehicle is destroyed, seized or otherwise rendered permanently unfit or unavailable for use and is not tendered to and accepted for repurchase by the applicable Manufacturer within ninety (90) days following the occurrence thereof, (ii) such Vehicle is lost or stolen and is not recovered, tendered to and accepted for repurchase by the applicable Manufacturer within one hundred eighty (180) days

following the occurrence thereof, (iii) the return of such Vehicle (if a Program Vehicle) to the applicable Manufacturer during the applicable Repurchase Period cannot be, or is not, effected for any reason (provided that such Vehicle will not be deemed a Casualty if the Lessee of such Vehicle redesignates it as a Non-Program Vehicle pursuant to Section 2.7 of the AESOP I Operating Lease or the Finance Lease) or (iv) the applicable Manufacturer did not accept such Vehicle (if a Program Vehicle) for repurchase for any reason unless the Lessee of such Vehicle reasonably believes such Manufacturer will accept such Vehicle for repurchase upon a subsequent return (provided that such Vehicle will not be deemed a Casualty if the Lessee of such Vehicle redesignates it as a Non-Program Vehicle pursuant to Section 2.7 of the AESOP I Operating Lease or the Finance Lease).

"CCRG" means Cendant Car Rental Group, Inc., a Delaware corporation and its permitted successors.

"CCRG Securities Account Control Agreement" means the Securities Account Control Agreement, dated as of July 30, 1997, between CRCF and The Bank of New York as successor to the corporate trust administration of Harris Trust and Savings Bank, as Trustee and as Securities Intermediary, relating to the Termination Services Reserve Account, as amended, modified or supplemented from time to time in accordance with its terms.

"Cede" means Cede & Co., a nominee of DTC.

"Certificate of Title" means, with respect to each Vehicle, the certificate of title applicable to such Vehicle duly issued in accordance with the certificate of title act or statute of the jurisdiction applicable to such Vehicle.

"Chairman of the Managers" is defined in Section 1.1 of the CRCF Limited Liability Company Agreement.

"Chrysler" means DaimlerChrysler Motors Company LLC, a Delaware limited liability company, and its successors.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act or any successor provision thereto or Euroclear or Clearstream. The initial Clearing Agencies shall be DTC, Euroclear and Clearstream.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Clearstream" means Clearstream Banking, société anonyme.

"Closing Date" means the Restatement Effective 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" is defined in Section 3.1 of the Base Indenture.

"Collection Account" is defined in Section 5.1 of the Base Indenture.

"Collections" means (i) all payments by or on behalf of the Borrowers under the Loan Agreements, (ii) all payments on the Collateral, including payments made by or on behalf of any Manufacturer or auction dealer, under the related Manufacturer Program with respect to Vehicles, (iii) all payments by or on behalf of any other Person as proceeds from the sale of Vehicles or payments of insurance proceeds and warranty payments which the Borrowers are 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, (iv) all payments by the Intermediary to the Trustee of funds transferred from a Joint Collection Account pursuant to the Master Exchange Agreement in accordance with the terms thereof, (v) all payments made to the Collection Account from a Joint Disbursement Account or the Exchange Account pursuant to the terms of the Escrow Agreement, (vi) all payments by or on behalf of CCRG under the Vehicle Title and Lienholder Nominee Agreements with respect to Vehicles and (vii) all amounts earned on Permitted Investments of funds in the Collection Account. To the extent so specified in a Supplement, Collections also shall include all proceeds from the sale of the Notes issued under such Supplement.

"Company Order" and "Company Request" means a written order or request signed in the name of CRCF by any one of its Authorized Officers and delivered to the Trustee.

"Computer Services Agreement" means the Computer Services Agreement, dated as of July 30, 1997, by and between AGH and WizCom International, Ltd., as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"Condition Report" means a condition report with respect to a Program Vehicle, signed and dated by the applicable Lessee and a Manufacturer or its agent in accordance with the applicable Manufacturer Program.

"Consolidated Subsidiary" means, at any time, any Subsidiary or other entity the accounts of which would be consolidated with those of CCRG, ARAC or BRAC in its consolidated financial statements as of such time.

"Contingent Obligation", as applied to any Person, means 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 Obligations 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.

"Controlled Amortization Period" means, with respect to any Series of Notes, the period specified in the applicable Supplement.

"Controlled Distribution Amount" means, with respect to any Series or Class of Notes, the amount (or amounts) specified in any applicable Supplement.

"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" means 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: Indenture Trust Administration, or at any other time at such other address as the Trustee may designate from time to time by notice to the Noteholders and CRCF.

"CRCF" means Cendant Rental Car Funding (AESOP) LLC, formerly known as AESOP Funding II L.L.C., a Delaware limited liability company.

"CRCF Agreements" means the CRCF Limited Liability Company Agreement, the Loan Agreements, the Loan Notes, the Assignment Agreements, the Indenture, the Administration Agreement, the Termination Services Agreement, the CRCF Account Control Agreements, any Swap Agreement, any Enhancement Agreement and any other agreements to which CRCF is a party from time to time.

"CRCF Limited Liability Company Agreement" means the Limited Liability Company Agreement of CRCF, dated as of July 21, 1997, between AESOP Leasing and Original AESOP, as amended, modified or supplemented from time to time in accordance with its terms.

"CRCF Management Agreement" means the Management Agreement, dated as of July 30, 1997, between the Managing Agent and CRCF.

"CRCF Management Fee" is defined in Section 2 of the CRCF Management Agreement.

"CRCF Obligations" means all principal and interest, at any time and from time to time, owing by CRCF on the Notes, and all costs, fees and expenses payable by, or obligations of, CRCF under the Indenture and/or the Related Documents.

"CRCF Securities Account Control Agreement" means the Securities Account Control Agreement, dated as of July 30, 1997, between CRCF and The Bank of New York, as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as Trustee and as Securities Intermediary, relating to the Collection Account, as amended, modified or supplemented from time to time in accordance with its terms.

"Daily Report" is defined in Section 4.1(a) of the Base Indenture.

"Default Amount" means, with respect to (i) any Guaranteed Depreciation Program, zero, (ii) Nissan's or Nissan Hawaii's Manufacturer Program, $10 million, (iii) Mazda's Manufacturer Program, $10 million and (iv) any other Manufacturer's Manufacturer Program, $25 million.

"Defaulting Manufacturer" is defined (i) for purposes of the AESOP I Operating Lease in Section 19 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 19 thereof and (iii) for purposes of the Finance Lease in Section 19 thereof.

"Definitions List" means this Definitions List, as amended or modified from time to time.

"Definitive Notes" is defined in Section 2.16(e) of the Base Indenture.

"Deposited Funds" means all funds on deposit in the Collection Account.

"Depreciation Charge" means, with respect to (a) any Program Vehicle subject to the GM Repurchase Program, the rate determined by dividing (x) 100% minus the repurchase price percentage specified in respect of such Vehicle pursuant to the terms of the GM Repurchase Program for the Designated Period applicable to such Vehicle by (y) the number of days in such Designated Period (or, if such Vehicle is held past the Designated Period set forth in the Loan Request relating to the Loan in respect of such Vehicle, the applicable depreciation charge set forth in the GM Repurchase Program for such Vehicle calculated on a daily basis), (b) any Program Vehicle subject to an Eligible Manufacturer Program other than the GM Repurchase Program (but including any other Eligible Manufacturer Program provided by GM), the applicable depreciation charge set forth in the related Manufacturer Program for such Vehicle with respect to such Vehicle calculated on a daily basis and (c) any Non-Program Vehicle, the scheduled daily depreciation charge for such Vehicle set forth by AESOP Leasing in the Depreciation Schedule for such Vehicle. If such charge is expressed as a percentage, the daily Depreciation Charge for such Vehicle shall be such percentage multiplied by the Capitalized Cost for such Vehicle calculated on a daily basis. For Vehicles not held for a full month in the month of acquisition, the Depreciation Charges shall be prorated by multi-

plying the applicable depreciation amount by a fraction, the numerator of which is the number of days from the date depreciation related to such Vehicle begins to the first day of the next month and the denominator of which is the number of days in such month. For the month in which a Program Vehicle is turned back to the applicable Manufacturer, the Depreciation Charge shall be prorated by multiplying the applicable depreciation amount by a fraction, the numerator of which is the number of days from the first day of such month to the Turnback Date for such Vehicle and the denominator of which is the number of days in such month. In the event a Vehicle is sold (other than pursuant to the Manufacturer Program of a Manufacturer), the Depreciation Charge shall be prorated by multiplying the applicable depreciation amount by a fraction, the numerator of which is the number of days from the first day of such month to the date proceeds from the sale of such Vehicle were deposited in the Collection Account and the denominator of which is the number of days in such month.

"Depreciation Schedule" means the initial schedule of estimated daily depreciation prepared by AESOP Leasing based on a depreciation rate of 1.67% per calendar month with respect to each type of Non-Program Vehicle that is an Eligible Vehicle, as revised from time to time by AESOP Leasing; provided, however, that the effectiveness of any such revision shall be subject to satisfaction of the Rating Agency Consent Condition.

"Designated Period" shall mean, with respect to any Program Vehicle subject to GM's Repurchase Program, the period designated by AESOP Leasing or AESOP Leasing II, as the case may be, in the applicable Loan Request relating to the Loan used to finance such Vehicle as the period of time for which AESOP Leasing or AESOP Leasing II, as applicable, expects such Vehicle to be subject to the related Loan.

"Determination Date" means the date five days prior to each Distribution Date.

"Disposition Proceeds" means the net proceeds (other than the portion of the Repurchase Price (i) payable by the Manufacturer pursuant to an Eligible Manufacturer Program or (ii) with respect to Non-Program Vehicles, payable by the applicable Lessee pursuant to the relevant Lease) from the sale or disposition of a Vehicle to any Person, whether at an auction or otherwise.

"Distribution Account" means, with respect to any Series of Notes, an account established as such pursuant to the related Supplement.

"Distribution Date" means, unless otherwise specified in any 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.

"Dollar" and the symbol "$" mean the lawful currency of the United States.

"DTC" means The Depository Trust Company.

"Early Termination Payments" is defined (i) for purposes of the AESOP I Operating Lease in Section 13.4 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 13.4 thereof and (iii) for purposes of the Finance Lease in Section 13.4 thereof.

"Eligible Manufacturer Program" means, at any time, a Manufacturer Program that is in full force and effect with an Eligible Program Manufacturer (i) pursuant to which the repurchase price or guaranteed auction sale price is at least equal to (a) with respect to the GM Repurchase Program, a specified percentage of the Capitalized Cost of each Vehicle, such percentage being

determined for each Vehicle based upon the model year of such Vehicle and the calendar month in which such Vehicle is returned to the Manufacturer, minus Excess Mileage Charges, minus Excess Damage Charges, or (b) with respect to any Manufacturer Program other than the GM Repurchase Program (but including any other Eligible Manufacturer Program provided by GM), the Capitalized Cost of each Vehicle, minus all Depreciation Charges accrued with respect to such Vehicle prior to the date that the Vehicle is submitted for repurchase, minus Excess Mileage Charges, minus Excess Damage Charges, (ii) that cannot be amended or terminated with respect to any Vehicle after the purchase of that Vehicle, and (iii) the assignment of the benefits of which to CRCF and to the Trustee for the benefit of the Secured Parties has been acknowledged in writing by the related Manufacturer pursuant to an Assignment Agreement; provided that (a) with respect to any new Manufacturer Program (including a new model year Manufacturer Program of an Eligible Program Manufacturer and a Manufacturer Program of a new Eligible Program Manufacturer) that is proposed for consideration after the date hereof as an Eligible Manufacturer Program, prior to such new Manufacturer Program constituting an "Eligible Manufacturer Program" hereunder, the Rating Agencies have been given 30 days' notice (or such shorter period of time as shall be acceptable to the Rating Agencies) of a draft of such new Manufacturer Program as it then exists at the time of such notice (and shall be provided a final copy of such Manufacturer Program promptly upon its being available) and the inclusion of such new Manufacturer Program as an "Eligible Manufacturer Program" hereunder shall be conditioned on satisfaction of the Rating Agency Consent Condition, and (b) with respect to any change (other than as specified in clause (a) above) in the terms of any existing Eligible Manufacturer Program, prior to such Manufacturer Program constituting an "Eligible Manufacturer Program hereunder, the Rating Agencies shall have been notified of such change and such change shall be conditioned on satisfaction of the Rating Agency Consent Condition; provided, further, that in either case described in clause (a) or (b) above, if such new Manufacturer Program or such change in the terms of an existing Manufacturer Program would have a material adverse effect on the interests of the Secured Parties, prior to any such Manufacturer Program constituting an "Eligible Manufacturer Program", CRCF shall have obtained the written consent of the Trustee thereto.

"Eligible Non-Program Manufacturer" means each Eligible Program Manufacturer, Subaru, Mitsubishi, Kia, Hyundai, Isuzu, Suzuki and any other Manufacturer that (i) has been approved by the Rating Agencies or has been reviewed by the Rating Agencies and the Rating Agencies have indicated that the inclusion of such Manufacturer as an Eligible Non-Program Manufacturer will not adversely affect the current rating of any Series of Notes and (ii) has been approved by each Enhancement Provider.

"Eligible Program Manufacturer" means GM, Chrysler, Ford, Mazda, Nissan, Nissan Hawaii, Toyota and any other Manufacturer that (i) has been approved by the Rating Agencies or has been reviewed by the Rating Agencies and the Rating Agencies have indicated that the inclusion of such Manufacturer as an Eligible Program Manufacturer will not adversely affect the current rating of any Series of Notes and (ii) has been approved by each Enhancement Provider; provided, however, that upon the occurrence of a Manufacturer Event of Default with respect to any such Eligible Program Manufacturer, such Manufacturer shall no longer qualify as an Eligible Program Manufacturer and provided, further, that if so specified in the applicable Supplement for a Series of Notes, a Manufacturer may be considered an Eligible Program

Manufacturer only with respect to a portion of the Vehicles acquired from such Manufacturer that are eligible under its Manufacturer Program.

"Eligible Vehicle" means an automobile or light truck that (i) either is a Program Vehicle (other than a light truck manufactured by Chrysler that is subject to a nine-month or longer minimum hold period under the Guaranteed Depreciation Program with Chrysler) or a Non-Program Vehicle manufactured by an Eligible Non-Program Manufacturer or other Manufacturer, in each case at the time of leasing under the relevant Lease, (ii) is owned by AESOP Leasing, AESOP Leasing II, CCRG, ARAC or BRAC, as applicable, free and clear of all Liens other than Permitted Liens, and (iii) with respect to which the Trustee is noted as the first lienholder on the Certificate of Title (other than with respect to Certificates of Title for (i) the Franchisee Vehicles (which Certificates of Title will show the nominee lienholder under the related Franchisee Nominee Agreement as the first lienholder) and (ii) Vehicles located in the states of Ohio, Oklahoma and Nebraska) therefor, or the Certificate of Title has been submitted to the appropriate state authorities for such notation (other than with respect to Certificates of Title for Vehicles located in the states of Ohio, Oklahoma and Nebraska).

"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 Agreement Event of Default" means with respect to any Series of Notes any event of default under any Enhancement Agreement specified in the related Supplement.

"Enhancement Amount" is defined, with respect to any Series of Notes, in the related Supplement.

"Enhancement Deficiency" is defined, with respect to any Series of Notes, in the related Supplement.

"Enhancement Percentage" means, with respect to any Series of Notes or class of Notes, the percentage, if any, specified in the applicable Supplement.

"Enhancement Provider" means the Person providing any Enhancement as designated in the applicable Supplement, other than (x) any Noteholders the Notes of which are subordinated to any Series of Notes and (y) solely for the purposes of determining from which parties consent is required for any action to be taken with respect to the Related Documents, any provider of a letter of credit unless the related Supplement expressly provides that such provider is an Enhancement Provider for the purpose of the Base Indenture.

"Enhancement Provider Account" is defined, with respect to any Series of Notes, in the related Supplement.

"Enhancement Provider's Office" is defined, with respect to any Series of Notes, in the related 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.

"Escrow Agreement" means the Escrow Agreement, dated as of the Restatement Effective Date, among AESOP Exchange Corporation, J.P. Morgan Trust Company, N.A., JPMorgan Chase Bank, AESOP Leasing, ARAC, BRAC, and CCRG, as amended, modified or supplemented from time to time in accordance with its terms.

"Euroclear" means Euroclear Bank, S.A./N.V., as operator of the Euroclear System.

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if:

(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 or other similar governing body 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.

"Event of Default" means any occurrence of an event of default pursuant to the relevant agreement.

"Excess Damage Charges" means, with respect to any Program Vehicle, the amount charged to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, or deducted from the Repurchase Price, by the Manufacturer of such Vehicle due to damage over a prescribed limit and, if applicable, damage not subject to a prescribed limit and missing equipment, in each case with respect to such Vehicle at the time that such Vehicle is turned in to such Manufacturer or its agent for repurchase pursuant to the applicable Manufacturer Program.

"Excess Mileage Charges" means, with respect to any Program Vehicle, the amount charged to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, or deducted from the Repurchase Price, by the Manufacturer of such Vehicle due to the fact that such Vehicle has mileage over a prescribed limit at the time that such Vehicle is turned in to such Manufacturer or its agent for repurchase pursuant to the applicable Manufacturer Program.

"Exchange Accounts" is defined in Section 1.1 of the Escrow Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agreement Termination Event" means the termination of the Master Exchange Agreement in accordance with its terms.

"Exchange Date" is defined in Section 2.9(c)(iii) of the Base Indenture.

"Exchange Period" is defined in Section 1.1 of the Master Exchange Agreement.

"Excluded Payments" means, with respect to each Lease, as applicable, any payments due from the respective Lessee or, as applicable, the Finance Lease Guarantor, to the Lessor in respect of (i) the portion of Monthly Base Rent allocable to dividends accrued on the outstanding Preferred Stock of AESOP Leasing II (including any applicable tax gross-up), determined in accordance with the certificates of designation relating to such Preferred Stock, (ii) amounts due and payable pursuant to Section 16.2 of the Leases as such amounts relate to claims, demands, liabilities, and related costs and expenses arising under Section 16.1.2 of the Leases, (iii) amounts due and payable pursuant to Section 16.2 of the Leases (other than the amounts described in clause (ii) above) to the Lessor's stockholders, officers and directors (with respect to the Lessor's officers and directors, only to the extent such officer or director is not an Affiliate of the related Lessee or, as applicable, the Finance Lease Guarantor, or (iv) amounts due and payable pursuant to Section 4.2 of the AESOP I Operating Lease in respect of Special Service Charges.

"Expected Final Distribution Date" means, with respect to any applicable Series of Notes, the date stated in the related Supplement as the date on which such Series of Notes is expected to be paid in full.

"Finance Lease" means the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of the Restatement Effective Date, among AESOP Leasing, as the lessor thereunder, ARAC and BRAC, each as a lessee thereunder, and CCRG, as a lessee, Administrator and Finance Lease Guarantor thereunder, as amended, modified or supplemented from time to time in accordance with its terms.

"Finance Lease Commencement Date" is defined in Section 3.2 of the Finance Lease.

"Finance Lease Event of Default" is defined in Section 18.1 of the Finance Lease.

"Finance Lease Expiration Date" is defined in Section 3.2 of the Finance Lease.

"Finance Lease Guaranty" is defined in Section 26.1 of the Finance Lease.

"Finance Lease Guarantor" is defined in the preamble to the Finance Lease.

"Finance Lease Non-Program Vehicle Ineligible Asset Amount" means, as of any date of determination, an amount equal to the sum, without duplication, of (a) the aggregate of all amounts specified in clause (ii) of the definition of "AESOP I Finance Lease Loan Agreement Non-Program Vehicle Borrowing Base" which are unpaid more than thirty (30) days past the applicable disposition date, plus (b) the aggregate of all amounts specified in clause (iii) of the definition of "AESOP I Finance Lease Loan Agreement Non-Program Vehicle Borrowing Base" which are past due as of such date.

"Finance Lease Program Vehicle Ineligible Asset Amount" means, as of any date of determination, an amount (without duplication) equal to (a) the aggregate of all amounts receivable as of such date by CCRG, ARAC, BRAC, AESOP Leasing or the Intermediary under and in accordance with a Manufacturer Program with respect to Program Vehicles leased under the Finance Lease from a Manufacturer with respect to which a Manufacturer Event of Default has occurred, plus (b) the aggregate of all amounts receivable as of such date by CCRG, AESOP Leasing or the Intermediary under and in accordance with a Manufacturer Program with respect to Program Vehicles leased under the Finance Lease from a Manufacturer which amounts are unpaid more than ninety (90) days past the applicable Turnback Date, plus (c) the aggregate of all amounts specified in clause (iii) of the definition of "AESOP I Finance Lease Loan Agreement Program Vehicle Borrowing Base" which are unpaid more than thirty (30) days past the applicable disposition date, plus (d) the aggregate of all amounts specified in clause (iv) of the definition of "AESOP I Finance Lease Loan Agreement Program Vehicle Borrowing Base" which are past due as of such date.

"Financed Vehicle" means a Vehicle subject to the Finance Lease.

"Financed Vehicle Amount" means, as of any date of determination, the aggregate Net Book Value of all Financed Vehicles on such day.

"Financial Officer" means, with respect to any corporation, the chief financial officer, vice-president-finance, principal accounting officer, controller or treasurer of such corporation.

"Financing Provider" is defined in Section 2.3(b)(ii) of the Base Indenture.

"Ford" means Ford Motor Company, a Delaware corporation, and its successors.

"Franchisee Nominee Agreement" means, with respect to any Franchisee Vehicle, a Vehicle Title and Lienholder Nominee Agreement substantially in the form of the PVHC/BONY Nominee Agreement (with such differences as are necessary to reflect the identities of the nominees), dated on or prior to the date of the inclusion of such Franchisee Vehicle under the Finance Lease, among CCRG, ARAC and/or BRAC, AESOP Leasing, the holder of record title to such Franchisee Vehicle, the lienholder shown on the Certificate of Title with respect to such Franchisee Vehicle and the Trustee, pursuant to which, among other things, (i) AESOP Leasing shall appoint the holder of record title to such Franchisee Vehicle as its nominee titleholder and the Trustee shall appoint the lienholder shown on the Certificate of Title with respect to such Franchisee Vehicle as its nominee lienholder, (ii) CCRG shall indemnify AESOP Leasing and its permitted assignees (including the Trustee) for any losses that occur as a consequence of any

claim made on such Franchisee Vehicle by a creditor or purchaser from the entity that owned such Vehicle prior to the acquisition thereof by CCRG, ARAC or BRAC, as applicable, as a result of such entity's prior ownership of such Vehicle or as a result of the notation of the lien on the Certificates of Title with respect to such Vehicle not being in the Trustee's name and (iii) the holder of record title to such Franchisee Vehicle and the lienholder shown on the Certificate of Title with respect to such Franchisee Vehicle shall each covenant and agree 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 CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx or any other Permitted Nominee under any Franchisee Nominee Agreement, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings.

"Franchisee Vehicle" means any Eligible Vehicle (which need not be a new Vehicle) acquired by CCRG, ARAC or BRAC from any Person on or within six (6) months after the closing date of a transaction in which CCRG, ARAC or BRAC acquires such Person or substantially all of the assets of such Person; provided that such Person shall have been a franchisee of Avis Car Rental Group, Inc. (formerly known as Cendant Car Rental, Inc.), CCRG, ARAC or BRAC and Wizard Co., Inc. immediately prior to such acquisition.

"Franchisee Vehicle Leasing Condition" means, with respect to any Franchisee Vehicle, the delivery to AESOP Leasing, CRCF and the Trustee on or prior to the date of inclusion of such Franchisee Vehicle under the Finance Lease of the following items:

(1) an executed copy of a Franchisee Nominee Agreement with respect to such Franchisee Vehicle;

(2) a written search report from a Person satisfactory to AESOP Leasing, CRCF and the Trustee listing all effective financing statements that name the holder of record title to such Franchisee Vehicle as debtor or assignor, and that are filed in the jurisdictions in which filings were made pursuant to clause (3) below, together with copies of such financing statements, and tax and judgment lien search reports from a Person satisfactory to AESOP Leasing, CRCF and the Trustee showing no evidence of liens filed against such holder of record title to such Franchisee Vehicle that purport to affect such Franchisee Vehicle;

(3) a purchase agreement, pledge agreement or similar agreement, pursuant to which such holder of record title to such Franchisee Vehicle will grant a security interest in its right, title and interest in and to such Vehicle to AESOP Leasing, CRCF and the Trustee;

(4) an opinion of counsel stating that such Franchisee Nominee Agreement and the agreement referred to in clause (3) above are legal, valid and binding agreements of such holder of record title to such Franchisee Vehicle, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and to general principles of equity;

(5) evidence of the filing of proper financing statements on Form UCC-1 naming such holder of record title to such Franchisee Vehicle, as debtor, and AESOP Leasing as secured party covering such Franchisee Vehicle;

(6) evidence of the filing of proper financing statements on Form UCC-1 naming such holder of record title to such Franchisee Vehicle, as debtor, and the Trustee as secured party covering such Franchisee Vehicle; and

(7) any additional documentation that AESOP Leasing, CRCF or the Trustee may reasonably require.

"GAAP" means the generally accepted accounting principles in the United States promulgated or adopted by the Financial Accounting Standards Board and its predecessors and successors from time to time.

"Global Note" means a Restricted Global Note, a Temporary Global Note or a Permanent Global Note, as the case may be.

"GM" means General Motors Corporation, a Delaware corporation, and its successors.

"GM Repurchase Program" means the General Motors Corporation Passenger and Light Duty Truck Repurchase Program for Daily Rental Operations, as amended or replaced from time to time, and pursuant to which the repurchase price is calculated based upon a specified percentage of the Capitalized Cost of a Vehicle and the month during which the Turnback Date for such Vehicle occurred as set forth in such program.

"Governmental Authority" means any Federal, state, local or foreign court or governmental department, commission, board, bureau, agency, authority, instrumentality or regulatory body.

"Guaranteed Depreciation Program" means a guaranteed depreciation program pursuant to which a Manufacturer has agreed with AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, to (a) cause Vehicles manufactured by it or one of its Affiliates that are turned back during the specified Repurchase Period to be sold by an auction dealer, (b) cause the proceeds of any such sale to be paid to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, by such auction dealer within seven days of such sale and (c) pay to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, the excess, if any, of the guaranteed payment amount with respect to any such Vehicle calculated as of the Turnback Date in accordance with the provisions of such guaranteed depreciation program over the amount paid to AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, by an auction dealer pursuant to clause (b) above.

"Guaranteed Lessees" is defined in Section 26.1 of the Finance Lease.

"Guaranteed Obligations" is defined in Section 26.1 of the Finance Lease.

"Hyundai" means Hyundai Motor America, a California corporation and its assigns.

"Identification Period" is defined in Section 1.1 of the Master Exchange Agreement.

"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 Liabilities" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 13.5 thereof, (ii) for purposes of the AESOP I Finance Lease Loan Agreement in Section 13.5 thereof and (iii) for purposes of the AESOP II Loan Agreement in Section 13.5 thereof.

"Indemnified Persons" is defined (i) for purposes of the AESOP I Operating Lease in Section 16.1 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 16.1 thereof and (iii) for purposes of the Finance Lease in Section 16.1 thereof.

"Indenture" means the Base Indenture, together with all Supplements, as the same may be amended, modified or supplemented from time to time.

"Independent Director" means,

(a) with respect to AESOP Leasing II, an individual who is not, and, except for having previously acted as an independent director or manager of another limited purpose, bankruptcy remote subsidiary of Cendant Corporation, 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 by an Independent Director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever to, AESOP Leasing II, AGH, CRCF, CCRG, ARAC, BRAC, AESOP Leasing, Original AESOP, Original CRCF 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 AESOP Leasing II, AGH, CRCF, CCRG, ARAC, BRAC, AESOP Leasing, Original AESOP, Original CRCF 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 an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) 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;

(b) with respect to Original AESOP, and individual who is not, and, except for having previously acted as an independent director or manager of another limited purpose, bankruptcy remote subsidiary of Cendant Corporation,

(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 by a director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever to, Original AESOP, AGH, CRCF, CCRG, ARAC, BRAC, AESOP Leasing, AESOP Leasing II, Original CRCF 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 Original AESOP, AGH, CRCF, CCRG, ARAC, BRAC, AESOP Leasing, AESOP Leasing II, Original CRCF 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 an independent director or manager of another special purpose subsidiary of Cendant Corporation) in any form whatever from, or any person that has provided any service (excluding, however, any service provided by a director in such person's capacity as an independent director or manager of another special purpose subsidiary of Cendant Corporation) 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.

"Independent Manager" is defined in Section 1.1 of the CRCF Limited Liability Company Agreement.

"Ineligible Vehicle" means a Vehicle that is not an Eligible Vehicle.

"Initial Closing Date" means July 30, 1997.

"Initial Invested Amount" means, with respect to any Series of Notes, the aggregate initial principal amount specified in the applicable Supplement.

"Interest Collections" means on any date of determination, all Collections which, pursuant to the Loan Agreements, represent payments of Loan Interest and Supplemental Interest 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 specified in the related Supplement.

"Intermediary" means the Person acting in the capacity of Qualified Intermediary pursuant to the Master Exchange Agreement, which initially shall be AESOP Exchange Corporation, a Delaware corporation.

"Invested Amount" means, with respect to each Series of Notes, the amount specified in the applicable Supplement.

"Invested Percentage" means, with respect to any Series of Notes, the percentage specified in the applicable Supplement.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means CRCF, as issuer of the Notes, unless a successor replaces it and, thereafter, means the successor.

"Isuzu" means American Isuzu Motors Inc., a California corporation, and its successors.

"Joint Collection Accounts" is defined in Section 1.1 of the Master Exchange Agreement.

"Joint Disbursement Account" is defined in Section 1.1 of the Master Exchange Agreement.

"Kia" means Kia Motors America, Inc., a California corporation, and its successors.

"Lease Event of Default" means an AESOP I Operating Lease Event of Default, an AESOP II Operating Lease Event of Default or a Finance Lease Event of Default.

"Lease Guide" means the Black Book Official Finance/Lease Guide.

"Lease Payment Deficit" with respect to a Series shall be defined in the Supplement for such Series.

"Lease" means either of the Operating Leases or the Finance Lease.

"Lease's Share" means, with respect to each Lease on any date of determination, a fraction expressed as a percentage, the numerator of which is equal to the Net Book Value of Vehicles subject to such Lease and the denominator of which is equal to the sum of the Net Book Value of all Vehicles subject to the Leases, each as of such date of determination; provided, however, that on any date of determination on which the Net Book Value of Vehicles subject to each Lease is zero, the Lease's Share with respect to (i) the AESOP I Operating Lease shall be 67.5%, (ii) the Finance Lease shall be 10% and (iii) the AESOP II Operating Lease shall be 22.5%.

"Lender" means CRCF, in its capacity as lender under the Loan Agreements.

"Lender Party" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 13.5 thereof, (ii) for purposes of the AESOP I Finance Lease Loan Agreement in Section 13.5 thereof and (iii) for purposes of the AESOP II Loan Agreement in Section 13.5 thereof.

"Lender's Carrying Cost Interest Rate" means for any Loan Interest Period an interest rate equal to the percentage equivalent of a fraction, (i) the numerator of which is equal to (A) the amount of interest accrued during such Loan Interest Period with respect to all Series of Notes, plus (B) the sum of any Swap Payments payable by CRCF on the next succeeding Payment Date, minus (C) the sum of any Swap Payments payable to CRCF on the next succeeding Payment Date, minus (D) any accrued earnings on Permitted Investments in the Collection Account which are available for distribution on the last Business Day of such Loan Interest Period, and (ii) the denominator of which is equal to the Average Daily Loan Balance for all Loans under the Loan Agreements with respect to such Loan Interest Period; provided, however, that the Lender's Carrying Cost Interest Rate after the occurrence of an Event of Bankruptcy with respect to CCRG or any other Lessee shall equal an interest rate equal to (x) with respect to the AESOP I Operating Lease Loan Agreement, the percentage equivalent of a fraction, (I) the numerator of which is equal to the product of (A) the sum specified in clause (i) above and (B) a fraction, the numerator of which is the AESOP I Operating Lease Loan Agreement Borrowing Base and the denominator of which is the sum of the AESOP I Operating Lease Loan Agreement Borrowing Base, the AESOP I Finance Lease Loan Agreement Borrowing Base and the AESOP II Loan Agreement Borrowing Base, each determined as of the first day of such Loan Interest Period, and (II) the denominator of which is equal to the Average Daily Loan Balance for all Loans under the AESOP I Operating Lease Loan Agreement with respect to such Loan Interest Period and (y) with respect to the AESOP I Finance Lease Loan Agreement and the AESOP II Loan Agreement, the percentage equivalent of a fraction, (I) the numerator of which is equal to the product of (A) the sum specified in clause (i) above and (B) a fraction, the numerator of which is the sum of the AESOP I Finance Lease Loan Agreement Borrowing Base and the AESOP II Loan Agreement Borrowing Base and the denominator of which is the sum of the AESOP I Operating Lease Loan Agreement Borrowing Base, the AESOP I Finance Lease Loan Agreement Borrowing Base and the AESOP II Loan Agreement Borrowing Base, each determined as of the first day of such Loan Interest Period, and (II) the denominator of which is equal to the Average Daily Loan Balance for all Loans under the AESOP I Finance Lease Loan Agreement and the AESOP II Loan Agreement with respect to such Loan Interest Period.

"Lessee" means, as applicable, (i) CCRG, in its capacity as the lessee under the AESOP I Operating Lease, (ii) CCRG, in its capacity as the lessee under the AESOP II Operating Lease and (iii) each of ARAC, BRAC and CCRG, in its capacity as a lessee under the Finance Lease.

"Lessee Agreements" is defined (i) for purposes of the AESOP I Operating Lease in Section 2(b) thereof, (ii) for purposes of the AESOP II Operating Lease in Section 2(b) thereof and (iii) for purposes of the Finance Lease in Section 2(b) thereof.

"Lessee's Share" means, with respect to each Lessee under the Finance Lease on any date of determination, a fraction expressed as a percentage, the numerator of which is equal to the Net Book Value of all Vehicles leased by such Lessee under the Finance Lease and the denominator of which is equal to the sum of the Net Book Value of all Vehicles leased under the Finance Lease, each as of such date of determination.

"Lessor" means (i) AESOP Leasing, in its capacity as the lessor under each of the AESOP I Operating Lease and the Finance Lease, and (ii) AESOP Leasing II, in its capacity as the lessor under the AESOP II Operating Lease.

"Liabilities" means (i) with respect to the AESOP I Operating Lease Loan Agreement, all obligations to the Lender of AESOP Leasing arising under or in connection with the AESOP I Operating Lease Loan Agreement or the related Loan Note, in each case howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due including, without limitation, Loan Interest accruing after the filing of a bankruptcy petition whether or not allowed as a claim, (ii) with respect to the AESOP I Finance Lease Loan Agreement, all obligations to the Lender of AESOP Leasing arising under or in connection with the AESOP I Finance Lease Loan Agreement or the related Loan Note, in each case howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due including, without limitation, Loan Interest accruing after the filing of a bankruptcy petition whether or not allowed as a claim and (iii) with respect to the AESOP II Loan Agreement, all obligations to the Lender of AESOP Leasing II arising under or in connection with the AESOP II Loan Agreement or the related Loan Note, in each case howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due including, without limitation, Loan Interest accruing after the filing of a bankruptcy petition whether or not allowed as a claim.

"Licensing Agreement" means the Master Licensing Agreement, dated as of July 30, 1997, among Avis Car Rental Group, Inc. (formerly known as Cendant Car Rental, Inc. and HFS Car Rental, Inc.), ARAC and Wizard Co., Inc., as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"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 related Supplement.

"Liquidation Event of Default" means, so long as such event or condition continues, any of the following: (a) any event or condition with respect to CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG or any other Lessee of the type described in Section 9.1(d) of the Base Indenture, (b) a payment default by CRCF under the Base Indenture as specified in Sections 9.1(a) and (b) of the Base Indenture, (c) an event specified in Section 9. 1(e)(i), (k), (l) or (m) of the Base Indenture, (d) a payment default by CCRG or any Lessee under any Enhancement Agreement, as specified therein, (e) a payment default by the Lessee under Section 18.1.1 of the AESOP I Operating Lease, (f) a payment default by the Lessee under Section 18.1.1 of the AESOP II Operating Lease, (g) a payment default by any Lessee under Section 18.1.1 of the Finance Lease or (h) an Event of Bankruptcy with respect to any Permitted Sublessee or the Intermediary.

"LKE Programs" is defined in the recitals to the Master Exchange Agreement.

"Loan" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 2.1 thereof, (ii) for purposes of the AESOP I Finance Lease Loan Agreement in Section 2.1 thereof and (iii) for purposes of the AESOP II Loan Agreement in Section 2.1 thereof.

"Loan Agreements" means the AESOP I Loan Agreements and the AESOP II Loan Agreement.

"Loan Agreement's Share" means, with respect to each Loan Agreement on any date of determination, a fraction expressed as a percentage, the numerator of which is equal to the Loan Principal Amount of Loans outstanding under such Loan Agreement and the denominator of which is equal to the sum of the Loan Principal Amounts of all Loans outstanding under the Loan Agreements, each as of such date of determination; provided, however, that on any date of determination on which the Loan Principal Amount of Loans outstanding under each Loan Agreement is zero, the Loan Agreement's Share with respect to each Loan Agreement shall equal the Lease's Share with respect to the Related Lease as of such date.

"Loan Collateral" means the AESOP I Loan Collateral and the AESOP II Loan Collateral.

"Loan Commitment" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 2.1 thereof, (ii) for purposes of the AESOP I Finance Lease Loan Agreement in Section 2.1 thereof and (iii) for purposes of the AESOP II Loan Agreement in Section 2.1 thereof.

"Loan Commitment Termination Date" means the date on which all Notes shall have been paid in full and the Base Indenture shall have terminated pursuant to Section 11.1 thereof.

"Loan Event of Default" means an AESOP I Loan Event of Default or an AESOP II Loan Event of Default.

"Loan Interest" is defined (i) with respect to Loans made under the AESOP I Operating Lease Loan Agreement, in Section 4.1 thereof, (ii) with respect to Loans made under the AESOP I Finance Lease Loan Agreement, in Section 4.1 thereof and (iii) with respect to Loans made under the AESOP II Loan Agreement, in Section 4.1 thereof.

"Loan Interest Period" means, with respect to any Distribution Date, the period from and including the preceding Distribution Date to but excluding the current Distribution Date, provided, however, that the final Loan Interest Period shall end on the date following the Loan Commitment Termination Date on which all Loans under the Loan Agreements shall have been paid in full.

"Loan Note" is defined (i) with respect to Loans made under the AESOP I Operating Lease Loan Agreement, in Section 3.1 thereof, (ii) with respect to Loans made under the AESOP I Finance Lease Loan Agreement, in Section 3.1 thereof and (iii) with respect to Loans made under the AESOP II Loan Agreement, in Section 3.1 thereof.

"Loan Payment Allocation Percentage" means, (i) with respect to the AESOP I Operating Lease Loan Agreement on any date of determination, a fraction expressed as a percentage (which percentage shall never exceed 100%), the numerator of which is equal to the Loan Principal Amount of Loans outstanding under the AESOP I Operating Lease Loan Agreement and the denominator of which is equal to the AESOP I Operating Lease Loan Agreement Borrowing Base, each as of such date of determination, (ii) with respect to the AESOP I Finance Lease Loan Agreement on any date of determination, a fraction expressed as a percentage (which percentage shall never exceed 100%), the numerator of which is equal to the Loan Principal Amount of Loans outstanding under the AESOP I Finance Lease Loan Agreement and the denominator of which is equal to AESOP I Finance Lease Loan Agreement Borrowing Base, each as of such date of determination, and (iii) with respect to the AESOP II Loan Agreement, 100%.

"Loan Principal Amount" means, as of any date, (i) with respect to Loans made under the AESOP I Operating Lease Loan Agreement, the aggregate principal amount outstanding of such Loans, (ii) with respect to Loans made under the AESOP I Finance Lease Loan Agreement, the aggregate principal amount outstanding of such Loans and (iii) with respect to Loans made under the AESOP II Loan Agreement, the aggregate principal amount outstanding of such Loans.

"Loan Request" means a loan request, substantially in the form of Exhibit B-1 to any Loan Agreement, executed by an Authorized Officer of the relevant Borrower.

"Loan Request Response" means a loan request response, substantially in the form of Exhibit B-2 to each Loan Agreement, executed by an Authorized Officer of the Lender.

"Lockbox Agreement" means each agreement establishing or governing an Approved Lockbox Account.

"Luxembourg Agent" is defined in Section 2.4(c) of the Base Indenture.

"Manager" is defined in Section 1.1 of the CRCF Limited Liability Company Agreement.

"Managing Agent" means Lord Securities Corporation, a Delaware corporation.

"Mandatorily Redeemable Obligations" means, as applied to a Person, an obligation of such Person to the extent that it is redeemable, payable or required to be purchased or otherwise retired or extinguished (a) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (b) at the option of any Person other than such Person or (c) upon the occurrence of a condition not solely within the control of such Person, such as a redemption required to be made out of future earnings.

"Manufacturer" means a manufacturer, or authorized distributor of such manufacturer, of passenger automobiles and/or light trucks.

"Manufacturer Event of Default" means, with respect to any Manufacturer, (i) the failure by such Manufacturer (or in the case of a Guaranteed Depreciation Program, the failure by such Manufacturer or any related auction dealers) to pay any amount due under such Manufacturer's Manufacturer Program with respect to a Vehicle turned in to such Manufacturer (including any Relinquished Vehicle); provided, however, that (a)(I) in the case of an Eligible Manufacturer Program, such failure continues for more than ninety (90) days following the Turnback Date for such Vehicle or (II) in the case of any other Manufacturer Program, such failure continues for more than thirty (30) days following the Turnback Date for such Vehicle and (b) in the case of an Eligible Manufacturer Program only, the aggregate of any such amounts not paid (each, a "Past Due Amount") are equal to or in excess of the lesser of the Default Amount with respect to such Manufacturer Program and the then-outstanding aggregate amount of repurchase obligations of the Manufacturer under such Manufacturer Program, in each case net of Past Due Amounts that are the subject of a good faith dispute as evidenced by a writing by AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as applicable, or the Manufacturer questioning the accuracy of amounts paid or payable in respect of certain Vehicles tendered for repurchase under a Manufacturer Program (as distinguished from any dispute relating to the repudiation by such Manufacturer generally of its obligations under such Manufacturer Program or the assertion by such Manufacturer of the invalidity or unenforceability as against it of such Manufacturer Program); (ii) the occurrence of an Event of Bankruptcy with respect to such Manufacturer; or (iii) the termination of such Manufacturer's Manufacturer Program or the failure of an Eligible Program Manufacturer's Manufacturer Program to meet the requirements of an Eligible Manufacturer Program.

"Manufacturer Program" means any Repurchase Program or Guaranteed Depreciation Program.

"Market Value" means, with respect to any Vehicle as of any date of determination, the market value of such Vehicle as specified in the Related Month's published NADA Guide for the model class and model year of such Vehicle based on the average equipment and the average mileage of each vehicle of such model class and model year; provided, that if the NADA Guide is being published but such Vehicle is not included therein, the Market Value shall mean the Capitalized Cost of such Vehicle less depreciation charges equal to 1.67% per month of the Capitalized Cost of such Vehicle since the date of such Vehicle's purchase; provided, further,

that if the NADA Guide was not published in the Related Month, the Market Value of such Vehicle shall be based on an independent third-party data source approved by each Rating Agency that is rating any Series of Notes at the request of CRCF or CCRG based on the average equipment and average mileage of each Vehicle of such model class and model year or based upon such other methodology approved by each such Rating Agency.

"Market Value Average" means, as of any day, the percentage equivalent of a fraction, the numerator of which is the average of the Non-Program Fleet Market Value as of the preceding Determination Date and the two Determination Dates precedent thereto and the denominator of which is the average of the aggregate Net Book Value of Non-Program Vehicles leased under the AESOP I Operating Lease and the Finance Lease as of the preceding Determination Date and the two Determination Dates precedent thereto.

"Master Exchange Agreement" means the Master Exchange Agreement, dated as of the Restatement Effective Date, among the Intermediary, AESOP Leasing, CCRG, ARAC and BRAC, as amended, modified or supplemented from time to time in accordance with its terms.

"Material Adverse Effect" means, with respect to any occurrence, event or condition:

(i) a materially adverse effect on the financial condition, prospects, business, assets or operations of CCRG and its Consolidated Subsidiaries; or

(ii) a materially adverse effect on the ability of (a) CCRG, any other Lessee, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC or Quartx to perform its obligations under any of the Related Documents or (b) the Lender to perform its obligations under any of the Related Documents; or

(iii) an adverse effect on (a) the enforceability of any Related Document or (b) on the priority or perfection of the Lender's or the Trustee's Lien on any Loan Collateral or the Collateral.

"Maximum Financed Vehicle Amount" means, as of any Determination Date or Payment Date, the lowest Maximum Financed Vehicle Amount specified in any Supplement under which Notes are Outstanding as of such date.

"Maximum Invested Amount" means, with respect to each Series of Notes, the amount, if any, specified in the applicable Supplement.

"Maximum Manufacturer Amount" means, as of any Determination Date or Payment Date, with respect to a particular Manufacturer or group of Manufacturers, the lowest Maximum Manufacturer Amount specified in any Supplement under which Notes are Outstanding as of such date.

"Maximum Non-Eligible Manufacturer Amount" means, as of any Determination Date or Payment Date, the lowest Maximum Non-Eligible Manufacturer Amount specified in any Supplement under which Notes are Outstanding as of such date.

"Maximum Non-Program Vehicle Amount" means, as of any Determination Date or Payment Date, the lowest Maximum Non-Program Vehicle Amount specified in any Supplement under which Notes are Outstanding as of such date.

"Maximum Specified States Amount" means, as of any Determination Date or Payment Date, the lowest Maximum Specified States Amount specified in any Supplement under which Notes are Outstanding as of such date.

"Maximum Term" is defined (i) for purposes of the AESOP I Operating Lease in Section 3.1 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 3.1 thereof and (iii) for purposes of the Finance Lease in Section 3.1 thereof.

"Mazda" means, collectively, Mazda Motor Corporation, a Japanese corporation, and Mazda Motor of America, Inc., a California corporation, and their respective successors.

"Measurement Month" with respect to any date, means collectively, each of the three periods most closely preceding such date, each of which periods shall consist of one calendar month or the smallest number of consecutive calendar months, in which (a) at least 250 Non-Program Vehicles were sold at auction or otherwise or (b) at least one-twelfth of the aggregate Net Book Value of the Non-Program Vehicles leased under the AESOP I Operating Lease and the Finance Lease as of the last day of each such period were sold at auction or otherwise; provided, however, that no calendar month included in a Measurement Month shall be included in any other Measurement Month; and, further provided, that Redesignated Program Vehicles shall be excluded for purposes of the foregoing determination.

"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 Non-Program Vehicles sold at auction or otherwise during such Measurement Month (excluding any Redesignated Program Vehicles) and the denominator of which is the aggregate Net Book Value of such Vehicles on the dates of their respective sales.

"Minimum Term" is defined (i) for purposes of the AESOP I Operating Lease in Section 3.1 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 3.1 thereof and (iii) for purposes of the Finance Lease in Section 3.1 thereof.

"Mitsubishi" means Mitsubishi Motors North America, Inc., a California corporation, and its successors.

"Monthly Administration Fee" means, with respect to each Payment Date, one-twelfth of the product of (i) in the case of the Monthly Administration Fee payable by AESOP Leasing in respect of Vehicles subject to the AESOP I Operating Lease and the Finance Lease, 0.40% and the Net Book Value of such Vehicles as of the first day of the applicable Related Month; (ii) in the case of the Monthly Administration Fee payable by AESOP Leasing II in respect of Vehicles subject to the AESOP II Operating Lease, 0.40% and the Net Book Value of such Vehicles as of the first day of the applicable Related Month; and (iii) in the case of the Monthly Administration Fee payable by CRCF, 0.10% and the Net Book Value of all Vehicles leased under the Leases as of the first day of the applicable Related Month; provided, however, that if an Amortization Event with respect to any Series of Notes shall have occurred and be continuing, the Monthly

Administration Fee for each Payment Date will equal the greater of (A) the product of (x) $20.00 and (y) the number of Vehicles subject to the Leases as of the first day of the applicable Related Month, and (B) the sum of the amounts described in the clauses (i), (ii) and (iii) of this definition; and provided, further, that if the Monthly Administration Fee is determined as provided in clause (A), such Monthly Administration Fee shall be payable by AESOP Leasing, AESOP Leasing II and CRCF in the same relative proportions that would have been payable had such Monthly Administration Fee been determined as provided in clauses (i), (ii) and (iii) of this definition.

"Monthly Base Rent" means, with respect to each Lease on a Payment Date, without duplication, the sum of (a) the Loan Interest and Supplemental Interest with respect to the Loan(s) made to finance the Vehicles subject to such Lease that is due and payable on such Payment Date, plus (b) the accrued Depreciation Charges for the Related Month for all Vehicles (x) subject to such Lease as of the end of the Related Month or (y) that, without double counting, while subject to such Lease either became Ineligible Vehicles, suffered a Casualty or were sold by or on behalf of the applicable Lessor to any Person, in each case, during the Related Month, plus (c) in the case of the AESOP I Operating Lease or the Finance Lease, all upfront incentive payments paid by Manufacturers during the Related Month in respect of purchases of Non-Program Vehicles leased under such Lease, plus (d) the Monthly Administration Fee payable by the applicable Lessor under the Administration Agreement with respect to such Payment Date; plus (e) in the case of the AESOP II Operating Lease, an amount equal to the dividends accrued during the Related Month on the outstanding Preferred Stock of AESOP Leasing II (including any applicable tax gross-up), determined in accordance with the certificates of designation relating to such Preferred Stock, plus (f) the applicable Loan Agreement's Share (determined as of the beginning of the Related Month) with respect to the Related Loan Agreement of Carrying Charges, plus (g) in the case of the AESOP II Operating Lease, the monthly portion of the AESOP II Management Fee and any other amounts payable by AESOP Leasing II under the AESOP II Management Agreement, plus (h) in the case of the AESOP I Operating Lease or the Finance Lease, the monthly portion of the Original AESOP Management Fee, allocated to each such Lease pro rata, based upon the applicable Lease's Share (determined as of the beginning of the Related Month), plus (i) in the case of the AESOP I Operating Lease or the Finance Lease, an amount equal to 1% of the sum of (A) the Net Book Value of the Non-Program Vehicles subject to such Lease as of the first day of the Related Month, (B) the Capitalized Cost of each new Non-Program Vehicle leased thereunder since the first day of the Related Month and (C) the Net Book Value of each Program Vehicle subject to such Lease redesignated as a Non-Program Vehicle since the first day of the Related Month, plus (j) indemnity payments paid by the applicable Lessor pursuant to any Vehicle Title and Lienholder Nominee Agreement to which such Lessor is a party.

"Monthly Certificate" is defined in Section 4.1(b) of the Base Indenture.

"Monthly Loan Principal Amount" (i) with respect to Loans made under the AESOP I Operating Lease Loan Agreement, is defined in Section 5.1 thereof, (ii) with respect to Loans made under the AESOP I Finance Lease Loan Agreement, is defined in Section 5.1 thereof and (iii) with respect to Loans made under the AESOP II Loan Agreement, is defined in Section 5.1 thereof.

"Monthly Noteholders Statement" means a statement substantially in the form of Exhibit E to the Indenture.

"Moody's" means Moody's Investors Service, Inc.

"NADA Guide" means the National Automobile Dealers Association, Official Used Car Guide, Eastern Edition.

"Net Book Value" means, with respect to each Vehicle, (i) such Vehicle's Capitalized Cost, minus, (ii) in the case of any Non-Program Vehicle, the amount of any upfront incentive fees paid by a Manufacturer in respect of the purchase of such Vehicle, minus (iii) the aggregate Depreciation Charges accrued with respect to such Vehicle through the last day of the Related Month.

"Nissan" means Nissan North America, Inc., a California corporation, and its successors.

"Nissan Hawaii" means Nissan Motor Corporation in Hawaii, Ltd., a Hawaii corporation, and its successors.

"Non-Eligible Manufacturer Amount" means, as of any date of determination, the aggregate Net Book Value of all Vehicles leased under the Leases on such day that were manufactured by Manufacturers other than Eligible Non-Program Manufacturers.

"Non-Program Fleet Market Value" means, with respect to all Non-Program Vehicles (excluding any Redesignated Program Vehicles) as of any date of determination, the sum of the respective Market Values of each Non-Program Vehicle subject to the AESOP I Operating Lease or the Finance Lease. For purposes of computing the Non-Program Fleet Market Value, the "Market Value" of a Non-Program Vehicle means the market value of such Non-Program Vehicle as specified in the most recently published NADA Guide for the model class and model year of such Non-Program Vehicle based on the average equipment and the average mileage of each Non-Program Vehicle of such model class and model year then leased under the AESOP I Operating Lease and the Finance Lease. If such Non-Program Vehicle is not listed in the most recently published NADA Guide, then the "Market Value" of a Non-Program Vehicle means the Capitalized Cost of such Non-Program Vehicle less depreciation charges accrued in respect of such Non-Program Vehicle in accordance with the applicable Depreciation Schedule since the date of such Non-Program Vehicle's purchase. Notwithstanding the foregoing, if a Non-Program Vehicle is subject to a Manufacturer Program and for so long as no Manufacturer Event of Default has occurred with respect to the related Manufacturer, the Market Value of such Non-Program Vehicle as of any date of determination, will equal the Repurchase Price on such date with respect to such Vehicle under such Manufacturer Program.

"Non-Program Vehicle" means a Vehicle that is not subject to an Eligible Manufacturer Program.

"Non-Program Vehicle Amount" means, as of any date of determination, the aggregate Net Book Value of all Non-Program Vehicles leased under the Leases on such day, excluding, however, any Redesignated Program Vehicle.

"Non-Program Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, (a) the numerator of which is the aggregate Net Book Value of all Non-Program Vehicles leased under the Leases on such day and (b) the denominator of which is the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Non-Program Vehicle Special Default Payments" is defined (i) for purposes of the AESOP I Operating Lease in Section 13.3 thereof and (ii) for purposes of the Finance Lease in Section 13.3 thereof.

"Note Owner" means, with respect to a Book-Entry Note, the Person who is the beneficial owner of such Book-Entry Note, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency).

"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 Supplement.

"Note Register" means the register maintained pursuant to Section 2.6(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" is defined in the recitals to the Base Indenture.

"Officer's Certificate" means a certificate signed by an Authorized Officer of CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG or any Lessee, as the case may be.

"Operating Leases" means the AESOP I Operating Lease and the AESOP II Operating Lease.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to CRCF, AESOP Leasing, AESOP Leasing II, Original AESOP, PVHC, Quartx, CCRG or any Lessee, as the case may be, unless the Requisite Investors shall notify the Trustee of objection thereto.

"Original AESOP" means AESOP Leasing Corp., a Delaware corporation.

"Original AESOP Management Agreement" means the Amended and Restated Management Agreement, dated as of July 30, 1997, between the Managing Agent and Original AESOP, as amended, modified or supplemented from time to time in accordance with its terms.

"Original AESOP Management Fee" is defined in Section 2 of the Original AESOP Management Agreement.

"Original AESOP Nominee Agreement" means the Amended and Restated Vehicle Title Nominee Agreement, dated as of the Restatement Effective Date, among Original AESOP, the Trustee, CCRG and AESOP Leasing II, as amended, modified or supplemented from time to time in accordance with its terms.

"Original CRCF" means AESOP Funding Corp. II, a Delaware corporation.

"Original Indenture" is defined in the recitals to the Base Indenture.

"Outstanding" is defined, with respect to any Series, in the related Supplement.

"Paired Series" is defined in Section 5.5 of the Base Indenture.

"Paying Agent" is defined in Section 2.6(a) of the Base Indenture.

"Payment Date" means the 20th day of each month, or if such date is not a Business Day, the next succeeding Business Day.

"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.

"Permanent Global Note" is defined in Section 2.5(b) of the Base Indenture.

"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 on the properties and assets of a Subsidiary of CCRG, ARAC or BRAC securing Indebtedness owing to CCRG, ARAC or BRAC, as applicable; (c) 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; (d) 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 CCRG, ARAC or BRAC or any of their respective Subsidiaries; (e) a Lien constituting a lease or sublease granted by CCRG, ARAC or BRAC or any Permitted Sublessee to others in the ordinary course of business; (f) a Lien existing on (i) property of any Person at the time such Person becomes a Consolidated Subsidiary of CCRG, ARAC or BRAC or (ii) any asset prior to the acquisition thereof by CCRG, ARAC or BRAC or any of their respective Consolidated Subsidiaries, but only, in the case of either clause (i) or (ii), if such Lien was not created in contemplation thereof and so long as the obligation secured by such Lien is not in default and such Lien is and will remain confined to the property subject to it at the time such Person becomes a Consolidated Subsidiary of CCRG, ARAC or BRAC or such property is acquired and to fixed improvements thereafter erected on such property; (g) 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 (defined below) secured by such Lien and to fixed improvements then or thereafter erected on such asset; (ii) such Lien attached to such asset within ninety (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 CCRG, ARAC or BRAC or any of their respective Consolidated Subsidiaries of the asset subject to such Lien and (B) the fair value of such asset at the time of such acquisition; (h) a Lien constituting a renewal, extension or replacement of a Lien constituting a Permitted Encumbrance by virtue of clause (f) or (g) 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; (i) Liens on property of non-U.S. Subsidiaries including those in Puerto Rico and the U.S. Virgin Islands; and (j) 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 twenty (20) days. For this purpose "Purchase Money Indebtedness" means Indebtedness of CCRG, ARAC or BRAC or any of their respective Consolidated Subsidiaries that, within ninety (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 neither CCRG, ARAC or BRAC nor any of their respective Subsidiaries 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, 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 depositary 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" by Moody's and "A-1" or higher by Standard & Poor's and subject to supervision and examination by Federal or state banking or depositary 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 depositary 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+"; (iv) bankers' acceptances issued by any depositary 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+"; (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, (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 in favor of the Lessors or the Trustee pursuant to each of the Leases and Liens in favor of a Lessee under a Sublease; (iv) Liens in favor of the Lender in respect of the Liabilities pursuant to the Loan Agreements, (iv) the Liens in favor of the Trustee pursuant to the Indenture, and (v) Liens in favor of an Enhancement Provider, provided, however, that such Liens are subordinate to the Liens in favor of the Trustee and have been consented to by the Trustee.

"Permitted Nominee" means, with respect to AESOP Leasing, AESOP Leasing II or CCRG, the nominee titleholder(s) for such Person appointed pursuant to the Vehicle Title and Lienholder Nominee Agreements to which it is a party.

"Permitted Sublessee" means (i) each of ARAC and BRAC, in each case, so long as it is a Wholly-Owned Subsidiary of CCRG or (ii) any other Wholly-Owned Subsidiary of CCRG that, in each case, becomes a sublessee under a Sublease in accordance with the terms and provisions of a Lease.

"Person" means any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company, joint stock company, corporation, trust, unincorporated organization or Governmental Authority.

"Placement Agency Agreement" means any agreement pursuant to which a Placement Agent agrees with CRCF to place Notes with, or purchase Notes for resale to, investors.

"Placement Agent" means any Person in its capacity as a placement agent or an initial purchaser under a Placement Agency Agreement.

"Pool Factor" means, unless any Series of Notes is issued in more than one class as stated in any related Supplement, a number carried out to eight significant decimals representing the ratio of the applicable Invested Amount as of the end of the Related Month to the applicable Initial Invested Amount.

"Potential AESOP I Finance Lease Loan Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an AESOP I Finance Lease Loan Event of Default.

"Potential AESOP I Loan Event of Default" means a Potential AESOP I Operating Lease Loan Event of Default or a Potential AESOP I Finance Lease Loan Event of Default.

"Potential AESOP I Operating Lease Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an AESOP I Operating Lease Event of Default.

"Potential AESOP I Operating Lease Loan Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an AESOP I Operating Lease Loan Event of Default.

"Potential AESOP II Loan Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an AESOP II Loan Event of Default.

"Potential AESOP II Operating Lease Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an AESOP II Operating Lease Event of Default.

"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 Enhancement Agreement Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an Enhancement Agreement Event of Default under any Enhancement Agreement.

"Potential Finance Lease Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Finance Lease Event of Default.

"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.

"Potential Loan Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Loan Event of Default.

"Potential Manufacturer Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Manufacturer Event of Default.

"Power of Attorney" means a power of attorney in the form of Attachment B to any Lease.

"Preferred Stock" means, as of any date, the issued and outstanding Series A Preferred Stock, together with any other issued and outstanding preferred stock, of AESOP Leasing II on such date.

"Prime Rate" is defined in Section 26.5 of the Finance Lease.

"Principal Collections" means any Collections other than Interest Collections.

"Principal Terms" is defined in Section 2.3 of the Base Indenture.

"Prior AESOP Finance Lease" is defined in the recitals to the Finance Lease.

"Prior AESOP Finance Lease Loan Agreement" is defined in the recitals to the AESOP I Finance Lease Loan Agreement.

"Prior AESOP I Loan Agreement" is defined in the recitals to the AESOP I Operating Lease Loan Agreement.

"Prior AESOP II Loan Agreement" is defined in the recitals to the AESOP II Operating Lease Loan Agreement.

"Prior AESOP I Operating Lease" is defined in the recitals to the AESOP I Operating Lease.

"Prior AESOP II Lease" is defined in the recitals to the AESOP II Operating Lease.

"Prior Indenture" is defined in the recitals to the Base Indenture.

"Proceeds" has the meaning set forth in Section 9-102(a)(64) of the UCC.

"Program Size" means, with respect to any Series of Notes, the amount specified in the applicable Supplement.

"Program Vehicle" means a Vehicle subject to an Eligible Manufacturer Program.

"Program Vehicle Special Default Payments" is defined (i) for purposes of the AESOP I Operating Lease in Section 13.3 thereof and (ii) for purposes of the Finance Lease in Section 13.3 thereof.

"PVHC" means PV Holding Corp., a Delaware corporation, and its permitted successors.

"PVHC/BONY Nominee Agreement" means the Amended and Restated Vehicle Title and Lienholder Nominee Agreement, dated as of the Restatement Effective Date, among PV Holding Corp., CCRG, AESOP Leasing and the Trustee, as amended, modified or supplemented from time to time in accordance with its terms.

"QI Parent Downgrade Event" shall mean, on any date of determination, either (i) JPMorgan Chase Bank (or any entity that is a successor to JP Morgan Chase Bank as the ultimate parent of the Intermediary) shall have a short-term credit rating of below "A-1+" from S&P or (ii) if at any time JPMorgan Chase Bank (or any entity that is a successor to JP Morgan Chase Bank as the ultimate parent of the Intermediary) does not have a short-term credit rating, JPMorgan Chase Bank (or any entity that is a successor to JP Morgan Chase Bank as the ultimate parent of the Intermediary) shall have a long-term credit rating of below "AA-" from S&P.

"Qualified Institution" means a depositary 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; provided, however, that at all times such depositary institution or trust company is a member of the FDIC and has (i) from Standard & Poor's a long-term indebtedness rating not lower than "AA-" and a short-term indebtedness rating of "A-1+" and from Moody's a long-term indebtedness rating not lower than "A2" and a short-term indebtedness rating of "P-1", or (ii) such other rating which satisfies the Rating Agency Consent Condition.

"Qualified Intermediary" means a Person satisfying the requirements for a "qualified intermediary" within the meaning of Section 1031 of the Code and the regulations thereunder.

"Quartx" means Quartx Fleet Management Inc., a Delaware corporation, and its permitted successors.

"Quartx Nominee Agreement" means the Amended and Restated Vehicle Title Nominee Agreement, dated as of the Restatement Effective Date, among Quartx Fleet Management Inc., the Trustee, CCRG and AESOP Leasing, as amended, modified or supplemented from time to time in accordance with its terms.

"Rating Agency" means, with respect to each outstanding Series of Notes, any rating agency or agencies then issuing a rating for such Series of Notes at the request of CRCF or CCRG.

"Rating Agency Confirmation Condition" means, with respect to any action, that (i) each Rating Agency shall have notified CRCF, each Lessee, AESOP Leasing, AESOP Leasing II, CCRG, any Enhancement Provider and the Trustee in writing that such action will not result in a reduction or withdrawal of the rating (in effect immediately before the taking of such action) of any outstanding Series of Notes with respect to which it is a Rating Agency and (ii) each Rating Agency shall have notified any applicable Enhancement Provider entitled to such notification pursuant to the relevant Supplement in writing that such action will not result in a reduction or withdrawal of the rating (without regard to the presence of the Enhancement provided by each such Enhancement Provider and in effect immediately before the taking of such action) of any outstanding Series of Notes issued pursuant to such related Supplement and, with respect to the issuance of a Series of Notes, the "Rating Agency Confirmation Condition" also means, in addition to the above, that each Rating Agency that is referred to in the related Supplement as being required to deliver its rating with respect to such Series of Notes shall have notified CRCF,

AESOP Leasing, AESOP Leasing II, CCRG, each Lessee, any Enhancement Provider and the Trustee in writing that such rating has been issued by such Rating Agency.

"Rating Agency Consent Condition" means, with respect to any action, that (i) each Rating Agency shall have notified CRCF, AESOP Leasing, AESOP Leasing II, CCRG, each Lessee, any Enhancement Provider and the Trustee in writing that such action will not result in a reduction or withdrawal of the rating (in effect immediately before the taking of such action) of any outstanding Series of Notes with respect to which it is a Rating Agency and, with respect to the issuance of a Series of Notes, the "Rating Agency Consent Condition" also means that each Rating Agency that is referred to in the related Supplement as being required to deliver its rating with respect to such Series of Notes shall have notified CRCF, each Lessee, AESOP Leasing, AESOP Leasing II, CCRG, any Enhancement Provider and the Trustee in writing that such rating has been issued by such Rating Agency and (ii) any Enhancement Provider entitled to consent pursuant to the related Supplement shall have consented in writing to such action.

"Record Date" means, with respect to any Distribution Date, the last day of the Related Month.

"Redesignated Program Vehicle" means a Program Vehicle that is rejected as ineligible for repurchase by the related Manufacturer (or for sale at auction under the applicable Manufacturer Program) and that is not expected to be accepted upon a subsequent return, or that at the time of its intended disposition is determined by the relevant Lessee as likely to be so rejected; provided, however, that after such rejection or determination such Vehicle will not be used in the operating fleet of the relevant Lessee.

"Registrar" is defined in Section 2.6(a) of the Base Indenture.

"Regulation S" is defined in Section 2.5(b) of the Base Indenture.

"Related Documents" means, collectively, the Indenture, the Notes, any Enhancement Agreement, the Loan Agreements, the Assignment Agreements, the Vehicle Title and Lienholder Nominee Agreements, the Administration Agreement, the Termination Services Agreement, the Securities Account Control Agreements, the Loan Notes, any Placement Agency Agreement, any agreements relating to the issuance or the purchase of any of the Notes, the Leases, the Supplemental Documents relating to the Leases, the Subleases, each Lockbox Agreement, the Master Exchange Agreement and the Escrow Agreement.

"Related Lease" means (i) with respect to the AESOP I Operating Lease Loan Agreement, the AESOP I Operating Lease, (ii) with respect to the AESOP I Finance Lease Loan Agreement, the Finance Lease and (iii) with respect to the AESOP II Loan Agreement, the AESOP II Operating Lease.

"Related Loan Agreement" means (i) with respect to the AESOP I Operating Lease, the AESOP I Operating Lease Loan Agreement, (ii) with respect to the AESOP I Finance Lease, the AESOP I Finance Lease Loan Agreement and (iii) with respect to the AESOP II Operating Lease, the AESOP II Loan Agreement.

"Related Month" means, (i) with respect to any Payment Date, Determination Date or Distribution 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.

"Relinquished Property" is defined in Section 1.1 of the Master Exchange Agreement.

"Relinquished Property Proceeds" is defined in Section 1.1 of the Master Exchange Agreement.

"Relinquished Vehicle" means a Vehicle that is "Relinquished Property" under and as defined in Section 1.1 of the Master Exchange Agreement.

"Replacement Property" is defined in Section 1.1 of the Master Exchange Agreement.

"Replacement Vehicle" means a Vehicle constituting "Replacement Property" under and as defined in the Master Exchange Agreement.

"Repurchase Amount" means, with respect to any Series of Notes, the amount specified in the applicable Supplement.

"Repurchase Period" means, with respect to any Program Vehicle, the period during which such Vehicle may be turned in to the Manufacturer thereof for repurchase or sale at auction pursuant to the applicable Manufacturer Program.

"Repurchase Price" with respect to any Vehicle (i) subject to a Repurchase Program means the price paid or payable by the Manufacturer thereof to repurchase such Vehicle pursuant to its Manufacturer Program and (ii) subject to a Guaranteed Depreciation Program means the amount which the Manufacturer thereof guarantees will be paid to AESOP Leasing (or the Intermediary, pursuant to the Master Exchange Agreement), AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, as the seller of such Vehicle by such Manufacturer and/or the related auction dealers upon the disposition of such Vehicle pursuant to its Manufacturer Program.

"Repurchase Program" means a program pursuant to which a Manufacturer has agreed with AESOP Leasing, AESOP Leasing II, ARAC, BRAC or CCRG, as the case may be, to repurchase Vehicles manufactured by such Manufacturer or one of its Affiliates during the specified Repurchase Period.

"Required AESOP I Operating Lease Vehicle Amount" means, with respect to each Series of Notes, the amount specified in the applicable Supplement.

"Required Aggregate Asset Amount" means, on any date of determination, the Aggregate Invested Amount on such date.

"Required Enhancement Amount" is defined, with respect to any Series, in the related Supplement.

"Required Noteholders" means Noteholders holding in excess of 50% of the aggregate Invested Amount of a Series of Notes (excluding, for the purposes of making the foregoing calculation, any Notes held by CRCF or any Affiliate of CRCF unless such Affiliate is the sole Noteholder under such Series of Notes).

"Required Secured Parties" is defined, with respect to any Series, in the related 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 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 50% of the aggregate Invested Amount of all outstanding Series of Notes (excluding, for the purposes of making the foregoing calculation, any Notes held by CRCF or any Affiliate of CRCF).

"Residual Value Payment" shall mean, with respect to a Vehicle as of the date of calculation, an amount equal to the Termination Value of such Vehicle, provided, however, that in no event shall the sum of the net present value of the Monthly Base Rent paid or accrued with respect to such Vehicle to the date of calculation plus the net present value of the Termination Value of such Vehicle exceed 88 percent of the Capitalized Cost of such Vehicle, with such net present value calculated to the Vehicle Finance Lease Commencement Date for such Vehicle with the discount rate equal to the interest rate utilized to calculate the interest component of the Monthly Base Rent heretofore paid or accrued for such Vehicle to the date of calculation. This Residual Value Payment will be reduced (but not below zero) by the proceeds received by the Lessor on the sale of the Vehicle including any sale pursuant to any Manufacturer Program.

"Restatement Effective Date" means June 3, 2004.

"Restricted Global Note" is defined in Section 2.5(a) of the Base Indenture.

"Revolving Period" means, with respect to any Series of Notes, the period specified in the applicable Supplement.

"Rule 144A" is defined in Section 2.5(a) of the Base Indenture.

"S&P" or "Standard & Poor's" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.

"Secured Parties" is defined in Section 3.1 of the Base Indenture.

"Securities Account Control Agreements" means the CRCF Securities Account Control Agreement and the CCRG Securities Account Control Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Segregated Series" is defined in Section 2.3(b) of the Base Indenture.

"Series A Preferred Stock" means the Adjustable Rate Cumulative Participating Preferred Stock ($1.00 par value), Series A, of AESOP Leasing II issued on the Initial Closing Date.

"Series Closing Date" means, with respect to any Series of Notes, the date of issuance of such Series of Notes, as specified in the related Supplement.

"Series of Notes" or "Series" means each Series of Notes issued and authenticated pursuant to the Base Indenture and a related Supplement.

"Series-Specific Collateral" is defined in Section 2.3(b) of the Base Indenture.

"Series Termination Date" means, with respect to any Series of Notes, the date stated in the related Supplement as the termination date.

"Special Default Payments" is defined (i) for purposes of the AESOP I Operating Lease in Section 13.3 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 13.3 thereof and (iii) for purposes of the Finance Lease in Section 13.3 thereof.

"Special Service Charges" means any and all charges assessed to the Lessees pursuant to the AESOP I Operating Lease and the Finance Lease with respect to the fees, expenses, indemnities and other amounts payable by AESOP Leasing (without giving effect to any recourse limitation applicable to AESOP Leasing) to the Intermediary pursuant to the Master Exchange Agreement.

"Specified States Amount" means, as of any date of determination, the aggregate Net Book Value of all Vehicles leased under the Operating Leases on such day that are titled in the States of Ohio, Oklahoma and Nebraska.

"Standard Casualty" means, with respect to any Vehicle, that (i) such Vehicle is destroyed, seized or otherwise rendered permanently unfit or unavailable for use and, if such Vehicle is a Program Vehicle, is not tendered to and accepted for repurchase by the applicable Manufacturer within 90 days following the occurrence thereof or (ii) such Vehicle is lost or stolen and is not recovered and, if such Vehicle is a Program Vehicle, not -tendered to and accepted for repurchase by the applicable Manufacturer within 180 days following the occurrence thereof.

"Subaru" means Subaru of America Inc., a New Jersey corporation, and its successors.

"Sublease" is defined (i) for purposes of the AESOP I Operating Lease, in Section 7 thereof, (ii) for purposes of the Finance Lease, in Section 7 thereof and (iii) for purposes of the AESOP II Operating Lease, in Section 7 thereof.

"Sublease Collateral" is defined in Section 2(c) of the Operating Leases and Section 2(b)(vi) of the Finance Lease.

"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 Section 2.3 or Article 12 of the Base Indenture.

"Supplemental Carrying Charges" means, with respect to each Loan Interest Period for which the Average Daily Loan Balance under each Loan Agreement is zero, an amount equal to (A) the amount of interest accrued during such Loan Interest Period with respect to all Series of Notes, plus (B) the sum of any Swap Payments payable by CRCF on the next succeeding Payment Date, minus (C) the sum of any Swap Payments payable to CRCF on the next succeeding Payment Date.

"Supplemental Documents" is defined (i) for purposes of the AESOP I Operating Lease in Section 2.1 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 2.1 thereof and (iii) for purposes of the Finance Lease in Section 2.1 thereof.

"Supplemental Interest" is defined (i) for purposes of the AESOP I Operating Lease Loan Agreement in Section 4.2 thereof, (ii) for purposes of the AESOP I Finance Lease Loan Agreement in Section 4.2 thereof and (iii) for purposes of the AESOP II Loan Agreement in Section 4.2 thereof.

"Supplemental Rent" means, with respect to each of the Leases, any and all amounts due thereunder other than Monthly Base Rent.

"Suzuki" means American Suzuki Motor Corporation, a California corporation, and its successors.

"Swap Agreement" means one or more interest rate swap contracts, interest rate cap agreements or similar contracts entered into by CRCF in connection with the issuance of a Series of Notes, as specified in the related Supplement, providing limited protection against interest rate risks.

"Swap Counterparty" means, with respect to a Swap Agreement, CRCF's counterparty under such Swap Agreement.

"Swap Payments" means amounts payable to or receivable by CRCF pursuant to any Swap Agreement.

"Temporary Global Note" is defined in Section 2.5(b) of the Base Indenture.

"Term" is defined (i) for purposes of the AESOP I Operating Lease in Section 3.2 thereof, (ii) for purposes of the AESOP II Operating Lease in Section 3.2 thereof and (iii) for purposes of the Finance Lease in Section 3.2 thereof.

"Termination Services Agreement" means the Amended and Restated Termination Services Agreement, dated as of July 30, 1997, by and among WizCom, ARAC, CRCF and the Trustee, as amended, modified or supplemented from time to time in accordance with its terms.

"Termination Services Reserve Account" is defined in Section 3 of the Administration Agreement.

"Termination Services Reserve Draw Amount" means, as of any date of determination, the lesser of (i) the amount then due to WizCom from ARAC pursuant to the Termination Services Agreement and (ii) the amount on deposit in the Termination Services Reserve Account on such date.

"Termination Value" means, with respect to any Vehicle, as of any date, an amount equal to (i) the Capitalized Cost of such Vehicle, minus (ii) all Depreciation Charges for such Vehicle accrued prior to such date, minus (iii) in the case of any Non-Program Vehicle, the amount of any upfront incentive fees paid by the Manufacturer of such Vehicle in respect of the purchase of such Vehicle.

"Toyota" means Toyota Motor Sales, U.S.A., Inc., a California corporation, and its successors.

"Transfer Agent" is defined in Section 2.9(c)(iv) of the Base Indenture.

"Treasury Regulations" is defined in the recitals to the Master Exchange Agreement.

"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.

"Turnback Date" means, with respect to any Program Vehicle or Non-Program Vehicle subject to a Manufacturer Program, the date on which such Vehicle is accepted for return by a Manufacturer or its agent pursuant to its Manufacturer Program and the Depreciation Charges cease to accrue pursuant to its Manufacturer Program.

"UCC" or "Uniform Commercial Code" 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.

"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.

"Variable Funding Note" is defined in Section 2.5(c) of the Base Indenture.

"Vehicle" means a passenger automobile or light truck leased by any Lessee pursuant to a Lease and when used in a Lease means a vehicle leased pursuant to such Lease.

"Vehicle Acquisition Schedule" means a schedule in the form of Attachment B to either Operating Lease or the Finance Lease.

"Vehicle Disposition Proceeds" means all disposition proceeds and other amounts due from Manufacturers and related auction houses under their Manufacturer Programs in respect of Vehicles disposed of pursuant to such Manufacturer Programs and all disposition proceeds from the sale of Vehicles by AESOP Leasing, AESOP Leasing II, a Lessee or the Intermediary to third parties other than the Manufacturers.

"Vehicle Finance Lease Commencement Date" is defined in Section 3.1 of the Finance Lease.

"Vehicle Finance Lease Expiration Date" is defined in Section 3.1 of the Finance Lease.

"Vehicle Operating Lease Commencement Date" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 3.1 thereof and (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 3.1 thereof.

"Vehicle Operating Lease Expiration Date" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 3.1 thereof and (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 3.1 thereof.

"Vehicle Order" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 2.1 thereof, (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 2.1 thereof and (iii) with respect to Vehicles subject to the Finance Lease in Section 2.1 thereof.

"Vehicle Perfection and Documentation Requirements" means, (i) with respect to a Vehicle, submission of an application for the issuance of a certificate of title for such Vehicle with the department of registry of motor vehicles of the applicable state in which such Vehicle is to be registered, which application shall reflect the following: AESOP Leasing or its Permitted Nominee (in the case of Vehicles subject to the AESOP I Operating Leases), AESOP Leasing II

or its Permitted Nominee (in the case of Vehicles subject to the AESOP II Operating Lease) and CCRG, ARAC, BRAC, any other Permitted Sublessees or their respective Permitted Nominees (in the case of Vehicles subject to the Finance Lease), as the registered owner and the Trustee as the first lienholder (except that with respect to Vehicles titled in the states of Ohio, Oklahoma and Nebraska, the Trustee will not be noted as the first lienholder on the Certificates of Title relating to such Vehicles) and (ii) with respect to each Franchisee Vehicle, the nominee lienholder under the related Franchisee Nominee Agreement will be noted as the first lienholder on the Certificate of Title relating to such Vehicle.

"Vehicle Purchase Price" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 2.5 thereof, (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 2.5 thereof and (iii) with respect to Vehicles subject to the Finance Lease in Section 2.5 thereof.

"Vehicle Purchase Surplus Amount" means, with respect to Vehicles subject to the Finance Lease, as of any Payment Date, an amount equal to the sum of (1) the excess, if any, of (x) the aggregate of the Vehicle Purchase Price for all Vehicles purchased by the Lessee pursuant to Section 2.5(a) of the Finance Lease or sold to third parties pursuant to Section 2.6 of the Finance Lease, in each case during the Related Month over (y) the aggregate of the Termination Values for all Vehicles so purchased or sold during such Related Month, and (2) the excess, if any, of (x) the aggregate Repurchase Price for Vehicles returned to a Manufacturer during the Related Month and which had a Repurchase Price in excess of the Termination Value for such Vehicles over (y) the aggregate Termination Value for all such Vehicles.

"Vehicle Return Default" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 18.6 thereof, (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 18.6 thereof and (iii) with respect to Vehicles subject to the Finance Lease in Section 18.6 thereof.

"Vehicle Term" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 3.1 thereof, (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 3.1 thereof and (iii) with respect to Vehicles subject to the Finance Lease in Section 3.1 thereof.

"Vehicle Title and Lienholder Nominee Agreements" means the PVHC/BONY Nominee Agreement, the Quartx Nominee Agreement, the Original AESOP Nominee Agreement and any Franchisee Nominee Agreements.

"Vehicle Turn-In Condition" is defined (i) with respect to Vehicles subject to the AESOP I Operating Lease in Section 13.1 thereof, (ii) with respect to Vehicles subject to the AESOP II Operating Lease in Section 13.1 thereof and (iii) with respect to Vehicles subject to the Finance Lease in Section 13.1 thereof.

"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 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.

"WizCom" means WizCom International, Ltd., a Delaware corporation.

"written" or "in writing" means any form of written communication, including, without limitation, by means of telex, telecopier device, telegraph or cable.

SECOND AMENDED AND RESTATED
LOAN AGREEMENT

dated as of June 3, 2004

among

AESOP LEASING L.P.,
as Borrower,

PV HOLDING CORP.,
as a Permitted Nominee of the Borrower,

QUARTX FLEET MANAGEMENT, INC.,
as a Permitted Nominee of the Borrower,

and

CENDANT RENTAL CAR FUNDING (AESOP) LLC,
as Lender

TABLE OF CONTENTS

EXHIBITS AND SCHEDULES

SECOND AMENDED AND RESTATED
LOAN AGREEMENT

THIS SECOND AMENDED AND RESTATED LOAN AGREEMENT, dated as of June 3, 2004 (the "Agreement"), is entered into among AESOP LEASING L.P., a Delaware limited partnership ("AESOP Leasing" or the "Borrower"), PV HOLDING CORP., a Delaware corporation ("PVHC"), as a Permitted Nominee of the Borrower, QUARTX FLEET MANAGEMENT, INC., a Delaware corporation ("Quartx"), as a Permitted Nominee of the Borrower, and CENDANT RENTAL CAR FUNDING (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), a Delaware limited liability company ("CRCF" or the "Lender").

WITNESSETH:

WHEREAS, AESOP Leasing, Avis Rent A Car System, Inc. ("ARAC"), as lessee and as administrator, and Avis Group Holdings Inc. ("AGH"), as guarantor, are parties to an Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of September 15, 1998 (the "Prior AESOP I Operating Lease"), pursuant to which AESOP Leasing leased Program Vehicles and Non-Program Vehicles of one or more Manufacturers to ARAC, and AGH guaranteed certain obligations of ARAC as lessee thereunder;

WHEREAS, AESOP Leasing obtained financing for such Vehicles from the Lender pursuant to the Amended and Restated Loan Agreement (the "Prior AESOP I Loan Agreement"), dated as of September 15, 1998, among AESOP Leasing, PVHC, Quartx and the Lender;

WHEREAS, immediately prior to this Agreement becoming effective, ARAC and AGH each assigned all of its respective rights, interests and obligations under the Prior AESOP I Operating Lease to Cendant Car Rental Group, Inc. ("CCRG"), pursuant to an Assignment and Assumption Agreement, dated as of the date hereof, among ARAC, AGH and CCRG;

WHEREAS, simultaneously with this Agreement becoming effective, AESOP Leasing, as lessor, and CCRG, as lessee and as administrator, intend to amend and restate the Prior AESOP I Operating Lease in order to remove the guaranty and amend certain other provisions;

WHEREAS, AESOP Leasing now wishes to amend and restate the Prior AESOP I Loan Agreement in order to amend certain provisions thereto;

WHEREAS, the Lender is willing to enter into this Agreement and to continue to make Loans to AESOP Leasing on the terms and conditions set forth herein;

WHEREAS, the Lender will utilize the proceeds of one or more Series of Notes issued from time to time pursuant to the Indenture to make Loans to (i) AESOP Leasing hereunder, (ii) AESOP Leasing under the AESOP I Finance Lease Loan Agreement and (iii) AESOP Leasing II under the AESOP II Loan Agreement, in each case to the extent Vehicles eligible to be financed hereunder and thereunder are available for financing and, in certain other circumstances, to pay amortizing Notes. In addition, the Lender will utilize the proceeds of

certain capital contributions from time to time to make Loans to AESOP Leasing hereunder to the extent Vehicles eligible to be financed hereunder are available for financing and, in certain other circumstances, to pay amortizing Notes. In connection with the foregoing, the Lender has assigned its rights hereunder and under the AESOP I Finance Lease Loan Agreement and the AESOP II Loan Agreement to the Trustee to secure the Lender's obligations to the Secured Parties; and

WHEREAS, except as expressly provided herein otherwise with respect to the proceeds of the Relinquished Vehicles and related Relinquished Vehicle Property, and with respect to Excluded Payments or any guaranty thereof, the Loans made to AESOP Leasing hereunder will be secured by all of the right, title and interest of AESOP Leasing, PVHC and Quartx in and to (a) the Vehicles leased under the AESOP I Operating Lease, (b) the security interests in certain collateral granted to AESOP Leasing by the Lessee pursuant to the AESOP I Operating Lease, (c) the Manufacturer Programs as they relate to such Vehicles that are Program Vehicles, (d) all monies due arising from the sale of such Vehicles that are Non-Program Vehicles, (e) all payments under insurance policies or warranties relating to such Vehicles, (f) each Sublease (as defined in the AESOP I Operating Lease) and all payments due from the Permitted Sublessee under each such Sublease, (e) all payments due from the Lessee under the AESOP I Operating Lease and (g) all proceeds of the foregoing;

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties hereto agree to amend and restate the Prior AESOP I Loan Agreement as follows:

SECTION 1. CERTAIN DEFINITIONS.

SECTION 1.1. Certain Definitions. As used in this Agreement and unless the context requires a different meaning, capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, the "Base Indenture"), between CRCF, as issuer, and The Bank of New York, as trustee (the "Trustee"), as amended or modified from time to time in accordance with the terms of the Base Indenture (the "Definitions List").

SECTION 1.2. Accounting and Financial Determinations. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any accounting computation is required to be made, for the purpose of this Agreement, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in this Agreement, in accordance with GAAP applied on a consistent basis. When used herein, the term "financial statement" shall include the notes and schedules thereto.

SECTION 1.3. Cross References; Headings. The words "hereof", "herein" and "hereunder" and words of a similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and

Exhibits in or to this Agreement unless otherwise specified. Any reference in any Section or definition to any clause is, unless otherwise specified, to such clause of such Section or definition. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

SECTION 1.4. Interpretation. In this Agreement, unless the context otherwise requires:

(i) the singular includes the plural and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to any Person in a particular capacity only refers to such Person in such capacity;

(iii) reference to any gender includes the other gender;

(iv) reference to any Requirement of Law means such Requirement of Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time;

(v) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and

(vi) with respect to the determination of any period of time, "from" means "from and including" and "to" and "until" means "to but excluding".

SECTION 2. LOAN COMMITMENT OF THE LENDER.

SECTION 2.1. Loan Commitment. Subject to the terms and conditions of this Agreement, including Section 12.2, and further subject to the availability of funds to the Lender pursuant to the Indenture, the Lender agrees to make loans hereunder (the "Loans") to AESOP Leasing from time to time on or after the Initial Closing Date and prior to the Loan Commitment Termination Date; provided that on any one date the Loan Principal Amount of all Loans made hereunder to AESOP Leasing shall not exceed the AESOP I Operating Lease Loan Agreement Borrowing Base. The foregoing commitment of the Lender is called the "Loan Commitment".

SECTION 2.2. Certain Waivers. AESOP Leasing waives presentment, demand for payment, notice of dishonor and protest, notice of the creation of any of its Liabilities and all other notices whatsoever to AESOP Leasing with respect to such Liabilities except notices required under Section 12.1. The obligations of AESOP Leasing under this Agreement and the Loan Note shall not be affected by (i) the failure of the Trustee or the Lender or the holder of the Loan Note or any of AESOP Leasing's Liabilities to assert any claim or demand or to exercise or enforce any right, power or remedy against AESOP Leasing or the AESOP I Operating Lease Loan Collateral or otherwise, (ii) any extension or renewal for any period (whether or not longer than the original period) or exchange of any of AESOP Leasing's Liabilities or the release or compromise of any obligation of any nature of any Person with respect thereto, (iii) the surrender, release or exchange of all or any part of any property (including the AESOP I Operating

Lease Loan Collateral) securing payment and performance of any of AESOP Leasing's Liabilities or the compromise or extension or renewal for any period (whether or not longer than the original period) of any obligations of any nature of any Person with respect to any such property, and (iv) any other act, matter or thing which would or might, in the absence of this provision, operate to release, discharge or otherwise prejudicially affect the obligations of AESOP Leasing.

SECTION 2.3. Conditions. The making of each Loan hereunder is subject to the satisfaction of the applicable conditions set forth in Section 11.

SECTION 2.4. Use of Proceeds. AESOP Leasing shall apply the funds received by it pursuant to Section 2.1 hereof solely to finance the purchase of Eligible Vehicles that it will lease to CCRG pursuant to the AESOP I Operating Lease, which Eligible Vehicles will be used by CCRG in its daily vehicle rental business or subleased to Permitted Sublessees pursuant to Subleases for use in their respective daily vehicle rental businesses.

SECTION 3. LOAN NOTE; LOAN PROCEDURE; RECORDKEEPING.

SECTION 3.1. Loan Note. The Loans made hereunder shall be evidenced by the promissory note issued by AESOP Leasing pursuant to the original AESOP I Loan Agreement, dated as of July 30, 1997, among AESOP Leasing, PVHC and the Lender (herein, as from time to time supplemented, extended or replaced, the "Loan Note"), a copy of which is attached as Exhibit A hereto, dated as of the Initial Closing Date, payable to the order of the Lender and assigned to the Trustee pursuant to the Indenture. On the date hereof, the Loans have an outstanding balance of $5,876,480,042.

SECTION 3.2. Loan Procedure. AESOP Leasing shall deliver a Loan Request to the Lender no later than 4:00 p.m., New York City time, on a day that is not less than one (1), nor more than five (5), Business Days prior to the proposed Borrowing Date (which shall be a Business Day). Each Loan Request shall be irrevocable, and shall specify (i) the principal amount of the proposed Loan, (ii) the Borrowing Date of the proposed Loan, (iii) a summary of the Vehicles being financed (including for Program Vehicles subject to the GM Repurchase Program, the Designated Period for each such Program Vehicle), (iv) whether each Vehicle is a Program Vehicle or a Non-Program Vehicle, (v) the VIN for each Vehicle to be financed, and (vi) the total Capitalized Cost thereof as of the Borrowing Date. The aggregate requested borrowings hereunder on any Business Day shall be for an initial aggregate principal amount that, together with the Loan Principal Amount of Loans outstanding hereunder and under the AESOP I Finance Lease Loan Agreement and the AESOP II Loan Agreement on such date, shall not exceed the principal amount of Notes outstanding on such date. On the terms and subject to the conditions of this Agreement, on or before 2:00 p.m., New York City time, on the Borrowing Date specified in the Loan Request, the Lender shall transfer same day or immediately available funds to AESOP Leasing's account specified in such Loan Request (including, without limitation, any such specified account maintained on behalf of AESOP Leasing) in the amount specified in such Loan Request; provided that any funds to be utilized in the purchase of Vehicles under an LKE Program shall be transferred by the Lender to the Joint Disbursement Account. Each Loan Request made pursuant to this Section 3.2 shall constitute AESOP Leasing's representation and warranty that all of the applicable conditions contained in Section 11 will, after giving effect to such Loan, be satisfied.

SECTION 3.3. Recordkeeping. The Lender shall record in its records, or at its option on the schedule attached to the Loan Note, the date and principal amount of each Loan made hereunder, each repayment thereof, and the other information provided for thereon. The aggregate unpaid Loan Principal Amount so recorded shall be rebuttable presumptive evidence of the Loan Principal Amount owing and unpaid on the Loan Note. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the actual obligations of AESOP Leasing hereunder or under the Loan Note to repay the Loan Principal Amount, together with all Loan Interest accruing thereon.

SECTION 4. INTEREST.

SECTION 4.1. Interest Rate on Loans. AESOP Leasing hereby promises to pay interest on the unpaid principal amount of each Loan made to it hereunder (the "Loan Interest"), for each Loan Interest Period commencing on the date such Loan is made to AESOP Leasing until such Loan is paid in full, at a rate not less than the Lender's Carrying Cost Interest Rate for the applicable Loan Interest Period. The applicable rate of Loan Interest on each Loan shall be specified in a Loan Request Response provided by the Lender to AESOP Leasing on the date a Loan Request is delivered; provided that if the Lender's Carrying Cost Interest Rate for the applicable Loan Interest Period is higher than the rate of Loan Interest specified in the Loan Request Response, Loan Interest payable shall be determined using the higher rate.

SECTION 4.2. Supplemental Interest. AESOP Leasing agrees to pay to the Lender, as an additional interest payment, an amount equal to the product of (A) the applicable Loan Agreement's Share as of the beginning of each Loan Interest Period and (B) an amount equal to (i) the Supplemental Carrying Charges for such Loan Interest Period, minus (ii) any accrued earnings on Permitted Investments in the Collection Account which earnings are available for distribution on the last Business Day of such Loan Interest Period (the product of the amounts described in clauses (A) and (B) above, "Supplemental Interest").

SECTION 4.3. Loan Interest Payment Dates. Accrued Loan Interest on each Loan made hereunder shall be payable on each Payment Date (with respect to the related Loan Interest Period), upon any prepayment and at maturity, commencing with the first of such dates to occur after the date such Loan is made. After maturity (whether by acceleration or otherwise), all accrued Loan Interest and Supplemental Interest on all Loans made hereunder shall be payable on demand. Supplemental Interest in respect of each Loan Interest Period shall be payable on each Payment Date and upon any prepayment and at maturity. All calculations of Loan Interest and Supplemental Interest shall be based on a 360-day year and the actual number of days elapsed in the related Loan Interest Period.

SECTION 4.4. Setting of Rates. The Lender's Carrying Cost Interest Rate and Supplemental Carrying Charges used hereunder to compute Loan Interest due on each Loan made hereunder on each Payment Date and the Supplemental Interest due on each Payment Date shall be calculated from time to time by the Lender in accordance with this Agreement (and written notice thereof shall be provided to AESOP Leasing not later than ten (10) days prior to the applicable Payment Date). Such calculation shall be conclusive, absent demonstrable error.

SECTION 4.5. Carrying Charges. AESOP Leasing agrees to pay to the Lender on each Payment Date an amount equal to the product of (A) the applicable Loan Agreement's Share as of such Payment Date and (B) all accrued and unpaid Carrying Charges that are accrued and unpaid as of each such Payment Date.

SECTION 5. REPAYMENT OF LOAN PRINCIPAL AMOUNT.

SECTION 5.1. Mandatory Repayment of Monthly Loan Principal Amount of Loans. On each Payment Date, AESOP Leasing shall pay to the Lender, as a repayment of the Loan Principal Amount, an amount equal to the product of (A) the applicable Loan Payment Allocation Percentage as of the beginning of the Related Month and (B) the excess of (I) over (II), where:

(I) is an amount equal to, without duplication, (i) the accrued Depreciation Charges for the Related Month for all Vehicles (a) leased under the AESOP I Operating Lease at any time during the Related Month and/or (b) described in clauses (iii) or (iv) of this Section 5.1, plus (ii) all upfront incentive payments paid by Manufacturers during the Related Month in respect of purchases of Non-Program Vehicles leased under the AESOP I Operating Lease, plus (iii) the aggregate Termination Values (each as of the date on which such Vehicle becomes an Ineligible Vehicle, a Casualty or is sold, as applicable) of all the Vehicles leased under the AESOP I Operating Lease at any time during such Related Month that, without double counting, while so leased either became Ineligible Vehicles, suffered a Casualty or were sold by or on behalf of AESOP Leasing (including those Vehicles sold by the Intermediary under the terms of the Master Exchange Agreement) to any Person other than to a Manufacturer pursuant to a Manufacturer Program or to a third party pursuant to an auction conducted through a Guaranteed Depreciation Program, in each case, during the Related Month, plus (iv) the aggregate Termination Values, each as of the applicable Turnback Date, of all Program Vehicles leased under the AESOP I Operating Lease that while so leased were returned to a Manufacturer by AESOP Leasing or the Intermediary pursuant to a Manufacturer Program and with respect to which either (x) the Repurchase Price payable by such Manufacturer and/or the related auction dealers has been deposited in the Collection Account or a Joint Collection Account during the Related Month or (y) a Manufacturer Event of Default has occurred; and

(II) is an amount equal to (i) any amounts deposited into the Collection Account or a Joint Collection Account, during the Related Month, representing (a) Repurchase Prices for repurchases of Program Vehicles (including Relinquished Vehicles) leased under the AESOP I Operating Lease at the applicable Turnback Date or (b) the sales proceeds (including amounts paid by a Manufacturer as a result of the sale of a Program Vehicle during the Related Month outside such Manufacturer's Manufacturer Program but excluding amounts released to AESOP Leasing pursuant to the last sentence of Section 5.2(a) of the Base Indenture) for sales of Vehicles (including Relinquished Vehicles) leased under the AESOP I Operating Lease at the time of such sale to a third party other than (x) to a Manufacturer pursuant to a Repurchase Program or (y) through an auction dealer pursuant to a Guaranteed Depreciation Program plus (ii) any amounts

received in the Related Month and applied to the Loan Principal Amount pursuant to Section 6.3 (the product of the amounts described in clauses (A) and (B) above, the "Monthly Loan Principal Amount").

Unless otherwise required to be paid sooner pursuant to the terms of this Agreement, the entire unpaid Loan Principal Amount of the Loans made hereunder shall be payable on the last occurring Series Termination Date with respect to the Notes. All Loans made hereunder shall be due on the maturity date therefor, whether by acceleration or otherwise. Solely for determining the amounts payable under this Section 5.1, with respect to a Program Vehicle that became a Casualty during the Related Month as a result of such Program Vehicle being held beyond the stated expiration date of the applicable Repurchase Period and not being redesignated as a Non-Program Vehicle, such Vehicle will be deemed to have become a Casualty upon such expiration date.

SECTION 5.2. Voluntary Prepayments of Loan Principal Amount. AESOP Leasing may from time to time prepay the principal amount with respect to any Loans made hereunder, in whole or in part, on any date; provided that, except for any prepayment made pursuant to Section 6.3 hereof or any payment made to comply with Section 10.13 hereof, AESOP Leasing shall give the Lender and the Trustee not less than one (1) Business Day's prior notice of any such prepayment, specifying the date and amount of such prepayment, and, if AESOP Leasing is requesting a release of Vehicles from the Lien hereof pursuant to Section 7.3, the Vehicles to which such prepayment relates.

SECTION 6. MAKING OF PAYMENTS.

SECTION 6.1. Making of Payments. All payments of the Monthly Loan Principal Amount or Loan Interest hereunder, all prepayments of the Loan Principal Amount hereunder, and all payments of Supplemental Interest, Carrying Charges and of all other Liabilities shall be made by AESOP Leasing to, or for the account of, the Lender in immediately available Dollars, without setoff, counterclaim or deduction of any kind. All such payments shall be made to the Collection Account (or such other account as the Lender may from time to time specify with the consent of the Trustee), not later than 11:00 a.m., New York City time, on the date due, and funds received after that hour shall be deemed to have been received by the Lender on the next following Business Day. The Lender hereby specifies that (i) all (A) payments with respect to Program Vehicles (including Relinquished Vehicles constituting Program Vehicles) leased under the AESOP I Operating Lease made by the Manufacturers and related auction dealers under the Manufacturer Programs, and (B) amounts representing the proceeds from sales of Vehicles (including any Relinquished Vehicles) leased under the AESOP I Operating Lease (including amounts paid by a Manufacturer as a result of the sale of such Vehicle outside such Manufacturer's Manufacturer Program) to third parties (other than under any related Manufacturer Program) shall be deposited in the Collection Account or a Joint Collection Account (and, if deposited in a Joint Collection Account, shall be applied as provided in Section 4.2 of the Master Exchange Agreement) and (ii) all payments with respect to any other AESOP I Operating Lease Loan Collateral shall be deposited in the Collection Account; provided, however, that, subject to Section 5.2 of the Base Indenture, insurance proceeds and warranty

payments with respect to Vehicles leased under the AESOP I Operating Lease will be deposited in the Collection Account only if an Amortization Event or a Potential Amortization Event shall have occurred and be continuing.

SECTION 6.2. Due Date Extension. If any (i) payment of the Monthly Loan Principal Amount or Loan Interest hereunder or (ii) prepayment of the Loan Principal Amount or Supplemental Interest with respect to any Loans made hereunder falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day and Loan Interest or Supplemental Interest, as applicable, shall accrue through such Business Day.

SECTION 6.3. Application of Sale Proceeds. AESOP Leasing agrees that an amount equal to the product of (A) the applicable Loan Payment Allocation Percentage as of the beginning of the Related Month and (B) the sum of (i) all payments made by the Manufacturers and related auction dealers under the Manufacturer Programs with respect to Vehicles (including Relinquished Vehicles) leased under the AESOP I Operating Lease, and (ii) proceeds from the sale to third parties of Vehicles (including Relinquished Vehicles) leased under the AESOP I Operating Lease (other than to the Manufacturer or pursuant to a Guaranteed Depreciation Program), in each case deposited in the Collection Account on any date, shall automatically be applied, upon the transfer thereof from a Joint Collection Account to the Collection Account or otherwise upon deposit thereof in the Collection Account, to prepay the Loan Principal Amount.

SECTION 6.4. Payment Deficits. At or before 11:30 a.m., New York City time, on each Payment Date, AESOP Leasing shall notify the Trustee and the related Enhancement Provider of the amount of the Lease Payment Deficit, if any, with respect to each Series of Notes issued pursuant to the Indenture, such notification to be in the form of Exhibit C.

SECTION 7. LOAN COLLATERAL SECURITY.

SECTION 7.1. Grant of Security Interest. (a) As security for the prompt and complete payment and performance of its Liabilities, each of AESOP Leasing, PVHC and Quartx hereby pledges, hypothecates, assigns, transfers and delivers to the Lender, and hereby grants to the Lender, a continuing, security interest in, all of the following, whether now owned or hereafter acquired:

(i) all Vehicles leased under the AESOP I Operating Lease, and all Certificates of Title with respect thereto;

(ii) all right, title and interest of each of AESOP Leasing, PVHC and Quartx in and to each Manufacturer Program, including any amendments thereof, and all monies due and to become due under or in connection with each such Manufacturer Program, in each case in respect of Vehicles leased under the AESOP I Operating Lease (other than Relinquished Property Proceeds), whether payable as Vehicle Repurchase Prices, auction sales proceeds, fees, expenses, costs, indemnities, insurance recoveries, damages for breach of the Manufacturer Programs or otherwise (but excluding all incentive payments payable in respect of purchases of Vehicles under the Manufacturer Programs) and all rights to compel performance and otherwise exercise remedies thereunder;

(iii) all right, title and interest of each of AESOP Leasing, PVHC and Quartx in, to and under the AESOP I Operating Lease, the related Lessee Agreements (other than any right, title and interest of any of AESOP Leasing, PVHC and Quartx with respect to any Excluded Payments) and any other collateral (including the Sublease Collateral) pledged to AESOP Leasing to secure the Lessee's obligations thereunder (the "Additional Lease Collateral") including, without limitation, all monies due and to become due to any of AESOP Leasing, PVHC and Quartx from the Lessee, any Permitted Sublessee or any of their assigns under or in connection with the AESOP I Operating Lease, the related Lessee Agreements or any other agreements constituting part of the Additional Lease Collateral, whether payable as principal, interest, rent, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the AESOP I Operating Lease, the related Lessee Agreements or any other agreements constituting part of the Additional Lease Collateral or otherwise, and all rights, remedies, powers, privileges and claims of each of AESOP Leasing, PVHC and Quartx against any other party under or with respect to the AESOP I Operating Lease, the related Lessee Agreements or any other agreements constituting part of the Additional Lease Collateral (whether arising pursuant to the terms of the AESOP I Operating Lease, the related Lessee Agreements or any other agreements constituting part of the Additional Lease Collateral or otherwise available to AESOP Leasing, PVHC or Quartx at law or in equity), the right to enforce the AESOP I Operating Lease, the related Lessee Agreements and any other agreements constituting part of the Additional Lease Collateral as provided herein and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the AESOP I Operating Lease, the related Lessee Agreements and any other agreements constituting part of the Additional Lease Collateral or the obligations of any party thereunder;

(iv) all right, title and interest of each of AESOP Leasing, PVHC and Quartx in, to and under the Vehicle Title and Lienholder Nominee Agreements and the Administration Agreement, including any amendments thereof, and all monies due and to become due thereunder, in each case in respect of Vehicles leased under the AESOP I Operating Lease, whether payable as fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the Vehicle Title and Lienholder Nominee Agreements and the Administration Agreement or otherwise and all rights to compel performance and otherwise exercise remedies thereunder;

(v) all payments under insurance policies (whether or not the Lessor, the Lender or the Trustee is named as the loss payee thereof) or any warranty payable by reason of loss or damage to, or otherwise with respect to, any of the Vehicles leased under the AESOP I Operating Lease;

(vi) all right, title and interest of each of AESOP Leasing, PVHC and Quartx in and to any proceeds from the sale of Vehicles leased under the AESOP I Operating Lease, including all monies due in respect of such Vehicles under the AESOP I Operating Lease, whether payable as the purchase price of such Vehicles, auction sales proceeds, or as fees, expenses, costs, indemnities, insurance recoveries, or otherwise (including all upfront incentive payments payable by Manufacturers in respect of purchases of

Non-Program Vehicles, but excluding the proceeds from the sale of Vehicles that are Relinquished Vehicles at the time of such sale);

(vii) any assignment of a security interest in any Vehicle leased under the AESOP I Operating Lease granted to any of AESOP Leasing, PVHC and Quartx pursuant to the AESOP I Operating Lease or otherwise, and all Certificates of Title with respect to each such Vehicle;

(viii) all right, title and interest of AESOP Leasing in, to and under the Master Exchange Agreement and the Escrow Agreement, including any amendments thereof, all monies due and to become due to AESOP Leasing thereunder, whether amounts payable to AESOP Leasing from the Joint Collection Accounts or any Exchange Account by the Intermediary or payable as damages for breach of the Master Exchange Agreement, the Escrow Agreement or otherwise, and all other property released or to be released by the Intermediary to AESOP Leasing thereunder and all rights to compel performance and otherwise exercise remedies thereunder; provided, however, that in the case of any property and funds held in the Joint Collection Accounts or any Exchange Account that constitute Relinquished Property Proceeds, such property shall not constitute part of the AESOP I Operating Lease Loan Collateral until such amounts are payable by the Intermediary to the Trustee pursuant to the Master Exchange Agreement or the Escrow Agreement in accordance with the terms thereof; and

(ix) all products and Proceeds of all of the foregoing;

provided, however, that (A) the AESOP I Segregated Account shall not be subject to the grant of a security interest by each of AESOP Leasing, PVHC and Quartx pursuant to this Section 7.1(a) and shall not constitute part of the AESOP I Operating Lease Loan Collateral and (B) the property released from the security interest pursuant to Section 7.3 shall not constitute part of the AESOP I Operating Lease Loan Collateral. Upon the occurrence of an AESOP I Operating Lease Loan Agreement Event of Default, the Lender and the Trustee, as assignee, shall have all of the rights and remedies of a secured party, including without limitation, the rights and remedies granted under the UCC.

(b) To secure the CRCF Obligations, each of AESOP Leasing, PVHC and Quartx hereby pledges, hypothecates, assigns, transfers and delivers to the Trustee, on behalf of the Secured Parties, and hereby grants to the Trustee, on behalf of the Secured Parties, a continuing, first-priority security interest in, all of the AESOP I Operating Lease Loan Collateral, whether now owned or hereafter acquired. Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default and subject to the provisions of the Related Documents, the Trustee shall have all of the rights and remedies with respect to the AESOP I Operating Lease Loan Collateral of a secured party, including, without limitation, the rights and remedies granted under the UCC.

SECTION 7.2. Certificates of Title. AESOP Leasing shall take, or shall cause to be taken, such action as shall be necessary to submit all of the Certificates of Title for Vehicles leased under the AESOP I Operating Lease (other than Certificates of Title with respect to Vehicles titled in the states of Nebraska, Ohio and Oklahoma) to the appropriate state authority

for notation of the Trustee's lien thereon. The original Certificates of Title shall be held by (i) the Administrator, (ii) SGS Automotive Services, Inc. (formerly known as and successor in interest to Intermodal Transportation Services, Inc.), as agent to the Administrator, or (iii) any other titling service, acting as agent for the Administrator, that is approved in writing by the Required Noteholders of each Outstanding Series of Notes. The Administrator, or its agent, shall hold such titles as agent for AESOP Leasing, in trust for the benefit of the Lender and the Trustee.

SECTION 7.3. Release of AESOP I Operating Lease Loan Collateral. The Lender shall request the Trustee in writing to release its Lien on a Vehicle (including a Relinquished Vehicle) leased under the AESOP I Operating Lease and the Certificate of Title therefor upon the earliest of (i) in the case of a Program Vehicle or a Non-Program Vehicle subject to a Guaranteed Depreciation Program, the date of the sale of such Vehicle by an auction dealer to a third party, and in the case of a Program Vehicle or a Non-Program Vehicle subject to a Repurchase Program, the Turnback Date for such Vehicle, (ii) voluntary prepayment in full of the principal amount of the Loan to which such Vehicle relates in accordance with Section 5.2, as noted in records maintained by the Trustee, (iii) receipt of proceeds from an ordinary course sale of such Vehicle in an amount at least equal to the Termination Value of such Vehicle; provided, however, that if such an ordinary course sale occurs during the Repurchase Period with respect to a Program Vehicle, AESOP Leasing shall only sell or permit a sale of such Program Vehicle for a purchase price, together with any amounts payable by a Manufacturer as a result of or in connection with such sale, equal to or greater than the Repurchase Price that it would have received if it had turned back such Program Vehicle to the Manufacturer and (iv) receipt of proceeds from an ordinary course sale of a Vehicle subject to a Casualty in an amount at least equal to the Termination Value of such Vehicle. With respect to Vehicles leased under the AESOP I Operating Lease (including Relinquished Vehicles), from and after the earliest of (a) in the case of a Program Vehicle or a Non-Program Vehicle subject to a Guaranteed Depreciation Program, the date of the sale of such Vehicle by an auction dealer to a third party, and in the case of a Program Vehicle or a Non-Program Vehicle subject to a Repurchase Program, the Turnback Date for such Vehicle, (b) a prepayment of the principal amount of the Loan to which such Vehicle relates and (c) receipt of the purchase price for a Vehicle by AESOP Leasing, or by the Trustee on the Lender's behalf, in the case of (b) and (c), in an amount at least equal to the Termination Value of such Vehicle, such Vehicle and such Certificate of Title shall be deemed to be released from the Lien of this Agreement, and the Lender and the Trustee shall execute such documents and instruments as AESOP Leasing may reasonably request (including a power of attorney of the Trustee appointing the Administrator to act as the agent of the Trustee in releasing the Lien of the Trustee on Vehicles turned back or sold pursuant to the provisions of this Section 7.3; which power of attorney shall be revocable by the Lender or the Trustee at any time following the occurrence of a Liquidation Event of Default), at AESOP Leasing's expense, to evidence and/or accomplish such release.

SECTION 7.4. Change of Location or Name. So long as any of its Liabilities shall remain outstanding or the Lender shall continue to have any Loan Commitment, none of AESOP Leasing, PVHC or Quartx shall adopt or utilize a trade name or change (i) the location of its records concerning its business and financial affairs, (ii) its jurisdiction of organization or (iii) its legal name, identity or corporate structure in each case without first giving the Trustee and the Lender at least thirty (30) days' advance written notice thereof and having taken any and

all action required to maintain and preserve the first-priority perfected Lien of the Lender or the Trustee on the AESOP I Operating Lease Loan Collateral (except, as to perfection and priority, with respect to Vehicles titled in the states of Nebraska, Ohio and Oklahoma) free and clear of any Lien whatsoever except for Permitted Liens; provided, however, that notwithstanding the foregoing, none of AESOP Leasing, PVHC or Quartx shall change the location of its records concerning its business and financial affairs or its jurisdiction of organization to any place outside the United States of America.

SECTION 7.5. Deliveries; Further Assurances. (a) Each of AESOP Leasing, PVHC and Quartx agrees that it will, at its sole expense, (i) immediately deliver or cause to be delivered to the Lender (or the Trustee on behalf of the Secured Parties), in due form for transfer (i.e., endorsed in blank), all securities, chattel paper, instruments and documents, if any, at any time representing all or any of the AESOP I Operating Lease Loan Collateral, other than the Certificates of Title which shall be delivered to the Lender or the Trustee, as applicable, after the occurrence of a Liquidation Event of Default, if such delivery is reasonably necessary or appropriate to perfect or protect the Lender's (or the Trustee's on behalf of the Secured Parties) security interest in such AESOP I Operating Lease Loan Collateral, and (ii) execute and deliver, or cause to be executed and delivered, to the Lender or the Trustee in due form for filing or recording (and pay the cost of filing or recording the same in all public offices reasonably deemed necessary or advisable by the Lender or the Trustee), such assignments, security agreements, mortgages, consents, waivers, financing statements and other documents, and do such other acts and things, all as may from time to time be reasonably necessary or desirable to establish and maintain to the satisfaction of the Lender (or the Trustee) a valid perfected Lien on and security interest in all of the AESOP I Operating Lease Loan Collateral (except, as to perfection, with respect to Vehicles titled in the states of Nebraska, Ohio and Oklahoma) now or hereafter existing or acquired (free of all other Liens whatsoever other than Permitted Liens) to secure payment and performance of its Liabilities.

(b) AESOP Leasing hereby authorizes each of the Lender and the Trustee to file (provided that the Trustee shall have no obligation to so file) financing or continuation statements, and amendments thereto and assignments thereof, under the UCC in order to perfect its interest in the AESOP I Operating Lease Loan Collateral.

SECTION 7.6. [RESERVED].

SECTION 7.7. [RESERVED].

SECTION 7.8. AESOP I Segregated Account. AESOP Leasing has established and shall maintain in its name an account entitled "AESOP Leasing L.P. Account" (the "AESOP I Segregated Account"). The AESOP I Segregated Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the AESOP I Segregated Account. If the AESOP I Segregated Account is not maintained in accordance with the previous sentence, then within ten (10) Business Days after obtaining knowledge of such fact AESOP Leasing shall establish a new AESOP I Segregated Account which complies with such sentence and transfer into the new AESOP I Segregated Account all amounts then on deposit in the non-qualifying AESOP I Segregated Account. The

parties hereto acknowledge and agree that the monies held in the AESOP I Segregated Account from time to time (i) are property of AESOP Leasing, (ii) are not being pledged to secure any obligation to, or otherwise held in trust for, the Lender or any of the persons specified in this Section 7.8 and (iii) are available to satisfy the claims of creditors of AESOP Leasing generally; provided, however, that nothing contained herein shall affect the rights of the Lender to pursue all legal remedies available to it with respect to any amounts payable by AESOP Leasing hereunder.

SECTION 8. REPRESENTATIONS AND WARRANTIES. To induce the Lender to enter into this Agreement and to make Loans hereunder, AESOP Leasing represents and warrants to the Lender as to itself, and each of PVHC and Quartx represents and warrants to the Lender as to itself, as of the date hereof, as of the date of each Loan made hereunder and as of each Series Closing Date that:

SECTION 8.1. Organization; Ownership; Power; Qualification. Each of AESOP Leasing, PVHC and Quartx (i) is a limited partnership or a corporation, as the case may be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) has the power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and (iii) is duly qualified, in good standing and authorized to do business in each jurisdiction in which the character of its properties or the nature of its businesses requires such qualification or authorization.

SECTION 8.2. Authorization; Enforceability. Each of AESOP Leasing, PVHC and Quartx has the power and has taken all necessary action to authorize it to execute, deliver and perform this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by each of AESOP Leasing, PVHC and Quartx and is, and each of the other Related Documents to which any of AESOP Leasing, PVHC or Quartx is a party is, a legal, valid and binding obligation of such party enforceable in accordance with its terms.

SECTION 8.3. Compliance. The execution, delivery and performance by each of AESOP Leasing, PVHC and Quartx of this Agreement and each other Related Document to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) require any consent, approval, authorization or registration not already obtained or effected, (ii) violate any applicable law with respect to AESOP Leasing, PVHC or Quartx, as the case may be, which violation could result in a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof), (iii) conflict with, result in a breach of, or constitute a default under the certificate of limited partnership or limited partnership agreement of AESOP Leasing or under the certificate of incorporation, as amended, or by-laws of each of PVHC and Quartx, or under any indenture, agreement, or other instrument to which any of AESOP Leasing, PVHC or Quartx is a party or by which its properties may be bound, or (iv) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by any of AESOP Leasing, PVHC or Quartx except Permitted Liens.

SECTION 8.4. [RESERVED].

SECTION 8.5. Litigation. There is no action, suit or proceeding pending against or, to the knowledge of any of AESOP Leasing, PVHC or Quartx, threatened against or affecting any of AESOP Leasing, PVHC or Quartx before any court or arbitrator or any Governmental Authority in which there is a reasonable possibility of an adverse decision that could materially adversely affect the financial position, results of operations, business, properties, performance or condition (financial or otherwise) of AESOP Leasing, PVHC or Quartx, as the case may be, or which in any manner draws into question the validity or enforceability of this Agreement or any other Related Document or the ability of any of AESOP Leasing, PVHC or Quartx to comply with any of the respective terms hereunder or thereunder.

SECTION 8.6. Liens. The AESOP I Operating Lease Loan Collateral is free and clear of all Liens other than (i) Permitted Liens and (ii) Liens in favor of the Lender or the Trustee. The Lender (or the Trustee on behalf of the Secured Parties) has obtained, as security for the Liabilities, a first-priority perfected Lien on all AESOP I Operating Lease Loan Collateral (except, with respect to perfection and priority, Vehicles titled in the states of Nebraska, Ohio and Oklahoma). All Vehicle Perfection and Documentation Requirements with respect to all Vehicles leased under the AESOP I Operating Lease on or after the date hereof have and will continue to be satisfied in accordance with the terms of this Agreement.

SECTION 8.7. Employee Benefit Plans. None of AESOP Leasing, PVHC or Quartx have established and maintain or contribute to any employee benefit plan that is covered by Title IV of ERISA, and none of AESOP Leasing, PVHC or Quartx will do so, so long as the Loan Commitment has not expired, or any amount is owing to the Lender hereunder.

SECTION 8.8. Investment Company Act. None of AESOP Leasing, PVHC or Quartx is or is controlled by an "investment company", within the meaning of the Investment Company Act, and none of AESOP Leasing, PVHC or Quartx 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 any of AESOP Leasing, PVHC or Quartx of this Agreement nor the issuance of the Loan Note violates any provision of the Investment Company Act.

SECTION 8.9. Regulations T, U and X. None of AESOP Leasing, PVHC or Quartx 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 AESOP Leasing, PVHC or Quartx, any Affiliate of any of AESOP Leasing, PVHC or Quartx or any Person acting on its or their behalf has taken or will take action to cause the execution, delivery or performance of this Agreement or the Loan Note, the making or existence of the Loans or the use of proceeds of the Loans made hereunder to violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

SECTION 8.10. Proceeds. The proceeds of the Loans made hereunder will be used solely to purchase or finance Eligible Vehicles that will be leased under the AESOP I Operating Lease.

SECTION 8.11. Legal Names; Record Locations; Jurisdiction of Organization. Schedule 8.11 lists each of the locations where AESOP Leasing, PVHC or Quartx maintains any records, and Schedule 8.11 also lists the legal name of each of AESOP Leasing, PVHC and Quartx and each of their respective jurisdictions of organization.

SECTION 8.12. Taxes. Each of AESOP Leasing, PVHC and Quartx has filed all tax returns which have been required to be filed by it (except where the requirement to file such return is subject to a valid extension), and has paid or provided adequate reserves for the payment of all taxes shown due on such returns or required to be paid as a condition to such extension, as well as all payroll taxes and federal and state withholding taxes, and all assessments payable by it that have become due, other than those that are payable without penalty or are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP. As of the date hereof, to the best of AESOP Leasing's, PVHC's and Quartx's knowledge, there is no unresolved claim by a taxing authority concerning AESOP Leasing's, PVHC's or Quartx's tax liability for any period for which returns have been filed or were due other than those contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP.

SECTION 8.13. Governmental Authorizations. Each of AESOP Leasing, PVHC and Quartx has all licenses, franchises, permits and other governmental authorizations necessary for all businesses presently carried on by it (including owning and leasing the real and personal property owned and leased by it), except where failure to obtain such licenses, franchises, permits and other governmental authorizations would not have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 8.14. Compliance with Laws. Each of AESOP Leasing, PVHC and Quartx: (i) is not in violation of any law, ordinance, rule, regulation or order of any Governmental Authority applicable to it or its property, which violation would have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) and no such violation has been alleged, (ii) has filed in a timely manner all reports, documents and other materials required to be filed by it with any governmental bureau, agency or instrumentality (and the information contained in each of such filings is true, correct and complete in all material respects), except where failure to make such filings would not have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) and (iii) has retained all records and documents required to be retained by it pursuant to any Requirement of Law, except where failure to retain such records would not have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 8.15. Eligible Vehicles. Each Vehicle leased under the AESOP I Operating Lease was, on the date of purchase or financing thereof by AESOP Leasing, an Eligible Vehicle.

SECTION 8.16. Manufacturer Programs. No Manufacturer Event of Default has occurred and is continuing with respect to any Manufacturer of a Program Vehicle.

SECTION 8.17. Absence of Default. AESOP Leasing is in compliance with all of the provisions of its certificate of limited partnership and limited partnership agreement and each of PVHC and Quartx is in compliance with all provisions of its certificate of incorporation, as amended, 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) an AESOP I Loan Event of Default or a Potential AESOP I Loan Event of Default or (ii) a default or event of default by any of AESOP Leasing, PVHC or Quartx under any indenture, agreement or other instrument, or any judgment, decree or final order to which any of AESOP Leasing, PVHC or Quartx is a party or by which any of AESOP Leasing, PVHC or Quartx or any of its properties may be bound or affected.

SECTION 8.18. No Security Interest; Title to Assets. (a) This Agreement creates a valid and continuing security interest (as defined in the UCC) in the AESOP I Operating Lease Loan Collateral, which security interest is prior to all other Liens (other than Permitted Liens) and is enforceable as such against the creditors of and purchasers from the Borrower. The AESOP I Operating Lease Loan Collateral constitutes "accounts," "goods covered by certificates of title," "chattel paper," or "general intangibles" or the "proceeds" thereof within the meaning of the UCC. All action necessary (including the filing of UCC-1 financing statements, the assignment of rights under the Manufacturer Programs to the Trustee, the notation on Certificates of Title for all Vehicles leased under the AESOP I Operating Lease (other than the Vehicles titled in the states of Nebraska, Ohio and Oklahoma) of the Trustee's lien for the benefit of the Noteholders) to protect and perfect CRCF's security interest in the AESOP I Operating Lease Loan Collateral and the Trustee's security interest on behalf of the Secured Parties in the Collateral now in existence and hereafter acquired or created has been duly and effectively taken.

(b) The Borrower has caused the filing of all appropriate financing statements in the appropriate jurisdictions under the applicable law in order to perfect the security interest in the AESOP I Operating Lease Loan Collateral that constitute "accounts," "chattel paper" and "general intangibles" under the UCC granted to the Trustee. The Borrower has caused each Certificate of Title for every Vehicle (other than Certificates of Title with respect to Vehicles titled in the States of Nebraska, Ohio and Oklahoma) to show the Trustee as the sole lienholder on such Certificate of Title. The Borrower has taken all steps necessary to perfect its security interest against the Lessee under the AESOP I Operating Lease, the related Lessee Agreements and any other agreements constituting part of the Additional Lease Collateral. The original copy of the AESOP I Operating Lease (Counterpart No. 1) has been delivered to the Trustee.

(c) Each of AESOP Leasing, PVHC and Quartx has good, legal and marketable title to, or a valid leasehold interest in, all of its assets. None of such properties or assets is subject to any Liens (except for Permitted Liens), claims or encumbrances. Except for financing statements or other filings with respect to or evidencing Permitted Liens, no financing statement under the UCC of any state, application for a Certificate of Title or certificate of ownership, or other filing which names any of AESOP Leasing, PVHC or Quartx as debtor or which covers or purports to cover any of the assets of any of AESOP Leasing, PVHC or Quartx

is on file in any state or other jurisdiction, and none of AESOP Leasing, PVHC or Quartx has signed any such financing statement, application or instrument authorizing any secured party or creditor of such Person thereunder to file any such financing statement, application or filing other than with respect to Permitted Liens. No Person other than the Trustee has been named on any Certificate of Title for any Vehicle as the holder of any Lien on such Vehicle. The Borrower is not aware of any judgment or tax lien filings against the Borrower. The AESOP I Operating Lease has no marks or notations indicating that it has been pledged, assigned or otherwise conveyed to any Person other than the Trustee.

SECTION 8.19. Accuracy of Information. All data, certificates, reports, statements, opinions of counsel, documents and other information furnished to the Lender or the Trustee by or on behalf of any of AESOP Leasing, PVHC or Quartx pursuant to any provision of any Related Document, or in connection with or pursuant to any amendment or modification of, or waiver under, any Related Document, shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Lender or the Trustee, as the case may be, true and accurate knowledge of the subject matter thereof, (ii) not contain any untrue statement of a material fact and (iii) not omit to state a material fact necessary in order to make the statements contained therein (in light of the circumstances in which they were made) not misleading, and the furnishing of the same to the Lender or the Trustee, as the case may be, shall constitute a representation and warranty by AESOP Leasing, PVHC or Quartx, as the case may be, made on the date the same are furnished to the Lender or the Trustee, as the case may be, to the effect specified in clauses (i), (ii) and (iii) above.

SECTION 9. AFFIRMATIVE COVENANTS. Until the expiration or termination of the Loan Commitment and thereafter until the Loan Note and all other Liabilities are paid in full, each of AESOP Leasing, PVHC and Quartx agrees that, unless at any time the Lender shall otherwise expressly consent in writing:

SECTION 9.1. Existence; Foreign Qualification. Each of AESOP Leasing, PVHC and Quartx will do and cause to be done at all times all things necessary to (i) maintain and preserve its existence as a limited partnership or a corporation, as the case may be, (ii) be, and ensure that it is, duly qualified to do business and in good standing as a foreign limited partnership or foreign corporation, as the case may be, in each jurisdiction where the nature of its business makes such qualification necessary and the failure to so qualify would have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) and (iii) comply with all Contractual Obligations and Requirements of Law binding upon it, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 9.2. Books, Records and Inspections. AESOP Leasing will maintain complete and accurate books and records with respect to the AESOP I Operating Lease Loan Collateral and each of AESOP Leasing, PVHC and Quartx will permit any Person designated by the Lender or the Trustee in writing to visit and inspect any of its properties, corporate books and financial records and to discuss its affairs, finances and accounts with its officers, its agents and

its independent public accountants, all at such reasonable times and as often as the Lender or the Trustee may reasonably request.

SECTION 9.3. Insurance. AESOP Leasing will obtain and maintain, or cause to be obtained and maintained, with respect to all Vehicles leased under the AESOP I Operating Lease (i) vehicle liability insurance to the full extent required by law and in any event not less than $500,000 per Person and $1,000,000 per occurrence, (ii) property damage insurance with a limit of $1,000,000 per occurrence and (iii) excess coverage public liability insurance with a limit of not less than $50,000,000 or the limit maintained from time to time by the Lessee at any time hereafter, whichever is greater, with respect to all passenger cars and vans comprising the Lessee's rental fleet. The Lender acknowledges and agrees that AESOP Leasing may, to the extent permitted by applicable law, allow the Lessee to self-insure with respect to the Vehicles leased under the AESOP I Operating Lease for the first $1,000,000 per occurrence, or a greater amount up to a maximum of $3,000,000, with the consent of each Enhancement Provider, per occurrence, of vehicle liability and property damage insurance which is otherwise required to be insured hereunder. All such policies shall be from financially sound and reputable insurers, shall name the Lender, Original AESOP, PVHC, Quartx and the Trustee as additional insured parties and, in the case of catastrophic physical damage insurance on such Vehicles, shall name the Trustee as loss payee as its interest may appear and will provide that the Lender and the Trustee shall receive at least ten (10) days' prior written notice of cancellation of such policies. AESOP Leasing will notify promptly the Lender and the Trustee of any curtailment or cancellation of the Lessee's right to self-insure in any jurisdiction.

SECTION 9.4. Manufacturer Programs. AESOP Leasing will turn in, or cause to be turned in, the Vehicles leased under the AESOP I Operating Lease which are Program Vehicles (subject to the redesignation provisions of Section 2.7 of the AESOP I Operating Lease) to the relevant Manufacturer within the Repurchase Period therefor, including in a transaction with respect to a Relinquished Vehicle pursuant to the Master Exchange Agreement (unless AESOP Leasing pays in full the Loan with respect to a Program Vehicle pursuant to Section 5.2 or sells a Program Vehicle and, prior to the end of the Repurchase Period therefor, receives sales proceeds thereof in cash in an amount equal to or greater than the repurchase price under such Manufacturer Program); and will comply with all of its obligations under each Manufacturer Program.

SECTION 9.5. Reporting Requirements. AESOP Leasing will furnish, or cause to be furnished, to the Lender and the Trustee and, in the case of items (ii) and (iii) below, each Rating Agency and each Enhancement Provider:

(i) Reports. All reports of the Lessee required to be delivered to AESOP Leasing pursuant to Section 31.5 of the AESOP I Operating Lease;

(ii) AESOP I Loan Events of Default; Amortization Events; Exchange Agreement Termination Events. As soon as possible but in any event within two (2) Business Days after the occurrence thereof, notice of (A) any Potential AESOP I Loan Event of Default or AESOP I Loan Event of Default, a written statement of an Authorized Officer describing such event and the action that AESOP Leasing proposes to take with respect

thereto; (B) any Potential Amortization Event or Amortization Event; and (C) any Exchange Agreement Termination Event;

(iii) Manufacturers. Promptly after obtaining actual knowledge thereof, notice of any Manufacturer Event of Default or termination or replacement of a Manufacturer Program;

(iv) Notice of Liens and Vicarious Liability Claims. On each Determination Date, AESOP Leasing shall forward to CRCF, the Trustee, the Paying Agent, the Rating Agencies and each Enhancement Provider, (A) an Officer's Certificate of AESOP Leasing certifying as to whether, to the knowledge of AESOP Leasing, (x) any Lien exists on any of the AESOP I Operating Lease Loan Collateral or (y) any vicarious liability claims shall have been made against AESOP Leasing as a result of its ownership of the Vehicles leased under the AESOP I Operating Lease or against PVHC or Quartx as a result of its holding legal title to the Vehicles leased under the AESOP I Operating Lease and (B) a written statement of an Authorized Officer summarizing each such Lien or claim and the action that AESOP Leasing proposes to take with respect thereto; and

(v) Other. Promptly, from time to time, such other information, documents, or reports respecting the AESOP I Loan Collateral or the condition or operations, financial or otherwise, of any of AESOP Leasing, PVHC or Quartx as the Lender or the Trustee may from time to time reasonably request in order to protect the interests of the Lender or the Trustee under or as contemplated by this Agreement or any other Related Document.

SECTION 9.6. Payment of Taxes; Removal of Liens. Each of AESOP Leasing, PVHC and Quartx will pay when due all taxes, assessments, fees and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to AESOP Leasing, PVHC or Quartx, as the case may be, or its property and assets or any interest thereon. Notwithstanding the previous sentence, but subject in any case to the other requirements hereof and of the Related Documents, none of AESOP Leasing, PVHC or Quartx 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 AESOP Leasing, PVHC or Quartx, as the case may be, shall contest, in good faith, the amount or validity thereof, in an appropriate manner or by appropriate proceedings. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of AESOP Leasing, PVHC or Quartx, as the case may be, to settle any such contest).

SECTION 9.7. Business. Each of AESOP Leasing, PVHC and Quartx will engage only in businesses conducted on the date hereof and that are permitted by, in the case of AESOP Leasing, its limited partnership agreement and, in the case of PVHC and Quartx, their respective Certificates of Incorporation and By-Laws.

SECTION 9.8. Maintenance of the Vehicles. AESOP Leasing will maintain or cause to be maintained in good repair, working order, and condition all of the Vehicles leased under the AESOP I Operating Lease, except to the extent that any such failure to comply with such requirements does not, in the aggregate, materially adversely affect the interests of the

Lender under this Agreement or the interests of the Secured Parties under the Indenture or the likelihood of repayment of the Loans made hereunder. From time to time AESOP Leasing will make or cause to be made all appropriate repairs, renewals, and replacements with respect to the Vehicles leased under the AESOP I Operating Lease.

SECTION 9.9. Maintenance of Separate Existence. AESOP Leasing will do all things necessary to continue to be readily distinguishable from CCRG, Original AESOP, AESOP Leasing II, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity and to maintain its existence as a limited partnership separate and apart from that of Original AESOP, AESOP Leasing II, CCRG, CRCF and Affiliates of the foregoing including, without limitation:

(i) practicing and adhering to organizational formalities, such as maintaining appropriate books and records;

(ii) observing all organizational formalities in connection with all dealings between itself and CRCF, Original AESOP, AESOP Leasing II, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(iii) observing all procedures required by its certificate of limited partnership, its limited partnership agreement and the laws of the State of Delaware;

(iv) acting solely in its name and through its duly authorized officers or agents in the conduct of its businesses;

(v) managing its business and affairs by or under the direction of its general partner;

(vi) ensuring that its general partner duly authorizes all of its actions;

(vii) ensuring the receipt of proper authorization, when necessary, from its limited partner(s) for its actions;

(viii) requiring its general partner to maintain at least two corporate directors who are Independent Directors;

(ix) owning or leasing (including through shared arrangements with Affiliates) all office furniture and equipment necessary to operate its business;

(x) not (A) having or incurring any debt or obligations to any of Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity, except for the obligations to CRCF under the AESOP I Loan Agreements or other obligations incurred on an arm's-length basis and permitted under the Related Documents; (B) having obligations guaranteed by Original AESOP, AESOP Leasing II, CCRG or CRCF or any Affiliates of the foregoing; (C) holding itself out as responsible for debts of Original AESOP, AESOP Leasing II, CRCF or CCRG or any Affiliates of the foregoing or for decisions or actions with respect to the affairs of Original AESOP, AESOP Leasing II, CCRG or CRCF or any Affiliates of the foregoing;

(D) failing to correct any known misrepresentation with respect to the statement in clause (B); (E) operating or purporting to operate as an integrated, single economic unit with respect to Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; (F) seeking to obtain credit or incur any obligation to any third party based upon the assets of Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; (G) inducing any such third party to reasonably rely on the creditworthiness of Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; and (H) being directly or indirectly named as a direct or contingent beneficiary or loss payee on any insurance policy of Original AESOP, AESOP Leasing II, CRCF or CCRG or any Affiliates of the foregoing other than as required by the Related Documents with respect to insurance on the Vehicles;

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

(xii) maintaining its financial records separate and apart from those of any other Person;

(xiii) disclosing in its annual financial statements the effects of the transactions contemplated by the Related Documents in accordance with GAAP, applied on a consistent basis;

(xiv) setting forth clearly in its financial statements its separate assets and liabilities and the fact that the Vehicles leased under the AESOP I Operating Lease are owned by AESOP Leasing;

(xv) not suggesting in any way, within its financial statements, that its assets are available to pay the claims of creditors of Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

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

(xvii) maintaining office space separate and apart from that of Original AESOP, AESOP Leasing II, CRCF, CCRG or any Affiliates of the foregoing (even if such office space is subleased from or is on or near premises occupied by Original AESOP, AESOP Leasing II, CRCF, CCRG or any Affiliates of the foregoing) and a telephone number separate and apart from that of Original AESOP, AESOP Leasing II, CRCF, CCRG or any Affiliates of the foregoing;

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

(xix) having separate stationery from Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(xx) accounting for and managing all of its liabilities separately from those of Original AESOP, AESOP Leasing II, CRCF, CCRG or any Affiliates of the foregoing;

(xxi) allocating, on an arm's-length basis, all shared operating services, leases and expenses, including, without limitation, those associated with the services of shared consultants and agents and shared computer and other office equipment and software; and otherwise maintaining an arm's-length relationship with each of Original AESOP, AESOP Leasing II, CRCF, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(xxii) refraining from filing or otherwise initiating or supporting the filing of a motion in any bankruptcy or other insolvency proceeding involving Original AESOP, AESOP Leasing II, CRCF, AESOP Leasing, CCRG or any Affiliate of CCRG, to substantively consolidate Original AESOP, AESOP Leasing II, CRCF, AESOP Leasing with CCRG or any Affiliate of CCRG;

(xxiii) remaining solvent and assuring adequate capitalization for the business in which it is engaged; and

(xxiv) conducting all of its business (whether written or oral) solely in its own name so as not to mislead others as to the identity of each of Original AESOP, AESOP Leasing II, AESOP Leasing, CRCF, CCRG and the Affiliates of the foregoing or any other affiliated or unaffiliated entity.

AESOP Leasing acknowledges its receipt of a copy of those certain opinion letters issued by White & Case LLP dated the date hereof addressing the issue of substantive consolidation as they may relate to CCRG and each affiliate of CCRG on the one hand and any of Original AESOP, AESOP Leasing II, CRCF and AESOP Leasing on the other hand and as among Original AESOP, AESOP Leasing II, AESOP Leasing and CRCF. AESOP Leasing hereby agrees to maintain in place all policies and procedures, and take and continue to take all action, described in the factual assumptions set forth in such opinion letters and relating to it.

SECTION 9.10. Manufacturer Payments; Sales Proceeds. AESOP Leasing will cause each Manufacturer and auction dealer to make all payments under the Manufacturer Programs with respect to Program Vehicles, including all payments with respect to Relinquished Vehicles, directly to the Collection Account or a Joint Collection Account, as applicable. Any such payments from Manufacturers or related auction dealers received directly by AESOP Leasing, will be, within two (2) Business Days of receipt, deposited into the Collection Account or a Joint Collection Account. AESOP Leasing shall, within two (2) Business Days of receipt thereof, deposit into the Collection Account or a Joint Collection Account, as applicable, all amounts representing the proceeds from sales of Program Vehicles by auction dealers under a Guaranteed Depreciation Program and sales of Vehicles (including amounts paid by a Manufacturer as a result of the sale of such Vehicle outside such Manufacturer's Manufacturer Program) to third parties (other than under any related Manufacturer Program) and all payments with respect to other AESOP I Loan Collateral (other than the AESOP I Loan Collateral described in the last sentence of this paragraph). Insurance proceeds and warranty payments with respect to Vehicles will only be deposited into the Collection Account if an Amortization

Event or Potential Amortization Event shall have occurred and be continuing. AESOP Leasing acknowledges that payments received from or on behalf of Manufacturers under the Manufacturer Programs with respect to Relinquished Vehicles shall be disbursed in accordance with the Master Exchange Agreement and the Escrow Agreement.

SECTION 9.11. Maintenance of Properties. Each of AESOP Leasing, PVHC and Quartx will maintain or cause to be maintained in the ordinary course of business in good repair, working order and condition (reasonable wear and tear excepted) all properties, including, without limitation, vehicles necessary for the operation of its businesses (whether owned or held under lease), and from time to time make or cause to be made all needed and appropriate repairs, renewals, replacements, additions, betterments and improvements thereto, except to the extent no material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) could result, and maintain good, legal and marketable title to, or a valid leasehold interest in, all of its assets, free and clear of all Liens except for Permitted Liens, and except to the extent sold or otherwise disposed of in accordance with this Agreement or any other Related Document.

SECTION 9.12. Verification of Title. AESOP Leasing will, on an annual basis, cause a title check to be performed by an independent nationally recognized firm of certified public accountants acceptable to the Trustee and each Enhancement Provider on a statistical sample of all Vehicles leased under the Leases designed to provide a ninety-five percent (95%) confidence level that no more than five percent (5%) of the Certificates of Title for such Vehicles did not correctly reference the Trustee, as first lienholder, and the Lessor of such Vehicle or its Permitted Nominee or, in the case of Financed Vehicles, CCRG, a Permitted Sublessee or any of their respective Permitted Nominees, as owner, and cause such party to deliver a report stating that, within the confidence level set forth above, no more than five percent (5%) of the Certificates of Title did not correctly reference the lienholder or owner of the Vehicles described in the immediately preceding clause.

SECTION 9.13. [RESERVED].

SECTION 9.14. Delivery of Information. Each of AESOP Leasing, PVHC and Quartx will provide to the Lender any information or materials necessary for the Lender to comply with its obligations under the Indenture.

SECTION 9.15. Master Exchange Agreement and Escrow Agreement. AESOP Leasing will comply in all material respects with all of its obligations under the Master Exchange Agreement and the Escrow Agreement.

SECTION 9.16. Vehicles. AESOP Leasing will maintain good and marketable title to each Vehicle purchased by AESOP Leasing with the proceeds of Loans made hereunder and leased under the AESOP I Operating Lease, free and clear of all Liens and encumbrances, other than any Permitted Liens.

SECTION 9.17. Assignments. AESOP Leasing will deliver to the Trustee on or prior to the Restatement Effective Date, and thereafter, as necessary to comply with the terms of the Related Documents, executed counterparts of the Assignment Agreements related to the

assignment of rights under each Manufacturer Program to which any Vehicle leased under the AESOP I Operating Lease is subject in accordance herewith, duly executed by CRCF, AESOP Leasing, BRAC, ARAC, AESOP Leasing II, CCRG, the Intermediary, the Trustee and each applicable Manufacturer.

SECTION 9.18. Notation of Liens. AESOP Leasing shall have delivered to the Lender and the Trustee on or prior to the Restatement Effective Date and will deliver on an ongoing basis, as applicable, evidence (which, in the case of the filing of financing statements on form UCC-1, may be telephonic confirmation of such filing, followed by prompt written confirmation) that it has caused or is causing the Trustee's name to be noted on the Certificate of Title for each Vehicle leased under the AESOP I Operating Lease (other than Certificates of Title for Vehicles titled in the states of Nebraska, Ohio and Oklahoma) in accordance herewith and all filings (including filings of financing statements on form UCC-1) and recordings have been accomplished as may be required by law to establish, perfect (other than perfection of the security interest of the Trustee in Vehicles by notation of the lien of the Trustee on the Certificates of Title for Vehicles titled in the states of Nebraska, Ohio and Oklahoma), protect and preserve the rights, titles, interests, remedies, powers, privileges, licenses and security interest of the Trustee in such Vehicles and other AESOP I Operating Lease Loan Collateral for the benefit of the Secured Parties.

SECTION 9.19. Replacement of Intermediary. If at any time, JPMorgan Chase Bank does not have a short-term indebtedness rating of "P-1" from Moody's and at least "A-1" from S&P and a long-term indebtedness rating of at least "A2" from Moody's and at least "A" from S&P, AESOP Leasing shall, within thirty (30) days thereafter, (x) replace the Intermediary with a Person that is a bankruptcy-remote special purpose entity, all of the equity, in which is owned either (1) by a Person that has a short-term indebtedness rating of "P-1" from Moody's and at least "A-1" from S&P and a long-term indebtedness rating of at least "A2" from Moody's and at least "A" from S&P or (2) directly and indirectly (to the extent any such indirect owner has a greater than 10% indirect ownership interest in the Intermediary) solely by Persons that are eligible to be debtors under the Bankruptcy Code and satisfy the Rating Agency Consent Condition with respect to such replacement or (y) satisfy the Rating Agency Consent Condition with respect to the Intermediary continuing as the Intermediary under the Master Exchange Agreement.

SECTION 9.20. [RESERVED]

SECTION 9.21. [RESERVED]

SECTION 9.22. Non-Program Vehicle Report. On or before the second Determination Date immediately following June 30 and December 31 of each calendar year, AESOP Leasing shall cause a firm of nationally recognized independent public accountants (who may also render other services to AESOP Leasing or CCRG and who is acceptable to the Rating Agencies and each Enhancement Provider) to furnish a report to the Lender, the Trustee, each Enhancement Provider and the Rating Agencies to the effect that they have performed certain agreed upon procedures (which shall be acceptable to each Enhancement Provider) with respect to the calculation of (i) the Disposition Proceeds obtained from the sale or other disposition of all Non-Program Vehicles (other than Casualties) sold or otherwise disposed of during each Related

Month in such period, (ii) the respective Net Book Values of such Non-Program Vehicles, and (iii) the Non-Program Fleet Market Value and compared such calculations with the corresponding amounts set forth in the Monthly Certificates prepared pursuant to Section 4.1(b) of the Base Indenture and that on the basis of such comparison such accountants are of the opinion that such amounts are in agreement, except for such exceptions as they believe to be immaterial and such other exceptions as shall be set forth in such report. With respect to the calculations described in the foregoing clause (iii), such report shall make the comparison described with respect to the Non-Program Fleet Market Value only as of the last Determination Date in the period as to which the report is made. On or before the second Determination Date immediately following March 31 and September 30 of each calendar year, AESOP Leasing shall furnish an Officer's Certificate of AESOP Leasing to the Lender, the Trustee, each Enhancement Provider and the Rating Agencies to the effect that the officer making such certification has compared or caused to be compared the calculations described in clauses (i) and (ii) above with the corresponding amounts set forth in the Monthly Certificates prepared pursuant to Section 4.1(b) of the Base Indenture, and has compared or caused to be compared the calculation described in clause (iii) above with the corresponding amount set forth in the Monthly Certificate prepared pursuant to Section 4.1(b) of the Base Indenture as of the last Determination Date in the period as to which the Officer's Certificate is given, and that on the basis of such comparison such officer is of the opinion that such amounts are in agreement, except for such exceptions as shall be set forth in such Officer's Certificate.

SECTION 9.23. Sale of Non-Program Vehicles Returned to AESOP Leasing. In the event that any Non-Program Vehicle leased under the AESOP I Operating Lease is returned to AESOP Leasing in accordance with Section 2.6(b) of the AESOP I Operating Lease, AESOP Leasing shall use commercially reasonable efforts to arrange for the sale of such Vehicle, either directly itself or through the Intermediary, and to maximize the sale price thereof. AESOP Leasing shall not return or cause to be returned a Non-Program Vehicle to a Manufacturer under a Manufacturer Program unless the conditions set forth in Section 2.6(b)(ii) of the AESOP I Operating Lease shall have been satisfied with respect to such disposition.

SECTION 9.24. UCC Filings. On or before the third (3rd) Business Day following the Restatement Effective Date, AESOP Leasing shall file or cause to be filed with the Secretary of State of the State of Delaware the UCC financing statements and the amendments to UCC financing statements delivered in accordance with Section 11.1(h).

SECTION 10. NEGATIVE COVENANTS. Until the expiration or termination of the Loan Commitment and thereafter until the Loan Note and all other Liabilities are paid in full, each of AESOP Leasing, PVHC and Quartx agrees that, unless at any time the Lender shall otherwise expressly consent in writing, it will not:

SECTION 10.1. Liens. Create, incur, assume or permit to exist any Lien upon any of its Assets (including the AESOP I Collateral), other than Permitted Liens.

SECTION 10.2. Other Indebtedness. Create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any Indebtedness other than (i) Indebtedness hereunder and (ii) Indebtedness permitted under any other Related Document.

SECTION 10.3. Mergers, Consolidations. Except as may be permitted by the express written approval of the Trustee and the Lender, merge with or into, enter into any joint venture or other association with, or consolidate with, any other Person.

SECTION 10.4. Sales of Assets. Sell, lease, transfer, liquidate or otherwise dispose of any Assets, except as contemplated by the Related Documents.

SECTION 10.5. Acquisition of Assets. Acquire, by long-term or operating lease or otherwise, any Assets except pursuant to the terms of the Related Documents.

SECTION 10.6. Dividends, Officers' Compensation, etc. (i) Declare or pay any distributions on any of its partnership interests or capital stock, as the case may be, or make any other distribution on, or any purchase, redemption or other acquisition of, any of its partnership interests or any shares of its capital stock, as the case may be, except, in the case of AESOP Leasing, AESOP Leasing may make distributions out of funds in the AESOP I Segregated Account or on its partnership interests provided that no Amortization Event, Potential Amortization Event, AESOP I Operating Lease Vehicle Deficiency, Aggregate Asset Amount Deficiency, Enhancement Deficiency, Event of Default, Liquidation Event of Default, Limited Liquidation Event of Default, Potential Enhancement Agreement Event of Default, Enhancement Agreement Event of Default, Potential AESOP I Operating Lease Event of Default, AESOP I Operating Lease Event of Default, Potential AESOP I Operating Lease Loan Event of Default or AESOP I Operating Lease Loan Event of Default has occurred or is continuing or would result therefrom, or (ii) pay any wages or salaries or other compensation to officers, employees or others except out of earnings computed in accordance with GAAP applied on a consistent basis and, in the case of AESOP Leasing, only from funds in the AESOP I Segregated Account.

SECTION 10.7. Organizational Documents. Amend any of its organizational documents, including its certificate of limited partnership or limited partnership agreement or certificate of incorporation or by-laws, as the case may be, unless prior to such amendment, the Rating Agency Consent Condition has been met with respect to such amendment.

SECTION 10.8. Investments. Make, incur, or suffer to exist any loan, advance, extension of credit or other investment in any Person other than pursuant to the Related Documents.

SECTION 10.9. Regulations T, U and X. Use or permit any proceeds of the Loans made hereunder to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying margin stock" within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System, as amended from time to time.

SECTION 10.10. Other Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.

SECTION 10.11. Use of Vehicles. Use or allow the Vehicles leased under the AESOP I Operating Lease to be used (i) in any manner that would make Program Vehicles

ineligible for repurchase under an Eligible Manufacturer Program, (ii) for any illegal purposes or (iii) in any manner that could subject the Vehicles to confiscation.

SECTION 10.12. Use of Proceeds. Use or permit the proceeds of the Loans made hereunder to be used for any purpose other than to purchase or finance Eligible Vehicles that will be leased under the AESOP I Operating Lease.

SECTION 10.13. Limitations on the Acquisition or Redesignation of Certain Vehicles. Unless otherwise specified in the related Supplement or unless waived by the Required Noteholders as specified in the related Supplement, permit (a) the Non-Eligible Manufacturer Amount as of any Payment Date to exceed any applicable Maximum Non-Eligible Manufacturer Amount, (b) the Financed Vehicle Amount as of any Payment Date to exceed any applicable Maximum Financed Vehicle Amount, (c) the Non-Program Vehicle Amount as of any Payment Date to exceed any applicable Maximum Non-Program Vehicle Amount, (d) the aggregate Net Book Value of all Vehicles leased under the Leases and manufactured by a particular Manufacturer or group of Manufacturers as of any Payment Date to exceed any applicable Maximum Manufacturer Amount and (e) the Specified States Amount as of any Payment Date to exceed any applicable Maximum Specified States Amount.

SECTION 10.14. Maximum Vehicle Age. Permit at any time the age of any Non-Program Vehicle leased under the AESOP I Operating Lease, calculated from the date of the original manufacturer invoice for such Vehicle, to exceed eighteen (18) months.

SECTION 10.15. Master Exchange Agreement. (i) Consent to any amendment or modification to, or waiver of, any provision of the Master Exchange Agreement, the Escrow Agreement or any Sublease, or (ii) appoint a successor or replacement to the Person acting as Intermediary under the Master Exchange Agreement, or to the Person acting as escrow agent under the Escrow Agreement, in each case without (x) the prior written consent of the Trustee and (y) the satisfaction of the Rating Agency Consent Condition.

SECTION 11. CONDITIONS.

SECTION 11.1. Effectiveness of Amended and Restated Agreement. The effectiveness of this Agreement shall be subject to the prior or concurrent (i) delivery of each of the following documents to the Lender and, if not otherwise required to be delivered to the Trustee by any other Related Document, to the Trustee and any Enhancement Provider, as applicable (in form and substance satisfactory to the Lender and, if applicable, the Trustee and any Enhancement Provider) and (ii) satisfaction of the following conditions, as applicable:

(a) Certificate of Limited Partnership; Certificates of Incorporation. The certificate of limited partnership of AESOP Leasing, duly certified by the Secretary of State of the State of Delaware, together with a copy of the limited partnership agreement of AESOP Leasing, duly certified by the Secretary or an Assistant Secretary of Original AESOP. The certificate of incorporation of each of Original AESOP, PVHC and Quartx, duly certified by the Secretary of State of the State of Delaware, together with a copy of the by-laws of each of Original AESOP, PVHC and Quartx, duly certified by the Secretary or an Assistant Secretary of Original AESOP, PVHC and Quartx, as the case may be;

(b) Resolutions. Copies of resolutions of the Board of Directors of each of Original AESOP, PVHC and Quartx, authorizing or ratifying the execution, delivery and performance of those documents and matters required of it with respect to this Agreement, duly certified by the Secretary or an Assistant Secretary of Original AESOP, PVHC and Quartx, as the case may be;

(c) Consents, etc. Certified copies of all documents evidencing any necessary limited partnership or corporate action, consents and governmental approvals (if any) with respect to this Agreement;

(d) Incumbency and Signatures. A certificate of the Secretary or an Assistant Secretary of each of Original AESOP, PVHC and Quartx certifying the names of the individual or individuals authorized to sign this Agreement and the other Related Documents to be executed by it, together with a sample of the true signature of each such individual (the Lender may conclusively rely on each such certificate until formally advised by a like certificate of any changes therein);

(e) Opinions of Counsel. The opinions of counsel required to be delivered by Section 2.2 of the Base Indenture;

(f) Good Standing Certificates. Certificates of good standing for each of AESOP Leasing, Original AESOP, PVHC and Quartx in the jurisdiction of its organization and the jurisdiction of its principal place of business;

(g) Search Reports. A written search report from a Person satisfactory to the Lender and the Trustee listing all effective financing statements that name any of AESOP Leasing, PVHC or Quartx, as debtor or assignor, and that are filed and the jurisdictions in which filings were made pursuant to subsection (h) below, together with copies of such financing statements, and tax and judgment lien search reports from a Person satisfactory to the Lender and the Trustee showing no evidence of such liens filed against AESOP Leasing, PVHC or Quartx;

(h) Financing Statements. Draft financing statements or amendments to financing statements previously filed, naming (1) AESOP Leasing as debtor, (2) PVHC as debtor and (3) Quartx as debtor, and the Lender as secured party and the Trustee as assignee or other, similar instruments or documents, if any, as may be necessary or, in the reasonable opinion of the Lender and the Trustee, desirable under the UCC of all applicable jurisdictions to perfect the Lender's and the Trustee's interest in the AESOP I Loan Collateral;

(i) Enhancement. The Enhancement Amount with respect to any Series of Notes Outstanding as of the Restatement Effective Date is equal to or exceeds the Required Enhancement Amount for such Series;

(j) Leases. An executed copy of the Second Amended and Restated AESOP I Operating Lease and all documents required to be delivered by the Lessee to the Lessor pursuant thereto, and all conditions to the effectiveness thereof shall have been satisfied;

(k) Assignment Agreement. An executed copy of an Assignment Agreement with respect to each Manufacturer Program to which any Vehicle leased under the AESOP I Operating Lease is subject as of the Restatement Effective Date and an Officer's Certificate, duly

executed by an Authorized Officer of AESOP Leasing, certifying that each such copy is true, correct and complete as of the Restatement Effective Date, that such Manufacturer Program shall be in full force and effect and enforceable against the related Manufacturer and that a copy of such Manufacturer Program shall have been delivered to the Trustee;

(l) Indenture. The Base Indenture, dated the Restatement Effective Date, duly executed by the Lender and the Trustee, and all conditions to the effectiveness thereof shall have been satisfied in all respects;

(m) Master Exchange Agreement and Related Documents. Executed copies of the Master Exchange Agreement and the Escrow Agreement; and all conditions to the effectiveness of each such agreement shall have been satisfied;

(n) Loan Agreements. Each of the other Loan Agreements, as amended and restated as of the Restatement Effective Date, shall have become effective simultaneously with this Agreement; and

(o) Other. Such other documents as the Trustee or the Lender may reasonably request.

SECTION 11.2. All Loans. All Loans hereunder shall be subject to the further conditions precedent that (a) if the amount of Enhancement with respect to any Series of Notes is increased or if the current Enhancement with respect to any Series of Notes is replaced, to the extent such additional or replacement Enhancement is in the form of an unfunded commitment (including, without limitation, a letter of credit), AESOP Leasing shall cause the delivery to the Lender, the Trustee, the Enhancement Providers, if any, for any Series of Notes issued and outstanding on the date of such opinion(s), Placement Agents, if any, and the Rating Agencies on or prior to the effectiveness of such additional or replacement Enhancement of opinion(s) of counsel as to the enforceability of such additional or replacement Enhancement substantially similar to the original opinions delivered with respect to such Enhancement, (b) the Lender shall have received a completed Loan Request therefor and a copy of the related Vehicle Order, (c) all conditions precedent to the issuance of any Series of Notes after the Initial Closing Date shall have been satisfied in accordance with the related Supplement and (d) on the date of such Loan the following statements shall be true (and AESOP Leasing, by accepting the amount of such Loan, shall be deemed to have represented and warranted that): (i) the representations and warranties contained in Section 8 are true and correct on and as of such date with the same effect as though made on and as of such date and shall be deemed to have been made on such date and (ii) no Potential AESOP I Operating Lease Loan Event of Default or AESOP I Operating Lease Loan Event of Default has occurred and is continuing or would result from the making of such Loan or from the application of the proceeds of such Loan.

SECTION 11.3. All Transactions Under Master Exchange Agreement. Each transfer by AESOP Leasing of a Relinquished Vehicle to the Intermediary pursuant to the Master Exchange Agreement shall be subject to the satisfaction of each of the following conditions: (a) no Manufacturer Event of Default with respect to the Manufacturer Program pursuant to which such Relinquished Vehicle is intended to be transferred pursuant to the Master Exchange Agreement shall have occurred and be continuing at the time of such transfer; (b) in connection

with the transfer of any Program Vehicle to the Intermediary, AESOP Leasing shall have contracted to sell such Program Vehicle pursuant to an Eligible Manufacturer Program (the Manufacturer party to which shall have consented to the purchase and sale of Vehicles by the Intermediary pursuant to an Assignment Agreement, which consent shall not have been revoked) and shall have directed the Intermediary to sell such Program Vehicle pursuant to such Eligible Manufacturer Program on the date such Program Vehicle becomes Relinquished Property pursuant to the Master Exchange Agreement; (c) on the date of any transfer of any Relinquished Vehicle to the Intermediary, the only obligations or liabilities, if any, secured by such Relinquished Vehicle are the Loans and/or any other obligations or liabilities arising under the Related Documents (d) on the date of any such transfer, no QI Parent Downgrade Event has occurred (unless the Rating Agency Consent Condition has been satisfied with respect to such transfers continuing with the Intermediary); and (e) on the date of any such transfer, the following statements shall be true: (i) the representations and warranties of AESOP Leasing in Section 8 hereof are true and correct on and as of such date and shall be deemed to have been made on such date with the same effect as though made on and as of such date, (ii) no Potential Loan Event of Default or Loan Event of Default, no Potential Amortization Event or Amortization Event and no Liquidation Event of Default or Limited Liquidation Event of Default has occurred and is continuing or would result from the making of such transfer, (iii) the Termination Date (as defined in the Master Exchange Agreement) has not occurred and (iv) to AESOP Leasing's knowledge, the representations and warranties of the Intermediary in Article VI of the Master Exchange Agreement are true and correct on and as of such date and shall be deemed to have been made on and as of such date with the same effect as though made on and as of such date.

SECTION 12. LOAN EVENTS OF DEFAULT AND THEIR EFFECT.

SECTION 12.1. AESOP I Operating Lease Loan Events of Default. Each of the following shall constitute an AESOP I Operating Lease Loan Event of Default under this Agreement:

12.1.1. Non-Payment of Loans. Default in the payment when due of the principal amount of any Loan made hereunder or the Monthly Loan Principal Amount hereunder, and the continuance thereof for one (1) Business Day after the occurrence thereof, or the default in the payment of any Loan Interest on any Loan made hereunder, and the continuance thereof for five (5) Business Days after the occurrence thereof; provided, however, that in the case of any failure to pay an amount referred to in Section 5.1(B)(I)(iii) or 5.1(B)(I)(iv)(y), an AESOP I Operating Lease Loan Event of Default shall occur only to the extent that at the end of the applicable continuance period referred to above, an Enhancement Deficiency exists with respect to any Series of Notes or an AESOP I Operating Lease Vehicle Deficiency exists.

12.1.2. Non-Payment of Other Amounts. Default, and continuance thereof for five (5) Business Days after notice thereof by the Lender to AESOP Leasing, in the payment when due of any amount payable hereunder (other than any amount described in Section 12.1.1).

12.1.3. Bankruptcy, Insolvency, etc. The occurrence of an Event of Bankruptcy with respect to CCRG, AESOP Leasing, Original AESOP, PVHC, Quartx, the Intermediary or any Permitted Sublessee.

12.1.4. Non-Compliance With Provisions. Failure by AESOP Leasing to comply with or to perform any provision of this Agreement (and not constituting an AESOP I Operating Lease Loan Event of Default under any of the other provisions of this Section 12.1) and, other than the failure to comply with the provisions of Sections 10.1, 10.2 and 10.15 hereof, the continuance of such failure for thirty (30) days after the earlier of the date of the receipt of written notice thereof from the Lender or the Trustee to AESOP Leasing and the date AESOP Leasing learns of such failure.

12.1.5. Warranties and Representations. Any warranty or representation made by or on behalf of AESOP Leasing in connection herewith is inaccurate or incorrect or is breached or false or misleading in any material respect as of the date such warranty or representation is made; or any schedule, certificate, financial statement, report, notice, or other writing furnished by or on behalf of AESOP Leasing to the Lender is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

12.1.6. Lease Events of Default. The occurrence of a Lease Event of Default.

12.1.7. Loan Events of Default Under Other Loan Agreements. The occurrence of an AESOP I Finance Lease Loan Event of Default or an AESOP II Loan Event of Default.

12.1.8. Judgments. Any final and unappealable (or, if capable of appeal, such appeal is not being diligently pursued or enforcement thereof has not been stayed) judgment or order for the payment of money in excess of $100,000 which is not fully covered by insurance shall be rendered against AESOP Leasing and such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) days.

SECTION 12.2. Effect of AESOP I Operating Lease Loan Event of Default or Liquidation Event of Default. If any AESOP I Operating Lease Loan Event of Default described in Section 12.1.1 or 12.1.3 or any Liquidation Event of Default shall occur, the Loan Commitment (if not theretofore terminated) shall immediately terminate and (x) in the case of any other AESOP I Operating Lease Loan Event of Default, the Lender may declare its Loan Commitment (if not theretofore terminated) to be terminated and whereupon it shall immediately terminate and (y) in either case may declare the Loan Note and all other Liabilities to be due and payable, whereupon the Loan Note shall become immediately due and payable.

SECTION 12.3. Rights of Lender and Trustee Upon Liquidation Event of Default and Non-Performance of Certain Covenants. (a) If a Liquidation Event of Default shall have occurred and be continuing the Lender and the Trustee, to the extent provided in the Indenture, shall have all the rights against AESOP Leasing, PVHC and Quartx and the Loan Collateral provided in the Indenture upon a Liquidation Event of Default, including the right to take (under the specified circumstances) possession of all Vehicles immediately.

(b) If (i) AESOP Leasing shall default in the due performance and observance of any of its obligations under Section 9.3, 9.4, 9.5(iii), 9.8, 10.1 or 10.11 hereof, or (ii) the Lessee shall default in the due performance and observance of its obligations under Section 31.10 of the AESOP I Operating Lease, and such default shall continue unremedied for a period of thirty (30) days after notice thereof shall have been given to AESOP Leasing by the Lender,

the Lender shall have the ability to exercise all rights, remedies, powers, privileges and claims of AESOP Leasing, PVHC or Quartx against the Manufacturers under or in connection with the Manufacturer Programs with respect to (A) Program Vehicles leased under the AESOP I Operating Lease that AESOP Leasing or the Lessee has determined to turn back to the Manufacturers under such Manufacturer Programs (excluding Relinquished Vehicles), and (B) whether or not AESOP Leasing or the Lessee shall then have determined to turn back such Program Vehicles, any Program Vehicles leased under the AESOP I Operating Lease for which the applicable Repurchase Period will end within one week or less.

(c) Upon a default in the performance (after giving effect to any grace periods provided herein) by AESOP Leasing, PVHC or Quartx of its obligations under Section 7.5 or 8.6 hereof with respect to certain Vehicles, the Lender or the Trustee shall have the right to take actions reasonably necessary to correct such default with respect to the subject Vehicles, including the execution of UCC financing statements with respect to Manufacturer Programs and other general intangibles and the completion of Vehicle Perfection and Documentation Requirements on behalf of AESOP Leasing, PVHC, Quartx or the Lender, as applicable.

(d) Upon the occurrence of a Liquidation Event of Default, AESOP Leasing will return all Program Vehicles leased under the AESOP I Operating Lease to the related Manufacturer and shall sell all Non-Program Vehicles leased under the AESOP I Operating Lease in accordance with the instructions of the Lender. Upon the occurrence of a Limited Liquidation Event of Default with respect to any Series of Notes, AESOP Leasing will return Program Vehicles leased under the AESOP I Operating Lease to the related Manufacturer, and shall sell Non-Program Vehicles leased under the AESOP I Operating Lease in accordance with the instructions of the Lender, to generate proceeds in an amount which, together with the proceeds of Vehicles returned pursuant to the AESOP I Finance Lease Loan Agreement and the AESOP II Loan Agreement, will be sufficient to pay all interest on and principal of such Series of Notes. To the extent any Manufacturer fails to accept any such Vehicles under the terms of the applicable Manufacturer Program, the Lender shall have the right to otherwise dispose of such Vehicles and to direct AESOP Leasing to dispose of such Vehicles in accordance with its instructions. In addition, the Lender shall have all of the rights, remedies, powers, privileges and claims vis-à-vis AESOP Leasing, PVHC and Quartx necessary or desirable to allow the Trustee to exercise the rights, remedies, powers, privileges and claims given to the Trustee pursuant to Sections 9.2 and 9.3 of the Base Indenture and each of AESOP Leasing, PVHC and Quartx acknowledges that (x) it has hereby granted the Lender all of the rights, remedies, powers, privileges and claims granted to the Trustee pursuant to Article 9 of the Base Indenture and that, under the circumstances set forth in the Base Indenture, the Trustee may act in lieu of the Lender in the exercise of such rights, remedies, powers, privileges and claims and (y) under certain circumstances the Trustee may act in lieu of the Lender in the exercise of the rights, remedies, powers, privileges and claims of the Lender hereunder.

SECTION 12.4. Application of Proceeds. The proceeds of any sale or other disposition on any date pursuant to Section 12.3 shall be applied in the following order: (i) to the reasonable costs and expenses incurred by the Lender or the Trustee in connection with such sale or disposition, including any reasonable costs associated with repairing any Vehicles leased under the AESOP I Operating Lease, and reasonable attorneys' fees in connection with the enforcement of this Agreement; (ii) to the payment of accrued Loan Interest and outstanding

Loan Principal Amount, and all other amounts due hereunder in the Related Month; and (iii) any remaining amounts to AESOP Leasing, or such Person as may be lawfully entitled thereto.

SECTION 12.5. Additional Agreements of AESOP Leasing. Upon the occurrence of any Loan Event of Default, any Lease Event of Default, any Amortization Event, any Liquidation Event of Default, any Limited Liquidation Event of Default or any Exchange Agreement Termination Event, AESOP Leasing immediately shall cease any further transfer of Relinquished Property to the Intermediary pursuant to the Master Exchange Agreement.

SECTION 13. GENERAL.

SECTION 13.1. Waiver; Amendments. No delay on the part of the Lender or the holder of the Loan Note or other Liabilities in the exercise of any rights, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Loan Note shall in any event be effective unless (i) the same shall be in writing and signed and delivered by the Lender, AESOP Leasing, PVHC and Quartx and consented to in writing by the Trustee and (ii) the Rating Agency Consent Condition shall have been satisfied; provided that any amendment or modification of the Loan Note need only be signed by AESOP Leasing.

SECTION 13.2. Confirmations. AESOP Leasing and the Lender (or the holder of the Loan Note) agree from time to time, upon written request received by it from the other, to confirm to the other in writing the aggregate unpaid Loan Principal Amount.

SECTION 13.3. Notices. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted upon receipt of electronic confirmation of transmission.

TRUSTEE:

The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602
Attention: Corporate Trust Office
Telephone: (312) 827-8569
Fax: (312) 869-8562

LENDER:

Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

with a copy to:

Cendant Car Rental Group, Inc., as Administrator
6 Sylvan Way
Parsippany, NJ 07054
Telephone: (973) 496-5000
Fax: (973) 494-5852

BORROWER:

AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax:(212) 346-9012

with a copy to:

Cendant Car Rental Group, Inc., as Administrator
6 Sylvan Way
Parsippany, NJ 07054
Telephone: (973) 496-5000
Fax: (973) 494-5852

PERMITTED NOMINEES:

Quartx Fleet Management, Inc.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax:(212) 346-9012

PV Holding Corp.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax:(212) 346-9012

SECTION 13.4. Taxes. AESOP Leasing agrees to pay, and to save the Trustee and the Lender harmless from all liability for, any document, stamp, filing, recording, mortgage or other taxes (other than net income taxes of the Lender) which may be payable in connection with the borrowings hereunder or the execution, delivery, recording or filing of this Agreement or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section 13.4 shall survive any termination of this Agreement.

SECTION 13.5. Indemnification. In consideration of the Lender's execution and delivery of this Agreement and the Lender's extension of the Loan Commitment, AESOP Leasing hereby agrees to:

(a) indemnify, exonerate and hold the Lender and its officers, directors, stockholders, employees, and agents (herein collectively called "Lender Parties" and individually called a "Lender Party") free and harmless from and against any and all claims, demands, actions, causes of action, suits, losses, costs, charges, liabilities, damages, and expenses in connection therewith (irrespective of whether such Lender Party is a party to the action for which indemnification hereunder is sought), and including, without limitation, reasonable attorneys' fees and disbursements (called in this paragraph the "Indemnified Liabilities"), incurred by Lender Parties or any of them as a result of, or arising out of, or relating to (i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan made hereunder or involving any Loan made hereunder, or (ii) the execution, delivery, performance or enforcement of this Agreement and any instrument, document or agreement executed pursuant hereto by any of the Lender Parties, or (iii) the ownership, operation, maintenance, leasing, or titling of the Vehicles, except in each case, for any such Indemnified Liabilities arising on account of the relevant Lender Party's gross negligence or willful misconduct and, to the extent that the foregoing undertaking may be unenforceable for any reason, AESOP Leasing agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law; and

(b) indemnify and hold harmless the Trustee (and its officers, directors, employees and agents) from and against any loss, liability, expense, damage or injury suffered or sustained by reason of, or arising out of or in connection with: (i) any acts or omissions of AESOP Leasing pursuant to this Agreement and (ii) the Trustee's appointment under the Indenture and the Trustee's performance of its obligations thereunder, or any document pertaining to any of the foregoing to which the Trustee is a signatory, including, but not limited to any judgment, award, settlement, reasonable attorneys' fees

and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided, however, AESOP Leasing shall have no duty to indemnify the Trustee to the extent such loss, liability, expense, damage or injury suffered or sustained is due to the Trustee's negligence or willful misconduct.

AESOP Leasing agrees that the indemnification provided for in this Section 13.5 shall run directly to and be enforceable by an indemnified party subject to the limitations hereof. The indemnification provided for in this Section 13.5 shall survive the termination of this Agreement, the Indenture and the resignation or removal of the Trustee.

SECTION 13.6. Bankruptcy Petition. (a) Each of AESOP Leasing, PVHC and Quartx hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of (i) all Series of Notes Outstanding and (ii) all Loans outstanding under the AESOP I Loan Agreements, it will not institute against, or join any other Person in instituting against, CRCF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. In the event that AESOP Leasing, PVHC or Quartx takes action in violation of this Section 13.6, CRCF agrees, for the benefit of the Noteholders that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by AESOP Leasing, PVHC or Quartx against CRCF or commencement of such action and raise the defense that each of AESOP Leasing, PVHC and Quartx has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 13.6 shall survive the termination of this Agreement.

(b) CRCF hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of (i) all Series of Notes Outstanding and (ii) all Loans outstanding under the AESOP I Loan Agreements, it will not institute against, or join any other Person in instituting against, AESOP Leasing, Original AESOP, AESOP Leasing II, the Intermediary, PVHC or Quartx any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. In the event that CRCF takes action with respect to AESOP Leasing, PVHC or Quartx in violation of this Section 13.6, each of AESOP Leasing, PVHC and Quartx agrees, for the benefit of the Noteholders that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by CRCF against AESOP Leasing, PVHC or Quartx or commencement of such action and raise the defense that CRCF has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 13.6 shall survive the termination of this Agreement.

SECTION 13.7. Submission to Jurisdiction. The Lender may enforce any claim arising out of this Agreement or the Loan Note in any state or federal court having subject matter jurisdiction and located in New York, New York. For the purpose of any action or proceeding instituted with respect to any such claim, AESOP Leasing hereby irrevocably submits to the jurisdiction of such courts. Each of AESOP Leasing, PVHC and Quartx irrevocably consents to the service of process out of said courts by mailing a copy thereof, by registered mail, postage prepaid, to AESOP Leasing, PVHC or Quartx, 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 Lender to serve process in any other manner permitted by law or preclude the Lender from bringing an action or proceeding in respect hereof in any other country, state or place having jurisdiction over such action. Each of AESOP Leasing, PVHC and Quartx hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court located in New York, New York and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 13.8. Governing Law. THIS AGREEMENT AND THE LOAN NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of AESOP Leasing, PVHC and Quartx and rights of the Lender and the holder of the Loan Note or Liability expressed herein shall be in addition to and not in limitation of those provided by applicable law or in any other written instrument or agreement relating to any of the Liabilities.

SECTION 13.9. JURY TRIAL. EACH PARTY HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT TO WHICH IT IS A PARTY, OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED TRANSACTION, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

SECTION 13.10. Successors and Assigns. This Agreement shall be binding upon AESOP Leasing, PVHC, Quartx, the Lender and their respective successors and assigns, and shall inure to the benefit of AESOP Leasing, PVHC, Quartx, the Lender, the Trustee as a third party beneficiary and their respective successors and assigns; provided, however, that none of AESOP Leasing, PVHC or Quartx shall have the right to assign its rights or delegate its duties under this Agreement without (i) the Lender's, each Enhancement Provider's and the Trustee's prior written consent and (ii) satisfaction of the Rating Agency Consent Condition with respect thereto. Each of AESOP Leasing, PVHC and Quartx acknowledges that this Agreement and the Loan Note will be assigned by the Lender to the Trustee pursuant to the Indenture, and hereby agrees that, subject to the terms of the Indenture, the Trustee may exercise all of the Lender's rights hereunder. This Agreement and the other Related Documents contain the entire agreement of the parties hereto with respect to the matters covered hereby.

SECTION 13.11. Tax Treatment of Loans. It is the intention of the parties hereto that for U.S. federal income tax purposes each Loan made hereunder will constitute indebtedness

of AESOP Leasing to the Lender and that AESOP Leasing shall be the owner of the Vehicles that are subject to the AESOP I Operating Lease. The parties agree to take no position in any tax return, filing or proceeding inconsistent with this provision.

SECTION 13.12. No Recourse. The obligations of CRCF, AESOP Leasing, PVHC and Quartx under this Agreement are solely the corporate obligations of CRCF, AESOP Leasing, PVHC and Quartx, respectively. No recourse shall be had for the payment of any obligation or claim arising out of or based upon this Agreement against any shareholder, employee, officer, director, partner or incorporator of CRCF, AESOP Leasing, PVHC or Quartx.

SECTION 13.13. Effect of Amendment. This Agreement shall not be construed in any manner to constitute a novation. Except to the extent amended hereby, each of the Prior AESOP I Loan Agreement and the Loans thereunder are in all respects ratified and confirmed and in full force and effect. From and after the date hereof, all references in the Related Documents to the AESOP I Operating Lease Loan Agreement shall mean such agreement as amended and restated hereby, unless the context otherwise requires.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AESOP LEASING L.P.

By: AESOP LEASING CORP.
its general partner

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

PV HOLDING CORP.

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

QUARTX FLEET MANAGEMENT, INC.

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/ Orlando Figueroa
Name: Orlando Figueroa
Title: President

Acknowledged and consented to:

THE BANK OF NEW YORK,
as Trustee

By: /s/ Mary L. Collier
Name: Mary L. Collier
Title: Agent

EXHIBIT A
TO THE LOAN
AGREEMENT

COPY OF LOAN NOTE

EXHIBIT B
TO THE LOAN
AGREEMENT

FORM OF LOAN REQUEST

Cendant Rental Car Funding (AESOP) LLC

c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin B. Abedine

Ladies and Gentlemen:

This Loan Request is delivered to you pursuant to Section 3.2 of that certain Second Amended and Restated AESOP I Operating Lease Loan Agreement, dated as of June 3, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the "Loan Agreement"), among AESOP Leasing L.P., a Delaware limited partnership ("AESOP Leasing"), PV Holding Corp. and Quartx Fleet Management, Inc., as Permitted Nominees of AESOP Leasing, and Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company (the "Lender"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Loan Agreement.

AESOP Leasing hereby requests that a Loan be made in the amount of $_____ on _____, 20__.

AESOP Leasing hereby acknowledges that the delivery of this Loan Request and the acceptance by AESOP Leasing of the proceeds of the Loan requested hereby constitute a representation and warranty by AESOP Leasing that, on the date of such Loan, and before and after giving effect thereto and to the application of the proceeds therefrom, all conditions set forth in Section 11.2 of the Loan Agreement have been satisfied and all statements set forth in Section 11.2 of the Loan Agreement are true and correct.

Attached hereto as Annex I is a true and correct copy of the schedule required to be delivered in connection herewith pursuant to Section 3.2 of the Loan Agreement.

AESOP Leasing agrees that if prior to the time of the Loan requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify the Lender. Except to the extent, if any, that prior to the time of the Loan requested hereby the Lender shall receive written notice to the contrary from AESOP Leasing, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such Loan as if then made.

Please wire transfer the proceeds of the Loan to the account of AESOP Leasing at the financial institution set forth below:

Amount to be Name Account No.	Person to be Paid	Name, Address, etc. Transferred
$_____	_____	_____ _____ Attention: _____

AESOP Leasing has caused this Loan Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this [_____], 20__.

AESOP LEASING L.P.

By: _____
Name:
Title:

ANNEX I

Vehicle Acquisition Schedule and Related Information

1. Principal amount of proposed Loan
2. Borrowing Date of proposed Loan
3. Vehicle Identification Number (VIN)
4. Summary of Vehicles being financed (including, for Program Vehicles subject to the GM Repurchase Program, the Designated Period for such Program Vehicles)
5. Program or Non-Program Vehicles
6. Capitalized Cost (New Vehicles)

EXHIBIT B-2
TO THE LOAN
AGREEMENT

FORM OF LOAN REQUEST RESPONSE

AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin B. Abedine

_____, 20__

Re: Loan Request Dated _____, 20___

Ladies and Gentlemen:

This Loan Request Response is delivered to you pursuant to Section 4.1 of that certain Second Amended and Restated AESOP I Operating Lease Loan Agreement, dated as of June 3, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the "Loan Agreement"), among AESOP Leasing L.P., a Delaware limited partnership ("AESOP Leasing"), PV Holding Corp. and Quartx Fleet Management, Inc., as Permitted Nominees of AESOP Leasing, and Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company (the "Lender"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings assigned to such terms in the Loan Agreement.

Reference is hereby made to the Loan Request delivered to us today by AESOP Leasing (the "Loan Request"). The applicable rate of Loan Interest on each Loan requested in the Loan Request is ___%; provided, however, if the Lender's Carrying Cost Interest Rate for the Related Month is higher than the rate of Loan Interest specified herein, the Loan Interest payable on such Loans shall be determined using the higher rate.

Very truly yours,

CENDANT RENTAL CAR FUNDING
(AESOP) LLC

By _____
Name:
Title:

EXHIBIT C
TO THE LOAN
AGREEMENT

FORM OF PAYMENT
DEFICIT NOTICE

The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602

Attn: Indenture Trust Administration

[Related Enhancement Provider]
[Address]

[_____], 20__

Ladies and Gentlemen:

This Payment Deficit Notice is delivered to you pursuant to Section 6.4 of the Second Amended and Restated AESOP I Operating Lease Loan Agreement, dated as of June 3, 2004 (as amended or modified from time to time, the "Loan Agreement") among Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company, as Lender, PV Holding Corp. and Quartx Fleet Management, Inc., as Permitted Nominees of the Borrower, and AESOP Leasing L.P. ("AESOP Leasing"), a Delaware limited partnership, as Borrower. Terms used herein have the meanings provided in the Loan Agreement.

AESOP Leasing hereby notifies the Trustee and [Related Enhancement Provider] that [a Lease Payment Deficit did not exist on _____, 20__] [there was a Lease Payment Deficit on _____, 20__ as follows:

Series _____: $_____
Series _____: $_____

AESOP LEASING L.P.

By: _____
Name:
Title:

SCHEDULE 8.11

Legal Names; Records Locations; Jurisdiction of Organization

Legal Name	Records Location	Jurisdiction of Organization
AESOP Leasing L.P.	c/o Lord Securities Corporation 48 Wall Street New York, NY 10005	Delaware
Quartx Fleet Management, Inc.	c/o Lord Securities Corporation 48 Wall Street New York, NY 10005	Delaware
PV Holding Corp.	c/o Lord Securities Corporation 48 Wall Street New York, NY 10005	Delaware

Exhibit 10.9

SECOND AMENDED AND RESTATED MASTER MOTOR VEHICLE OPERATING LEASE AGREEMENT

dated as of June 3, 2004

between

AESOP LEASING L.P.,
as Lessor,

and

CENDANT CAR RENTAL GROUP, INC.,
as Lessee and as Administrator

As set forth in Section 27 hereof, Lessor has assigned to CRCF (as defined herein) and CRCF has assigned to the Trustee (as defined herein) certain of its right, title and interest in and to this lease. To the extent, if any, that this lease constitutes chattel paper (as such term is defined in the uniform commercial code as in effect in any applicable jurisdiction) no security interest in this lease may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the trustee on the signature page thereof.

[THIS IS NOT COUNTERPART NO. 1]

TABLE OF CONTENTS

SECOND AMENDED AND RESTATED MASTER MOTOR VEHICLE OPERATING LEASE AGREEMENT

This Second Amended and Restated Master Motor Vehicle Operating Lease Agreement (this "Agreement"), dated as of June 3, 2004, is made by and between AESOP LEASING L.P., a Delaware limited partnership, as lessor (the "Lessor"), and CENDANT CAR RENTAL GROUP, INC., a Delaware corporation ("CCRG"), as lessee (in such capacity, the "Lessee") and as administrator (in such capacity, the "Administrator").

W I T N E S S E T H :

WHEREAS, immediately prior to this Agreement becoming effective, the Lessor, Avis Rent A Car System, Inc. ("ARAC"), as lessee and as administrator, and Avis Group Holdings Inc. ("AGH"), as guarantor, are parties to an Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of September 15, 1998 (the "Prior AESOP I Operating Lease"), pursuant to which the Lessor leases Program Vehicles and Non-Program Vehicles of one or more Manufacturers to ARAC, and AGH guarantees certain obligations of the lessees thereunder;

WHEREAS, immediately prior to this Agreement becoming effective, ARAC and AGH each assigned all of its respective rights, interests and obligations under the Prior AESOP I Operating Lease to CCRG, pursuant to an Assignment and Assumption Agreement, dated as of the date hereof, among ARAC, AGH and CCRG;

WHEREAS, the parties hereto now wish to amend and restate the Prior AESOP I Operating Lease in order to eliminate the guarantee by AGH of the obligations of the lessees thereunder and to amend certain other provisions; and

WHEREAS, the Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor both Program Vehicles and Non-Program Vehicles financed by the Lessor with the proceeds of Loans and other available funds for use in the daily rental car business of the Lessee or a Permitted Sublessee;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the Prior AESOP I Operating Lease is hereby amended and restated as follows:

1. DEFINITIONS. Unless otherwise specified herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (the "Base Indenture"), between Cendant Rental Car Funding (AESOP) LLC ("CRCF"), as Issuer, and The Bank of New York, as Trustee, as such Definitions List may from time to time be amended in accordance with the terms of the Base Indenture.

2. GENERAL AGREEMENT. (a) The Lessee and the Lessor intend that this Agreement is a 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 or its Permitted Nominee holds legal title to, the Vehicles. The Lessee shall not acquire by virtue of this Agreement any right, equity, title or interest in or to any Vehicles, except the right to use the same under the terms hereof. The 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 Vehicles 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 such Agreement may be amended, modified or supplemented from time to time in accordance with its terms, and any other agreements related to or in connection with this Agreement, to which 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 any other Person under or in connection with any of the Lessee Agreements, whether payable as rent, guaranty payments, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the Lessee Agreements or otherwise, (b) all rights, remedies, powers, privileges and claims of 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, and any documents or agreements describing any collateral securing such obligations or liabilities and (d) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such obligations and liabilities of the Lessee pursuant to the Lessee Agreements;

(ii) all Vehicles leased by the Lessee from the Lessor under this Agreement, which, notwithstanding that this Agreement is intended to convey only a leasehold interest, are determined to be owned by the Lessee or any Permitted Sublessee, and all Certificates of Title with respect to such Vehicles;

(iii) all right, title and interest of the Lessee in, to and under any Manufacturer Programs, including any amendments thereof, and all monies due and to become due

thereunder, in each case in respect of the Vehicles leased hereunder which, notwithstanding that this Agreement is intended to convey only a leasehold interest, are determined to be owned by the Lessee, whether payable as Vehicle repurchase prices, auction sales proceeds, fees, expenses, costs, indemnities, insurance recoveries, damages for breach of the Manufacturer Programs or otherwise (but excluding all incentive payments payable to the Lessee or the Lessor in respect of purchases of vehicles under the Manufacturer Programs) and all rights to compel performance and otherwise exercise remedies thereunder;

(iv) all right, title and interest of the Lessee in and to any Proceeds from the sale of the Vehicles leased hereunder (including, without limitation, the sale of any such Vehicles by the Intermediary) 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 Vehicles, whether payable as the purchase price of such Vehicles, as auction sales proceeds, or as fees, expenses, costs, indemnities, insurance recoveries, or otherwise (including all upfront incentive payments payable by Manufacturers to the Lessee or the Lessor in respect of purchases of Non-Program Vehicles);

(v) all payments under insurance policies (whether or not the Lessor, the Lender or the Trustee is named as the loss payee thereof) or any warranty payable by reason of loss or damage to, or otherwise with respect to, any of the Vehicles leased hereunder;

(vi) 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

(vii) 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 all of the Lessee's obligations under this Agreement, the Lessee hereby grants to the Lessor a security interest in all of the Lessee's right, title and interest, in and to all of the following assets, property and interests in property, if any, whether now owned or hereafter acquired or created (the "Sublease Collateral"): the rights of the Lessee under each Sublease entered into from time to time relating to the Vehicles leased hereunder, as each such Sublease may be amended, modified or supplemented from time to time in accordance with its terms, including, without limitation, (i) all monies due and to become due to the Lessee from any Permitted Sublessee or any other Person under or in connection with each such Sublease, whether payable as rent, guaranty payments, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of such Sublease or otherwise, (ii) all rights, remedies, powers, privileges and claims of the Lessee against any Permitted Sublessee or any other party under or with respect to each such Sublease (whether arising pursuant to the terms of such Sublease or otherwise available to the Lessee at law or in equity), including the right to enforce such Sublease and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Sublease or the obligations and

liabilities of any party thereunder, (iii) all liens and property from time to time purporting to secure payment of the obligations and liabilities of a Permitted Sublessee arising under or in connection with each such Sublease, and any documents or agreements describing any collateral securing such obligations or liabilities, (iv) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such obligations and liabilities of such Permitted Sublessee pursuant to such Sublease and (v) all Proceeds of any and all of the foregoing. The Lessor shall have all of the rights and remedies of a secured party with respect to each Sublease, including, without limitation, the rights and remedies granted under the UCC.

(d) To secure the CRCF 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 Sections 2(b) and 2(c) 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.

(e) The Lessee agrees to deliver to the Lessor, the Lender and the Trustee on or before the Restatement Effective Date:

(i) a written search report from a Person satisfactory to the Lessor, the Lender and the Trustee listing all effective financing statements that name 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, the Lender and the Trustee showing no evidence of liens filed against the Lessee that purport to affect any Vehicles leased hereunder or any Collateral under the Indenture; and

(ii) draft financing statements on Form UCC-1 to be filed in the jurisdiction where the Lessee is located under Section 9-307 of the UCC naming the Lessee, as debtor, the Lessor, as secured party, and the Trustee, as assignee of the secured party, covering the collateral described in Sections 2(b) and (c) hereof.

(f) The Lessee hereby authorizes each of the Lessor and the Trustee to file (provided that the Trustee shall have no obligation to so file), or cause to be filed, financing or continuation statements, and amendments thereto and assignments thereof, under the UCC in order to perfect its interest in the security granted pursuant to Section 2(b).

(g) The Lessee agrees to file, or cause to be filed, the financing statements delivered in draft form pursuant to Section 2(e)(ii) on or before the third (3rd) Business Day following the Restatement Effective Date.

2.1. Lease and Acquisition of Vehicles. From time to time, subject to the terms and provisions hereof, the Lessor agrees to lease to the Lessee and the Lessee agrees to lease from the Lessor, subject to the terms hereof, (i) the new vehicles identified in vehicle orders (each such vehicle order, a "Vehicle Order") placed by the Lessee pursuant to the terms of the

Manufacturer Programs with respect to Program Vehicles and Non-Program Vehicles (to the extent such Non-Program Vehicles are subject to a Manufacturer Program) and as otherwise agreed by the Lessor, the Lessee and a dealer with respect to other Non-Program Vehicles and (ii) the Vehicles identified in the computer file delivered by the Lessee to the Trustee on the date hereof which were leased pursuant to the Prior AESOP I Operating Lease immediately prior to the effectiveness of this Agreement. If requested by the Lessor, the Lessee shall make each Vehicle Order with respect to each Vehicle leased hereunder available to the Lessor, together with a schedule containing the information with respect to such Vehicle included within such Vehicle Order as is set forth in Attachment A hereto (each, a "Vehicle Acquisition Schedule"), or in such form as is otherwise requested by the Lessor. In addition, the Lessee agrees to provide such other information regarding such Vehicles as the Lessor may require from time to time. This Agreement, together with the Manufacturer Programs and any other related documents attached to this Agreement or submitted with a Vehicle Order (collectively, the "Supplemental Documents"), will constitute the entire agreement regarding the leasing of Vehicles by the Lessor to the Lessee.

2.2. Right of Lessee to Act as Lessor's Agent. The Lessor agrees that the Lessee may act as the Lessor's agent in placing Vehicle Orders on behalf of the Lessor, as well as filing claims on behalf of the Lessor for damage in transit, and other Manufacturer delivery claims related to the Vehicles leased hereunder; provided, however, that the Lessor may hold the Lessee liable for losses due to the Lessee's actions, or failure to act, in performing as the Lessor's agent in accordance with the terms hereof. In addition, the Lessor agrees that the Lessee may make arrangements for delivery of Vehicles leased hereunder to a location selected by the Lessee at its expense. The Lessee agrees to accept Vehicles leased hereunder as produced and delivered except that the Lessee will have the option to reject any such Vehicle that may be rejected pursuant to the terms of the applicable Manufacturer Program (with respect to Program Vehicles and Non-Program Vehicles subject to a Manufacturer Program), or in accordance with its customary business practices with respect to other Non-Program Vehicles. The Lessee, acting as agent for the Lessor, shall be responsible for pursuing any rights of the Lessor with respect to the return to the Manufacturer of any Vehicle leased hereunder that has been rejected pursuant to the preceding sentence. The Lessee agrees that all Program Vehicles ordered as provided herein shall be ordered utilizing the procedures consistent with an Eligible Manufacturer Program. Without limiting the foregoing, the Lessee agrees to give immediate notice to the Lessor, in such form and to such address as the Lessor may from time to time specify and in accordance with the terms of the Master Exchange Agreement, of each acceptance and of any rejection of any Program Vehicle identified by the Lessor as Replacement Property.

2.3. Payment of Capitalized Cost by Lessor. Upon delivery of any new Vehicle, the Lessor shall pay to the authorized dealer, if any, that sold such Vehicle to the Lessor, the Capitalized Cost for such Vehicle and the Lessee shall pay all applicable costs and expenses of freight, packing, handling, storage, shipment and delivery of such Vehicle, and sales and use tax (if any), to the extent that the same have not been included in the Capitalized Cost for such Vehicle.

2.4. Non-Liability of Lessor. The Lessor shall not be liable to the Lessee for any failure or delay in obtaining Vehicles or making delivery thereof. AS BETWEEN THE LESSOR AND THE LESSEE, ACCEPTANCE FOR LEASE OF THE VEHICLES LEASED

HEREUNDER SHALL CONSTITUTE THE LESSEE'S ACKNOWLEDGMENT AND AGREEMENT THAT THE LESSEE HAS FULLY INSPECTED SUCH VEHICLES, THAT SUCH VEHICLES ARE IN GOOD ORDER AND CONDITION AND ARE OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY 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 VEHICLES, AND HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, WARRANTY OR COVENANT WITH RESPECT TO MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF SUCH VEHICLES IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES OR USES OF 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 Vehicle ordered for lease pursuant to this Agreement, or for any failure to perform any provision hereof, resulting from fire or other casualty, natural disaster, riot, strike or other labor difficulty, governmental regulation or restriction, or any cause beyond the Lessor's direct control. IN NO EVENT SHALL THE LESSOR BE LIABLE FOR ANY INCONVENIENCES, LOSS OF PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES RESULTING FROM ANY DEFECT IN OR ANY THEFT, DAMAGE, LOSS OR FAILURE OF ANY VEHICLE, AND THERE SHALL BE NO ABATEMENT OF MONTHLY BASE RENT, SUPPLEMENTAL RENT OR OTHER AMOUNTS PAYABLE HEREUNDER BECAUSE OF THE SAME.

2.5. Lessee's Right to Purchase Vehicles. The Lessee shall have the option, exercisable with respect to any Vehicle during the Vehicle Term with respect to such Vehicle, to purchase any Vehicle leased hereunder at the greater of (i) the Termination Value or (ii) the Market Value of such Vehicle, in each case, as of the Payment Date with respect to the Related Month in which the Lessee elects to purchase such Vehicle (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 such Payment Date and the Lessee will pay on or before such Payment Date all accrued and unpaid Monthly Base Rent and any Supplemental Rent then due and payable with respect to such Vehicle through such Payment Date. The Lessor shall request title to any such Vehicle to be transferred to the Lessee and the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle, concurrently with or promptly after the Vehicle Purchase Price for such Vehicle (and any such unpaid Monthly Base Rent and Supplemental Rent) is deposited in the Collection Account. Notwithstanding the foregoing, with respect to any Vehicle that, when acquired by the Lessor, was a Replacement Vehicle, and with respect to any other Vehicle that the Lessor may wish to designate as Relinquished Property, the Lessee's right to purchase shall be solely in the discretion of the Lessor.

2.6. Lessor's Right to Cause Vehicles to be Sold. (a) If the Lessee does not elect to purchase any Vehicle leased hereunder pursuant to Section 2.5 (or, pursuant to the last sentence of such Section 2.5, is not permitted to purchase a particular Vehicle), then:

(i) notwithstanding anything to the contrary contained herein, with respect to Program Vehicles leased hereunder, and subject to Sections 2.5 and 13.2, the Lessor shall

have the right, at any time following the date ninety (90) days prior to the expiration of the Maximum Term for such Program Vehicle, to require that the Lessee or another Person designated by the Lessor, which Person's compensation will be payable solely from the proceeds from the sale of such Vehicle, exercise commercially reasonable efforts to arrange for the sale of such Vehicle to a third party for the Vehicle Purchase Price with respect to such Vehicle, in which event the Lessee or such other designated Person shall, until not later than the date thirty (30) days prior to the expiration of such Maximum Term, exercise commercially reasonable efforts to arrange for the sale of such Vehicle to a third party for a price (as reduced by the amount of compensation to be paid to any such other designated Person) equal to or greater than the Termination Value thereof. If a sale of such Program Vehicle is arranged by the Lessee or such other designated Person prior to such date thirty (30) days prior to the expiration of such Maximum Term, then (i) the Lessee or such other designated Person shall deliver such Vehicle to the purchaser thereof, (ii) the Lessee or such other designated Person shall cause to be delivered to the Lessor the funds paid for such Vehicle by the purchaser and (iii) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle. If the Lessee or such other designated Person is unable to arrange for a sale of such Vehicle prior to such date thirty (30) days prior to the expiration of such Maximum Term, then the Lessee or such other designated Person shall cease attempting to arrange for such a sale and the Lessee shall return or cause to be returned such Vehicle, if a Manufacturer Event of Default has not occurred, to the applicable Manufacturer as provided in Section 13.2(a) (and, if so requested by the Lessor, shall cooperate with the Lessor to effect any such return in accordance with the provisions of the Master Exchange Agreement); and

(ii) with respect to Non-Program Vehicles leased hereunder and subject to the exercise of the Lessee's rights under Section 2.5, the Lessee shall use commercially reasonable efforts to arrange for the sale of each Non-Program Vehicle leased hereunder to a third party for the Vehicle Purchase Price with respect to such Vehicle on or prior to the date that is the last Business Day of the month that is eighteen (18) months after the month in which the Vehicle Operating Lease Commencement Date occurs with respect to such Vehicle. The Lessee may return or cause to be returned a Non-Program Vehicle subject to a Manufacturer Program to the applicable Manufacturer under such Manufacturer Program; provided that (i) the Repurchase Price of such Vehicle, together with any Special Default Payments payable by the Lessee with respect to such Vehicle, is at least equal to the Termination Value with respect to such Vehicle, (ii) no Manufacturer Event of Default shall have occurred with respect to such Manufacturer and (iii) by the date on which such Vehicle is returned to the Manufacturer, the Trustee and the Lender shall have received a copy of an Assignment Agreement with respect to such Manufacturer Program. Notwithstanding the disposition of a Non-Program Vehicle by the Lessee prior to the applicable Vehicle Operating 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 Non-Program Vehicle through the Payment Date with respect to the Related Month during which such disposition occurred, unless such Non-Program Vehicle is a Standard Casualty or becomes an Ineligible Vehicle, payment for which will be made in accordance with Section 6 hereof. If a sale of such Non-Program Vehicle is arranged by the Lessee pursuant to this Section 2.6(a)(ii),

then (x) the Lessee shall deliver the Vehicle to the purchaser thereof, (y) the Lessee shall cause to be delivered to the Lessor the funds paid for such Vehicle by the purchaser and (z) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle.

(b) In the event any Vehicle or Vehicles leased hereunder are not purchased by the Lessee pursuant to Section 2.5 hereof or sold to a third party or returned to a Manufacturer pursuant to Section 2.6(a), then, in the case of a Non-Program Vehicle, the Lessee shall return or cause to be returned such Vehicle to the Lessor on the Payment Date with respect to the Related Month in which the applicable Vehicle Operating Lease Expiration Date falls, or, in the case of a Program Vehicle, the Lessee shall dispose of such Vehicle in accordance with the procedures set forth in Section 13.2(a), and, in each case, the Lessee shall pay an amount equal to all accrued but unpaid Monthly Base Rent and all Supplemental Rent payable with respect to such Vehicles through the Payment Date on which such Non-Program Vehicle was returned or with respect to the Related Month during which such Program Vehicle was returned to its Manufacturer pursuant to Section 13.2(a).

2.7. Redesignation of Vehicles. At any time, including without limitation, if a Program Vehicle becomes ineligible for repurchase by its Manufacturer or for sale at auction under the applicable Manufacturer Program or the return of a Program Vehicle to the applicable Manufacturer cannot otherwise be effected for any reason (including by reason of the occurrence of a Manufacturer Event of Default with respect to the Manufacturer of such Program Vehicle or the failure of a Manufacturer to accept such Program Vehicle for repurchase and acceptance is not expected upon a subsequent return), the Lessee may redesignate a Program Vehicle as a Non-Program Vehicle; provided that (i) no Amortization Event or Potential Amortization Event has occurred and is continuing and (ii) no violation of the requirements of Section 10.13 of the AESOP I Operating Lease Loan Agreement or Section 2.8 hereof would be caused by such redesignation; provided, further, in each case, that (x) the Lessee shall pay to the Lessor on the next succeeding Payment Date an amount equal to the difference, if any, between the Net Book Value of such Vehicle as of the date of redesignation and an amount equal to the Net Book Value of such Vehicle as of the date of redesignation had such Vehicle been a Non-Program Vehicle at the time of delivery thereof pursuant to Section 2.1 and (y) the Required Enhancement Amount required under each Supplement, after giving effect to such redesignation, shall be satisfied on the date of redesignation.

2.8. Limitations on the Acquisition or Redesignation of Certain Vehicles. Unless otherwise specified in a Supplement or unless waived by the Required Noteholders as specified in a Supplement, (a) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) manufactured by Manufacturers other than Eligible Non-Program Manufacturers and leased under this Agreement (after giving effect to the inclusion of such Vehicle under this Agreement) and the Finance Lease as of such date shall not exceed any applicable Maximum Non-Eligible Manufacturer Amount, (b) the aggregate Net Book Value of all Non-Program Vehicles (or such portion thereof as is specified in such Supplement) leased under this Agreement (after giving effect to the inclusion or redesignation, as the case may be, of such Vehicle under this Agreement) and the Finance Lease as of such date shall not exceed any applicable Maximum Non-Program Vehicle Amount, (c) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) manufactured by a

particular Manufacturer or group of Manufacturers and leased under the Leases (after giving effect to the inclusion of such Vehicle under this Agreement) as of such date shall not exceed any applicable Maximum Manufacturer Amount, (d) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) titled in the States of Ohio, Oklahoma and Nebraska and leased under this Agreement (after giving effect to the inclusion of such Vehicle under this Agreement) and the AESOP II Operating Lease as of such date shall not exceed any applicable Maximum Specified States Amount and (e) after giving effect to the inclusion or redesignation of such Vehicle under this Agreement, there shall not be a failure or violation of any other conditions, requirements or restrictions with respect to the leasing of Eligible Vehicles under this Agreement as is specified in any Supplement.

2.9. Compliance with Master Exchange Agreement. In connection with (x) any return of a Program Vehicle leased hereunder by the Lessee to a Manufacturer pursuant to Section 13.2(a) or (y) any sale by the Lessee of a Non-Program Vehicle leased hereunder to a third party or any return by the Lessee to a Manufacturer of a Non-Program Vehicle leased hereunder subject to a Manufacturer Program, in each case pursuant to Section 2.6(a)(ii), the Lessee agrees, to the extent requested by the Lessor, to cooperate with the Lessor in effecting such sales or returns on behalf of the Lessor pursuant to, and in accordance with, the terms of the Master Exchange Agreement.

3. TERM.

3.1. Vehicle Term. (a) The "Vehicle Operating Lease Commencement Date" for each Vehicle shall mean the day as referenced in the Vehicle Acquisition Schedule (including any Vehicle Acquisition Schedule delivered under the Prior AESOP I Operating Lease) with respect to such Vehicle, but in no event shall such date be a date later than the date that funds are expended or allocated by the Lessor or the Intermediary to acquire such Vehicle. The "Vehicle Term" with respect to each Vehicle shall extend from the Vehicle Operating Lease Commencement Date through the earliest of (i) if such Vehicle is a Program Vehicle or a Non-Program Vehicle returned to a Manufacturer under a Manufacturer Program, the Turnback Date for such Vehicle, (ii) if such Vehicle is sold to a third party (other than through an auction conducted by or through or arranged by the Manufacturer pursuant to its Manufacturer Program), the date on which funds in respect of such sale are first deposited in either the Collection Account or a Joint Collection Account (by such third party or by the Lessee on behalf of such third party) and such funds equal or exceed the Termination Value of such Vehicle, (iii) if such Vehicle becomes a Standard Casualty or an Ineligible Vehicle, the date funds in the amount of the Termination Value thereof are deposited in the Collection Account by the Lessee, (iv) the date that such Vehicle is purchased by the Lessee pursuant to Section 2.5 hereof and the Vehicle Purchase Price with respect to such purchase (and any unpaid Monthly Base Rent and Supplemental Rent with respect to such Vehicle) is deposited in the Collection Account by the Lessee and (v) the date that is the last Business Day of the month that is eighteen (18) months after the month in which the Vehicle Operating Lease Commencement Date occurs with respect to such Vehicle (the earliest of such five dates described in the foregoing clauses (i) through (v) being referred to as the "Vehicle Operating Lease Expiration Date").

(b) Subject to the provisions of Sections 2.5 and 2.6, the Lessee shall use its commercially reasonable efforts to return or cause to be returned each Program Vehicle leased

hereunder to the related Manufacturer (or such Manufacturer's agent or as otherwise directed by such Manufacturer in accordance with such Manufacturer Program) (a) not prior to the end of the minimum holding period specified in the related Manufacturer Program (prior to which the Lessor may not return such Program Vehicle without penalty (the "Minimum Term")) and (b) not later than the end of the maximum holding period (after which the Lessor may not return such Program Vehicle without penalty (the "Maximum Term")); provided, however, that the Lessee shall in any case return or cause to be returned each Program Vehicle leased hereunder to the related Manufacturer (or such Manufacturer's agent or as otherwise directed by such Manufacturer in accordance with such Manufacturer Program) pursuant to Section 13.2 on or before the date that is the last Business Day of the month that is eighteen (18) months after the month in which the Vehicle Operating Lease Commencement Date occurs with respect to such Vehicle. The Lessee will pay to the Lessor the equivalent of the Monthly Base Rent for the Minimum Term with respect to any Program Vehicles returned before the Minimum Term plus any early turn back surcharges payable by the Lessor or deductible from the Repurchase Price of such Vehicle regardless of actual usage, unless such Vehicle is a Standard Casualty or becomes an Ineligible Vehicle, in which case, the disposition of such Vehicle will be handled in accordance with Section 6 hereof.

3.2. Term. The "AESOP I Operating Lease Commencement Date" shall mean the Initial Closing Date. The "AESOP I Operating Lease Expiration Date" shall mean the latest of (i) the date of the payment in full of all Loans (including any Loan Interest thereon) the proceeds of which were used by the Lessor to finance the purchase of Vehicles subject to this Agreement, (ii) the Vehicle Operating Lease Expiration Date for the last Vehicle leased hereunder and (iii) the date on which all amounts payable hereunder and under the Loan Agreements have been paid in full. The "Term" of this Agreement shall mean the period commencing on the AESOP I Operating Lease Commencement Date and ending on the AESOP I Operating 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 (and any Special Service Charges due and payable) as set forth in this Section 4.

4.1. Payment of Rent. On each Payment 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 Payment Date (i) all Monthly Base Rent that has accrued during the Related Month with respect to each Vehicle leased hereunder during or prior to the Related Month and (ii) all Supplemental Rent due and payable on such Payment Date.

4.2. Special Service Charges. On each Payment Date, or on such other Business Day as the Lessor shall request, the Lessee shall pay in immediately available funds to, or at the direction of, the Lessor, not later than 11:00 a.m., New York City time, on such date, the Special Service Charges determined by the Lessor to be due and payable hereunder on such date with respect to Vehicles leased hereunder. The provisions of this Section 4.2 will survive the expiration or earlier termination of the Term.

4.3. Net Lease. THIS AGREEMENT SHALL BE A NET LEASE, AND 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 including, without limitation, the right of the Lessee to reject Vehicles pursuant to Section 2.2 hereof) for any reason, including, without limitation: (i) any defect in the condition, merchantability, quality or fitness for use of the Vehicles or any part thereof; (ii) any damage to, removal, abandonment, salvage, loss, scrapping or destruction of or any requisition or taking of the Vehicles or any part thereof; (iii) any restriction, prevention or curtailment of or interference with any use of the Vehicles or any part thereof; (iv) any defect in or any Lien on title to the Vehicles or any part thereof; (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of 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 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 Vehicles; (xi) any failure of a Permitted Sublessee to perform its obligations under the Sublease to which it is a party; or (xii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not 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 31.3 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 ten (10) days after the Initial Closing Date, the Lessee shall have delivered to the Lessor a certificate(s) of insurance naming the Lender, the Lessor, Original AESOP, PVHC, Quartx and the Trustee as additional insureds as to the item required by Section 31.3. Such insurance shall not be changed or canceled except as provided below in Section 5.3.

5.3. Changes in Insurance Coverage. No changes shall be made in any of the foregoing insurance requirements unless the prior written consent of the Lessor, the Lender and the Trustee are first obtained. The Lessor may grant or withhold its consent to any proposed change in such insurance in its sole discretion. The Lender and the Trustee shall be required to grant their consent to any proposed change in such insurance upon compliance with the following conditions:

(i) the Lessee shall deliver not less than thirty (30) days' prior written notice of any proposed change in such insurance to the Lender and the Trustee; and

(ii) the proposed change will satisfy the Rating Agency Confirmation Condition.

6. RISK OF LOSS; CASUALTY AND INELIGIBLE VEHICLE OBLIGATIONS.

6.1. Risk of Loss Borne by Lessee. Upon delivery of each Vehicle 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 Vehicle, however caused or occasioned, and all other risks and liabilities, including personal injury or death and property damage, arising with respect to such Vehicle or the manufacture, purchase, acceptance, rejection, ownership, delivery, leasing, subleasing, possession, use, inspection, registration, operation, condition, maintenance, repair, storage, sale, return or other disposition of such Vehicle, howsoever arising.

6.2. Casualty; Ineligible Vehicles. If a Vehicle becomes a Standard Casualty or an Ineligible Vehicle, then the Lessee will (i) promptly notify the Lessor thereof and (ii) promptly, but in no event later than the Payment Date with respect to the Related Month during which such Vehicle became a Standard Casualty or an Ineligible Vehicle, pay to the Lessor the Termination Value of such Vehicle (as of the date such Vehicle became a Standard Casualty or an Ineligible Vehicle). Upon payment by the Lessee to the Lessor of the Termination Value of any Vehicle that has become a Standard Casualty or an Ineligible Vehicle (i) the Lessor shall cause title to such Vehicle to be transferred to the Lessee to facilitate liquidation of such Vehicle by the Lessee, (ii) the Lessee shall be entitled to any physical damage insurance proceeds applicable to such Vehicle and (iii) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle.

7. VEHICLE USE. So long as no AESOP I Operating Lease Event of Default, Liquidation Event of Default or Limited Liquidation Event of Default has occurred

(subject, however, to Section 2.6 hereof), the Lessee may use each Vehicle leased hereunder in its regular course of business and may sublease such Vehicle to Permitted Sublessees from time to time pursuant to subleases (each such agreement, a "Sublease"), substantially in the form of the agreement attached hereto as Attachment C, for use in the rental car businesses of such Permitted Sublessees. Such use shall be confined primarily to the United States; provided, however, that the principal place of business or rental office of the Lessee and each Permitted Sublessee with respect to the Vehicles is located in the United States. The Administrator shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations and take such further actions as the Lessor, the Lender or the Trustee shall from time to time reasonably request in order to establish, perfect and maintain the Lessor's title to and interest in the Vehicles and the Certificates of Title as against the Lessee, each Permitted Sublessee or any third party in any applicable jurisdiction and to establish, perfect and maintain the Trustee's Lien on the Vehicles and the Certificates of Title (other than noting the Lien of the Trustee on the Certificates of Title with respect to Vehicles titled in the states of Ohio, Oklahoma and Nebraska) as a perfected first lien in any applicable jurisdiction. The Lessee and each Permitted Sublessee may, at its sole expense, change the place of principal location of any Vehicles. Notwithstanding the foregoing, no change of location shall be undertaken unless and until (x) all actions necessary to maintain the Lien of the Trustee on such Vehicles and the Certificates of Title (other than noting the Lien of the Trustee on the Certificates of Title with respect to Vehicles titled in the states of Ohio, Oklahoma and Nebraska) with respect to such Vehicles shall have been taken and (y) all legal requirements applicable to such Vehicles shall have been met or obtained. Following the occurrence of an AESOP I Operating Lease Event of Default, a Limited Liquidation Event of Default, a Liquidation Event of Default or a Manufacturer Event of Default, and upon the Lender's request, the Lessee shall advise the Lender in writing where all Vehicles leased hereunder as of such date are principally located. The Lessee shall not knowingly use any Vehicles or knowingly permit the same to be used for any unlawful purpose. The Lessee shall use reasonable precautions to prevent loss or damage to Vehicles. The Lessee shall comply with all applicable statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring and disposing of Vehicles and shall take reasonable steps to ensure that operators are licensed. The Lessee and the Lessor agree that the Lessee shall perform, at the Lessee's own expense, such vehicle preparation and conditioning services with respect to Vehicles leased hereunder as are customary. The Lessor, the Lender or the Trustee or any authorized representative of the Lessor, the Lender or the Trustee may during reasonable business hours from time to time, without disruption of the Lessee's or any Permitted Sublessee's business, subject to applicable law, inspect Vehicles and registration certificates, Certificates of Title and related documents covering Vehicles wherever the same be located. The Lessee shall not sublease any Vehicles to any Person other than a Permitted Sublessee pursuant to a Sublease and, except for a sublease to a Permitted Sublessee pursuant to a Sublease, the Lessee shall not assign any right or interest herein or in any Vehicles; provided, however, the foregoing shall not be deemed to prohibit the Lessee or any Permitted Sublessee from renting Vehicles to third-party customers in the ordinary course of its respective car rental business. If the Lessee subleases any Vehicle to any Permitted Sublessee from time to time, the Lessee shall nevertheless remain responsible for all obligations arising hereunder with respect to such Vehicle.

8. LIENS. Except for Permitted Liens, the Lessee shall keep all Vehicles leased hereunder free of all Liens arising during the Term. If on the Vehicle Operating Lease

Expiration Date for any Vehicle leased hereunder any such Lien exists on such Vehicle, the Lessor may, in its discretion, remove such Lien and any sum of money that may be paid by the Lessor in release or discharge thereof, including attorneys' fees and costs, will be paid by the Lessee upon demand by the Lessor. The Lessor may grant security interests in the Vehicles leased 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 Loan Agreements, 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 Vehicles leased 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 such Vehicles without disturbing the ordinary conduct of the Lessee's or any Permitted Sublessee's business. Upon the request of the Lessor, the Lender or the Trustee from time to time, the Lessee will make reasonable efforts to confirm to the Lessor, the Lender and the Trustee the location, mileage and condition of each Vehicle leased hereunder and to make available for the Lessor's, the Lender's or the Trustee's inspection within a reasonable time period, not to exceed forty-five (45) days, such Vehicles at the location where such Vehicles are normally domiciled. Further, the Lessee will, during normal business hours and with a notice of three (3) Business Days, make its records pertaining to the Vehicles leased hereunder available to the Lessor, the Lender 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 Vehicles leased hereunder, and titling of such Vehicles in the name of the Lessor or its Permitted Nominee (with the Lien of the Trustee noted thereon (except with respect to the Vehicles titled in the States of Oklahoma, Nebraska and Ohio)), and, where required, shall have such Vehicles inspected by any appropriate Governmental Authority; provided, however, that notwithstanding the foregoing, possession of all Certificates of Title shall at all times remain with (i) the Administrator, (ii) SGS Automotive Services, Inc., (formerly known as and successor in interest to Intermodal Transportation Services, Inc.), as agent for the Administrator, or (iii) any other titling service, acting as agent for the Administrator, that is approved in writing by the Required Noteholders of each Outstanding Series of Notes. The Administrator, or its agent, shall hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Lender and the Trustee. 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 Vehicle leased hereunder during the Vehicle Term for such Vehicle or imposed during the Vehicle Term for such Vehicle by any Governmental Authority or any court of law or equity with respect to such Vehicles in connection with the Lessee's operation of such Vehicles. The Lessor agrees to execute a power of attorney in substantially the form of Attachment B hereto (each, a "Power of Attorney"), and such other documents as may be necessary in order to allow the Lessee to title, register and dispose of the Vehicles leased hereunder in accordance with the terms hereof; provided, however, that possession of all Certificates of Title shall at all times remain with the Administrator, or its agent, who will hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Lender and the Trustee, and 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 the Vehicles leased hereunder in good working order and condition, and the Lessee will maintain such Vehicles as required in order to keep the Manufacturer's warranty in force. The Lessee will return Vehicles leased hereunder to an authorized Manufacturer facility or the Lessee's Manufacturer authorized warranty station for warranty work. The Lessee will comply with any Manufacturer's recall of any Vehicle leased hereunder. The Lessee will pay, or cause to be paid, all usual and routine expenses incurred in the use and operation of the Vehicles leased hereunder including, but not limited to, fuel, lubricants, and coolants. The Lessee agrees that it shall not make any material alterations to any Vehicles leased hereunder without the prior consent of the Lessor. Any improvements or additions to any Vehicles leased hereunder shall become and remain the property of the Lessor, except that any addition to Vehicles leased hereunder made by the Lessee shall remain the property of the Lessee if such addition can be disconnected from such Vehicles without impairing the functioning of such Vehicles or its resale value, excluding such addition.

12. VEHICLE 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 VEHICLES LEASED HEREUNDER. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, SAFENESS, DESIGN, MERCHANTABILITY, CONDITION, QUALITY, CAPACITY OR WORKMANSHIP OF THE VEHICLES NOR ANY WARRANTY THAT THE VEHICLES WILL SATISFY THE REQUIREMENTS OF ANY LAW OR ANY CONTRACT SPECIFICATION, AND AS BETWEEN THE LESSOR AND 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 VEHICLE FOR BREACH OF ANY WARRANTY OF ANY KIND WHATSOEVER AND, AS TO THE LESSOR, THE LESSEE LEASES THE VEHICLES "AS IS." IN NO EVENT SHALL THE LESSOR BE LIABLE FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED.

12.2. Manufacturer's Warranties. If a Vehicle leased hereunder is covered by a Manufacturer's warranty, the Lessee, during the Vehicle Term for such Vehicle, shall have the right to make any claims under such warranty which the Lessor could make.

13. VEHICLE USAGE GUIDELINES AND RETURN; SPECIAL DEFAULT PAYMENTS; EARLY TERMINATION PAYMENTS.

13.1. Usage. As used herein "Vehicle Turn-In Condition" (a) with respect to each Program Vehicle leased hereunder will be determined in accordance with the related Manufacturer Program and (b) with respect to each Non-Program Vehicle leased hereunder shall mean (i) if such Non-Program Vehicle is manufactured by the same Manufacturer as any

Program Vehicle leased hereunder, the same standard as required with respect to such Program Vehicle and (ii) if such Non-Program Vehicle does not satisfy clause (i) above, that each such Vehicle shall have no body dents; rust; corrosion; paint mismatches or special colors, or paint which is less than factory grade; dented, rusted, broken or missing chrome or trim; ripped or stained upholstery, seats, dash, headliner, carpeting, trunk, or convertible vinyl top; missing interior trim; sprung or misaligned doors or their openings; worn, cracked, split, broken or leaking weather-stripping; faulty window mechanisms; broken, cracked or missing glass, mirrors or lights; faulty electronic systems, including on-board computers, processors, sensors, controls, radios, stereos, and the like; faulty heating, air conditioning or climate control systems; 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 Vehicle, in each case other than any such condition that would reasonably be considered to be normal wear and tear or otherwise de minimis by the Manufacturer of such Vehicle (or its authorized agent) under such Manufacturer's manufacturer program or, if such Manufacturer does not maintain a manufacturer program, under the manufacturer program of another manufacturer with comparable sales volume, and the equivalent of any Excess Damage Charges and Excess Mileage Charges with respect to such Vehicle shall be determined by the Administrator and the Lessor in accordance with the foregoing standard.

13.2. Return. (a) The Lessee will, subject to Sections 2.5, 2.6 and 2.9, return or cause to be returned each Program Vehicle leased hereunder (other than a Standard Casualty or a Program Vehicle which has become an Ineligible Vehicle) to the nearest related Manufacturer official auction or other facility designated by such Manufacturer at the Lessee's sole expense or to such other location designated by the Lessor (with any additional cost of delivery in excess of what would have been incurred upon delivery to the related Manufacturer at the expense of the Lessor), in each case in accordance with the requirements of Section 3.1(b) hereof.

(b) The Lessee agrees that the Vehicles leased hereunder will be in Vehicle Turn-In Condition upon return to or upon the order of the Lessor. Any rebate or credits applicable to the unexpired term of any license plates for a Vehicle leased hereunder shall inure to the benefit of the Lessee.

13.3. Special Default Payments. (a) The Lessee will use its best efforts to maintain the Program Vehicles leased hereunder such that no Excess Damage Charges or Excess Mileage Charges will be deductible from the Repurchase Price due from a Manufacturer or payable by the Lessor upon the turn back of such Program Vehicles under the applicable Manufacturer Program. Upon (i) the deposit of the Repurchase Price of any Program Vehicle leased hereunder payable by the Manufacturer in the Collection Account or a Joint Collection Account (or the deposit of the Repurchase Price of any Program Vehicle sold through an auction conducted by or through a Manufacturer in the Collection Account or a Joint Collection Account), or (ii) the date by which the Repurchase Price of such Program Vehicle would have been paid if not for a Manufacturer Event of Default, the Lessor will charge the Lessee for any Excess Damage Charges and/or Excess Mileage Charges applicable to such Program Vehicle pursuant to the applicable Manufacturer Program (any such charges are referred to as "Program Vehicle Special Default Payments").

(b) The Lessee will use its best efforts to maintain the Non-Program Vehicles leased hereunder in a manner such that no Non-Program Vehicle Special Default Payments (as defined below) shall be due upon disposition of such Non-Program Vehicles by or for the benefit of the Lessor. Upon disposition of each Non-Program Vehicle leased hereunder by or for the benefit of the Lessor, other than the sale of any Non-Program Vehicle to the Lessee in accordance with the terms hereof, the Lessor will charge the Lessee (i) if such Non-Program Vehicle is manufactured by the same Manufacturer as any Program Vehicle or is subject to a Manufacturer Program, an amount equal to any Excess Damage Charges and/or Excess Mileage Charges that would be applicable to the comparable Program Vehicle pursuant to the applicable Manufacturer Program or an amount equal to any Excess Damage Charges and/or Excess Mileage Charges that are applicable to such Vehicle pursuant to the applicable Manufacturer Program, as the case may be, and (ii) if such Non-Program Vehicle is subject to a Vehicle Turn-In Condition standard established pursuant to Section 13.1(b)(ii), an amount equal to any charges applicable to such Non-Program Vehicle pursuant to such Vehicle Turn-In Condition standard (any such charges are referred to as "Non-Program Vehicle Special Default Payments" and, together with the Program Vehicle Special Default Payments, the "Special Default Payments").

(c) On each Payment Date, the Lessee shall pay to the Lessor all Special Default Payments that have accrued during the Related Month. The obligation of the Lessee to pay Special Default Payments shall constitute the sole remedy respecting the breach of its covenant contained in the first sentence of each of Section 13.3(a) and 13.3(b).

(d) The provisions of this Section 13.3 will survive the expiration or earlier termination of the Term.

13.4. Early Termination Payments. With respect to any Program Vehicle leased hereunder that is turned back to the Manufacturer under its Manufacturer Program (including by the Intermediary pursuant to the Master Exchange Agreement), upon the earlier of (i) the deposit of the Repurchase Price of such Vehicle in the Collection Account or a Joint Collection Account and (ii) the date by which such Repurchase Price would have been paid if not for a Manufacturer Event of Default, the Lessor will charge the Lessee an amount equal to (i) the excess, if any, of (x) the Termination Value of such Vehicle (as of the Turnback Date) over (y) the sum of the Repurchase Price received with respect to such Vehicle or that would have been received but for a Manufacturer Event of Default, as applicable, and any Special Default Payments made by the Lessee in respect of such Vehicle pursuant to Section 13.3, plus (ii) any unpaid Monthly Base Rent for the Minimum Term with respect to such Vehicle plus any early turn back charges payable or deductible from the Repurchase Price of such Vehicle in accordance with Section 3.1(b) hereof (any such amount is referred to as an "Early Termination Payment"). On each Payment Date, the Lessee shall pay to the Lessor all Early Termination Payments that have accrued during the Related Month. The provisions of this Section 13.4 will survive the expiration or earlier termination of the Term.

14. DISPOSITION PROCEDURE. The Lessee will comply with the requirements of law and the requirements of the Manufacturer Programs in connection with, among other things, the delivery of Certificates of Title and documents of transfer signed as necessary, signed Condition Reports, and signed odometer statements to be submitted with the Program Vehicles or Non-Program Vehicles returned to a Manufacturer pursuant to Section

2.6(a) or (b) and accepted by the Manufacturer or its agent at the time of Program Vehicle or Non-Program Vehicle return.

15. ODOMETER DISCLOSURE REQUIREMENT. The Lessee agrees to comply with all requirements of law and all Manufacturer Program requirements with respect to each Vehicle leased hereunder in connection with the transfer of ownership by the Lessor of any such Vehicle, 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. The Lessee agrees to indemnify and hold harmless the Lessor, the Lender, the Intermediary and the Trustee and the Lessor's, the Lender's, the Intermediary's and the Trustee's respective directors, officers, stockholders, agents and employees (collectively, the "Indemnified Persons"), on a net after-tax basis against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of:

16.1.1. the ordering, delivery, acquisition, title on acquisition, rejection, installation, possession, titling, retitling, registration, re-registration, custody by the Lessee or its agent of title and registration documents, use, non-use, misuse, operation, deficiency, defect, transportation, repair, control or disposition of any Vehicle leased hereunder or to be leased hereunder pursuant to a request by 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 Vehicle leased hereunder or the acquisition, purchase, sale, rental, delivery, use, operation, control, ownership or disposition of any such Vehicle or measured in any way by the value thereof or by the 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 Vehicles 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 Vehicles are disallowed, or that the Lessor is not entitled to include the full purchase price for any such

Vehicle 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 (including new interpretations thereof), adopted or promulgated after the Initial Closing Date or, if later, the date the Trustee or the Lender acquires its interest in the Vehicles leased hereunder or the Loan Agreements, the Indenture, the Assignment Agreements, or 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 Vehicle leased hereunder or any transaction relating to such Vehicle 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 Vehicle and (B) the expiration or other termination of this Agreement with respect to such Vehicle, unless such tax accrues in respect of any period during which the Lessee holds over such Vehicle; 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 of this Agreement or of any Related Documents to which the Lessee is a party or by which it is bound or of any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objecting of any governmental or public body or authority and all other requirements having the force of law applicable at any time to any Vehicle leased hereunder or any action or transaction by the Lessee with respect thereto or pursuant to this Agreement;

16.1.4. all out of pocket costs of the Lessor (including the fees and out of pocket expenses of counsel for the Lessor) in connection with the execution, delivery and performance of this Agreement and the other Related Documents;

16.1.5. all out of pocket costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Lessor, the Lender, the Intermediary or the Trustee in connection with the administration, enforcement, waiver or amendment of this Agreement and any other Related Documents and all indemnification obligations of the Lender or the Lessor under the Related Documents (including all obligations of the Lessor under Section 13.4 and Section 13.5 of the AESOP I Operating Lease Loan Agreement); and

16.1.6. all costs, fees, expenses, damages and liabilities (including, without limitation, the fees and out of pocket expenses of counsel) in connection with, or arising out of, any claim made by any third party against the Lessor for any reason (including, without limitation, in connection with any audit or investigation conducted by a Manufacturer under its Manufacturer Program).

If the Lessor shall actually receive any tax benefit (whether by way of offset, credit, deduction, refund or otherwise) not already taken into account in calculating the net after-tax basis for such payment as a result of the payment of any tax indemnified pursuant to this Section 16 or in connection with the circumstances giving rise to the imposition of such tax, such tax benefit shall be used to offset any indemnity payment owed pursuant to this Section 16 or shall be paid to the Lessee (but only to the extent of any prior indemnity payments actually made pursuant to this Section 16 and only after the Lessor shall actually receive such tax benefits); provided, however, that no such payment to the Lessee shall be made while an AESOP I Operating Lease Event of Default shall have occurred and be continuing.

16.2. Reimbursement Obligation by the Lessee. The Lessee shall forthwith upon demand reimburse the Lessor or the relevant Indemnified Person for any sum or sums expended with respect to any of the foregoing; provided, however, that to the extent such amounts constitute Excluded Payments, such amounts shall be paid only to the AESOP I Segregated Account; and provided further that, if so requested by the Lessee, the Lessor or the relevant Indemnified Person shall submit to the Lessee a statement documenting any such demand for reimbursement or prepayment. To the extent that the Lessee in fact indemnifies the Lessor or the relevant Indemnified Person under the indemnity provisions of this Agreement, the Lessee shall be subrogated to the Lessor's or the relevant Indemnified Person's rights in the affected transaction and shall have a right to determine the settlement of claims therein. The foregoing indemnity as contained in this Section 16 shall survive the expiration or earlier termination of this Agreement or any lease of any Vehicle hereunder.

16.3. Defense of Claims. The Lessor agrees to notify 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 AESOP I Operating 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. The Lessee 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 assertion of such claim or defense. The Lessee agrees that no Indemnified Person will be liable to the Lessee for any claim caused directly or indirectly by the inadequacy of any Vehicle leased hereunder for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs,

servicing or adjustments thereto or any delay in providing or failure to provide such repairs, servicing or adjustments or any interruption or loss of service or use thereof or any loss of business, all of which shall be the risk and responsibility of the Lessee. 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 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 may have against the Manufacturer.

17. ASSIGNMENT.

17.1. Right of the Lessor to Assign this Agreement. The Lessor shall have the right to finance the acquisition and ownership of Vehicles by selling or assigning, in whole or in part, its right, title and interest in this Agreement, including, without limitation, in moneys due from the Lessee and any third party under this Agreement and in any security therefor; provided, however, that any such sale or assignment shall be subject to the rights and interest of the Lessee in the Vehicles leased hereunder, including but not limited to the Lessee's right of quiet and peaceful possession of such Vehicles as set forth in Section 9 hereof, and under this Agreement.

17.2. Limitations on the Right of the Lessee to Assign this Agreement. The Lessee agrees that it shall not, without prior written consent of the Lessor, CRCF and the Trustee and without having satisfied the Rating Agency Consent Condition, assign this Agreement or any of its rights hereunder to any other party; provided, however, that the Lessee may rent the Vehicles leased hereunder under the terms of its normal daily rental programs and/or sublease such Vehicles to Permitted Sublessees pursuant to a Sublease. Any purported assignment in violation of this Section 17.2 shall be void and of no force or effect. Nothing contained herein shall be deemed to restrict the right of 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 (an "AESOP I Operating Lease Event of Default") as that term is used herein:

18.1.1. there occurs (i) a default in the payment of the portion of Monthly Base Rent that relates to the Loan Principal Amount, the Special Default Payments, the Early Termination Payments, Vehicle Purchase Price or Termination Value upon a Standard Casualty or when a Vehicle becomes an Ineligible Vehicle or upon a Vehicle Return Default or any Supplemental Rent (to the extent not included in any of the foregoing) and the continuance thereof for a period of five (5) Business Days or (ii) a default and continuance thereof for five (5) Business Days after notice thereof by the Lessor or the Trustee to the Lessee in the payment of any amount payable under this Agreement (other than amounts described in clause (i) above);

18.1.2. any unauthorized assignment or transfer of this Agreement by the Lessee occurs;

18.1.3. the failure, in any material respect, of the Lessee to maintain, or cause to be maintained, insurance as required in Section 5 or Section 31.3;

18.1.4. the failure of the Lessee to observe or perform any other covenant, condition, agreement or provision hereof, and such default continues for more than thirty (30) days after the date written notice thereof is delivered by the Lessor or the Trustee to the Lessee;

18.1.5. if any representation or warranty made by the Lessee herein is inaccurate or incorrect or is breached or is false or misleading in any material respect as of the date of the making thereof or any schedule, certificate, financial statement, report, notice, or other writing furnished by or on behalf of the Lessee to the Lessor or the Trustee is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified, and the circumstance or condition in respect of which such representation, warranty or writing was inaccurate, incorrect, breached, false or misleading in any material respect, as the case may be, shall not have been eliminated or otherwise cured for thirty (30) days after the earlier of (x) the date of the receipt of written notice thereof from the Lessor, the Lender or the Trustee to the Lessee and (y) the date the Lessee learns of such circumstance or condition;

18.1.6. an Event of Bankruptcy occurs with respect to the Lessee or any Permitted Sublessee;

18.1.7. a Loan Event of Default occurs;

18.1.8. a Finance Lease Event of Default or an AESOP II Operating Lease Event of Default occurs; or

18.1.9. the Pension Benefit Guaranty Corporation or the Internal Revenue Service shall have filed notice of one or more liens against 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 thirty (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 AESOP I Operating Lease Event of Default or Liquidation Event of Default. If any AESOP I Operating Lease Event of Default described in Section 18 or any Liquidation Event of Default shall occur, (i) the Lessor may terminate the rights of the Lessee to place Vehicle Orders pursuant to Section 2.1 and to lease additional Vehicles from the Lessor, and (ii) if CRCF has declared the Loan Note under any Loan Agreement to be due and payable pursuant to Section 12.2 of such Loan Agreement, (x) this Agreement shall automatically

terminate and any accrued and unpaid Monthly Base Rent, Supplemental Rent and all other payments accrued but unpaid under this Agreement (calculated as if the full amount of interest on such Loan Note was then due and payable in full) shall, automatically, without further action by the Lessor or the Trustee, become immediately due and payable and (y) the Lessee shall, at the request of the Lessor, the Lender or the Trustee, return or cause to be returned all Vehicles subject to this Agreement (and the Administrator shall deliver or cause to be delivered to the Trustee the Certificates of Title relating thereto) to the Lessor in accordance with the provisions of Section 13.2 hereof.

18.3. Rights of Lessor Upon AESOP I Operating Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default. If an AESOP I Operating Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default shall occur, then the Lessor at its option may:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants and terms of this Agreement or to recover damages for the breach hereof calculated in accordance with Section 18.5; and/or

(ii) by notice in writing to the Lessee, terminate this Agreement in its entirety and/or the right of possession hereunder of the Lessee of the Vehicles leased hereunder, and the Lessor may direct delivery by the Lessee of documents of title to the Vehicles leased hereunder, whereupon all rights and interests of the Lessee to such Vehicles will cease and terminate (but the Lessee will remain liable hereunder as herein provided; provided, however, that its liability will be calculated in accordance with Section 18.5); and thereupon, the Lessor or its agents or assignees may peaceably enter upon the premises of the Lessee or other premises where such Vehicles may be located (including, without limitation, the premises of any Permitted Sublessee) and take possession of them and thenceforth hold, possess and enjoy the same free from any right of the Lessee or its successors or assigns, to use such Vehicles for any purpose whatsoever, and the Lessor will, nevertheless, have a right to recover from the Lessee 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 the sale at least five (5) days prior to the proposed sale, which shall be deemed commercially reasonable, and the Lessee may purchase such Vehicle(s) at the sale. Each and every power and remedy hereby specifically given to the Lessor will be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law, in equity or in bankruptcy and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Lessor; provided, however, that the measure of damages recoverable against the Lessee 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 will not otherwise alter or affect

the Lessor's rights or the obligations hereunder of the Lessee. The Lessor's acceptance of any payment after it will have become due hereunder will not be deemed to alter or affect the Lessor's rights hereunder with respect to any subsequent payments or defaults therein; and/or

(iii) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by any Permitted Sublessee of the applicable covenants and terms of the related Sublease or to recover damages or any other amounts payable under such Sublease; and/or

(iv) by notice in writing to the Lessee, terminate the Power of Attorney.

18.4. Rights of Lender and Trustee Upon Liquidation Event of Default, Limited Liquidation Event of Default and Non-Performance of Certain Covenants. (i) If a Liquidation Event of Default or a Limited Liquidation Event of Default shall have occurred and be continuing, the Lender and the Trustee, to the extent provided in the Indenture, shall have the rights against the Lessee, and the AESOP I Operating Lease Loan Collateral provided in the Base Indenture upon a Liquidation Event of Default or a Limited Liquidation Event of Default, as the case may be, including the right to take possession of all or a portion of the Vehicles leased hereunder immediately from the Lessee or a Permitted Sublessee.

(ii) If the Lessee shall default in the due performance and observance of any of its obligations under Sections 31.3, 31.4, 31.5(iv), 31.10, 32.3 or 32.4 hereof, and such default shall continue unremedied for a period of thirty (30) days after notice thereof shall have been given to the Lessee by the Lessor, the Lender or the Trustee, the Trustee, as assignee of the Lessor's rights hereunder, shall have the ability to exercise all rights, remedies, powers, privileges and claims of the Lessee or the Intermediary against the Manufacturers under or in connection with the Manufacturer Programs with respect to (i) Program Vehicles leased hereunder that the Lessee has determined to turn back to the Manufacturers under such Manufacturer Programs (excluding Relinquished Vehicles) and (ii) whether or not the Lessee shall then have determined to turn back such Program Vehicles, any Program Vehicles leased hereunder for which the applicable Repurchase Period will end within one week or less.

(iii) Upon a default in the performance (after giving effect to any grace periods provided herein) by the Lessee of its obligations hereunder to keep the Vehicles leased hereunder free of Liens (other than Permitted Liens) and to maintain the Trustee's first-priority perfected security interest in the AESOP I Operating Lease Loan Collateral, the Lessor or the Trustee shall have the right to take actions reasonably necessary to correct such default with respect to the subject Vehicles including the execution of UCC financing statements with respect to Manufacturer Programs and other general intangibles and the completion of Vehicle Perfection and Documentation Requirements on behalf of the Lessee.

(iv) Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Lessee shall return or cause to be returned any Program Vehicles leased hereunder to the related Manufacturer in accordance with the instructions of the Lessor. To the extent any Manufacturer fails to accept any such Program Vehicles under the terms of the applicable Manufacturer Program, the Lessor shall have the right to otherwise dispose of such Program Vehicles and to direct the Lessee to dispose of such Program Vehicles in accordance with its instructions. Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Lessee shall dispose of any Non-Program Vehicles leased hereunder in accordance with the instructions of the Lessor. To the extent the Lessee fails to so dispose of any such Non-Program Vehicles, the Lessor shall have the right to otherwise

dispose of such Non-Program Vehicles. In addition, following the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Lessor shall have all of the rights, remedies, powers, privileges and claims vis-à-vis the Lessee, necessary or desirable to allow (a) the Lender to exercise the rights, remedies, powers, privileges and claims given to the Lender pursuant to Section 12.3 of the AESOP I Operating Lease Loan Agreement, 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 Lender pursuant to Article 7 of the AESOP I Operating Lease Loan Agreement and that, under the circumstances set forth in the AESOP I Operating Lease Loan Agreement, the Lender may act in lieu of the Lessor in the exercise of such rights, remedies, powers, privileges and claims and (b) the Trustee to exercise the rights, remedies, powers, privileges and claims given to the Trustee pursuant to Sections 3.3 and 9.2 of the Base Indenture, and the Lessee acknowledges that (x) it has hereby granted to the Lessor all of the rights, remedies, powers, privileges and claims granted by the Lender to the Trustee pursuant to Article 3 of the Base Indenture and that, under certain circumstances set forth in the Base Indenture, the Trustee may act in lieu of the Lessor in the exercise of such rights, remedies, powers, privileges and claims and (y) under certain circumstances the Trustee may act in lieu of the Lessor in the exercise of the rights, remedies, powers, privileges and claims of the Lessor hereunder.

18.5. Measure of Damages. If an AESOP I Operating Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default occurs and the Lessor, the Lender or the Trustee exercises the remedies granted to the Lessor, the Lender or the Trustee under this Article 18, the amount that the Lessor shall be permitted to recover shall be equal to:

(i) all Monthly Base Rent, all Supplemental Rent and all other payments payable under this Agreement (calculated as provided in Section 18.2); plus

(ii) any damages and expenses, including reasonable attorneys' fees and expenses (but excluding net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled as a result of this Agreement), which the Lessor, the Lender or the Trustee will have sustained by reason of the AESOP I Operating Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default, together with reasonable sums for such attorneys' fees and such expenses as will be expended or incurred in the seizure, storage, rental or sale of the Vehicles leased hereunder or in the enforcement of any right or privilege hereunder or in any consultation or action in such connection; plus

(iii) interest on amounts due and unpaid under this Agreement at the applicable Lender's Carrying Cost Interest Rate plus 1.0% from time to time computed from the date of the AESOP I Operating Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default or the date payments were originally due to the Lessor under this Agreement or from the date of each expenditure by the Lessor, the

Lender or the Trustee which is recoverable from the Lessee pursuant to this Section 18, as applicable, to and including the date payments are made by the Lessee.

18.6. Vehicle Return Default. If the Lessee fails to comply with the provisions of (a) Section 13.2 hereof with respect to any Vehicle leased hereunder or (b) Section 3.1 with respect to returning or causing to be returned any Program Vehicles leased hereunder to the related Manufacturer not later than the end of the Maximum Term (each, a "Vehicle Return Default"), and the Vehicle is not redesignated as a Non-Program Vehicle in accordance with Section 2.7, then the Lessor at its option may:

(i) proceed by appropriate court action or actions, either at law or equity, to enforce performance by the Lessee of such covenants and terms of this Agreement or to recover damages for the breach hereof calculated in accordance with Section 18.5 as it relates to such Vehicle; or

(ii) by notice in writing to the Lessee following the occurrence of such Vehicle Return Default, terminate the Agreement with respect to such Vehicle and/or the right of possession hereunder of the Lessee with respect to such Vehicle and the Lessor may direct delivery by the Lessee of documents of title to such Vehicle, whereupon all rights and interests of the Lessee to such Vehicle will cease and terminate (but the Lessee will remain liable hereunder as herein provided; provided, however, that its liability will be calculated in accordance with Section 18.5 as it relates to such Vehicle); and thereupon the Lessor or its agents or assignees may peaceably enter upon the premises of the Lessee or other premises where such Vehicle may be located (including, without limitation, the premises of any Permitted Sublessee) and take possession of it and thenceforth hold, possess and enjoy the same free from any right of the Lessee or its successors or assigns to use such Vehicle for any purpose whatsoever and the Lessor will nevertheless have a right to recover from the Lessee any and all amounts which, under the terms of this Agreement may then be due. The Lessor will provide the Lessee with written notice of the place and time of the sale of such Vehicle at least five (5) days prior to the proposed sale, which sale shall be deemed commercially reasonable and the Lessee may purchase the Vehicle at such sale; or

(iii) hold, keep idle or lease to others such Vehicle, as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect to such action or inaction except that the Lessee's obligation to pay Monthly Base Rent for periods commencing after the Lessee shall have been deprived of the use of such Vehicle pursuant to this clause (iii) shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Vehicle to any person other than the Lessee for the same period or any portion thereof; or

(iv) whether or not the Lessor shall have exercised or shall thereafter exercise any of the rights under the foregoing clauses (i), (ii) or (iii), demand by written notice to the Lessee that the Lessee pay to the Lessor immediately, and the Lessee shall so pay to the Lessor as liquidated damages for loss of a bargain and not as a penalty, any unpaid Monthly Base Rent due through the Payment Date with respect to the Related Month

during which such Vehicle is rejected by the Manufacturer or otherwise is not returned to the Manufacturer or on the date the Lessee is required to, but does not, sell, return or otherwise dispose of such Vehicle pursuant to Section 3.1 or 2.6 hereof, any Supplemental Rent then accrued and unpaid plus whichever of the following amounts the Lessor, in its sole discretion shall specify in such notice:

(1) an amount equal to the excess, if any, of the Termination Value for such Vehicle over the Market Value of such Vehicle as of (a) the date such Vehicle (if such Vehicle is a Program Vehicle) is rejected by a Manufacturer for not meeting its Manufacturer Program's Vehicle Turn-In Condition guidelines, or (b) the date the Lessee is required to, but does not, sell, return or otherwise dispose of such Vehicle (if such Vehicle is a Non-Program Vehicle) pursuant to Section 3.1 or 2.6 hereof; or

(2) an amount equal to the Termination Value for such Vehicle as of (a) the date such Vehicle is rejected by a Manufacturer for not meeting its Manufacturer Program's Vehicle Turn-In Condition guidelines (if such Vehicle is a Program Vehicle), or (b) the date the Lessee is required to, but does not, sell, return or otherwise dispose of such Vehicle (if such Vehicle is a Non-Program Vehicle) pursuant to Section 3.1 or 2.6 hereof, in which event (x) the Lessor shall cause title to such Vehicle to be transferred to the Lessee, (y) the Lessee shall be entitled to any physical damage insurance proceeds applicable to such Vehicle, and (z) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle.

(v) if the Lessor shall have sold any Vehicle pursuant to clause (ii) above, the Lessor in lieu of exercising its rights under clause (iv) above with respect to such Vehicle may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor on the date of such sale as liquidated damages for loss of a bargain and not as a penalty, any unpaid Monthly Base Rent and Supplemental Rent due through such date of sale plus the amount of any deficiency between the net proceeds of such sale and the Termination Value of such Vehicle computed as of the date of the sale.

18.7. Application of Proceeds. The proceeds of any sale or other disposition pursuant to Section 18.2, 18.3 or 18.6 shall be applied by the Lessor in its sole discretion as the Lessor deems appropriate.

19. MANUFACTURER EVENTS OF DEFAULT. (a) Upon the occurrence of a Manufacturer Event of Default with respect to any Manufacturer (a "Defaulting Manufacturer"), the Lessee, on behalf of the Lessor, (i) shall no longer place Vehicle Orders for additional Program Vehicles from such Manufacturer and (ii) shall cancel any Vehicle Order with such Defaulting Manufacturer for any Program Vehicle with respect to which a VIN has not been assigned as of the date such Manufacturer Event of Default occurs.

(b) Upon the occurrence of a Manufacturer Event of Default, the Lessee agrees to (i) act at the direction of the Lessor, the Lender or the Trustee to take commercially reasonable action to liquidate the Program Vehicles subject to a Manufacturer Program with

respect to which such Manufacturer Event of Default has occurred or (ii) convert such Program Vehicles to Non-Program Vehicles in accordance with Section 2.7 hereof and subject to the limitations set forth therein.

(c) Upon the occurrence of a Manufacturer Event of Default, except as provided in Section 13.3, the Lessee shall not be liable for any failure by the Lessor to recover all or any portion of the Repurchase Price with respect to any Program Vehicles subject to the Manufacturer Program of the Defaulting Manufacturer; provided, however, that nothing in this Section 19 shall be construed to modify, terminate or otherwise affect the Lessee's obligations under this Agreement.

20. [RESERVED]

21. [RESERVED]

22. CERTIFICATION OF TRADE OR BUSINESS USE.

The Lessee hereby warrants and certifies, under penalties of perjury, that it intends to use the Vehicles which are subject to this Agreement, in its trade or business or for sublease to a Permitted Sublessee pursuant to a Sublease.

23. SURVIVAL.

In the event that, during the term of this Agreement, the Lessee 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.

24. [RESERVED]

25. TITLE.

This is an agreement to lease only and title to Vehicles will at all times remain in the Lessor's name or in the name of the Lessor's Permitted Nominee. The Lessee will not have any rights or interest in Vehicles whatsoever other than the right of possession and use as provided by this Agreement.

26. [RESERVED]

27. RIGHTS OF LESSOR ASSIGNED.

Notwithstanding anything to the contrary contained in this Agreement, the Lessee acknowledges that the Lessor has assigned all of its rights under this Agreement (other than its right to receive Excluded Payments) to CRCF pursuant to the AESOP I Operating Lease Loan Agreement and CRCF has assigned such rights to the Trustee pursuant to the Base Indenture. Accordingly, the Lessee agrees that:

(i) subject to the terms of the AESOP I Loan Agreement and the Indenture, the Trustee shall have all the rights, powers, privileges and remedies of the Lessor hereunder (other than the right to receive Excluded Payments, which shall be paid to the AESOP I Segregated Account) and the obligations 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 Lessee may have against the Lessor (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, the Lessee agrees that, upon the occurrence of an AESOP I Operating 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 provided for herein (other than with respect to the right to receive Excluded Payments) and the Lessee will not 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 stating that an AESOP I Operating Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default has occurred, the Lessee will, if so requested by the Trustee, treat the Trustee or the Trustee's designee for all purposes (other than with respect to the right to receive Excluded Payments) as the Lessor hereunder and in all respects comply with all obligations under this Agreement that are asserted by the Trustee as the successor to the Lessor hereunder, irrespective of whether the Lessee 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) the Lessee acknowledges that pursuant to the AESOP I Operating Lease Loan Agreement and the Base Indenture the Lessor has irrevocably authorized and directed the Lessee to, and the Lessee shall, make payments of Monthly Base Rent and Supplemental Rent hereunder (and any other payments hereunder) (other than Excluded Payments, which shall be paid to the AESOP I Segregated Account) directly to the Trustee for deposit in the Collection Account established by the Trustee for receipt of such payments pursuant to the Base Indenture and such payments shall discharge the obligation of the Lessee to the Lessor hereunder to the extent of such payments. Upon written notice to the Lessee 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 shall thereafter make payments of all Monthly Base Rent and Supplemental Rent (and any other payments hereunder) (other than Excluded Payments, which shall be paid to the AESOP I Segregated Account) to the party specified in such notice;

(iv) upon request made by the Trustee at any time, the Lessee will take such actions as are requested by the Trustee to assist the Trustee in maintaining the Trustee's first-priority perfected security interest in the Vehicles leased hereunder, the Certificates of Title with respect thereto and any other portion of the AESOP I Operating Lease Loan Collateral; and

(v) in the event that the Indenture terminates and all obligations owing under the Indenture have been paid in full, the Lender shall have all rights under this Agreement previously assigned to the Trustee.

28. [RESERVED]

29. MODIFICATION AND SEVERABILITY.

The terms of this Agreement will not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever unless (i) the same shall be in writing and signed and delivered by the Lessor and the Lessee and consented to in writing by the Lender and the Trustee and (ii) the Rating Agency Consent Condition shall have been satisfied. If any part of this Agreement is not valid or enforceable according to law, all other parts will remain enforceable. The Lessor shall provide prompt written notice to each Rating Agency of any such waiver, modification or amendment.

30. CERTAIN REPRESENTATIONS AND WARRANTIES.

The Lessee represents and warrants to the Lessor and the Trustee that as of the Restatement Effective Date and as of each Series Closing Date:

30.1. Organization; Ownership; Power; Qualification. 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.

30.2. Authorization; Enforceability. 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 Lessee and is, and each of the other Related Documents to which the Lessee is a party is, a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms.

30.3. Compliance. The execution, delivery and performance, in accordance with their respective terms, by 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 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 Lessee, (iv) conflict with, result in a breach of, or constitute a default under any indenture, agreement, or other instrument to which the Lessee is a party or by which its properties may be bound which conflict, breach or default could result in a Material Adverse Effect, or (v) result in

or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Lessee except Permitted Liens.

30.4. Financial Information; Financial Condition. All balance sheets, all statements of operations, of shareholders' equity and of cash flow, and other financial data (other than projections) which have been or shall hereafter be furnished to the Lessor, the Lender or the Trustee for the purposes of or in connection with this Agreement or the Related Documents have been and will be prepared in accordance with GAAP applied on a consistent basis and do and will present fairly the financial condition of the entities involved as of the dates thereof and the results of their operations for the periods covered thereby. Such financial data include the following financial statements and reports which have been furnished to the Lessor and the Trustee on or prior to the date hereof:

(i) the audited consolidated financial statements consisting of a statement of financial position of the Lessee and its Consolidated Subsidiaries as of December 31, 2003, and the related statements of operations, stockholder's equity and cash flows of the Lessee and its Consolidated Subsidiaries for the three-year period ended December 31, 2003; and

(ii) the unaudited condensed consolidated financial statements consisting of a statement of financial position of the Lessee and its Consolidated Subsidiaries as of March 31, 2004, and the related statements of operations, stockholder's equity and cash flows of the Lessee and its Consolidated Subsidiaries for the three months ended March 31, 2004.

30.5. Litigation. Except as set forth in Schedule 30.5 hereto and except for claims as to which the insurer has admitted coverage in writing and which are fully covered by insurance, no claims, litigation (including, without limitation, derivative actions), arbitration, governmental investigation or proceeding or inquiry is pending or, to the best of the Lessee's knowledge, threatened against the Lessee which would, if adversely determined, have a Material Adverse Effect.

30.6. Liens. The Vehicles, the Sublease Collateral and all other Collateral are free and clear of all Liens other than (i) Permitted Liens and (ii) Liens in favor of the Lessor, the Lender or the Trustee. The Trustee has obtained, and will continue to obtain, for the benefit of the Secured Parties pursuant to the Base Indenture, a first-priority perfected Lien on all Vehicles leased hereunder (other than Vehicles titled in the states of Ohio, Oklahoma and Nebraska). The Lessor has obtained, and will continue to obtain, a first-priority perfected Lien on all Sublease Collateral. All Vehicle Perfection and Documentation Requirements with respect to all Vehicles on or after the date hereof have and will continue to be satisfied.

30.7. Employee Benefit Plans. (a) During the twelve-consecutive-month period prior to the date hereof and prior to any Series Closing Date: (i) no steps have been taken by the Lessee or any member of the Controlled Group, or to the knowledge of the Lessee, by any Person, to terminate any Pension Plan; and (ii) no contribution failure has occurred with respect to any Pension Plan maintained by 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 Lessee or any member of the Controlled Group of liabilities, fines or penalties in an amount that could have a Material Adverse Effect.

30.8. Investment Company Act. The Lessee is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, and the Lessee is not subject to any other statute which would impair or restrict its ability to perform its obligations under this Agreement or the other Related Documents, and neither the entering into nor the performance by the Lessee of this Agreement violates any provision of the Investment Company Act of 1940, as amended.

30.9. Regulations T, U and X. The Lessee is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System). None of the Lessee, any of its Affiliates or any Person acting on their behalf has taken or will take action to cause the execution, delivery or performance of this Agreement or the Loan Note, the making or existence of the Loans or the use of proceeds of the Loans to violate Regulation T, U, or X of the Board of Governors of the Federal Reserve System.

30.10. Records Locations; Jurisdiction of Organization . Schedule 30.10 lists each of the locations where the Lessee maintains any records; and Schedule 30.10 also lists the Lessee's legal name and the Lessee's jurisdiction of organization.

30.11. Taxes. 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 Lessee's knowledge, there is no unresolved claim by a taxing authority concerning 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.

30.12. Governmental Authorization. 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.

30.13. Compliance with Laws. Except as disclosed in Schedule 30.13 hereto, the Lessee: (i) is not in violation of any law, ordinance, rule, regulation or order of any

Governmental Authority applicable to it or its property, which violation would have a Material Adverse Effect, and no such violation has been alleged, (ii) has filed in a timely manner all reports, documents and other materials required to be filed by it with any governmental bureau, agency or instrumentality (and the information contained in each of such filings is true, correct and complete in all material respects), except where failure to make such filings would not have a Material Adverse Effect, and (iii) has retained all records and documents required to be retained by it pursuant to any Requirement of Law, except where failure to retain such records would not have a Material Adverse Effect.

30.14. Eligible Vehicles. Each Vehicle is or will be, as the case may be, on the Vehicle Operating Lease Commencement Date with respect to such Vehicle, an Eligible Vehicle.

30.15. Supplemental Documents True and Correct. All information contained in any Vehicle Order or other Supplemental Document which has been submitted, or which may hereafter be submitted by the Lessee to the Lessor is, or will be, true, correct and complete.

30.16. Manufacturer Programs. No Manufacturer Event of Default has occurred and is continuing with respect to any Manufacturer of a Program Vehicle.

30.17. Absence of Default. 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) an AESOP I Operating Lease Event of Default or a Potential AESOP I Operating Lease Event of Default or (ii) a default or event of default by the Lessee under any material indenture, agreement or other instrument, or any judgment, decree or final order to which the Lessee is a party or by which the Lessee or any of its properties may be bound or affected that could result in a Material Adverse Effect.

30.18. Title to Assets. 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. Except for financing statements or other filings with respect to or evidencing Permitted Encumbrances, no financing statement under the UCC of any state, application for a Certificate of Title or certificate of ownership, or other filing which names the Lessee as debtor or which covers or purports to cover any of the assets of the Lessee is on file in any state or other jurisdiction, and the Lessee has not signed any such financing statement, application or instrument authorizing any secured party or creditor of such Person thereunder to file any such financing statement, application or filing other than with respect to Permitted Encumbrances and except, in each case, to the extent no Material Adverse Effect could result.

30.19. Burdensome Provisions. The Lessee is not a party to or bound by any Contractual Obligation that could have a Material Adverse Effect.

30.20. No Adverse Change. Since December 31, 2003, (x) no material adverse change in the business, assets, liabilities, financial condition, results of operations or business prospects of the Lessee has occurred, and (y) no event has occurred or failed to occur which has

had or may have, either alone or in conjunction with all other such events and failures, a Material Adverse Effect.

30.21. No Adverse Fact. No fact or circumstance is known to the Lessee, as of the date hereof or as of such Series Closing Date which, either alone or in conjunction with all other such facts and circumstances, has had or might in the future have (so far as the Lessee can foresee) a Material Adverse Effect which has not been set forth or referred to in the financial statements referred to in Section 30.4 or 31.5 or in a writing specifically captioned "Disclosure Statement" and delivered to the Lessor prior to such Series Closing Date. If a fact or circumstance disclosed in such financial statements or Disclosure Statement, or if an action, suit or proceeding disclosed to the Lessor, should in the future have a Material Adverse Effect, such Material Adverse Effect shall be a change or event subject to Section 30.20 notwithstanding such disclosure.

30.22. Accuracy of Information. All data, certificates, reports, statements, opinions of counsel, documents and other information furnished to the Lessor, the Lender or the Trustee by or on behalf of the Lessee pursuant to any provision of any Related Document, or in connection with or pursuant to any amendment or modification of, or waiver under, any Related Document, shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Lessor, the Lender or the Trustee, as the case may be, true and accurate knowledge of the subject matter thereof, (ii) not contain any untrue statement of a material fact, and (iii) not omit to state a material fact necessary in order to make the statements contained therein (in light of the circumstances in which they were made) not misleading, and the furnishing of the same to the Lessor, the Lender or the Trustee, as the case may be, shall constitute a representation and warranty by the Lessee made on the date the same are furnished to the Lessor, the Lender or the Trustee, as the case may be, to the effect specified in clauses (i), (ii) and (iii).

30.23. Solvency. Both before and after giving effect to the transactions contemplated by this Agreement and the other Related Documents, the Lessee is solvent within the meaning of the Bankruptcy Code 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 Lessee.

30.24. Payment Of Capitalized Cost. Prior to the Vehicle Operating Lease Commencement Date with respect to each Vehicle leased hereunder, the Capitalized Cost with respect to such Vehicle shall have been paid.

31. CERTAIN AFFIRMATIVE COVENANTS. Until the expiration or termination of this Agreement, and thereafter until the obligations of the Lessee under this Agreement and the Related Documents are satisfied in full, the Lessee covenants and agrees that, unless at any time the Lessor, the Lender and the Trustee shall otherwise expressly consent in writing, it will:

31.1. Corporate Existence; Foreign Qualification. Do and cause to be done at all times all things necessary to (i) maintain and preserve the corporate existence of the Lessee; (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.

31.2. Books, Records and Inspections. (i) Maintain complete and accurate books and records with respect to the Vehicles leased under this Agreement and (ii) permit any Person designated by the Lessor, the Lender or the Trustee in writing to visit and inspect any of the properties, corporate books and financial records of the Lessee and its Subsidiaries and to discuss its affairs, finances and accounts with officers of the Lessee and its Subsidiaries, agents of the Lessee and with the Lessee's independent public accountants, all at such reasonable times and as often as the Lessor, the Lender or the Trustee may reasonably request.

31.3. Insurance. Obtain and maintain with respect to all Vehicles that are subject to this Agreement (a) vehicle liability insurance to the full extent required by law and in any event not less than $500,000 per Person and $1,000,000 per occurrence, (b) property damage insurance with a limit of $1,000,000 per occurrence, and (c) excess coverage public liability insurance with a limit of not less than $50,000,000 or the limit maintained from time to time by the Lessee at any time hereafter, whichever is greater, with respect to all passenger cars and vans comprising the Lessee's 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 each Enhancement Provider, per occurrence, of vehicle liability and property damage which is otherwise required to be insured hereunder. All such policies shall be from financially sound and reputable insurers, shall name the Lender, the Lessor and the Trustee as additional insured parties and, in the case of catastrophic physical damage insurance on such Vehicles, shall name the Trustee as loss payee as its interest may appear and will provide that the Lender, the Lessor and the Trustee shall receive at least ten (10) days' prior written notice of cancellation of such policies. The Lessee will notify promptly the Lender, the Lessor and the Trustee of any curtailment or cancellation of the Lessee's right to self-insure in any jurisdiction.

31.4. Manufacturer Programs. Turn in (or cause to be turned in) the Program Vehicles leased hereunder to the relevant Manufacturer within the Repurchase Period therefor (unless the Lessee purchases such Program Vehicle pursuant to the terms hereof or sells such Program Vehicle prior to the end of the Repurchase Period therefor and receives sales proceeds thereof in cash in an amount equal to or greater than the repurchase price under such Manufacturer Program); and comply with all of its obligations under each Manufacturer Program and the Master Exchange Agreement.

31.5. Reporting Requirements. Furnish, or cause to be furnished to the Lessor, the Lender and the Trustee and, in the case of item (iv) below, to each Rating Agency:

(i) Audit Report. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Lessee, (a) consolidated financial statements consisting of a statement of financial position of the Lessee and its Consolidated Subsidiaries as of the end of such fiscal year and a statement of

operations, stockholders' equity and cash flows of the Lessee and its Consolidated Subsidiaries for such fiscal year, setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by and containing an opinion, unqualified as to scope, of independent certified public accountants of recognized standing selected by the Lessee and acceptable to the Lessor, the Lender and the Trustee, accompanied by (b) a letter from such accountants addressed to the Lessor, the Lender and the Trustee stating that, in the course of their annual audit of the books and records of the Lessee, no Potential AESOP I Operating Lease Event of Default or AESOP I Operating Lease Event of Default has come to their attention which was continuing at the close of such fiscal year or on the date of their letter, or, if such an event has come to the attention of such accountants and was continuing at the close of such fiscal year or on the date of their letter, the nature of such event, it being understood that such accountants shall have no liability to the Lessor or the Trustee by reason of the failure of such accountants to obtain knowledge of the occurrence or continuance of such an AESOP I Operating Lease Event of Default or Potential AESOP I Operating Lease Event of Default;

(ii) Quarterly Statements. As soon as available and in any event within forty-five (45) days after the end of each of the first three quarters of each fiscal year of the Lessee, (a) financial statements consisting of a consolidated statement of financial position of the Lessee and its Consolidated Subsidiaries as of the end of such quarter and a statement of operations, stockholders' equity and cash flows of the Lessee and its Consolidated Subsidiaries for each such quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding fiscal year, all in reasonable detail and certified (subject to year-end audit adjustments) by a senior financial officer of the Lessee as having been prepared in accordance with GAAP applied on a consistent basis, accompanied by (b) a letter from such officer addressed to the Lessor, the Lender and the Trustee stating that no Potential AESOP I Operating Lease Event of Default or AESOP I Operating Lease Event of Default has come to his attention which was continuing at the end of such quarter or on the date of his letter, or, if such an event has come to his attention and was continuing at the end of such quarter or on the date of his letter, indicating the nature of such event and the action which the Lessee proposes to take with respect thereto;

(iii) Amortization Events and AESOP I Operating Lease Events of Default. As soon as possible but in any event within two (2) Business Days after the occurrence of any Amortization Event, Potential Amortization Event, AESOP I Operating Lease Event of Default or Potential AESOP I Operating Lease Event of Default, a written statement of an Authorized Officer describing such event and the action that the Lessee proposes to take with respect thereto;

(iv) Manufacturers. Promptly after obtaining actual knowledge thereof, notice of any Manufacturer Event of Default or termination or replacement of a Manufacturer Program;

(v) Interim Financial Statements. Promptly following the Lessee's receipt thereof, copies of all other financial reports submitted to the Lessee by independent

public accountants relating to any annual or interim audit of the books of the Lessee, or opinion as to the proper book value of the assets of the Lessee;

(vi) Reports. Promptly, from time to time, such information with respect to the Subleases, the Vehicles leased hereunder and payments made and owing hereunder as the Lessor may require to satisfy its reporting obligations to the Lender pursuant to Section 9.5 of the AESOP I Operating Lease Loan Agreement; and

(vii) Other. Promptly, from time to time, such other information, documents, or reports respecting the Vehicles leased hereunder or the condition or operations, financial or otherwise, of the Lessee as the Lessor, the Lender or the Trustee may from time to time reasonably request in order to protect the interests of the Lessor, the Lender or the Trustee under or as contemplated by this Agreement or any other Related Document.

31.6. Payment of Taxes; Removal of Liens. Pay when due all taxes, assessments, fees and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to the Lessee, or its property and assets or any interest thereon. Notwithstanding the previous sentence, but subject in any case to the other requirements hereof and of the Related Documents, the Lessee shall not be required to pay any tax, charge, assessment or imposition nor to comply with any law, ordinance, rule, order, regulation or requirement so long as the Lessee 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 Lessee to settle any such contest).

31.7. Business. The Lessee will engage only in businesses in substantially the same or related fields as the businesses conducted by it on the date hereof and such other lines of business, which, in the aggregate, do not constitute a material part of the operations of the Lessee.

31.8. Maintenance of Separate Existence. The Lessee acknowledges its receipt of a copy of that certain opinion letter issued by White & Case LLP dated the date hereof and addressing the issue of substantive consolidation as it may relate to the Lessee, each Permitted Sublessee, the Lessor, Original AESOP, AESOP Leasing II and CRCF. The Lessee hereby agrees to maintain in place all policies and procedures, and take and continue to take all action, described in the factual assumptions set forth in such opinion letter and relating to such Person.

31.9. Trustee as Lienholder. Concurrently with each leasing of a Vehicle under this Agreement, the Administrator shall indicate on its computer records that the Trustee, as assignee of the Lender, is the holder of a Lien on such Vehicle pursuant to the terms of the Base Indenture.

31.10. Maintenance of the Vehicles. Maintain and cause to be maintained in good repair, working order, and condition all of the Vehicles leased hereunder in accordance with its ordinary business practices with respect to all other vehicles owned by it, except to the extent that any such failure to comply with such requirements does not, in the aggregate, materially adversely affect the interests of the Lessor under this Agreement, the interests of the Lender under the AESOP I Operating Lease Loan Agreement or the interests of the Secured

Parties under the Indenture or the likelihood of repayment of the Loans. From time to time the Lessee will make or cause to be made all appropriate repairs, renewals, and replacements with respect to the Vehicles.

31.11. Enhancement. If the Enhancement with respect to any Series of Notes is provided by a letter of credit and (i) the short-term debt or deposit rating of the Enhancement Provider of such letter of credit shall be downgraded below the then-current rating of such Series of Notes by the Rating Agencies with respect to such Series of Notes or (ii) such Enhancement Provider shall notify the Lessee that its compliance with any of its obligations under such letter of credit would be unlawful, use its best efforts to obtain a successor institution to act as Enhancement Provider or, in the alternative, to otherwise credit enhance the payments to be made under this Agreement by the Lessee, subject to the satisfaction of the Rating Agency Confirmation Condition and any other requirements set forth in the Related Documents.

31.12. Manufacturer Payments. Cause each Manufacturer and each auction dealer with respect to such Manufacturer to make all payments made by it under the Manufacturer Programs with respect to Vehicles leased hereunder directly to the Collection Account or a Joint Collection Account. Any such payments from Manufacturers or related auction dealers received directly by the Lessee, will be, within three (3) Business Days of receipt, deposited into the Collection Account or a Joint Collection Account, as applicable.

31.13. Accounting Methods; Financial Records. Maintain, and cause each of its material Subsidiaries to maintain, a system of accounting and keep, and cause each of its material Subsidiaries to keep, such records and books of account (which shall be true and complete) as may be required or necessary to permit the preparation of financial statements in accordance with GAAP applied on a consistent basis.

31.14. Disclosure to Auditors. Disclose, and cause each of its material Subsidiaries to disclose, to its independent certified public accountants in a timely manner all loss contingencies of a type requiring disclosure to auditors under accounting standards promulgated by the Financial Accounting Standards Board.

31.15. Disposal of Non-Program Vehicles. Dispose of the Non-Program Vehicles leased hereunder in accordance with Section 2.6 (unless the Lessee purchases such Non-Program Vehicle in accordance with the terms hereof).

31.16. Security Interest; Additional Sublease. Do and cause to be done at all times all things necessary, including without limitation filing UCC financing statements and continuation statements, to maintain and preserve the Lessor's first-priority perfected security interest in the Sublease Collateral. The Lessee shall maintain the effectiveness of each of the financing statements filed in accordance with Section 2. The Lessee shall notify the Lessor and each Rating Agency of the execution of any additional Sublease, and the Lessee shall do and cause to be done all things necessary to perfect the security interest in the additional Sublease Collateral with respect to such Sublease.

32. CERTAIN NEGATIVE COVENANTS. Until the expiration or termination of this Agreement and thereafter until the obligations of the Lessee under this

Agreement and the Related Documents are satisfied in full, the Lessee covenants and agrees that, unless at any time the Lessor and the Trustee shall otherwise expressly consent in writing, it will not:

32.1. Mergers, Consolidations. Merge or consolidate with any Person, except that, if after giving effect thereto, no Potential AESOP I Operating Lease Event of Default or AESOP I Operating Lease Event of Default would exist, this Section 32.1 shall not apply to any merger or consolidation; provided that the Lessee is the surviving corporation of such merger or consolidation.

32.2. Other Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.

32.3. Liens. Create or permit to exist any Lien with respect to any Vehicle leased hereunder now or hereafter existing or acquired, except for Permitted Liens.

32.4. Use of Vehicles. Use or allow the Vehicles to be used (i) in any manner that would make such Vehicles that are Program Vehicles ineligible for repurchase under an Eligible Manufacturer Program, (ii) for any illegal purposes or (iii) in any manner that would subject the Vehicles to confiscation.

32.5. Termination of Agreement. Allow this Agreement to terminate prior to the termination of each other Lease.

32.6. Sublease Amendment. The Lessee shall not amend, modify, supplement or waive any provision, or permit the amendment, modification, supplementation or waiver of any provision, of a Sublease without (x) the prior written consent of the Lessor and the Trustee and (y) satisfaction of the Rating Agency Consent Condition.

33. ADMINISTRATOR ACTING AS AGENT OF THE LESSOR. The parties to this Agreement acknowledge and agree that CCRG shall act as Administrator and, in such capacity, as the agent for the Lessor, for purposes of performing certain duties of the Lessor under this Agreement and the Related Documents. As compensation for the Administrator's performance of such duties, the Lessor shall pay to the Administrator on each Payment Date (i) the portion of the Monthly Administration Fee payable by the Lessor pursuant to the Administration Agreement and (ii) the reasonable costs and expenses of the Administrator incurred by it as a result of arranging for the sale of Vehicles returned to the Lessor in accordance with Section 2.6(b) or as a result of a Vehicle Return Default and sold to third parties; provided, however, that such costs and expenses shall only be payable to the Administrator to the extent of any excess of the sale price received by the Lessor for any such Vehicle over the Termination Value thereof.

34. NO PETITION. Each of the 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, Original AESOP, AESOP Leasing II, the Intermediary, Quartx, PVHC or CRCF any

bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. In the event that the Lessee or the Administrator takes action in violation of this Section 34, the Lessor agrees, for the benefit of the Secured Parties, that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by the Lessee or the Administrator against the Lessor, Original AESOP, AESOP Leasing II, the Intermediary, Quartx, PVHC or CRCF or the commencement of such action and raise the defense that 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 34 shall survive the termination of this Agreement.

35. CERTAIN AGREEMENTS RESPECTING THE MASTER EXCHANGE AGREEMENT. Without limiting any other provision hereof, the Lessee and the Administrator hereby covenant and agree that they will cooperate with the Lessor in order to effect transfers of Relinquished Vehicles to the Intermediary and acquisitions of Replacement Vehicles by the Intermediary in accordance with the terms of the Master Exchange Agreement, including by giving such notices and providing such information to the Lessor or to other persons as the Lessor may from time to time reasonably request.

36. 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 Lessee hereby irrevocably submits to the jurisdiction of such courts. 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 Lessee and agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Nothing herein contained shall affect the right of the Trustee, the Lender and the Lessor to serve process in any other manner permitted by law or preclude the Lessor, the Lender or the Trustee from bringing an action or proceeding in respect hereof in any other country, state or place having jurisdiction over such action. 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.

37. GOVERNING LAW. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of the Lessee and all rights of the Lessor, the Lender or the Trustee expressed herein shall be in addition to and not in limitation of those provided by applicable law or in any other written instrument or agreement.

38. 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.

39. NOTICES. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party, addressed to it, at its address or telephone number set forth on the signature pages below, or at such other address or telephone number as such party may hereafter specify for the purpose by notice to the other party. In each case, a copy of all notices, requests and other communications that are sent by any party hereunder shall be sent to the Trustee and the Lender and a copy of all notices, requests and other communications that are sent by the Lessee to each other that pertain to this Agreement shall be sent to the Lessor, the Lender and the Trustee. Copies of notices, requests and other communications delivered to the Trustee, the Lender and/or the Lessor pursuant to the foregoing sentence shall be sent to the following addresses:

TRUSTEE:

The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602
Attention: Corporate Trust Officer
Telephone: (312) 827-8569
Fax: (312) 869-8562

LENDER:

Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

LESSOR:

AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

LESSEE:	Cendant Car Rental Group, Inc.	
	6 Sylvan Way	
	Parsippany, NJ 07054	
	Attention:	Treasurer
	Telephone:	(973) 496-5000
	Fax:	(973) 496-5852

Each such notice, request or communication shall be effective when received at the address specified below. Copies of all notices must be sent by first class mail promptly after transmission by facsimile.

40. [RESERVED]

41. TITLE TO MANUFACTURER PROGRAMS IN LESSOR.

The Lessee, by its execution hereof, acknowledges and agrees that, as between the Lessor and the Lessee, (i) the Lessor is the sole owner and holder of all right, title and interest in and to the Manufacturer Programs as they relate to the Vehicles leased hereunder, (ii) in accordance with the Assignment Agreements, all of the Lessor's right, title and interest in and to such Manufacturer Programs shall be assigned to the Trustee (except as expressly provided otherwise in any Related Document with respect to Relinquished Vehicles and any related Relinquished Vehicle Property), and (iii) the Lessee does not have any right, title or interest in any Manufacturer Program as it relates to the Vehicles leased hereunder. To confirm the foregoing, the Lessee, by its execution hereof, hereby assigns and transfers to the Lessor any rights that the Lessee may have in respect of any Manufacturer Programs.

42. HEADINGS.

Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

43. 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.

44. EFFECTIVE DATE.

This Agreement shall become effective on the Restatement Effective Date when all parties hereto have executed the signature pages attached hereto. Except to the extent amended hereby, the Prior AESOP I Operating Lease is in all respects ratified and confirmed and in full force and effect. From and after the Restatement Effective Date all references in the Related

Documents to the AESOP I Operating Lease shall mean such agreement as amended and restated hereby, unless the context otherwise requires.

45. NO RECOURSE.

The obligations of AESOP Leasing under this Agreement are solely the obligations of AESOP Leasing. No recourse shall be had for the payment of any obligation or claim arising out of or based upon this Agreement against any shareholder, partner, employee, officer or director of AESOP Leasing.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

AESOP LEASING L.P.

By: AESOP LEASING CORP.,
its general partner

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

LESSEE AND ADMINISTRATOR:

CENDANT CAR RENTAL GROUP, INC.

By: /s/ Lynn Finkel
Name: Lynn Finkel
Title: Vice President

Acknowledged and Consented

LENDER:

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/ Orlando Figueroa
Name: Orlando Figueroa
Title: President

TRUSTEE:

THE BANK OF NEW YORK, as Trustee

By: /s/ Mary L. Collier
Name: Mary L. Collier
Title: Agent

CENDANT CAR RENTAL GROUP, INC.

By: /s/ Lynn Finkel
Name: Lynn Finkel
Title: Vice President

GUARANTOR (under Prior AESOP I Operating Lease)

CENDANT CAR RENTAL GROUP, INC.

By: /s/ Lynn Finkel
Name: Lynn Finkel
Title: Vice President

COUNTERPART NO. ___ OF TEN (10) SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

SCHEDULE 30.5

Litigation

[NONE]

SCHEDULE 30.10

Jurisdiction of Organization; Records and Business Locations

Lessee	Jurisdiction of Organization	Records Locations	States in which Conducts Business
Cendant Car Rental Group, Inc.	Delaware	300 Centre Pointe Dr. Virginia Beach, VA 23462 1 Campus Drive Parsippany, NJ 07054	AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV, WI and WY

SCHEDULE 30.13

Compliance with Law

[NONE]

ATTACHMENT A

Vehicle Acquisition Schedule and Related Information

1. Principal amount of Loan financing the Vehicle
2. Date of Loan financing the Vehicle
3. Vehicle Operating Lease Commencement Date
4. Vehicle Identification Number (VIN)
5. Summary of Vehicles being financed (including, for Vehicles subject to the GM Repurchase Program, the Designated Period for such Vehicles)
6. Program or Non-Program Vehicle
7. Capitalized Cost (if applicable)
8. Net Book Value (if applicable)

ATTACHMENT B

Form of Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that AESOP LEASING L.P. does hereby make, constitute and appoint Cendant Car Rental Group, Inc. ("CCRG") its true and lawful Attorney-in-Fact for it and in its name, stead and behalf, (i) to execute any and all documents pertaining to the titling of motor vehicles in the name of AESOP LEASING L.P., PV HOLDING CORP. or QUARTX FLEET MANAGEMENT INC., (ii) the noting of the lien of The Bank of New York, as trustee (in such capacity, the "Trustee"), as the first lienholder on certificates of title, (iii) the licensing and registration of motor vehicles, (iv) designating c/o CCRG as the mailing address of the Trustee for all documentation relating to the title and registration of such motor vehicles, (v) applying for duplicate certificates of title indicating the lien of the Trustee where original certificates of title have been lost or destroyed and (vi) upon the sale of any such motor vehicle in accordance with the terms and conditions of the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004, between AESOP Leasing L.P. and CCRG as Lessee, releasing the lien of the Trustee on such motor vehicle by executing any documents required in connection therewith. This power is limited to the foregoing and specifically does not authorize the creation of any liens or encumbrances on any of said motor vehicles.

The powers and authority granted hereunder shall, be effective as of the [___] day of May, 2004 and unless sooner terminated, revoked or extended, cease eight (8) years from such date.

IN WITNESS WHEREOF, AESOP LEASING L.P. has caused this instrument to be executed on its behalf by its duly authorized officer this day of May, 2004.

AESOP LEASING L.P.

By: _____

State of _____)

County of _____)

Subscribed and sworn before me, a notary public, in and for said county and state, this ____ day of _____, 20___.

Notary Public

My Commission Expires:_____

EXECUTION COPY

Exhibit 10.10

AESOP FUNDING II L.L.C.,
as Issuer

and

THE BANK OF NEW YORK,
as Trustee and Series 2004-2 Agent

SERIES 2004-2 SUPPLEMENT
dated as of February 18, 2004

to

AMENDED AND RESTATED BASE INDENTURE
dated as of July 30, 1997

SERIES 2004-2 SUPPLEMENT, dated as of February 18, 2004 (this "Supplement"), among AESOP FUNDING II L.L.C., a special purpose limited liability company established under the laws of Delaware ("AFC-II"), THE BANK OF NEW YORK, a New York banking corporation, as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (together with its successors in trust thereunder as provided in the Base Indenture referred to below, the "Trustee"), and THE BANK OF NEW YORK, a New York banking corporation, as agent for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider (the "Series 2004-2 Agent"), to the Amended and Restated Base Indenture, dated as of July 30, 1997, between AFC-II and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture").

PRELIMINARY STATEMENT

WHEREAS, Sections 2.2 and 12.1 of the Base Indenture provide, among other things, that AFC-II 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 of three classes to be issued pursuant to the Base Indenture and this Supplement, and such Series of Notes shall be designated generally as Series 2004-2 Rental Car Asset Backed Notes.

The Series 2004-2 Notes will be issued in three classes: one of which shall be designated as the Series 2004-2 2.76% Rental Car Asset Backed Notes, Class A-1, one of which shall be designated as the Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-2, and one of which shall be designated as the Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-3.

The proceeds from the sale of the Series 2004-2 Notes shall be deposited in the Collection Account and shall be paid to AFC-II and used to make Loans under the Loan Agreements to the extent that the Borrowers have requested Loans thereunder and Eligible Vehicles are available for acquisition or refinancing thereunder on the date hereof. Any such portion of proceeds not so used to make Loans shall be deemed to be Principal Collections.

The Series 2004-2 Notes are a non-Segregated Series of Notes (as more fully described in the Base Indenture). Accordingly, all references in this Supplement to "all" Series of Notes (and all references in this Supplement to terms defined in the Base Indenture that contain references to "all" Series of Notes) shall refer to all Series of Notes other than Segregated Series of Notes.

ARTICLE I

DEFINITIONS

(a) All capitalized terms not otherwise defined herein are defined in the Definitions List attached to the Base Indenture as Schedule I thereto. All Article, Section or Subsection references herein shall refer to Articles, Sections or Subsections of this Supplement, except as otherwise provided herein. Unless otherwise stated herein, as the context otherwise requires or if such term is otherwise defined in the Base Indenture, each capitalized term used or defined herein shall relate only to the Series 2004-2 Notes and not to any other Series of Notes issued by AFC-II.

(b) The following words and phrases shall have the following meanings with respect to the Series 2004-2 Notes and the definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

"AGH" means Avis Group Holdings, Inc., a Delaware corporation.

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

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

"Certificate of Lease Deficit Demand" means a certificate in the form of Annex A to the Series 2004-2 Letters of Credit.

"Certificate of Termination Date Demand" means a certificate in the form of Annex D to the Series 2004-2 Letters of Credit.

"Certificate of Termination Demand" means a certificate in the form of Annex C to the Series 2004-2 Letters of Credit.

"Certificate of Unpaid Demand Note Demand" means a certificate in the form of Annex B to the Series 2004-2 Letters of Credit.

"Class" means a class of the Series 2004-2 Notes, which may be the Class A-1 Notes, the Class A-2 Notes or the Class A-3 Notes.

"Class A-1 Carryover Controlled Amortization Amount" means, with respect to any Related Month during the Three-Year Notes Controlled Amortization Period, the amount, if any, by which the portion of the Monthly Total Principal Allocation paid to the Class A-1 Noteholders pursuant to Section 2.5(e) for the previous Related Month was less than the Class A-1 Controlled Distribution Amount for the previous Related Month; provided, however, that for

the first Related Month in the Three-Year Notes Controlled Amortization Period, the Class A-1 Carryover Controlled Amortization Amount shall be zero.

"Class A-1 Controlled Amortization Amount" means (i) with respect to any Related Month during the Three-Year Notes Controlled Amortization Period other than the Related Month immediately preceding the Three-Year Notes Expected Final Distribution Date, $16,666,666.66 and (ii) with respect to the Related Month immediately preceding the Three-Year Notes Expected Final Distribution Date, $16,666,666.70.

"Class A-1 Controlled Distribution Amount" means, with respect to any Related Month during the Three-Year Notes Controlled Amortization Period, an amount equal to the sum of the Class A-1 Controlled Amortization Amount and any Class A-1 Carryover Controlled Amortization Amount for such Related Month.

"Class A-1 Initial Invested Amount" means the aggregate initial principal amount of the Class A-1 Notes, which is $100,000,000.

"Class A-1 Invested Amount" means, when used with respect to any date, an amount equal to the Class A-1 Outstanding Principal Amount plus the sum of (a) the amount of any principal payments made to the Class A-1 Noteholders on or prior to such date with the proceeds of a demand on the Surety Bond and (b) the amount of any principal payments made to Class A-1 Noteholders that have been rescinded or otherwise returned by the Class A-1 Noteholders for any reason.

"Class A-1 Monthly Interest" means, with respect to (i) the initial Series 2004-2 Interest Period, an amount equal to $245,333.33 and (ii) any other Series 2004-2 Interest Period, an amount equal to the product of (A) one-twelfth of the Class A-1 Note Rate and (B) the Class A-1 Invested Amount on the first day of such Series 2004-2 Interest Period, after giving effect to any principal payments made on such date.

"Class A-1 Noteholder" means the Person in whose name a Class A-1 Note is registered in the Note Register.

"Class A-1 Note Rate" means 2.76% per annum.

"Class A-1 Notes" means any one of the Series 2004-2 2.76% Rental Car Asset Backed Notes, Class A-1, executed by AFC-II and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-1-1, Exhibit A-1-2 or Exhibit A-1-3. Definitive Class A-1 Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.18 of the Base Indenture.

"Class A-1 Outstanding Principal Amount" means, when used with respect to any date, an amount equal to (a) the Class A-1 Initial Invested Amount minus (b) the amount of principal payments made to Class A-1 Noteholders on or prior to such date.

"Class A-2 Carryover Controlled Amortization Amount" means, with respect to any Related Month during the Three-Year Notes Controlled Amortization Period, the amount, if any, by which the portion of the Monthly Total Principal Allocation paid to the Class A-2

Noteholders pursuant to Section 2.5(e) for the previous Related Month was less than the Class A-2 Controlled Distribution Amount for the previous Related Month; provided, however, that for the first Related Month in the Three-Year Notes Controlled Amortization Period, the Class A-2 Carryover Controlled Amortization Amount shall be zero.

"Class A-2 Controlled Amortization Amount" means (i) with respect to any Related Month during the Three-Year Notes Controlled Amortization Period other than the Related Month immediately preceding the Three-Year Notes Expected Final Distribution Date, $16,666,666.66 and (ii) with respect to the Related Month immediately preceding the Three-Year Notes Expected Final Distribution Date, $16,666,666.70.

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

"Class A-2 Initial Invested Amount" means the aggregate initial principal amount of the Class A-2 Notes, which is $100,000,000.

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

"Class A-2 Monthly Interest" means, with respect to any Series 2004-2 Interest Period, an amount equal to the product of (A) the Class A-2 Invested Amount on the first day of such Series 2004-2 Interest Period, after giving effect to any principal payments made on such date, (B) the Class A-2 Note Rate for such Series 2004-2 Interest Period and (C) the number of days in such Series 2004-2 Interest Period divided by 360.

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

"Class A-2 Note Rate" means, for (i) the initial Series 2004-2 Interest Period, 1.21375% per annum and (ii) any other Series 2004-2 Interest Period, the sum of 0.12% plus LIBOR for such Series 2004-2 Interest Period.

"Class A-2 Notes" means any one of the Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-2, executed by AFC-II and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-2-1, Exhibit A-2-2 or Exhibit A-2-3. Definitive Class A-2 Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.18 of the Base Indenture.

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

"Class A-3 Carryover Controlled Amortization Amount" means, with respect to any Related Month during the Class A-3 Controlled Amortization Period, the amount, if any, by which the portion of the Monthly Total Principal Allocation paid to the Class A-3 Noteholders pursuant to Section 2.5(e) for the previous Related Month was less than the Class A-3 Controlled Distribution Amount for the previous Related Month; provided, however, that for the first Related Month in the Class A-3 Controlled Amortization Period, the Class A-3 Carryover Controlled Amortization Amount shall be zero.

"Class A-3 Controlled Amortization Amount" means (i) with respect to any Related Month during the Class A-3 Controlled Amortization Period other than the Related Month immediately preceding the Class A-3 Expected Final Distribution Date, $66,666,666.66 and (ii) with respect to the Related Month immediately preceding the Class A-3 Expected Final Distribution Date, $66,666,666.70.

"Class A-3 Controlled Amortization Period" means the period commencing at the opening of business on October 1, 2008 (or, if such day is not a Business Day, the Business Day immediately preceding such day) and continuing to the earliest of (i) the commencement of the Series 2004-2 Rapid Amortization Period, (ii) the date on which the Class A-3 Notes are fully paid and (iii) the termination of the Indenture.

"Class A-3 Controlled Distribution Amount" means, with respect to any Related Month during the Class A-3 Controlled Amortization Period, an amount equal to the sum of the Class A-3 Controlled Amortization Amount and any Class A-3 Carryover Controlled Amortization Amount for such Related Month.

"Class A-3 Expected Final Distribution Date" means the April 2009 Distribution Date.

"Class A-3 Final Distribution Date" means the April 2010 Distribution Date.

"Class A-3 Initial Invested Amount" means the aggregate initial principal amount of the Class A-3 Notes, which is $400,000,000.

"Class A-3 Invested Amount" means, when used with respect to any date, an amount equal to the Class A-3 Outstanding Principal Amount plus the sum of (a) the amount of any principal payments made to the Class A-3 Noteholders on or prior to such date with the proceeds of a demand on the Surety Bond and (b) the amount of any principal payments made to Class A-3 Noteholders that have been rescinded or otherwise returned by the Class A-3 Noteholders for any reason.

"Class A-3 Monthly Interest" means, with respect to any Series 2004-2 Interest Period, an amount equal to the product of (A) the Class A-3 Invested Amount on the first day of such Series 2004-2 Interest Period, after giving effect to any principal payments made on such date, (B) the Class A-3 Note Rate for such Series 2004-2 Interest Period and (C) the number of days in such Series 2004-2 Interest Period divided by 360.

"Class A-3 Noteholder" means the Person in whose name a Class A-3 Note is registered in the Note Register.

"Class A-3 Note Rate" means, for (i) the initial Series 2004-2 Interest Period, 1.31375% per annum and (ii) any other Series 2004-2 Interest Period, the sum of 0.22% plus LIBOR for such Series 2004-2 Interest Period.

"Class A-3 Notes" means any one of the Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-3, executed by AFC-II and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-3-1, Exhibit A-3-2 or Exhibit A-3-3. Definitive Class A-3 Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.18 of the Base Indenture.

"Class A-3 Outstanding Principal Amount" means, when used with respect to any date, an amount equal to (a) the Class A-3 Initial Invested Amount minus (b) the amount of principal payments made to Class A-3 Noteholders on or prior to such date.

"Clearstream" is defined in Section 5.2.

"Consent" is defined in Article IV.

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

"Demand Note Issuer" means each issuer of a Series 2004-2 Demand Note.

"Designated Amounts" is defined in Article IV.

"Disbursement" means any Lease Deficit Disbursement, any Unpaid Demand Note Disbursement, any Termination Date Disbursement or any Termination Disbursement under a Series 2004-2 Letter of Credit, or any combination thereof, as the context may require.

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

"Euroclear" is defined in Section 5.2.

"Fixed Rate Payment" means, for any Distribution Date, the aggregate of the amounts, if any, payable by AFC-II as the "Fixed Amount" under each of the Series 2004-2 Interest Rate Swaps after the netting of payments due to AFC-II as the "Floating Amount" from the Series 2004-2 Interest Rate Swap Counterparty under each such Series 2004-2 Interest Rate Swap on such Distribution Date.

"Insurance Agreement" means the Insurance Agreement, dated as of February 18, 2004, among the Surety Provider, the Trustee and AFC-II, which shall constitute an "Enhancement Agreement" with respect to the Series 2004-2 Notes for all purposes under the Indenture.

"Insured Principal Deficit Amount" means, with respect to any Distribution Date, the excess, if any, of (a) the Series 2004-2 Outstanding Principal Amount on such Distribution Date (after giving effect to the distribution of the Monthly Total Principal Allocation for the Related Month) over (b) the sum of the Series 2004-2 Available Reserve Account Amount on such Distribution Date, the Series 2004-2 Letter of Credit Amount on such Distribution Date and

the Series 2004-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such Distribution Date.

"Lease Deficit Disbursement" means an amount drawn under a Series 2004-2 Letter of Credit pursuant to a Certificate of Lease Deficit Demand.

"LIBOR" means, with respect to each Series 2004-2 Interest Period, a rate per annum to be determined by the Trustee as follows:

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

(ii) If, on any LIBOR Determination Date, such rate does not appear on Telerate Page 3750, the Trustee will request that the principal London offices of each of four major banks in the London interbank market selected by the Trustee provide the Trustee with offered quotations for deposits in U.S. dollars for a period of one month, commencing on the first day of such Series 2004-2 Interest Period, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Determination Date and in a principal amount equal to an amount of not less than $250,000 that is representative of a single transaction in such market at such time. If at least two such quotations are provided, "LIBOR" for such Series 2004-2 Interest Period will be the arithmetic mean of such quotations; or

(iii) If fewer than two such quotations are provided pursuant to clause (ii), "LIBOR" for such Series 2004-2 Interest Period will be the arithmetic mean of rates quoted by three major banks in the City of New York selected by the Trustee at approximately 11:00 a.m., New York City time, on such LIBOR Determination Date for loans in U.S. dollars to leading European banks, for a period of one month, commencing on the first day of such Series 2004-2 Interest Period, and in a principal amount equal to an amount of not less than $250,000 that is representative of a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by such Trustee are not quoting rates as mentioned in this sentence, "LIBOR" for such Series 2004-2 Interest Period will be the same as "LIBOR" for the immediately preceding Series 2004-2 Interest Period.

"LIBOR Determination Date" means, with respect to any Series 2004-2 Interest Period, the second London Banking Day preceding the first day of such Series 2004-2 Interest Period.

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

"Monthly Total Principal Allocation" means for any Related Month the sum of all Series 2004-2 Principal Allocations with respect to such Related Month.

"Moody's" means Moody's Investors Service.

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

"Permanent Global Class A-1 Note" is defined in Section 5.2.

"Permanent Global Class A-2 Note" is defined in Section 5.2.

"Permanent Global Class A-3 Note" is defined in Section 5.2.

"Pre-Preference Period Demand Note Payments" means, as of any date of determination, the aggregate amount of all proceeds of demands made on the Series 2004-2 Demand Notes included in the Series 2004-2 Demand Note Payment Amount as of the Series 2004-2 Letter of Credit Termination Date that were paid by the Demand Note Issuers more than one year before such date of determination; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of sixty (60) consecutive days) with respect to a Demand Note Issuer occurs during such one year period, (x) the Pre-Preference Period Demand Note Payments as of any date during the period from and including the date of the occurrence of such Event of Bankruptcy to and including the conclusion or dismissal of the proceedings giving rise to such Event of Bankruptcy without continuing jurisdiction by the court in such proceedings shall equal the Pre-Preference Period Demand Note Payments as of the date of such occurrence for all Demand Note Issuers and (y) the Pre-Preference Period Demand Note Payments as of any date after the conclusion or dismissal of such proceedings shall equal the Series 2004-2 Demand Note Payment Amount as of the date of the conclusion or dismissal of such proceedings.

"Principal Deficit Amount" means, as of any date of determination, the excess, if any, of (i) the Series 2004-2 Invested Amount on such date (after giving effect to the distribution of the Monthly Total Principal Allocation for the Related Month if such date is a Distribution Date) over (ii) the Series 2004-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such date; provided, however the Principal Deficit Amount on any date occurring during the period commencing on and including the date of the filing by any of the Lessees of a petition for relief under Chapter 11 of the Bankruptcy Code to but excluding the date on which each of the Lessees shall have resumed making all payments of the portion of Monthly Base Rent relating to Loan Interest required to be made under the AESOP I Operating Lease, shall mean the excess, if any, of (x) the Series 2004-2 Invested Amount on such date (after giving effect to the distribution of Monthly Total Principal Allocation for the Related Month if such date is a Distribution Date) over (y) the sum of (1) the Series 2004-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such date and (2) the lesser of (a) the Series 2004-2 Liquidity Amount on such date and (b) the Series 2004-2 Required Liquidity Amount on such date.

"Pro Rata Share" means, with respect to any Series 2004-2 Letter of Credit Provider as of any date, the fraction (expressed as a percentage) obtained by dividing (A) the available amount under such Series 2004-2 Letter of Credit Provider's Series 2004-2 Letter of Credit as of such date by (B) an amount equal to the aggregate available amount under all Series 2004-2 Letters of Credit as of such date; provided, that only for purposes of calculating the Pro Rata Share with respect to any Series 2004-2 Letter of Credit Provider as of any date, if such Series 2004-2 Letter of Credit Provider has not complied with its obligation to pay the Trustee the amount of any draw under its Series 2004-2 Letter of Credit made prior to such date, the

available amount under such Series 2004-2 Letter of Credit Provider's Series 2004-2 Letter of Credit as of such date shall be treated as reduced (for calculation purposes only) by the amount of such unpaid demand and shall not be reinstated for purposes of such calculation unless and until the date as of which such Series 2004-2 Letter of Credit Provider has paid such amount to the Trustee and been reimbursed by the Lessee or the applicable Demand Note Issuer, as the case may be, for such amount (provided that the foregoing calculation shall not in any manner reduce the undersigned's actual liability in respect of any failure to pay any demand under its Series 2004-2 Letter of Credit).

"Qualified Interest Rate Swap Counterparty" means a counterparty to any Series 2004-2 Interest Rate Swap (A) who is acceptable to the Surety Provider and (B) who is a bank or other financial institution, which is acceptable to each Rating Agency or has (i) a short-term senior unsecured debt, deposit or credit (as the case may be) rating of at least "A-1" from Standard & Poor's and of "P-1" from Moody's and (ii) (a) on the date such Series 2004-2 Interest Rate Swap is executed, a long-term senior unsecured debt, deposit or credit (as the case may be) rating of at least "AA-" from Standard & Poor's and of at least "Aa3" from Moody's and (b) on any other date, a long-term senior unsecured debt, deposit or credit (as the case may be) rating of at least "A+" from Standard & Poor's and of at least "A1" from Moody's.

"Requisite Noteholders" means Series 2004-2 Noteholders holding more than 50% of the Series 2004-2 Invested Amount.

"Restricted Global Class A-1 Note" is defined in Section 5.1.

"Restricted Global Class A-2 Note" is defined in Section 5.1.

"Restricted Global Class A-3 Note" is defined in Section 5.1.

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

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

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

"Series 2001-1 Notes" means the Series of Notes designated as the Series 2001-1 Notes.

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

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

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

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

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

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

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

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

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

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

"Series 2004-2 Accounts" means each of the Series 2004-2 Distribution Account, the Series 2004-2 Reserve Account, the Series 2004-2 Collection Account, the Series 2004-2 Excess Collection Account and the Series 2004-2 Accrued Interest Account.

"Series 2004-2 Accrued Interest Account" is defined in Section 2.1(b).

"Series 2004-2 Adjusted Monthly Interest" means (a) for the initial Distribution Date, an amount equal to $838,302.08 and (b) for any other Distribution Date, the sum of (i) the sum of (A) for the Series 2004-2 Interest Period ending on the day preceding such Distribution Date, an amount equal to the product of (1) the Class A-1 Note Rate and (2) the Class A-1 Outstanding Principal Amount on the first day of such Series 2004-2 Interest Period, divided by twelve, (B) an amount equal to the product of (1) the Class A-2 Note Rate for such Series 2004-2 Interest Period, (2) the Class A-2 Outstanding Principal Amount on the first day of such Series 2004-2 Interest Period and (3) a fraction, the numerator of which is the number of days in such Series 2004-2 Interest Period and the denominator of which is 360 and (C) an amount equal to the product of (1) the Class A-3 Note Rate for such Series 2004-2 Interest Period, (2) the Class A-3 Outstanding Principal Amount on the first day of such Series 2004-2 Interest Period and (3) a fraction, the numerator of which is the number of days in such Series 2004-2 Interest Period and the denominator of which is 360 and (ii) any amount described in clause (b)(i) with respect to a prior Distribution Date that remains unpaid as of such Distribution Date (together with any accrued interest on such amount).

"Series 2004-2 AESOP I Operating Lease Loan Agreement Borrowing Base" means, as of any date of determination, the product of (a) the Series 2004-2 AESOP I Operating

Lease Vehicle Percentage as of such date and (b) the AESOP I Operating Lease Loan Agreement Borrowing Base as of such date.

"Series 2004-2 AESOP I Operating Lease Vehicle Percentage" means, as of any date of determination, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which is the Series 2004-2 Required AESOP I Operating Lease Vehicle Amount as of such date and the denominator of which is the sum of the Required AESOP I Operating Lease Vehicle Amounts for all Series of Notes as of such date.

"Series 2004-2 Agent" is defined in the recitals hereto.

"Series 2004-2 Available Cash Collateral Account Amount" means, as of any date of determination, the amount on deposit in the Series 2004-2 Cash Collateral Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

"Series-2004-2 Available Reserve Account Amount" means, as of any date of determination, the amount on deposit in the Series 2004-2 Reserve Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

"Series 2004-2 Cash Collateral Account" is defined in Section 2.8(f).

"Series 2004-2 Cash Collateral Account Collateral" is defined in Section 2.8(a).

"Series 2004-2 Cash Collateral Account Surplus" means, with respect to any Distribution Date, the lesser of (a) the Series 2004-2 Available Cash Collateral Account Amount and (b) the lesser of (A) the excess, if any, of the Series 2004-2 Liquidity Amount (after giving effect to any withdrawal from the Series 2004-2 Reserve Account on such Distribution Date) over the Series 2004-2 Required Liquidity Amount on such Distribution Date and (B) the excess, if any, of the Series 2004-2 Enhancement Amount (after giving effect to any withdrawal from the Series 2004-2 Reserve Account on such Distribution Date) over the Series 2004-2 Required Enhancement Amount on such Distribution Date; provided, however that, on any date after the Series 2004-2 Letter of Credit Termination Date, the Series 2004-2 Cash Collateral Account Surplus shall mean the excess, if any, of (x) the Series 2004-2 Available Cash Collateral Account Amount over (y) the Series 2004-2 Demand Note Payment Amount minus the Pre-Preference Period Demand Note Payments as of such date.

"Series 2004-2 Cash Collateral Percentage" means, as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the Series 2004-2 Available Cash Collateral Amount as of such date and the denominator of which is the Series 2004-2 Letter of Credit Liquidity Amount as of such date.

"Series 2004-2 Closing Date" means February 18, 2004.

"Series 2004-2 Collateral" means the Collateral, each Series 2004-2 Letter of Credit, each Series 2004-2 Demand Note, the Series 2004-2 Distribution Account Collateral, the

Series 2004-2 Interest Rate Swap Collateral, the Series 2004-2 Cash Collateral Account Collateral and the Series 2004-2 Reserve Account Collateral.

"Series 2004-2 Collection Account" is defined in Section 2.1(b).

"Series 2004-2 Controlled Amortization Period" means the Three-Year Notes Controlled Amortization Period and/or the Class A-3 Controlled Amortization Period, as the case may be.

"Series 2004-2 Demand Note" means each demand note made by a Demand Note Issuer, substantially in the form of Exhibit C to this Supplement, as amended, modified or restated from time to time.

"Series 2004-2 Demand Note Payment Amount" means, as of the Series 2004-2 Letter of Credit Termination Date, the aggregate amount of all proceeds of demands made on the Series 2004-2 Demand Notes pursuant to Section 2.5(b) or (c) that were deposited into the Series 2004-2 Distribution Account and paid to the Series 2004-2 Noteholders during the one year period ending on the Series 2004-2 Letter of Credit Termination Date; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of sixty (60) consecutive days) with respect to a Demand Note Issuer shall have occurred during such one year period, the Series 2004-2 Demand Note Payment Amount as of the Series 2004-2 Letter of Credit Termination Date shall equal the Series 2004-2 Demand Note Payment Amount as if it were calculated as of the date of such occurrence.

"Series 2004-2 Deposit Date" is defined in Section 2.2.

"Series 2004-2 Distribution Account" is defined in Section 2.9(a).

"Series 2004-2 Distribution Account Collateral" is defined in Section 2.9(d).

"Series 2004-2 Eligible Letter of Credit Provider" means a person satisfactory to ARAC, the Demand Note Issuers and the Surety Provider and having, at the time of the issuance of the related Series 2004-2 Letter of Credit, a long-term senior unsecured debt rating (or the equivalent thereof in the case of Moody's or Standard & Poor's, as applicable) of at least "A+" from Standard & Poor's and at least "Al" from Moody's and a short-term senior unsecured debt rating of at least "A-1" from Standard & Poor's and "P-1" from Moody's that is (a) a commercial bank having total assets in excess of $500,000,000, (b) a finance company, insurance company or other financial institution that in the ordinary course of business issues letters of credit and has total assets in excess of $200,000,000 or (c) any other financial institution; provided, however, that if a person is not a Series 2004-2 Letter of Credit Provider (or a letter of credit provider under the Supplement for any other Series of Notes), then such person shall not be a Series 2004-2 Eligible Letter of Credit Provider until AFC-II has provided ten (10) days' prior notice to the Rating Agencies that such person has been proposed as a Series 2004-2 Letter of Credit Provider.

"Series 2004-2 Enhancement" means the Series 2004-2 Cash Collateral Account Collateral, the Series 2004-2 Letters of Credit, the Series 2004-2 Demand Notes, the Series 2004-2 Overcollateralization Amount and the Series 2004-2 Reserve Account Amount.

"Series 2004-2 Enhancement Amount" means, as of any date of determination, the sum of (i) the Series 2004-2 Overcollateralization Amount as of such date, (ii) the Series 2004-2 Letter of Credit Amount as of such date, (iii) the Series 2004-2 Available Reserve Account Amount as of such date and (iv) the amount of cash and Permitted Investments on deposit in the Series 2004-2 Collection Account (not including amounts allocable to the Series 2004-2 Accrued Interest Account) and the Series 2004-2 Excess Collection Account as of such date.

"Series 2004-2 Enhancement Deficiency" means, on any date of determination, the amount by which the Series 2004-2 Enhancement Amount is less than the Series 2004-2 Required Enhancement Amount as of such date.

"Series 2004-2 Excess Collection Account" is defined in Section 2.1(b).

"Series 2004-2 Final Distribution Date" means the Three-Year Notes Final Distribution Date or the Class A-3 Final Distribution Date, as the case may be.

"Series 2004-2 Initial Invested Amount" means the sum of the Class A-1 Initial Invested Amount, the Class A-2 Initial Invested Amount and the Class A-3 Initial Invested Amount.

"Series 2004-2 Interest Period" means a period commencing on and including a Distribution Date and ending on and including the day preceding the next succeeding Distribution Date; provided, however that the initial Series 2004-2 Interest Period shall commence on and include the Series 2004-2 Closing Date and end on and include March 21, 2004.

"Series 2004-2 Interest Rate Swap" is defined in Section 2.10(a).

"Series 2004-2 Interest Rate Swap Collateral" is defined in Section 2.10(d).

"Series 2004-2 Interest Rate Swap Counterparty" means AFC-II's counterparty under any Series 2004-2 Interest Rate Swap.

"Series 2004-2 Interest Rate Swap Proceeds" means the amounts received by the Trustee from a Series 2004-2 Interest Rate Swap Counterparty from time to time in respect of any Series 2004-2 Interest Rate Swap (including amounts received from a guarantor or from collateral).

"Series 2004-2 Invested Amount" means, as of any date of determination, the sum of the Class A-1 Invested Amount as of such date, the Class A-2 Invested Amount as of such date and the Class A-3 Invested Amount as of such date.

"Series 2004-2 Invested Percentage" means as of any date of determination:

(a) when used with respect to Principal Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which shall be equal to the sum of the Series 2004-2 Invested Amount and the Series 2004-2 Overcollateralization Amount, determined during the Series 2004-2 Revolving Period as of the

end of the Related Month (or, until the end of the initial Related Month, on the Series 2004-2 Closing Date), or, during the Series 2004-2 Controlled Amortization Period and the Series 2004-2 Rapid Amortization Period, as of the end of the Series 2004-2 Revolving Period, and the denominator of which shall be the greater of (I) the Aggregate Asset Amount as of the end of the Related Month or, until the end of the initial Related Month, as of the Series 2004-2 Closing Date, and (II) as of the same date as in clause (I), the sum of the numerators used to determine (i) invested percentages for allocations with respect to Principal Collections (for all Series of Notes and all classes of such Series of Notes) and (ii) overcollateralization percentages for allocations with respect to Principal Collections (for all Series of Notes that provide for credit enhancement in the form of overcollateralization); and

(b) when used with respect to Interest Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which shall be the Accrued Amounts with respect to the Series 2004-2 Notes on such date of determination, and the denominator of which shall be the aggregate Accrued Amounts with respect to all Series of Notes on such date of determination.

"Series 2004-2 Lease Interest Payment Deficit" means, on any Distribution Date, an amount equal to the excess, if any, of (a) the aggregate amount of Interest Collections which pursuant to Section 2.2(a), (b), (c) or (d) would have been allocated to the Series 2004-2 Accrued Interest Account if all payments of Monthly Base Rent required to have been made under the Leases from and excluding the preceding Distribution Date to and including such Distribution Date were made in full over (b) the aggregate amount of Interest Collections which pursuant to Section 2.2(a), (b), (c) or (d) have been allocated to the Series 2004-2 Accrued Interest Account (excluding any amounts paid into the Series 2004-2 Accrued Interest Account pursuant to the proviso in Sections 2.2(c)(ii) and/or 2.2(d)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

"Series 2004-2 Lease Payment Deficit" means either a Series 2004-2 Lease Interest Payment Deficit or a Series 2004-2 Lease Principal Payment Deficit.

"Series 2004-2 Lease Principal Payment Carryover Deficit" means (a) for the initial Distribution Date, zero and (b) for any other Distribution Date, the excess of (x) the Series 2004-2 Lease Principal Payment Deficit, if any, on the preceding Distribution Date over (y) the amount deposited in the Distribution Account on such preceding Distribution Date pursuant to Section 2.5(b) on account of such Series 2004-2 Lease Principal Payment Deficit.

"Series 2004-2 Lease Principal Payment Deficit" means on any Distribution Date the sum of (a) the Series 2004-2 Monthly Lease Principal Payment Deficit for such Distribution Date and (b) the Series 2004-2 Lease Principal Payment Carryover Deficit for such Distribution Date.

"Series 2004-2 Letter of Credit" means an irrevocable letter of credit, if any, substantially in the form of Exhibit D to this Supplement issued by a Series 2004-2 Eligible Letter of Credit Provider in favor of the Trustee for the benefit of the Series 2004-2 Noteholders,

each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider in form and substance satisfactory to the Surety Provider.

"Series 2004-2 Letter of Credit Amount" means, as of any date of determination, the lesser of (a) the sum of (i) the aggregate amount available to be drawn on such date under each Series 2004-2 Letter of Credit, as specified therein, and (ii) if the Series 2004-2 Cash Collateral Account has been established and funded pursuant to Section 2.8, the Series 2004-2 Available Cash Collateral Account Amount on such date and (b) the aggregate outstanding principal amount of the Series 2004-2 Demand Notes on such date.

"Series 2004-2 Letter of Credit Expiration Date" means, with respect to any Series 2004-2 Letter of Credit, the expiration date set forth in such Series 2004-2 Letter of Credit, as such date may be extended in accordance with the terms of such Series 2004-2 Letter of Credit.

"Series 2004-2 Letter of Credit Liquidity Amount" means, as of any date of determination, the sum of (a) the aggregate amount available to be drawn on such date under each Series 2004-2 Letter of Credit, as specified therein, and (b) if the Series 2004-2 Cash Collateral Account has been established and funded pursuant to Section 2.8, the Series 2004-2 Available Cash Collateral Account Amount on such date.

"Series 2004-2 Letter of Credit Provider" means the issuer of a Series 2004-2 Letter of Credit.

"Series 2004-2 Letter of Credit Termination Date" means the first to occur of (a) the date on which the Series 2004-2 Notes are fully paid and the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement Amounts then due, (b) the Series 2004-2 Termination Date and (c) such earlier date consented to by the Surety Provider and the Rating Agencies which consent by the Surety Provider shall be in writing.

"Series 2004-2 Limited Liquidation Event of Default" means, so long as such event or condition continues, any event or condition of the type specified in clauses (a) through (j) of Article III; provided, however, that any event or condition of the type specified in clauses (a) through (e) and (h) through (j) of Article III shall not constitute a Series 2004-2 Limited Liquidation Event of Default if (i) within such thirty (30) day period, such Amortization Event shall have been cured and, after such cure of such Amortization Event is provided for, the Trustee shall have received the written consent of the Surety Provider waiving the occurrence of such Series 2004-2 Limited Liquidation Event of Default or (ii) the Trustee shall have received the written consent of the Surety Provider waiving the occurrence of such Series 2004-2 Limited Liquidation Event of Default.

"Series 2004-2 Liquidity Amount" means, as of any date of determination, the sum of (a) the Series 2004-2 Letter of Credit Liquidity Amount on such date and (b) the Series 2004-2 Available Reserve Account Amount on such date.

"Series 2004-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" means, as of any day, with respect to Kia, Isuzu, Subaru, Hyundai and Suzuki, in the aggregate, an amount equal to 15% of the aggregate Net Book Value of all Vehicles leased under the Leases

on such day or such lesser percentage as may be agreed to in writing by AFC-II and the Surety Provider of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Maximum Amount" means any of the Series 2004-2 Maximum Manufacturer Amounts, the Series 2004-2 Maximum Non-Eligible Manufacturer Amount, the Series 2004-2 Maximum Non-Program Vehicle Amount or the Series 2004-2 Maximum Specified States Amount.

"Series 2004-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" means, as of any day, with respect to Kia, Isuzu, Subaru, Hyundai or Suzuki, individually, an amount equal to 5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Maximum Manufacturer Amount" means, as of any day, any of the Series 2004-2 Maximum Mitsubishi Amount, the Series 2004-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount or the Series 2004-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount.

"Series 2004-2 Maximum Mitsubishi Amount" means, as of any day, an amount equal to 10% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Maximum Non-Eligible Manufacturer Amount" means, as of any day, an amount equal to 3% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Maximum Non-Program Vehicle Amount" means, as of any day, an amount equal to the Series 2004-2 Maximum Non-Program Vehicle Percentage of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Maximum Non-Program Vehicle Percentage" means 25% or such lesser percentage as may be agreed to in writing by AFC-II and the Surety Provider on or after the Series 2004-2 Closing Date, with prompt written notice thereof delivered by AFC-II to the Trustee.

"Series 2004-2 Maximum Specified States Amount" means, as of any day, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2004-2 Monthly Interest" means, with respect to any Series 2004-2 Interest Period, the sum of the Class A-1 Monthly Interest, the Class A-2 Monthly Interest and the Class A-3 Monthly Interest with respect to such Series 2004-2 Interest Period.

"Series 2004-2 Monthly Lease Principal Payment Deficit" means, on any Distribution Date, an amount equal to the excess, if any, of (a) the aggregate amount of Principal Collections which pursuant to Section 2.2(a), (b), (c) or (d) would have been allocated to the Series 2004-2 Collection Account if all payments required to have been made under the Leases from and excluding the preceding Distribution Date to and including such Distribution Date were

made in full over (b) the aggregate amount of Principal Collections which pursuant to Section 2.2(a), (b), (c) or (d) have been allocated to the Series 2004-2 Collection Account (without giving effect to any amounts paid into the Series 2004-2 Accrued Interest Account pursuant to the proviso in Sections 2.2(c)(ii) and/or 2.2(d)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

"Series 2004-2 Non-Program Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the aggregate Net Book Value of all Non-Program Vehicles leased under the AESOP I Operating Lease as of such date and the denominator of which is the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date.

"Series 2004-2 Note Rate" means, the Class A-1 Note Rate, the Class A-2 Note Rate or the Class A-3 Note Rate, as the context may require.

"Series 2004-2 Noteholder" means any Class A-1 Noteholder, any Class A-2 Noteholder or any Class A-3 Noteholder.

"Series 2004-2 Notes" means, collectively, the Class A-1 Notes, the Class A-2 Notes and the Class A-3 Notes.

"Series 2004-2 Outstanding Principal Amount" means, as of any date of determination, the sum of the Class A-1 Outstanding Principal Amount, the Class A-2 Outstanding Principal Amount and the Class A-3 Outstanding Principal Amount.

"Series 2004-2 Overcollateralization Amount" means (i) as of any date on which no AESOP I Operating Lease Vehicle Deficiency exists, the Series 2004-2 Required Overcollateralization Amount as of such date and (ii) as of any date on which an AESOP I Operating Lease Vehicle Deficiency exists, the excess, if any, of (x) the Series 2004-2 AESOP I Operating Lease Loan Agreement Borrowing Base as of such date over (y) the Series 2004-2 Invested Amount as of such date.

"Series 2004-2 Past Due Rent Payment" is defined in Section 2.2(g).

"Series 2004-2 Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the Series 2004-2 Invested Amount as of such date and the denominator of which is the Aggregate Invested Amount as of such date.

"Series 2004-2 Principal Allocation" is defined in Section 2.2(a)(ii).

"Series 2004-2 Program Vehicle Percentage" means, as of any date of determination, 100% minus the Series 2004-2 Non-Program Vehicle Percentage.

"Series 2004-2 Rapid Amortization Period" means the period beginning at the close of business on the Business Day immediately preceding the day on which an Amortization Event is deemed to have occurred with respect to the Series 2004-2 Notes and ending upon the earliest to occur of (i) the date on which the Series 2004-2 Notes are fully paid, the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement

Amounts then due and the Series 2004-2 Interest Rate Swaps have been terminated and there are no amounts due and owing thereunder, (ii) the Series 2004-2 Termination Date and (iii) the termination of the Indenture.

"Series 2004-2 Reimbursement Agreement" means any and each agreement providing for the reimbursement of a Series 2004-2 Letter of Credit Provider for draws under its Series 2004-2 Letter of Credit as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Series 2004-2 Repurchase Amount" is defined in Section 6.1.

"Series 2004-2 Required AESOP I Operating Lease Vehicle Amount" means, as of any date of determination, the sum of the Series 2004-2 Invested Amount and the Series 2004-2 Required Overcollateralization Amount as of such date.

"Series 2004-2 Required Enhancement Amount" means, as of any date of determination, the sum of (i) the product of the Series 2004-2 Required Enhancement Percentage as of such date and the Series 2004-2 Invested Amount as of such date, (ii) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Program Vehicle Amount as of such date over the Series 2004-2 Maximum Non-Program Vehicle Amount as of such date, (iii) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Mitsubishi and leased under the Leases as of such date over the Series 2004-2 Maximum Mitsubishi Amount as of such date, (iv) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu, Subaru, Hyundai or Suzuki, individually, and leased under the Leases as of such date over the Series 2004-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount as of such date, (v) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu, Subaru, Hyundai or Suzuki, in the aggregate, and leased under the Leases as of such date over the Series 2004-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount as of such date, (vi) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Specified States Amount as of such date over the Series 2004-2 Maximum Specified States Amount as of such date and (vii) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Eligible Manufacturer Amount as of such date over the Series 2004-2 Maximum Non-Eligible Manufacturer Amount as of such date.

"Series 2004-2 Required Enhancement Percentage" means, as of any date of determination, the sum of (i) the product of (A) 14.55% times (B) the Series 2004-2 Program Vehicle Percentage as of such date and (ii) the product of (A) the Series 2004-2 Required Non-Program Enhancement Percentage as of such date times (B) the Series 2004-2 Non-Program Vehicle Percentage as of such date.

"Series 2004-2 Required Liquidity Amount" means, with respect to any Distribution Date, an amount equal to 3.0% of the Series 2004-2 Invested Amount on such Distribution Date (after giving effect to any payments of principal to be made on the Series 2004-2 Notes on such Distribution Date).

"Series 2004-2 Required Non-Program Enhancement Percentage" means, as of any date of determination, the greater of (a) 20.15% and (b) the sum of (i) 20.15% and (ii) the highest, for any calendar month within the preceding twelve calendar months, of the greater of (x) an amount (not less than zero) equal to 100% minus the Measurement Month Average for the immediately preceding Measurement Month and (y) an amount (not less than zero) equal to 100% minus the Market Value Average as of the Determination Date within such calendar month (excluding the Market Value Average for any Determination Date which has not yet occurred).

"Series 2004-2 Required Overcollateralization Amount" means, as of any date of determination, the excess, if any, of the Series 2004-2 Required Enhancement Amount over the sum of (i) the Series 2004-2 Letter of Credit Amount as of such date, (ii) the Series 2004-2 Available Reserve Account Amount on such date and (iii) the amount of cash and Permitted Investments on deposit in the Series 2004-2 Collection Account (not including amounts allocable to the Series 2004-2 Accrued Interest Account) and the Series 2004-2 Excess Collection Account on such date.

"Series 2004-2 Required Reserve Account Amount" means, with respect to any Distribution Date, an amount equal to the greater of (a) the excess, if any, of the Series 2004-2 Required Liquidity Amount on such Distribution Date over the Series 2004-2 Letter of Credit Liquidity Amount on such Distribution Date (after giving effect to any payments of principal to be made on the Series 2004-2 Notes on such Distribution Date) and (b) the excess, if any, of the Series 2004-2 Required Enhancement Amount over the Series 2004-2 Enhancement Amount (excluding therefrom the Series 2004-2 Available Reserve Account Amount and calculated after giving effect to any payments of principal to be made on the Series 2004-2 Notes) on such Distribution Date.

"Series 2004-2 Reserve Account" is defined in Section 2.7(a).

"Series 2004-2 Reserve Account Collateral" is defined in Section 2.7(d).

"Series 2004-2 Reserve Account Surplus" means, with respect to any Distribution Date, the excess, if any, of the Series 2004-2 Available Reserve Account Amount over the Series 2004-2 Required Reserve Account Amount on such Distribution Date.

"Series 2004-2 Revolving Period" means, the period from and including the Series 2004-2 Closing Date to the earlier of (i) the commencement of the Three-Year Notes Controlled Amortization Period and (ii) the commencement of the Series 2004-2 Rapid Amortization Period; provided that if the Class A-1 Notes and the Class A-2 Notes are paid in full on or prior to the April 2007 Distribution Date, then the Series 2004-2 Revolving Period shall also include the period from and including the first day of the calendar month during which the Distribution Date on which the Class A-1 Notes and the Class A-2 Notes are paid in full

occurs to the earlier of (i) the commencement of the Class A-3 Controlled Amortization Period and (ii) the commencement of the Series 2004-2 Rapid Amortization Period.

"Series 2004-2 Shortfall" is defined in Section 2.3(g).

"Series 2004-2 Termination Date" means the April 2010 Distribution Date.

"Series 2004-2 Trustee's Fees" means, for any Distribution Date during the Series 2004-2 Rapid Amortization Period on which there exists a Series 2004-2 Lease Interest Payment Deficit, an amount equal to the lesser of (x) the product of (i) the Series 2004-2 Percentage as of the beginning of the Series 2004-2 Interest Period ending on the day preceding such Distribution Date and (ii) the fees owing to the Trustee under the Indenture as of such date and (y) the excess, if any, of (A) an amount equal to 1.1% of the Series 2004-2 Required AESOP I Operating Lease Vehicle Amount as of the last day of the Series 2004-2 Revolving Period over (B) the sum of the Series 2004-2 Trustee Fees for all Distribution Dates preceding such Distribution Date.

"Series 2004-2 Unpaid Demand Amount" means, with respect to any single draw pursuant to Section 2.5(c) or (d) on the Series 2004-2 Letters of Credit, the aggregate amount drawn by the Trustee on all Series 2004-2 Letters of Credit.

"Shadow Rating" means the rating of the Series 2004-2 Notes by Standard & Poor's or Moody's, as applicable, without giving effect to the Surety Bond.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Supplement" is defined in the preamble hereto.

"Surety Bond" means the Note Guaranty Insurance Policy No. 04030001, dated February 18, 2004, issued by the Surety Provider.

"Surety Default" means (i) the occurrence and continuance of any failure by the Surety Provider to pay upon a demand for payment in accordance with the requirements of the Surety Bond or (ii) the occurrence of an Event of Bankruptcy with respect to the Surety Provider.

"Surety Provider" means Financial Guaranty Insurance Company, a New York stock insurance company. The Surety Provider shall constitute an "Enhancement Provider" with respect to the Series 2004-2 Notes for all purposes under the Indenture and the other Related Documents.

"Surety Provider Fee" is defined in the Insurance Agreement.

"Surety Provider Reimbursement Amounts" means, as of any date of determination, (i) an amount equal to the aggregate of any amounts due as of such date to the Surety Provider pursuant to the Insurance Agreement in respect of unreimbursed draws under the Surety Bond, including interest thereon determined in accordance with the Insurance Agreement, and (ii) an amount equal to the aggregate of any other amounts due as of such date to the Surety Provider pursuant to the Insurance Agreement.

"Telerate Page 3750" means the display page currently so designated on the Moneyline Telerate Service (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices).

"Temporary Global Class A-1 Note" is defined in Section 5.2.

"Temporary Global Class A-2 Note" is defined in Section 5.2.

"Temporary Global Class A-3 Note" is defined in Section 5.2.

"Termination Date Disbursement" means an amount drawn under a Series 2004-2 Letter of Credit pursuant to a Certificate of Termination Date Demand.

"Termination Disbursement" means an amount drawn under a Series 2004-2 Letter of Credit pursuant to a Certificate of Termination Demand.

"Three-Year Notes Controlled Amortization Period" means the period commencing at the opening of business on October 1, 2006 (or, if such day is not a Business Day, the Business Day immediately preceding such day) and continuing to the earliest of (i) the commencement of the Series 2004-2 Rapid Amortization Period, (ii) the date on which the Class A-1 Notes and the Class A-2 Notes are fully paid and (iii) the termination of the Indenture.

"Three-Year Notes Expected Final Distribution Date" means the April 2007 Distribution Date.

"Three-Year Notes Final Distribution Date" means the April 2008 Distribution Date.

"Trustee" is defined in the recitals hereto.

"Unpaid Demand Note Disbursement" means an amount drawn under a Series 2004-2 Letter of Credit pursuant to a Certificate of Unpaid Demand Note Demand.

"Waivable Amount" is defined in Article IV.

"Waiver Event" means the occurrence of the delivery of a Waiver Request and the subsequent waiver of any Series 2004-2 Maximum Amount.

"Waiver Request" is defined in Article IV.

ARTICLE II

SERIES 2004-2 ALLOCATIONS

With respect to the Series 2004-2 Notes, the following shall apply:

Section 2.1 Establishment of Series 2004-2 Collection Account, Series 2004-2 Excess Collection Account and Series 2004-2 Accrued Interest Account. (a) All Collections allocable to the Series 2004-2 Notes shall be allocated to the Collection Account.

(b) The Trustee will create three administrative subaccounts within the Collection Account for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider: the Series 2004-2 Collection Account (such sub-account, the "Series 2004-2 Collection Account"), the Series 2004-2 Excess Collection Account (such sub-account, the "Series 2004-2 Excess Collection Account") and the Series 2004-2 Accrued Interest Account (such sub-account, the "Series 2004-2 Accrued Interest Account").

Section 2.2 Allocations with Respect to the Series 2004-2 Notes. The net proceeds from the initial sale of the Series 2004-2 Notes will be deposited into the Collection Account. On each Business Day on which Collections are deposited into the Collection Account (each such date, a "Series 2004-2 Deposit Date"), the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate all amounts deposited into the Collection Account in accordance with the provisions of this Section 2.2:

(a) Allocations of Collections During the Series 2004-2 Revolving Period. During the Series 2004-2 Revolving Period, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate on each day, prior to 11:00 a.m. (New York City time) on each Series 2004-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2004-2 Collection Account an amount equal to the sum of (A) the Series 2004-2 Invested Percentage (as of such day) of the aggregate amount of Interest Collections on such day and (B) any amounts received by the Trustee on such day in respect of the Series 2004-2 Interest Rate Swaps. All such amounts allocated to the Series 2004-2 Collection Account shall be further allocated to the Series 2004-2 Accrued Interest Account; and

(ii) allocate to the Series 2004-2 Excess Collection Account an amount equal to the Series 2004-2 Invested Percentage (as of such day) of the aggregate amount of Principal Collections on such day (for any such day, the "Series 2004-2 Principal Allocation"); provided, however, if a Waiver Event shall have occurred, then such allocation shall be modified as provided in Article IV.

(b) Allocations of Collections During any Series 2004-2 Controlled Amortization Period. With respect to any Series 2004-2 Controlled Amortization Period, the Administrator will direct the Trustee in writing pursuant to the Administration

Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2004-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2004-2 Collection Account an amount determined as set forth in Section 2.2(a)(i) above for such day, which amount shall be further allocated to the Series 2004-2 Accrued Interest Account; and

(ii) (A) with respect to the Three-Year Notes Controlled Amortization Period, allocate to the Series 2004-2 Collection Account an amount equal to the Series 2004-2 Principal Allocation for such day, which amount shall be used to make principal payments in respect of the Class A-1 Notes and the Class A-2 Notes; provided, however, that if the Monthly Total Principal Allocation exceeds the sum of the Class A-1 Controlled Distribution Amount and the Class A-2 Controlled Distribution Amount, then the amount of such excess shall be allocated to the Series 2004-2 Excess Collection Account; and provided, further, that if a Waiver Event shall have occurred, then such allocation shall be modified as provided in Article IV and (B) with respect to the Class A-3 Controlled Amortization Period, allocate to the Series 2004-2 Collection Account an amount equal to the Series 2004-2 Principal Allocation for such day, which amount shall be used to make principal payments in respect of the Class A-3 Notes; provided, however, that if the Monthly Total Principal Allocation exceeds the Class A-3 Controlled Distribution Amount, then the amount of such excess shall be allocated to the Series 2004-2 Excess Collection Account; and provided, further, that if a Waiver Event shall have occurred, then such allocation shall be modified as provided in Article IV.

(c) Allocations of Collections During the Series 2004-2 Rapid Amortization Period. With respect to the Series 2004-2 Rapid Amortization Period and thereafter, other than after the occurrence of an Event of Bankruptcy with respect to ARAC, any other Lessee or AGH, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2004-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2004-2 Collection Account an amount determined as set forth in Section 2.2(a)(i) above for such day, which amount shall be further allocated to the Series 2004-2 Accrued Interest Account; and

(ii) allocate to the Series 2004-2 Collection Account an amount equal to the Series 2004-2 Principal Allocation for such day, which amount shall be used to make principal payments in respect of the Class A-1 Notes, the Class A-2 Notes and the Class A-3 Notes, ratably, without preference or priority of any kind, until the Series 2004-2 Invested Amount is paid in full; provided that if on any Determination Date (A) the Administrator determines that the amount anticipated to be available from Interest Collections allocable to the Series 2004-2 Notes, any amounts payable to the Trustee in respect of the Series 2004-2 Interest Rate Swaps and other amounts available pursuant to Section 2.3 to pay Series 2004-2

Adjusted Monthly Interest and the Fixed Rate Payment, if any, on the next succeeding Distribution Date will be less than the sum of the Series 2004-2 Adjusted Monthly Interest and the Fixed Rate Payment, if any, for such Distribution Date and (B) the Series 2004-2 Enhancement Amount is greater than zero, then the Administrator shall direct the Trustee in writing to reallocate a portion of the Principal Collections allocated to the Series 2004-2 Notes during the Related Month equal to the lesser of such insufficiency and the Series 2004-2 Enhancement Amount to the Series 2004-2 Accrued Interest Account to be treated as Interest Collections on such Distribution Date.

(d) Allocations of Collections after the Occurrence of an Event of Bankruptcy. After the occurrence of an Event of Bankruptcy with respect to ARAC, any other Lessee or AGH, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2004-2 Deposit Date, all amounts attributable to the AESOP I Operating Lease Loan Agreement deposited into the Collection Account as set forth below:

(i) allocate to the Series 2004-2 Collection Account an amount equal to the sum of (A) the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the date of the occurrence of such Event of Bankruptcy of the aggregate amount of Interest Collections made under the AESOP I Operating Lease Loan Agreement for such day and (B) any amounts received by the Trustee in respect of the Series 2004-2 Interest Rate Swaps on such day. All such amounts allocated to the Series 2004-2 Collection Account shall be further allocated to the Series 2004-2 Accrued Interest Account;

(ii) allocate to the Series 2004-2 Collection Account an amount equal to the Series 2004-2 AESOP I Operating Lease Vehicle Percentage as of the date of the occurrence of such Event of Bankruptcy of the aggregate amount of Principal Collections made under the AESOP I Operating Lease Loan Agreement, which amount shall be used to make principal payments in respect of the Series Class A-1 Notes, the Class A-2 Notes and the Class A-3 Notes, ratably, without preference or priority of any kind, until the Series 2004-2 Invested Amount is paid in full; provided that if on any Determination Date (A) the Administrator determines that the amount anticipated to be available from Interest Collections allocable to the Series 2004-2 Notes, any amounts payable to the Trustee in respect of Series 2004-2 Interest Rate Swaps and other amounts available pursuant to Section 2.3 to pay Series 2004-2 Adjusted Monthly Interest and the Fixed Rate Payment, if any, on the next succeeding Distribution Date will be less than the sum of the Series 2004-2 Adjusted Monthly Interest and the Fixed Rate Payment, if any, for such Distribution Date and (B) the Series 2004-2 Enhancement Amount is greater than zero, then the Administrator shall direct the Trustee in writing to reallocate a portion of the Principal Collections allocated to the Series 2004-2 Notes during the Related Month equal to the lesser of such insufficiency and the Series 2004-2 Enhancement Amount to the Series 2004-2 Accrued Interest Account to be treated as Interest Collections on such Distribution Date.

(e) Series 2004-2 Excess Collection Account. Amounts allocated to the Series 2004-2 Excess Collection Account on any Series 2004-2 Deposit Date will be (w) first, deposited in the Series 2004-2 Reserve Account in an amount up to the excess, if any, of the Series 2004-2 Required Reserve Account Amount for such date over the Series 2004-2 Available Reserve Account Amount for such date, (x) second, used to pay the principal amount of other Series of Notes that are then in amortization, (y) third, released to AESOP Leasing in an amount equal to the product of (A) the Loan Agreement's Share with respect to the AESOP I Operating Lease Loan Agreement as of such date times (B) 100% minus the Loan Payment Allocation Percentage with respect to the AESOP I Operating Lease Loan Agreement as of such date times (C) the amount of any remaining funds and (z) fourth, paid to AFC-II for any use permitted by the Related Documents including to make Loans under the Loan Agreements to the extent the Borrowers have requested Loans thereunder and Eligible Vehicles are available for financing thereunder; provided, however, that in the case of clauses (x), (y) and (z), that no Amortization Event, Series 2004-2 Enhancement Deficiency or AESOP I Operating Lease Vehicle Deficiency would result therefrom or exist immediately thereafter. Upon the occurrence of an Amortization Event, funds on deposit in the Series 2004-2 Excess Collection Account will be withdrawn by the Trustee, deposited in the Series 2004-2 Collection Account and allocated as Principal Collections to reduce the Series 2004-2 Invested Amount on the immediately succeeding Distribution Date.

(f) Allocations From Other Series. Amounts allocated to other Series of Notes that have been reallocated by AFC-II to the Series 2004-2 Notes (i) during the Series 2004-2 Revolving Period shall be allocated to the Series 2004-2 Excess Collection Account and applied in accordance with Section 2.2(e) and (ii) during the Series 2004-2 Controlled Amortization Period or the Series 2004-2 Rapid Amortization Period shall be allocated to the Series 2004-2 Collection Account and applied in accordance with Section 2.2(b) or 2.2(c), as applicable, to make principal payments in respect of the Series 2004-2 Notes.

(g) Past Due Rent Payments. Notwithstanding the foregoing, if in the case of Section 2.2(a) or (b), after the occurrence of a Series 2004-2 Lease Payment Deficit, the Lessees shall make payments of Monthly Base Rent or other amounts payable by the Lessees under the Leases on or prior to the fifth Business Day after the occurrence of such Series 2004-2 Lease Payment Deficit (a "Past Due Rent Payment"), the Administrator shall direct the Trustee in writing pursuant to the Administration Agreement to allocate to the Series 2004-2 Collection Account an amount equal to the Series 2004-2 Invested Percentage as of the date of the occurrence of such Series 2004-2 Lease Payment Deficit of the Collections attributable to such Past Due Rent Payment (the "Series 2004-2 Past Due Rent Payment"). The Administrator shall instruct the Trustee in writing pursuant to the Administration Agreement to withdraw from the Series 2004-2 Collection Account and apply the Series 2004-2 Past Due Rent Payment in the following order:

(i) if the occurrence of such Series 2004-2 Lease Payment Deficit resulted in one or more Lease Deficit Disbursements being made under the Series 2004-2 Letters of Credit, pay to each Series 2004-2 Letter of Credit Provider who

made such a Lease Deficit Disbursement for application in accordance with the provisions of the applicable Series 2004-2 Reimbursement Agreement an amount equal to the lesser of (x) the unreimbursed amount of such Series 2004-2 Letter of Credit Provider's Lease Deficit Disbursement and (y) such Series 2004-2 Letter of Credit Provider's Pro Rata Share of the Series 2004-2 Past Due Rent Payment;

(ii) if the occurrence of such Series 2004-2 Lease Payment Deficit resulted in a withdrawal being made from the Series 2004-2 Cash Collateral Account, deposit in the Series 2004-2 Cash Collateral Account an amount equal to the lesser of (x) the amount of the Series 2004-2 Past Due Rent Payment remaining after any payment pursuant to clause (i) above and (y) the amount withdrawn from the Series 2004-2 Cash Collateral Account on account of such Series 2004-2 Lease Payment Deficit;

(iii) if the occurrence of such Series 2004-2 Lease Payment Deficit resulted in a withdrawal being made from the Series 2004-2 Reserve Account pursuant to Section 2.3(d), deposit in the Series 2004-2 Reserve Account an amount equal to the lesser of (x) the amount of the Series 2004-2 Past Due Rent Payment remaining after any payments pursuant to clauses (i) and (ii) above and (y) the excess, if any, of the Series 2004-2 Required Reserve Account Amount over the Series 2004-2 Available Reserve Account Amount on such day;

(iv) allocate to the Series 2004-2 Accrued Interest Account the amount, if any, by which the Series 2004-2 Lease Interest Payment Deficit, if any, relating to such Series 2004-2 Lease Payment Deficit exceeds the amount of the Series 2004-2 Past Due Rent Payment applied pursuant to clauses (i), (ii) and (iii) above; and

(v) treat the remaining amount of the Series 2004-2 Past Due Rent Payment as Principal Collections allocated to the Series 2004-2 Notes in accordance with Section 2.2(a)(ii) or 2.2(b)(ii), as the case may be.

Section 2.3 Payments to Noteholders and Each Series 2004-2 Interest Rate Swap Counterparty. On each Determination Date, as provided below, the Administrator shall instruct the Paying Agent in writing pursuant to the Administration Agreement to withdraw, and on the following Distribution Date the Paying Agent, acting in accordance with such instructions, shall withdraw the amounts required to be withdrawn from the Collection Account pursuant to Section 2.3(a) below in respect of all funds available from Series 2004-2 Interest Rate Swap Proceeds and Interest Collections processed since the preceding Distribution Date and allocated to the holders of the Series 2004-2 Notes.

(a) Note Interest with respect to the Series 2004-2 Notes and Payments on the Series 2004-2 Interest Rate Swaps. On each Determination Date, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement as to the amount to be withdrawn and paid pursuant to Section 2.4 from the Series 2004-2 Accrued Interest Account to the extent funds are anticipated to be available from Interest Collections allocable to the Series 2004-2 Notes and the Series 2004-2 Interest Rate Swap Proceeds processed from

but not including the preceding Distribution Date through the succeeding Distribution Date in respect of (w) first, an amount equal to the Series 2004-2 Monthly Interest for the Series 2004-2 Interest Period ending on the day preceding the related Distribution Date, (x) second, an amount equal to the Fixed Rate Payment for the next succeeding Distribution Date, (y) third, an amount equal to the amount of any unpaid Series 2004-2 Shortfall as of the preceding Distribution Date (together with any accrued interest on such Series 2004-2 Shortfall) and (z) fourth, an amount equal to the Surety Provider Fee for such Series 2004-2 Interest Period plus any Surety Provider Reimbursement Amounts then due and owing. On the following Distribution Date, the Trustee shall withdraw the amounts described in the first sentence of this Section 2.3(a) from the Series 2004-2 Accrued Interest Account and deposit such amounts in the Series 2004-2 Distribution Account.

(b) Lease Payment Deficit Notice. On or before 10:00 a.m. (New York City time) on each Distribution Date, the Administrator shall notify the Trustee and the Surety Provider of the amount of any Series 2004-2 Lease Payment Deficit, such notification to be in the form of Exhibit E to this Supplement (each a "Lease Payment Deficit Notice").

(c) Draws on Series 2004-2 Letters of Credit For Series 2004-2 Lease Interest Payment Deficits. If the Administrator determines on any Distribution Date that there exists a Series 2004-2 Lease Interest Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2004-2 Letters of Credit, if any, and, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date draw an amount as set forth in such notice equal to the least of (i) such Series 2004-2 Lease Interest Payment Deficit, (ii) the excess, if any, of the sum of (A) the sum of the amounts described in clauses (w), (x), (y) and (z) of Section 2.3(a) above on such Distribution Date and (B) during the Series 2004-2 Rapid Amortization Period, the Series 2004-2 Trustee's Fees for such Distribution Date, over the amounts available from the Series 2004-2 Accrued Interest Account and (iii) the Series 2004-2 Letter of Credit Liquidity Amount on the Series 2004-2 Letters of Credit by presenting to each Series 2004-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Lease Deficit Demand and shall cause the Lease Deficit Disbursements to be deposited in the Series 2004-2 Distribution Account on such Distribution Date; provided, however, that if the Series 2004-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2004-2 Cash Collateral Account and deposit in the Series 2004-2 Distribution Account an amount equal to the lesser of (x) the Series 2004-2 Cash Collateral Percentage on such Distribution Date of the least of the amounts described in clauses (i), (ii) and (iii) above and (y) the Series 2004-2 Available Cash Collateral Account Amount on such Distribution Date and draw an amount equal to the remainder of such amount on the Series 2004-2 Letters of Credit. During the continuance of a Surety Default, no amounts in respect of the Surety Provider Fee shall be drawn on the Series 2004-2 Letters of Credit.

(d) Withdrawals from Series 2004-2 Reserve Account. If the Administrator determines on any Distribution Date that the amounts available from the Series 2004-2 Accrued Interest Account plus the amount, if any, to be drawn under the Series 2004-2 Letters of Credit and /or withdrawn from the Series 2004-2 Cash Collateral Account pursuant to Section 2.3(c) are insufficient to pay the sum of (A) the sum of the amounts described in clauses (w), (x), (y) and (z) of Section 2.3(a) above on such Distribution Date and (B) during the Series 2004-2 Rapid Amortization Period, the Series 2004-2 Trustee's Fees for such Distribution Date, the

Administrator shall instruct the Trustee in writing to withdraw from the Series 2004-2 Reserve Account and deposit in the Series 2004-2 Distribution Account on such Distribution Date an amount equal to the lesser of the Series 2004-2 Available Reserve Account Amount and such insufficiency. During the continuance of a Surety Default, no amounts in respect of the Surety Provider Fee shall be withdrawn from the Series 2004-2 Reserve Account. The Trustee shall withdraw such amount from the Series 2004-2 Reserve Account and deposit such amount in the Series 2004-2 Distribution Account.

(e) Surety Bond. If the Administrator determines on any Distribution Date that the sum of the amounts available from the Series 2004-2 Accrued Interest Account plus the amount, if any, to be drawn under the Series 2004-2 Letters of Credit and/or to be withdrawn from the Series 2004-2 Cash Collateral Account pursuant to Section 2.3(c) above plus the amount, if any, to be withdrawn from the Series 2004-2 Reserve Account pursuant to Section 2.3(d) above is insufficient to pay the Series 2004-2 Adjusted Monthly Interest for such Distribution Date, the Administrator shall instruct the Trustee in writing to make a demand on the Surety Bond and, upon receipt of such notice by the Trustee on or prior to 11:00 a.m. (New York City time) on such Distribution Date, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date, make a demand on the Surety Bond in an amount equal to such insufficiency in accordance with the terms thereof and shall cause the proceeds thereof to be deposited in the Series 2004-2 Distribution Account.

(f) Balance. On or prior to the second Business Day preceding each Distribution Date, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement to pay the balance (after making the payments required in Section 2.4), if any, of the amounts available from the Series 2004-2 Accrued Interest Account and the Series 2004-2 Distribution Account, plus the amount, if any, drawn under the Series 2004-2 Letters of Credit and/or withdrawn from the Series 2004-2 Cash Collateral Account pursuant to Section 2.3(c) plus the amount, if any, withdrawn from the Series 2004-2 Reserve Account pursuant to Section 2.3(d) as follows:

(i) on each Distribution Date during the Series 2004-2 Revolving Period or a Series 2004-2 Controlled Amortization Period, (1) first, to each Series 2004-2 Interest Rate Swap Counterparty, an amount equal to the portion, if any, of the Fixed Rate Payment for such Distribution Date due and owing to such Series 2004-2 Interest Rate Swap Counterparty, (2) second, to the Surety Provider, in an amount equal to (x) the Surety Provider Fee for the related Series 2004-2 Interest Period and, without duplication, (y) any Surety Provider Reimbursement Amounts then due and owing, (3) third, to the Administrator, an amount equal to the Series 2004-2 Percentage as of the beginning of the Series 2004-2 Interest Period ending on the day preceding such Distribution Date of the portion of the Monthly Administration Fee payable by AFC-II (as specified in clause (iii) of the definition thereof) for such Series 2004-2 Interest Period, (4) fourth, to the Trustee, an amount equal to the Series 2004-2 Percentage as of the beginning of such Series 2004-2 Interest Period of the fees owing to the Trustee under the Indenture for such Series 2004-2 Interest Period, (5) fifth, to pay any Carrying Charges (other than Carrying Charges provided for above) to the Persons to whom such amounts are owed, an amount equal to the Series 2004-2 Percentage as of the beginning of such Series 2004-2 Interest Period of such Carrying Charges (other than Carrying Charges provided for

above) for such Series 2004-2 Interest Period, (6) sixth, to each Series 2004-2 Interest Rate Swap Counterparty, any amounts due and owing under the applicable Series 2004-2 Interest Rate Swap (other than any amount included in the Fixed Rate Payment) and (7) seventh, the balance, if any ("Excess Collections"), shall be withdrawn by the Paying Agent from the Series 2004-2 Collection Account and deposited in the Series 2004-2 Excess Collection Account; and

(ii) on each Distribution Date during the Series 2004-2 Rapid Amortization Period, (1) first, to each Series 2004-2 Interest Rate Swap Counterparty, an amount equal to the portion, if any, of the Fixed Rate Payment for such Distribution Date due and owing to such Series 2004-2 Interest Rate Swap Counterparty, (2) second, to the Surety Provider, in an amount equal to (x) the Surety Provider Fee for the related Series 2004-2 Interest Period and, without duplication, (y) any Surety Provider Reimbursement Amounts then due and owing, (3) third, to the Trustee, an amount equal to the Series 2004-2 Percentage as of the beginning of the Series 2004-2 Interest Period ending on the day preceding such Distribution Date of the fees owing to the Trustee under the Indenture for such Series 2004-2 Interest Period, (4) fourth, to the Administrator, an amount equal to the Series 2004-2 Percentage as of the beginning of such Series 2004-2 Interest Period of the portion of the Monthly Administration Fee (as specified in clause (iii) of the definition thereof) payable by AFC-II for such Series 2004-2 Interest Period, (5) fifth, to pay any Carrying Charges (other than Carrying Charges provided for above) to the Persons to whom such amounts are owed, an amount equal to the Series 2004-2 Percentage as of the beginning of such Series 2004-2 Interest Period of such Carrying Charges (other than Carrying Charges provided for above) for such Series 2004-2 Interest Period, (6) sixth, so long as the Series 2004-2 Invested Amount is greater than the Monthly Total Principal Allocations for the Related Month, an amount equal to the excess of the Series 2004-2 Invested Amount over the Monthly Total Principal Allocations for the Related Month shall be treated as Principal Collections and (7) seventh, to each Series 2004-2 Interest Rate Swap Counterparty, any amounts due and owing under the applicable Series 2004-2 Interest Rate Swap (other than any amount included in the Fixed Rate Payment).

(g) Shortfalls. If the amounts described in Section 2.3 are insufficient to pay the Series 2004-2 Monthly Interest on any Distribution Date, payments of interest to the Series 2004-2 Noteholders will be reduced on a pro rata basis by the amount of such deficiency. The aggregate amount, if any, of such deficiency on any Distribution Date shall be referred to as the "Series 2004-2 Shortfall." Interest shall accrue on the portion of the Series 2004-2 Shortfall allocable to the Class A-1 Notes at the Class A-1 Note Rate, on the portion of the Series 2004-2 Shortfall allocable to the Class A-2 Notes at the Class A-2 Note Rate and on the portion of the Series 2004-2 Shortfall allocable to the Class A-3 Notes at the Class A-3 Note Rate.

(h) Listing Information Requirement. From the time of the Administrator's written notice to the Trustee that the Class A-2 Notes and/or the Class A-3 Notes are listed on the Luxembourg Stock Exchange until the Administrator shall give the Trustee written notice that the Class A-2 Notes and/or Class A-3 Notes are not listed on the Luxembourg Stock Exchange, the Trustee shall, or shall instruct the Paying Agent to, cause the Class A-2 Note Rate and/or the Class A-3 Note Rate, as applicable, for the next succeeding Series 2004-2 Interest Period, the

number of days in such Series 2004-2 Interest Period, the Distribution Date for such Series 2004-2 Interest Period and the amount of interest payable on the Class A-2 Notes and/or the Class A-3 Notes, as applicable, on such Distribution Date to be (A) communicated to DTC, Euroclear, Clearstream, the Paying Agent in Luxembourg and the Luxembourg Stock Exchange no later than 11:00 a.m. (London time) on the Business Day immediately following each LIBOR Determination Date and (B) published in the Authorized Newspaper as soon as possible after its determination.

Section 2.4 Payment of Note Interest. On each Distribution Date, subject to Section 9.8 of the Base Indenture, the Paying Agent shall, in accordance with Section 6.1 of the Base Indenture, pay to the Series 2004-2 Noteholders from the Series 2004-2 Distribution Account the amount due to the Series 2004-2 Noteholders deposited in the Series 2004-2 Distribution Account pursuant to Section 2.3.

Section 2.5 Payment of Note Principal. (a) Monthly Payments During Controlled Amortization Period or Rapid Amortization Period. Commencing on the second Determination Date during the Three-Year Notes Controlled Amortization Period or the Class A-3 Controlled Amortization Period, as the case may be, or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement and in accordance with this Section 2.5 as to (i) the amount allocated to the Series 2004-2 Notes during the Related Month pursuant to Section 2.2(b)(ii), (c)(ii) or (d)(ii), as the case may be, (ii) any amounts to be drawn on the Series 2004-2 Demand Notes and/or on the Series 2004-2 Letters of Credit (or withdrawn from the Series 2004-2 Cash Collateral Account), (iii) any amounts to be withdrawn from the Series 2004-2 Reserve Account and deposited into the Series 2004-2 Distribution Account and (iv) the amount of any demand on the Surety Bond in accordance with the terms thereof. On the Distribution Date following each such Determination Date, the Trustee shall withdraw the amount allocated to the Series 2004-2 Notes during the Related Month pursuant to Section 2.2(b)(ii), (c)(ii) or (d)(ii), as the case may be, from the Series 2004-2 Collection Account and deposit such amount in the Series 2004-2 Distribution Account, to be paid to the holders of the Series 2004-2 Notes.

(b) Principal Draws on Series 2004-2 Letters of Credit. If the Administrator determines on any Distribution Date during the Series 2004-2 Rapid Amortization Period that there exists a Series 2004-2 Lease Principal Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2004-2 Letters of Credit, if any, as provided below; provided, however, that the Administrator shall not instruct the Trustee to draw on the Series 2004-2 Letters of Credit in respect of a Series 2004-2 Lease Principal Payment Deficit on or after the date of the filing by any of the Lessees of a petition for relief under Chapter 11 of the Bankruptcy Code unless and until the date on which each of the Lessees shall have resumed making all payments of the portion of Monthly Base Rent relating to Loan Interest required to be made under the AESOP I Operating Lease. Upon receipt of a notice by the Trustee from the Administrator in respect of a Series 2004-2 Lease Principal Payment Deficit on or prior to 11:00 a.m. (New York City time) on a Distribution Date, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date draw an amount as set forth in such notice equal to the lesser of (i) such Series 2004-2 Lease Principal Payment Deficit and (ii) the Series 2004-2 Letter of Credit Liquidity Amount on the Series 2004-2 Letters of Credit by presenting to each Series

2004-2 Letter of Credit Provider a draft accompanied by a Certificate of Lease Deficit Demand and shall cause the Lease Deficit Disbursements to be deposited in the Series 2004-2 Distribution Account on such Distribution Date; provided, however, that if the Series 2004-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2004-2 Cash Collateral Account and deposit in the Series 2004-2 Distribution Account an amount equal to the lesser of (x) the Series 2004-2 Cash Collateral Percentage on such Distribution Date of the Series 2004-2 Lease Principal Payment Deficit and (y) the Series 2004-2 Available Cash Collateral Account Amount on such Distribution Date and draw an amount equal to the remainder of such amount on the Series 2004-2 Letters of Credit.

(c) Final Distribution Date. The entire Class A-1 Invested Amount and the entire Class A-2 Invested Amount shall be due and payable on the Three-Year Notes Final Distribution Date, and the entire Class A-3 Invested Amount shall be due and payable on the Class A-3 Final Distribution Date. In connection therewith:

(i) Demand Note Draw. If the amount to be deposited in the Series 2004-2 Distribution Account in accordance with Section 2.5(a) together with any amounts to be deposited therein in accordance with Section 2.5(b) allocable to the Class A-1 Notes and the Class A-2 Notes on the Three-Year Notes Final Distribution Date, or the Class A-3 Notes on the Class A-3 Final Distribution Date, as the case may be, is less than the sum of the Class A-1 Invested Amount and the Class A-2 Invested Amount, or the Class A-3 Invested Amount, as the case may be, and there are any Series 2004-2 Letters of Credit on such date, then, prior to 10:00 a.m. (New York City time) on the second Business Day prior to such Series 2004-2 Final Distribution Date, the Administrator shall instruct the Trustee in writing (with a copy to the Surety Provider) to make a demand (a "Demand Notice") substantially in the form attached hereto as Exhibit F on the Demand Note Issuers for payment under the Series 2004-2 Demand Notes in an amount equal to the lesser of (i) such insufficiency and (ii) the Series 2004-2 Letter of Credit Amount. The Trustee shall, prior to 12:00 noon (New York City time) on the second Business Day preceding such Series 2004-2 Final Distribution Date, deliver such Demand Notice to the Demand Note Issuers; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to a Demand Note Issuer shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to such Demand Note Issuer. The Trustee shall cause the proceeds of any demand on the Series 2004-2 Demand Notes to be deposited into the Series 2004-2 Distribution Account.

(ii) Letter of Credit Draw. In the event that either (x) on or prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding any Distribution Date next succeeding any date on which a Demand Notice has been transmitted by the Trustee to the Demand Note Issuers pursuant to clause (i) of this Section 2.5(c), any Demand Note Issuer shall have failed to pay to the Trustee or deposit into the Series 2004-2 Distribution Account the amount specified in such Demand Notice in whole or in part or (y) due to the occurrence of an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to one or more of the Demand Note Issuers, the Trustee

shall not have delivered such Demand Notice to any Demand Note Issuer on the second Business Day preceding such Series 2004-2 Final Distribution Date, then, in the case of (x) or (y) the Trustee shall draw on the Series 2004-2 Letters of Credit by 12:00 noon (New York City time) on such Business Day an amount equal to the lesser of (a) the amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (b) the Series 2004-2 Letter of Credit Amount on such Business Day by presenting to each Series 2004-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2004-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2004-2 Cash Collateral Account and deposit in the Series 2004-2 Distribution Account an amount equal to the lesser of (x) the Series 2004-2 Cash Collateral Percentage on such Business Day of the amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2004-2 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2004-2 Letters of Credit. The Trustee shall deposit, or cause the deposit of, the proceeds of any draw on the Series 2004-2 Letters of Credit and the proceeds of any withdrawal from the Series 2004-2 Cash Collateral Account to be deposited in the Series 2004-2 Distribution Account.

(iii) Reserve Account Withdrawal. If, after giving effect to the deposit into the Series 2004-2 Distribution Account of the amount to be deposited in accordance with Section 2.5(a) and the amounts described in clauses (i) and (ii) of this Section 2.5(c), the amount to be deposited in the Series 2004-2 Distribution Account with respect to a Series 2004-2 Final Distribution Date is or will be less than the sum of the Class A-1 Invested Amount and the Class A-2 Invested Amount, or the Class A-3 Invested Amount, as the case may be, then, prior to 12:00 noon (New York City time) on the second Business Day prior to such Series 2004-2 Final Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2004-2 Reserve Account, an amount equal to the lesser of the Series 2004-2 Available Reserve Account Amount and such remaining insufficiency and deposit it in the Series 2004-2 Distribution Account on such Series 2004-2 Final Distribution Date.

(iv) Demand on Surety Bond. If after giving effect to the deposit into the Series 2004-2 Distribution Account of the amount to be deposited in accordance with Section 2.5(a) and all other amounts described in clauses (i), (ii) and (iii) of this Section 2.5(c), the amount to be deposited in the Series 2004-2 Distribution Account with respect to such Series 2004-2 Final Distribution Date is or will be less than the sum of the Class A-1 Outstanding Principal Amount and the Class A-2 Outstanding Principal Amount, or the Class A-3 Outstanding Principal Amount, as the case may be, then the Trustee shall make a demand on the Surety Bond by 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date in an amount equal to such insufficiency in accordance with the terms thereof and shall cause the proceeds thereof to be deposited in the Series 2004-2 Distribution Account.

(d) Principal Deficit Amount. On each Distribution Date, other than the Three-Year Notes Final Distribution Date and the Class A-3 Final Distribution Date, on which the Principal Deficit Amount is greater than zero, amounts shall be transferred to the Series 2004-2 Distribution Account as follows:

(i) Demand Note Draw. If on any Determination Date, the Administrator determines that the Principal Deficit Amount with respect to the next succeeding Distribution Date will be greater than zero and there are any Series 2004-2 Letters of Credit on such date, prior to 10:00 a.m. (New York City time) on the second Business Day prior to such Distribution Date, the Administrator shall instruct the Trustee in writing (with a copy to the Surety Provider) to deliver a Demand Notice to the Demand Note Issuers demanding payment of an amount equal to the lesser of (A) the Principal Deficit Amount and (B) the Series 2004-2 Letter of Credit Amount. The Trustee shall, prior to 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date, deliver such Demand Notice to the Demand Note Issuers; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to a Demand Note Issuer shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to such Demand Note Issuer. The Trustee shall cause the proceeds of any demand on the Series 2004-2 Demand Note to be deposited into the Series 2004-2 Distribution Account.

(ii) Letter of Credit Draw. In the event that either (x) on or prior to 10:00 a.m. (New York City time) on the Business Day prior to such Distribution Date, any Demand Note Issuer shall have failed to pay to the Trustee or deposit into the Series 2004-2 Distribution Account the amount specified in such Demand Notice in whole or in part or (y) due to the occurrence of an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to any Demand Note Issuer, the Trustee shall not have delivered such Demand Notice to any Demand Note Issuer on the second Business Day preceding such Distribution Date, then, in the case of (x) or (y) the Trustee shall on such Business Day draw on the Series 2004-2 Letters of Credit an amount equal to the lesser of (i) Series 2004-2 Letter of Credit Amount and (ii) the aggregate amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) by presenting to each Series 2004-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2004-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2004-2 Cash Collateral Account and deposit in the Series 2004-2 Distribution Account an amount equal to the lesser of (x) the Series 2004-2 Cash Collateral Percentage on such Business Day of the aggregate amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2004-2 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the aggregate amount that the Demand Note Issuers failed to pay under the Series 2004-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2004-2 Letters of Credit. The Trustee shall deposit

into, or cause the deposit of, the proceeds of any draw on the Series 2004-2 Letters of Credit and the proceeds of any withdrawal from the Series 2004-2 Cash Collateral Account to be deposited in the Series 2004-2 Distribution Account.

(iii) Reserve Account Withdrawal. If the Series 2004-2 Letter of Credit Amount will be less than the Principal Deficit Amount on any Distribution Date, then, prior to 12:00 noon (New York City time) on the second Business Day prior to such Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2004-2 Reserve Account, an amount equal to the lesser of (x) the Series 2004-2 Available Reserve Account Amount and (y) the amount by which the Principal Deficit Amount exceeds the amounts to be deposited in the Series 2004-2 Distribution Account in accordance with clauses (i) and (ii) of this Section 2.5(d) and deposit it in the Series 2004-2 Distribution Account on such Distribution Date.

(iv) Demand on Surety Bond. If the sum of the Series 2004-2 Letter of Credit Amount and the Series 2004-2 Available Reserve Account Amount will be less than the Principal Deficit Amount on any Distribution Date, then the Trustee shall make a demand on the Surety Bond by 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date in an amount equal to the Insured Principal Deficit Amount and shall cause the proceeds thereof to be deposited in the Series 2004-2 Distribution Account.

(e) Distribution. On each Distribution Date occurring on or after the date a withdrawal is made from the Series 2004-2 Collection Account pursuant to Section 2.5(a) or amounts are deposited in the Series 2004-2 Distribution Account pursuant to Section 2.5(b), (c) or (d) the Paying Agent shall, in accordance with Section 6.1 of the Base Indenture, pay pro rata to each Class A-1 Noteholder, Class A-2 Noteholder or Class A-3 Noteholder, as applicable, from the Series 2004-2 Distribution Account the amount deposited therein pursuant to Section 2.5(a), (b), (c) or (d), to the extent necessary to pay the sum of the Class A-1 Controlled Amortization Amount and the Class A-2 Controlled Amortization Amount during the Three-Year Notes Controlled Amortization Period or the Class A-3 Controlled Amortization Amount during the Class A-3 Controlled Amortization Period, as the case may be, or to the extent necessary to pay the Class-A-1 Invested Amount, the Class A-2 Invested Amount and the Class A-3 Invested Amount during the Series 2004-2 Rapid Amortization Period.

Section 2.6 Administrator's Failure to Instruct the Trustee to Make a Deposit or Payment. If the Administrator fails to give notice or instructions to make any payment from or deposit into the Collection Account required to be given by the Administrator, at the time specified in the Administration Agreement or any other Related Document (including applicable grace periods), the Trustee shall make such payment or deposit into or from the Collection Account without such notice or instruction from the Administrator, provided that the Administrator, upon request of the Trustee, promptly provides the Trustee with all information necessary to allow the Trustee to make such a payment or deposit. When any payment or deposit hereunder or under any other Related Document is required to be made by the Trustee or the Paying Agent at or prior to a specified time, the Administrator shall deliver any applicable written instructions with respect thereto reasonably in advance of such specified time.

Section 2.7 Series-2004-2 Reserve Account. (a) Establishment of Series 2004-2 Reserve Account. AFC-II shall establish and maintain in the name of the Series 2004-2 Agent for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2004-2 Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Reserve Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2004-2 Reserve Account; provided that, if at any time such Qualified Institution is no longer a Qualified Institution or the credit rating of any securities issued by such depositary institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa2" by Moody's, then AFC-II shall, within 30 days of such reduction, establish a new Series 2004-2 Reserve Account with a new Qualified Institution. If the Series 2004-2 Reserve Account is not maintained in accordance with the previous sentence, AFC-II shall establish a new Series 2004-2 Reserve Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall instruct the Series 2004-2 Agent in writing to transfer all cash and investments from the non-qualifying Series 2004-2 Reserve Account into the new Series 2004-2 Reserve Account. Initially, the Series 2004-2 Reserve Account will be established with The Bank of New York.

(b) Administration of the Series 2004-2 Reserve Account. The Administrator may instruct the institution maintaining the Series 2004-2 Reserve Account to invest funds on deposit in the Series 2004-2 Reserve Account from time to time in Permitted Investments; provided, however , that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2004-2 Reserve Account is held with the Paying Agent, then such investment may mature on such Distribution Date and such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2004-2 Reserve Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the direction and expense of AFC-II, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2004-2 Reserve Account. AFC-II shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2004-2 Reserve Account shall remain uninvested.

(c) Earnings from Series 2004-2 Reserve Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2004-2 Reserve Account shall be deemed to be on deposit therein and available for distribution.

(d) Series 2004-2 Reserve Account Constitutes Additional Collateral for Series 2004-2 Notes. In order to secure and provide for the repayment and payment of the AFC-II Obligations with respect to the Series 2004-2 Notes, AFC-II hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Series 2004-2 Agent, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, all of AFC-II's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2004-2 Reserve Account, including any security entitlement thereto; (ii) all funds on deposit therein from time to time; (iii) all certificates and instruments, if any, representing or evidencing any or all of the Series 2004-2 Reserve Account or the funds on deposit therein from time to time; (iv) all investments made at any time and from time to time with monies in the Series 2004-2 Reserve Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2004-2 Reserve Account, the funds on deposit therein from time to time or the investments made with such funds; and (vi) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (i) through (vi) are referred to, collectively, as the " Series 2004-2 Reserve Account Collateral"). The Series 2004-2 Agent shall possess all right, title and interest in and to all funds on deposit from time to time in the Series 2004-2 Reserve Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2004-2 Reserve Account. The Series 2004-2 Reserve Account Collateral shall be under the sole dominion and control of the Series 2004-2 Agent for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2004-2 Reserve Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2004-2 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.

(e) Series 2004-2 Reserve Account Surplus. In the event that the Series 2004-2 Reserve Account Surplus on any Distribution Date, after giving effect to all withdrawals from the Series 2004-2 Reserve Account, is greater than zero, if no Series 2004-2 Enhancement Deficiency or AESOP I Operating Lease Vehicle Deficiency would result therefrom or exist thereafter, the Trustee, acting in accordance with the written instructions of the Administrator (with a copy of such written instructions to be provided by the Administrator to the Surety Provider) pursuant to the Administration Agreement, shall withdraw from the Series 2004-2 Reserve Account an amount equal to the Series 2004-2 Reserve Account Surplus and shall pay such amount to AFC-II.

(f) Termination of Series 2004-2 Reserve Account. Upon the termination of the Indenture pursuant to Section 11.1 of the Base Indenture, the Trustee, acting in accordance with the written instructions of the Administrator, after the prior payment of all amounts owing to the Series 2004-2 Noteholders and to the Surety Provider and payable from the Series 2004-2 Reserve Account as provided herein, shall withdraw from the Series 2004-2 Reserve Account all amounts on deposit therein for payment to AFC-II.

Section 2.8 Series 2004-2 Letters of Credit and Series 2004-2 Cash Collateral Account. (a) Series 2004-2 Letters of Credit and Series 2004-2 Cash Collateral Account Constitute Additional Collateral for Series 2004-2 Notes. In order to secure and provide for the repayment and payment of the AFC-II Obligations with respect to the Series 2004-2 Notes, AFC-II hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, all of AFC-II's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) each Series 2004-2 Letter of Credit; (ii) the Series 2004-2 Cash Collateral Account, including any security entitlement thereto; (iii) all funds on deposit in the Series 2004-2 Cash Collateral Account from time to time; (iv) all certificates and instruments, if any, representing or evidencing any or all of the Series 2004-2 Cash Collateral Account or the funds on deposit therein from time to time; (v) all investments made at any time and from time to time with monies in the Series 2004-2 Cash Collateral Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (vi) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2004-2 Cash Collateral Account, the funds on deposit therein from time to time or the investments made with such funds; and (vii) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (ii) through (vii) are referred to, collectively, as the "Series 2004-2 Cash Collateral Account Collateral"). The Trustee shall, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, maintain possession of the Series 2004-2 Letter of Credit, possess all right, title and interest in all funds on deposit from time to time in the Series 2004-2 Cash Collateral Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2004-2 Cash Collateral Account. The Series 2004-2 Cash Collateral Account shall be under the sole dominion and control of the Trustee for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2004-2 Cash Collateral Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2004-2 Cash Collateral Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iii) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee.

(b) Series 2004-2 Letter of Credit Expiration Date. If prior to the date which is ten (10) days prior to the then — scheduled Series 2004-2 Letter of Credit Expiration Date with respect to any Series 2004-2 Letter of Credit, excluding the amount available to be drawn under such Series 2004-2 Letter of Credit but taking into account each substitute Series 2004-2 Letter of Credit which has been obtained from a Series 2004-2 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2004-2 Enhancement Amount would be equal to or more than the Series 2004-2 Required Enhancement Amount and the Series 2004-2 Liquidity Amount would be equal to or greater than the Series 2004-2 Required Liquidity Amount, then the Administrator shall notify the Trustee and the Surety Provider (with the Surety Provider to be provided supporting calculations in reasonable detail) in writing no later than two (2) Business Days prior to such Series 2004-2 Letter of Credit Expiration Date of such determination. If prior to the date which is ten (10) days prior to the then-scheduled Series 2004-2 Letter of Credit

Expiration Date with respect to any Series 2004-2 Letter of Credit, excluding the amount available to be drawn under such Series 2004-2 Letter of Credit but taking into account a substitute Series 2004-2 Letter of Credit which has been obtained from a Series 2004-2 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2004-2 Enhancement Amount would be less than the Series 2004-2 Required Enhancement Amount or the Series 2004-2 Liquidity Amount would be less than the Series 2004-2 Required Liquidity Amount, then the Administrator shall notify the Trustee and the Surety Provider (with the Surety Provider to be provided supporting calculations in reasonable detail) in writing no later than two (2) Business Days prior to such Series 2004-2 Letter of Credit Expiration Date of (x) the greater of (A) the excess, if any, of the Series 2004-2 Required Enhancement Amount over the Series 2004-2 Enhancement Amount, excluding the available amount under such expiring Series 2004-2 Letter of Credit but taking into account any substitute Series 2004-2 Letter of Credit which has been obtained from a Series 2004-2 Eligible Letter of Credit Provider and is in full force and effect, on such date, and (B) the excess, if any, of the Series 2004-2 Required Liquidity Amount over the Series 2004-2 Liquidity Amount, excluding the available amount under such expiring Series 2004-2 Letter of Credit but taking into account any substitute Series 2004-2 Letter of Credit which has been obtained from a Series 2004-2 Eligible Letter of Credit Provider and is in full force and effect, on such date, and (y) the amount available to be drawn on such expiring Series 2004-2 Letter of Credit on such date. Upon receipt of such notice by the Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Trustee shall, by 12:00 noon (New York City time) on such Business Day (or, in the case of any notice given to the Trustee after 10:00 a.m. (New York City time), by 12:00 noon (New York City time) on the next following Business Day), draw the lesser of the amounts set forth in clauses (x) and (y) above on such expiring Series 2004-2 Letter of Credit by presenting a draft (with a copy to the Surety Provider) accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2004-2 Cash Collateral Account.

If the Trustee does not receive the notice from the Administrator described in the first paragraph of this Section 2.8(b) on or prior to the date that is two (2) Business Days prior to each Series 2004-2 Letter of Credit Expiration Date, the Trustee shall, by 12:00 noon (New York City time) on such Business Day draw the full amount of such Series 2004-2 Letter of Credit by presenting a draft accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2004-2 Cash Collateral Account.

(c) Series 2004-2 Letter of Credit Providers. The Administrator shall notify the Trustee and the Surety Provider in writing within one (1) Business Day of becoming aware that (i) the long-term senior unsecured debt credit rating of any Series 2004-2 Letter of Credit Provider has fallen below "A+" as determined by Standard & Poor's or "Al" as determined by Moody's or (ii) the short-term senior unsecured debt credit rating of any Series 2004-2 Letter of Credit Provider has fallen below "A-1" as determined by Standard & Poor's or "P-1" as determined by Moody's. At such time the Administrator shall also notify the Trustee of (i) the greater of (A) the excess, if any, of the Series 2004-2 Required Enhancement Amount over the Series 2004-2 Enhancement Amount, excluding the available amount under the Series 2004-2 Letter of Credit issued by such Series 2004-2 Letter of Credit Provider, on such date, and (B) the excess, if any, of the Series 2004-2 Required Liquidity Amount over the Series 2004-2 Liquidity Amount, excluding the available amount under such Series 2004-2 Letter of Credit, on such date, and (ii) the amount available to be drawn on such Series 2004-2 Letter of Credit on such date.

Upon receipt of such notice by the Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Trustee shall, by 12:00 noon (New York City time) on such Business Day (or, in the case of any notice given to the Trustee after 10:00 a.m. (New York City time), by 12:00 noon (New York City time) on the next following Business Day), draw on such Series 2004-2 Letter of Credit in an amount equal to the lesser of the amounts in clause (i) and clause (ii) of the immediately preceding sentence on such Business Day by presenting a draft accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2004-2 Cash Collateral Account.

(d) Termination Date Demands on the Series 2004-2 Letters of Credit. Prior to 10:00 a.m. (New York City time) on the Business Day immediately succeeding the Series 2004-2 Letter of Credit Termination Date, the Administrator shall determine the Series 2004-2 Demand Note Payment Amount, if any, as of the Series 2004-2 Letter of Credit Termination Date and, if the Series 2004-2 Demand Note Payment Amount is greater than zero, instruct the Trustee in writing to draw on the Series 2004-2 Letters of Credit. Upon receipt of any such notice by the Trustee on or prior to 11:00 a.m. (New York City time) on a Business Day, the Trustee shall, by 12:00 noon (New York City time) on such Business Day draw an amount equal to the lesser of (i) the Series 2004-2 Demand Note Payment Amount and (ii) the Series 2004-2 Letter of Credit Liquidity Amount on the Series 2004-2 Letters of Credit by presenting to each Series 2004-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Termination Date Demand and shall cause the Termination Date Disbursement to be deposited in the Series 2004-2 Cash Collateral Account; provided, however, that if the Series 2004-2 Cash Collateral Account has been established and funded, the Trustee shall draw an amount equal to the product of (a) 100% minus the Series 2004-2 Cash Collateral Percentage and (b) the lesser of the amounts referred to in clause (i) and (ii) on such Business Day on the Series 2004-2 Letters of Credit as calculated by the Administrator and provided in writing to the Trustee and the Surety Provider.

(e) Draws on the Series 2004-2 Letters of Credit. If there is more than one Series 2004-2 Letter of Credit on the date of any draw on the Series 2004-2 Letters of Credit pursuant to the terms of this Supplement, the Administrator shall instruct the Trustee, in writing, to draw on each Series 2004-2 Letter of Credit in an amount equal to the Pro Rata Share of the Series 2004-2 Letter of Credit Provider issuing such Series 2004-2 Letter of Credit of the amount of such draw on the Series 2004-2 Letters of Credit.

(f) Establishment of Series 2004-2 Cash Collateral Account. On or prior to the date of any drawing under a Series 2004-2 Letter of Credit pursuant to Section 2.8(b), (c) or (d) above, AFC-II shall establish and maintain in the name of the Trustee for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2004-2 Cash Collateral Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Cash Collateral Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2004-2 Cash Collateral Account; provided, however, that if at any time such Qualified Institution is no longer a Qualified Institution or the

credit rating of any securities issued by such depository institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa3" by Moody's, then AFC-II shall, within 30 days of such reduction, establish a new Series 2004-2 Cash Collateral Account with a new Qualified Institution or a new segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2004-2 Cash Collateral Account. If a new Series 2004-2 Cash Collateral Account is established, AFC-II shall instruct the Trustee in writing to transfer all cash and investments from the non-qualifying Series 2004-2 Cash Collateral Account into the new Series 2004-2 Cash Collateral Account.

(g) Administration of the Series 2004-2 Cash Collateral Account. AFC-II may instruct (by standing instructions or otherwise) the institution maintaining the Series 2004-2 Cash Collateral Account to invest funds on deposit in the Series 2004-2 Cash Collateral Account from time to time in Permitted Investments; provided, however, that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2004-2 Cash Collateral Account is held with the Paying Agent, in which case such investment may mature on such Distribution Date so long as such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2004-2 Cash Collateral Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the expense of AFC-II, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2004-2 Cash Collateral Account. AFC-II shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2004-2 Cash Collateral Account shall remain uninvested.

(h) Earnings from Series 2004-2 Cash Collateral Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2004-2 Cash Collateral Account shall be deemed to be on deposit therein and available for distribution.

(i) Series 2004-2 Cash Collateral Account Surplus. In the event that the Series 2004-2 Cash Collateral Account Surplus on any Distribution Date (or, after the Series 2004-2 Letter of Credit Termination Date, on any date) is greater than zero, the Trustee, acting in accordance with the written instructions (a copy of which shall be provided by the Administrator to the Surety Provider) of the Administrator, shall withdraw from the Series 2004-2 Cash Collateral Account an amount equal to the Series 2004-2 Cash Collateral Account Surplus and shall pay such amount: first, to the Series 2004-2 Letter of Credit Providers to the extent of any unreimbursed drawings under the related Series 2004-2 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2004-2 Reimbursement Agreement, and, second, to AFC-II any remaining amount.

(j) Post-Series 2004-2 Letter of Credit Termination Date Withdrawals from the Series 2004-2 Cash Collateral Account. If the Surety Provider notifies the Trustee in writing that the Surety Provider shall have paid a Preference Amount (as defined in the Surety Bond) under the Surety Bond, subject to the satisfaction of the conditions set forth in the next succeeding sentence, the Trustee shall withdraw from the Series 2004-2 Cash Collateral Account and pay to the Surety Provider an amount equal to the lesser of (i) the Series 2004-2 Available Cash Collateral Account Amount on such date and (ii) such Preference Amount. Prior to any withdrawal from the Series 2004-2 Cash Collateral Account pursuant to this Section 2.8(j), the Trustee shall have received a certified copy of the order requiring the return of such Preference Amount.

(k) Termination of Series 2004-2 Cash Collateral Account. Upon the termination of this Supplement in accordance with its terms, the Trustee, acting in accordance with the written instructions of the Administrator, after the prior payment of all amounts owing to the Series 2004-2 Noteholders and to the Surety Provider and payable from the Series 2004-2 Cash Collateral Account as provided herein, shall withdraw from the Series 2004-2 Cash Collateral Account all amounts on deposit therein (to the extent not withdrawn pursuant to Section 2.8(i) above) and shall pay such amounts: first, to the Series 2004-2 Letter of Credit Providers to the extent of any unreimbursed drawings under the related Series 2004-2 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2004-2 Reimbursement Agreement, and, second, to AFC-II any remaining amount.

Section 2.9 Series 2004-2 Distribution Account. (a) Establishment of Series 2004-2 Distribution Account. The Trustee shall establish and maintain in the name of the Series 2004-2 Agent for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2004-2 Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Distribution Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2004-2 Distribution Account; provided, however, that if at any time such Qualified Institution is no longer a Qualified Institution or the credit rating of any securities issued by such depositary institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa3" by Moody's, then AFC-II shall, within 30 days of such reduction, establish a new Series 2004-2 Distribution Account with a new Qualified Institution. If the Series 2004-2 Distribution Account is not maintained in accordance with the previous sentence, AFC-II shall establish a new Series 2004-2 Distribution Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall instruct the Series 2004-2 Agent in writing to transfer all cash and investments from the non-qualifying Series 2004-2 Distribution Account into the new Series 2004-2 Distribution Account. Initially, the Series 2004-2 Distribution Account will be established with The Bank of New York.

(b) Administration of the Series 2004-2 Distribution Account. The Administrator may instruct the institution maintaining the Series 2004-2 Distribution Account to invest funds on deposit in the Series 2004-2 Distribution Account from time to time in Permitted

Investments; provided, however, that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2004-2 Distribution Account is held with the Paying Agent, then such investment may mature on such Distribution Date and such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2004-2 Distribution Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the direction and expense of AFC-II, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2004-2 Distribution Account. AFC-II shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2004-2 Distribution Account shall remain uninvested.

(c) Earnings from Series 2004-2 Distribution Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2004-2 Distribution Account shall be deemed to be on deposit and available for distribution.

(d) Series 2004-2 Distribution Account Constitutes Additional Collateral for Series 2004-2 Notes. In order to secure and provide for the repayment and payment of the AFC-II Obligations with respect to the Series 2004-2 Notes, AFC-II hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Series 2004-2 Agent, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, all of AFC-II's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2004-2 Distribution Account, including any security entitlement thereto; (ii) all funds on deposit therein from time to time; (iii) all certificates and instruments, if any, representing or evidencing any or all of the Series 2004-2 Distribution Account or the funds on deposit therein from time to time; (iv) all investments made at any time and from time to time with monies in the Series 2004-2 Distribution Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2004-2 Distribution Account, the funds on deposit therein from time to time or the investments made with such funds; and (vi) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (i) through (vi) are referred to, collectively, as the "Series 2004-2 Distribution Account Collateral"). The Series 2004-2 Agent shall possess all right, title and interest in all funds on deposit from time to time in the Series 2004-2 Distribution Account and in and to all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2004-2 Distribution Account. The Series 2004-2 Distribution Account Collateral shall be under the sole dominion and control of the Series 2004-2 Agent for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest

Rate Swap Counterparty and the Surety Provider. The Series 2004-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2004-2 Distribution Account; (ii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2004-2 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.

Section 2.10 Series 2004-2 Interest Rate Swaps. (a) On the Series 2004-2 Closing Date, AFC-II shall enter into one or more interest rate swaps acceptable to the Surety Provider in respect of the Class A-2 Notes satisfying the requirements of clause (i) below and one or more interest rate swaps acceptable to the Surety Provider in respect of the Class A-3 Notes satisfying the requirements of clause (ii) below, in each case with a Qualified Interest Rate Swap Counterparty (each a "Series 2004-2 Interest Rate Swap"):

(i) The Series 2004-2 Interest Rate Swap in respect of the Class A-2 Notes shall have an aggregate initial notional amount equal to the Class A-2 Initial Invested Amount. The aggregate notional amount of such Series 2004-2 Interest Rate Swap shall be reduced pursuant to the terms of such Series 2004-2 Interest Rate Swap but shall not at any time be less than the Class A-2 Invested Amount. The fixed rate payable by AFC-II under such Series 2004-2 Interest Rate Swap and any replacement thereof shall not be greater than 3.5%.

(ii) The Series 2004-2 Interest Rate Swap in respect of the Class A-3 Notes shall have an aggregate initial notional amount equal to the Class A-3 Initial Invested Amount. The aggregate notional amount of such Series 2004-2 Interest Rate Swap shall be reduced pursuant to the terms of such Series 2004-2 Interest Rate Swap but shall not at any time be less than the Class A-3 Invested Amount. The fixed rate payable by AFC-II under such Series 2004-2 Interest Rate Swap and any replacement thereof shall not be greater than 3.5%.

(b) Replacement of Any Series 2004-2 Interest Rate Swap. If, at any time, a Series 2004-2 Interest Rate Swap Counterparty is not a Qualified Interest Rate Swap Counterparty, then AFC-II will cause such Series 2004-2 Interest Rate Swap Counterparty within 30 days following such occurrence, at the Series 2004-2 Interest Rate Swap Counterparty's expense, to either (i) obtain a replacement interest rate swap on substantially the same terms as the Series 2004-2 Interest Rate Swap being replaced from a Qualified Interest Rate Swap Counterparty, at which point, simultaneously with such replacement, AFC-II shall terminate the Series 2004-2 Interest Rate Swap being replaced or (ii) enter into any arrangement satisfactory to Standard & Poor's, Moody's and the Surety Provider that is sufficient to maintain or restore the immediately prior Shadow Rating; provided, however, that no termination of any Series 2004-2 Interest Rate Swap shall occur until AFC-II has entered into a replacement Series 2004-2 Interest Rate Swap. Each Series 2004-2 Interest Rate Swap must provide that if such Series 2004-2 Interest Rate Swap Counterparty thereto is required to take any of the actions described in clauses (i) or (ii) of the preceding sentence and such action is not taken within 30 days, then such Series 2003- 4 Interest Rate Swap Counterparty must, until a replacement Series 2004-2 Interest Rate Swap is executed and in effect, collateralize its obligations under such Series 2004-2 Interest Rate Swap in an amount equal to the greatest of (i) the marked to market value of such Series 2004-2 Interest Rate Swap, (ii) the next payment due from such Series 2004-2 Interest

Rate Swap Counterparty and (iii) 1% of the notional amount of such Series 2004-2 Interest Rate Swap.

(c) To secure payment of all AFC-II Obligations with respect to the Series 2004-2 Notes, AFC-II grants a security interest in, and assigns, pledges, grants, transfers and sets over to the Series 2004-2 Agent, for the benefit of the Series 2004-2 Noteholders and the Surety Provider, all of AFC-II's right, title and interest in the Series 2004-2 Interest Rate Swaps and all proceeds thereof (the "Series 2004-2 Interest Rate Swap Collateral"). AFC-II shall require all Series 2004-2 Interest Rate Swap Proceeds to be paid to, and the Trustee shall allocate all Series 2004-2 Interest Rate Swap Proceeds to, the Series 2004-2 Accrued Interest Account of the Series 2004-2 Collection Account.

(d) The failure of AFC-II to comply with its covenants contained in the this Section 2.10 shall not constitute an Amortization Event with respect to the Series 2004-2 Notes.

Section 2.11 Series 2004-2 Accounts Permitted Investments. AFC-II shall not, and shall not permit, funds on deposit in the Series 2004-2 Accounts to be invested in:

(i) Permitted Investments that do not mature at least one Business Day before the next Distribution Date;

(ii) demand deposits, time deposits or certificates of deposit with a maturity in excess of 360 days;

(iii) commercial paper which is not rated "P-1" by Moody's;

(iv) money market funds or eurodollar time deposits which are not rated at least "AAA" by Standard & Poor's;

(v) eurodollar deposits that are not rated "P-1" by Moody's or that are with financial institutions not organized under the laws of a G-7 nation; or

(vi) any investment, instrument or security not otherwise listed in clause (i) through (vi) of the definition of "Permitted Investments" in the Base Indenture that is not approved in writing by the Surety Provider.

Section 2.12 Series 2004-2 Demand Notes Constitute Additional Collateral for Series 2004-2 Notes. In order to secure and provide for the repayment and payment of the AFC-II Obligations with respect to the Series 2004-2 Notes, AFC-II hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, all of AFC-II's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2004-2 Demand Notes; (ii) all certificates and instruments, if any, representing or evidencing the Series 2004-2 Demand Notes; and (iii) all proceeds of any and all of the foregoing, including, without limitation, cash. On the date hereof, AFC-II shall deliver to the Trustee, for the benefit of the Series 2004-2 Noteholders, each Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, each Series 2004-2 Demand Note, endorsed in blank. The Trustee, for the benefit of the Series 2004-2 Noteholders, each

Series 2004-2 Interest Rate Swap Counterparty and the Surety Provider, shall be the only Person authorized to make a demand for payments on the Series 2004-2 Demand Notes.

ARTICLE III

AMORTIZATION EVENTS

In addition to the Amortization Events set forth in Section 9.1 of the Base Indenture, any of the following shall be an Amortization Event with respect to the Series 2004-2 Notes and collectively shall constitute the Amortization Events set forth in Section 9.1(n) of the Base Indenture with respect to the Series 2004-2 Notes (without notice or other action on the part of the Trustee or any holders of the Series 2004-2 Notes):

(a) a Series 2004-2 Enhancement Deficiency shall occur and continue for at least two (2) Business Days; provided, however, that such event or condition shall not be an Amortization Event if during such two (2) Business Day period such Series 2004-2 Enhancement Deficiency shall have been cured in accordance with the terms and conditions of the Indenture and the Related Documents;

(b) the Series 2004-2 Liquidity Amount shall be less than the Series 2004-2 Required Liquidity Amount for at least two (2) Business Days; provided, however, that such event or condition shall not be an Amortization Event if during such two (2) Business Day period such insufficiency shall have been cured in accordance with the terms and conditions of the Indenture and the Related Documents;

(c) the Collection Account, the Series 2004-2 Collection Account, the Series 2004-2 Excess Collection Account or the Series 2004-2 Reserve Account shall be subject to an injunction, estoppel or other stay or a Lien (other than Liens permitted under the Related Documents);

(d) all principal of and interest on the Class A-1 Notes and the Class A-2 Notes is not paid in full on or before the Three-Year Notes Expected Final Distribution Date or all principal of and interest on the Class A-3 Notes is not paid in full on or before the Class A-3 Expected Final Distribution Date;

(e) the Trustee shall make a demand for payment under the Surety Bond;

(f) the occurrence of an Event of Bankruptcy with respect to the Surety Provider;

(g) the Surety Provider fails to pay a demand for payment in accordance with the requirements of the Surety Bond;

(h) any Series 2004-2 Letter of Credit shall not be in full force and effect for at least two (2) Business Days and (x) either a Series 2004-2 Enhancement Deficiency would result from excluding such Series 2004-2 Letter of Credit from the Series 2004-2

Enhancement Amount or (y) the Series 2004-2 Liquidity Amount, excluding therefrom the available amount under such Series 2004-2 Letter of Credit, would be less than the Series 2004-2 Required Liquidity Amount;

(i) from and after the funding of the Series 2004-2 Cash Collateral Account, the Series 2004-2 Cash Collateral Account shall be subject to an injunction, estoppel or other stay or a Lien (other than Liens permitted under the Related Documents) for at least two (2) Business Days and either (x) a Series 2004-2 Enhancement Deficiency would result from excluding the Series 2004-2 Available Cash Collateral Account Amount from the Series 2004-2 Enhancement Amount or (y) the Series 2004-2 Liquidity Amount, excluding therefrom the Series 2004-2 Available Cash Collateral Amount, would be less than the Series 2004-2 Required Liquidity Amount; and

(j) an Event of Bankruptcy shall have occurred with respect to any Series 2004-2 Letter of Credit Provider or any Series 2004-2 Letter of Credit Provider repudiates its Series 2004-2 Letter of Credit or refuses to honor a proper draw thereon and either (x) a Series 2004-2 Enhancement Deficiency would result from excluding such Series 2004-2 Letter of Credit from the Series 2004-2 Enhancement Amount or (y) the Series 2004-2 Liquidity Amount, excluding therefrom the available amount under such Series 2004-2 Letter of Credit, would be less than the Series 2004-2 Required Liquidity Amount.

ARTICLE IV

RIGHT TO WAIVE PURCHASE RESTRICTIONS

Notwithstanding any provision to the contrary in the Indenture or the Related Documents, but subject in all respects to the Surety Provider's rights under Section 6.11, upon the Trustee's receipt of notice from any Lessee, any Borrower or AFC-II (i) to the effect that a Manufacturer Program is no longer an Eligible Manufacturer Program and that, as a result, the Series 2004-2 Maximum Non-Program Vehicle Amount is or will be exceeded or (ii) that the Lessees, the Borrowers and AFC-II have determined to increase any Series 2004-2 Maximum Amount, (such notice, a "Waiver Request"), each Series 2004-2 Noteholder may, at its option, waive the Series 2004-2 Maximum Non-Program Vehicle Amount or any other Series 2004-2 Maximum Amount (collectively, a "Waivable Amount") if (i) no Amortization Event exists, (ii) the Requisite Noteholders and the Surety Provider consent to such waiver and (iii) 60 days' prior written notice of such proposed waiver is provided to the Rating Agencies by the Trustee.

Upon receipt by the Trustee of a Waiver Request (a copy of which the Trustee shall promptly provide to the Rating Agencies), all amounts which would otherwise be allocated to the Series 2004-2 Excess Collection Account (collectively, the "Designated Amounts") from the date the Trustee receives a Waiver Request through the Consent Period Expiration Date will be held by the Trustee in the Series 2004-2 Collection Account for ratable distribution as described below.

Within ten (10) Business Days after the Trustee receives a Waiver Request, the Trustee shall furnish notice thereof to the Series 2004-2 Noteholders and the Surety Provider, which notice shall be accompanied by a form of consent (each a "Consent") in the form of Exhibit B hereto by which the Series 2004-2 Noteholders may, on or before the Consent Period Expiration Date, consent to waiver of the applicable Waivable Amount. If the Trustee receives the consent of the Surety Provider and Consents from the Requisite Noteholders agreeing to waiver of the applicable Waivable Amount within forty-five (45) days after the Trustee notifies the Series 2004-2 Noteholders of a Waiver Request (the day on which such forty-five (45) day period expires, the "Consent Period Expiration Date"), (i) the applicable Waivable Amount shall be deemed waived by the consenting Series 2004-2 Noteholders, (ii) the Trustee will distribute the Designated Amounts as set forth below and (iii) the Trustee shall promptly (but in any event within two days) provide the Rating Agency with notice of such waiver. Any Series 2004-2 Noteholder from whom the Trustee has not received a Consent on or before the Consent Period Expiration Date will be deemed not to have consented to such waiver.

If the Trustee receives Consents from the Requisite Noteholders on or before the Consent Period Expiration Date, then on the immediately following Distribution Date, the Trustee will pay the Designated Amounts as follows:

(i) to the non-consenting Series 2004-2 Noteholders, if any, pro rata up to the amount required to pay all Series 2004-2 Notes held by such non-consenting Series 2004-2 Noteholders in full; and

(ii) any remaining Designated Amounts to the Series 2004-2 Excess Collection Account.

If the amount paid pursuant to clause (i) of the preceding paragraph is not paid in full on the date specified therein, then on each day following such Distribution Date, the Administrator will allocate to the Series 2004-2 Collection Account on a daily basis all Designated Amounts collected on such day. On each following Distribution Date, the Trustee will withdraw a portion of such Designated Amounts from the Series 2004-2 Collection Account and deposit the same in the Series 2004-2 Distribution Account for distribution as follows:

(a) to the non-consenting Series 2004-2 Noteholders, if any, pro rata an amount equal to the Designated Amounts in the Series 2004-2 Collection Account as of the applicable Determination Date up to the aggregate outstanding principal balance of the Series 2004-2 Notes held by the non-consenting Series 2004-2 Noteholders; and

(b) any remaining Designated Amounts to the Series 2004-2 Excess Collection Account.

If the Requisite Noteholders or the Surety Provider do not timely consent to such waiver, the Designated Amounts will be re-allocated to the Series 2004-2 Excess Collection Account for allocation and distribution in accordance with the terms of the Indenture and the Related Documents.

In the event that the Series 2004-2 Rapid Amortization Period shall commence after receipt by the Trustee of a Waiver Request, all such Designated Amounts will thereafter be considered Principal Collections allocated to the Series 2004-2 Noteholders.

ARTICLE V

FORM OF SERIES 2004-2 NOTES

Section 5.1 Restricted Global Series 2004-2 Notes. The Series 2004-2 Notes to be issued in the United States will be issued in book-entry form and represented by one or more permanent global Notes in fully registered form without interest coupons (each, a "Restricted Global Class A-1 Note", a "Restricted Global Class A-2 Note" or a "Restricted Global Class A-3 Note", as the case may be), substantially in the forms set forth in Exhibit A-1-1, A-2-1 and A-3-1 hereto, with such legends as may be applicable thereto as set forth in the Base Indenture, and will be sold only in the United States (1) initially to institutional accredited investors within the meaning of Regulation D under the Securities Act in reliance on an exemption from the registration requirements of the Securities Act and (2) thereafter to qualified institutional buyers within the meaning of, and in reliance on, Rule 144A under the Securities Act and shall be deposited on behalf of the purchasers of the Series 2004-2 Notes represented thereby, with the Trustee as custodian for DTC, and registered in the name of Cede as DTC's nominee, duly executed by AFC-II and authenticated by the Trustee in the manner set forth in Section 2.4 of the Base Indenture.

Section 5.2 Temporary Global Series 2004-2 Notes; Permanent Global Series 2004-2 Notes. The Series 2004-2 Notes to be issued outside the United States will be issued and sold in transactions outside the United States in reliance on Regulation S under the Securities Act, as provided in the applicable note purchase agreement, and shall initially be issued in the form of one or more temporary notes in registered form without interest coupons (each, a "Temporary Global Class A-1 Note", a "Temporary Global Class A-2 Note" or a "Temporary Global Class A-3 Note", as the case may be), substantially in the forms set forth in Exhibits A-1-2, A-2-2 and A-3-2 hereto, which shall be deposited on behalf of the purchasers of the Series 2004-2 Notes represented thereby with a custodian for, and registered in the name of a nominee of DTC, for the account of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or for Clearstream Banking, société anonyme ("Clearstream"), duly executed by AFC-II and authenticated by the Trustee in the manner set forth in Section 2.4 of the Base Indenture. Interests in a Temporary Global Class A-1 Note, a Temporary Global Class A-2 Note or a Temporary Global Class A-3 Note will be exchangeable, in whole or in part, for interests in one or more permanent global notes in registered form without interest coupons (each, a ". Permanent Global Class A-1 Note", a "Permanent Global Class A-2 Note" or a "Permanent Global Class A-3 Note", as the case may be), substantially in the form of Exhibits A-1-3, A-2-3 and A-3-3 hereto, in accordance with the provisions of such Temporary Global Class A-1 Note, Temporary Global Class A-2 Note or Temporary Global Class A-3 Note and the Base Indenture (as modified by this Supplement). Interests in a Permanent Global Class A-1 Note, a Permanent Global Class A-2 Note or a Permanent Global Class A-3 Note will be exchangeable for definitive Class A-1 Notes, definitive Class A-2 Notes or definitive Class A-3 Notes, as the case may be, in accordance with the provisions of such Permanent Global Class A-1 Note, Permanent

Global Class A-2 Note or Permanent Global Class A-3 Note and the Base Indenture (as modified by this Supplement).

ARTICLE VI

GENERAL

Section 6.1 Optional Repurchase. Each Class of the Series 2004-2 Notes shall be subject to repurchase by AFC-II at its option in accordance with Section 6.3 of the Base Indenture on any Distribution Date after the Class A-1 Invested Amount, the Class A-2 Invested Amount or the Class A-3 Invested Amount, as the case may be, is reduced to an amount less than or equal to 10% of the Class A-1 Initial Invested Amount, the Class A-2 Initial Invested Amount or the Class A-3 Initial Invested Amount, as the case may be (the "Series 2004-2 Repurchase Amount"); provided, however, that as a condition precedent to any such optional repurchase on any Distribution Date on which no Surety Default has occurred and is continuing, AFC-II shall have received the consent of the Surety Provider. The repurchase price for any Series 2004-2 Note shall equal the aggregate outstanding principal balance of such Series 2004-2 Note (determined after giving effect to any payments of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding principal balance.

Section 6.2 Information. The Trustee shall provide to the Series 2004-2 Noteholders, or their designated agent, and the Surety Provider copies of all information furnished to the Trustee or AFC-II pursuant to the Related Documents, as such information relates to the Series 2004-2 Notes or the Series 2004-2 Collateral. In connection with any Preference Amount payable under the Surety Bond, the Trustee shall furnish to the Surety Provider its records evidencing the distributions of principal of and interest on the Series 2004-2 Notes that have been made and subsequently recovered from Series 2004-2 Noteholders and the dates on which such payments were made.

Section 6.3 Exhibits. The following exhibits attached hereto supplement the exhibits included in the Indenture.

Exhibit A-1-1:	Form of Restricted Global Class A-1 Note
Exhibit A-1-2:	Form of Temporary Global Class A-1 Note
Exhibit A-1-3:	Form of Permanent Global Class A-1 Note
Exhibit A-2-1	Form of Restricted Global Class A-2 Note
Exhibit A-2-2	Form of Temporary Global Class A-2 Note
Exhibit A-2-3	Form of Permanent Global Class A-2 Note
Exhibit A-3-1	Form of Restricted Global Class A-3 Note
Exhibit A-3-2	Form of Temporary Global Class A-3 Note
Exhibit A-3-3	Form of Permanent Global Class A-3 Note
Exhibit B:	Form of Consent
Exhibit C:	Form of Series 2004-2 Demand Note
Exhibit D:	Form of Letter of Credit
Exhibit E:	Form of Lease Payment Deficit Notice
Exhibit F:	Form of Demand Notice

Section 6.4 Ratification of Base Indenture. As supplemented by this Supplement, the Base Indenture is in all respects ratified and confirmed and the Base Indenture as so supplemented by this Supplement shall be read, taken, and construed as one and the same instrument.

Section 6.5 Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

Section 6.6 Governing Law. This Supplement shall be construed in accordance with the law of the State of New York, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such law.

Section 6.7 Amendments. This Supplement may be modified or amended from time to time with the consent of the Surety Provider and in accordance with the terms of the Base Indenture; provided, however, that if, pursuant to the terms of the Base Indenture or this Supplement, the consent of the Required Noteholders is required for an amendment or modification of this Supplement, such requirement shall be satisfied if such amendment or modification is consented to by the Series 2004-2 Noteholders representing more than 50% of the aggregate outstanding principal amount of the Series 2004-2 Notes affected thereby; provided, further, that if that consent of the Required Noteholders is required for a proposed amendment or modification of this Supplement that (i) affects only the Class A-1 Notes (and does not affect in any material respect the Class A-2 Notes or the Class A-3 Notes, as evidenced by an opinion of counsel to such effect), then such requirement shall be satisfied if such amendment or modification is consented to by the Class A-1 Noteholders representing more than 50% of the aggregate outstanding principal amount of the Class A-1 Notes (without the necessity of obtaining the consent of the Required Noteholders in respect of the Class A-2 Notes or the Class A-3 Notes), (ii) affects only the Class A-2 Notes (and does not affect in material respect the Class A-1 Notes or the Class A-3 Notes, as evidenced by an opinion of counsel to such effect), then such requirement shall be satisfied if such amendment or modification is consented to by the Class A-2 Noteholders representing more than 50% of the aggregate outstanding principal amount of the Class A-2 Notes (without the necessity of obtaining the consent of the Required Noteholders in respect of the Class A-1 Notes or the Class A-3 Notes) and (iii) affects only the Class A-3 Notes (and does not affect in any material respect the Class A-1 Notes or the Class A-2 Notes, as evidenced by an opinion of counsel to such effect), then such requirement shall be satisfied if such amendment or modification is consented to by the Class A-3 Noteholders representing more than 50% of the aggregate outstanding principal amount of the Class A-3 Notes (without the necessity of obtaining the consent of the Required Noteholders in respect of the Class A-1 Notes or the Class A-2 Notes).

Section 6.8 Discharge of Indenture. Notwithstanding anything to the contrary contained in the Base Indenture, no discharge of the Indenture pursuant to Section 11.1(b) of the Base Indenture will be effective as to the Series 2004-2 Notes without the consent of the Required Noteholders.

Section 6.9 Notice to Surety Provider and Rating Agencies. The Trustee shall provide to the Surety Provider and each Rating Agency a copy of each notice, opinion of counsel, certificate or other item delivered to, or required to be provided by, the Trustee pursuant to this Supplement or any other Related Document. Each such opinion of counsel shall be addressed to the Surety Provider, shall be from counsel reasonably acceptable to the Surety Provider and shall be in form and substance reasonably acceptable to the Surety Provider. All such notices, opinions, certificates or other items delivered to the Surety Provider shall be forwarded to Financial Guaranty Insurance Company, 125 Park Avenue, New York, New York 10017, Attention: General Counsel, Telephone: (212) 312-3077.

Section 6.10 Certain Rights of Surety Provider. The Surety Provider shall be deemed to be an Enhancement Provider entitled to receive confirmation of the rating on the Series 2004-2 Notes (without regard to the Surety Bond) pursuant to the definition of "Rating Agency Confirmation Condition." In addition, the Surety Provider shall be deemed to be an Enhancement Provider entitled to exercise the consent rights described in clause (ii) of the definition of "Rating Agency Consent Condition."

Section 6.11 Surety Provider Deemed Noteholder and Secured Party. Except for any period during which a Surety Default is continuing, the Surety Provider shall be deemed to be the holder of 100% of the Series 2004-2 Notes for the purposes of giving any and all consents, waivers (including, without limitation, pursuant to Article IV and Section 6.7), approvals, instructions, directions, requests, declarations and/or notices pursuant to the Base Indenture and this Supplement. Any reference in the Base Indenture or the Related Documents (including, without limitation, in Sections 2.3, 8.14, 9.1, 9.2 or 12.1 of the Base Indenture) to materially, adversely, or detrimentally affecting the rights or interests of the Noteholders, or words of similar meaning, shall be deemed, for purposes of the Series 2004-2 Notes, to refer to the rights or interests of the Surety Provider. The Surety Provider shall constitute an "Enhancement Provider" with respect to the Series 2004-2 Notes for all purposes under the Indenture and the other Related Documents. Furthermore, the Surety Provider shall be deemed to be a "Secured Party" under the Base Indenture and the Related Documents to the extent of amounts payable to the Surety Provider pursuant to this Supplement and the Insurance Agreement shall constitute an "Enhancement Agreement" with respect to the Series 2004-2 Notes for all purposes under the Indenture and the Related Documents. Moreover, wherever in the Related Documents money or other property is assigned, conveyed, granted or held for, a filing is made for, action is taken for or agreed to be taken for, or a representation or warranty is made for the benefit of the Noteholders, the Surety Provider shall be deemed to be the Noteholder with respect to 100% of the Series 2004-2 Notes for such purposes.

Section 6.12 Capitalization of AFC-II. AFC-II agrees that on the Series 2004-2 Closing Date it will have capitalization in an amount equal to or greater than 3% of the sum of (x) the Series 2004-2 Invested Amount and (y) the invested amount of the Series 1998-1 Notes, the Series 2000-2 Notes, the Series 2000-4 Notes, the Series 2001-1 Notes, the Series 2001-2 Notes, the Series 2002-1 Notes, the Series 2002-2 Notes, the Series 2002-3 Notes, the Series 2003-1 Notes, the Series 2003-2 Notes, the Series 2003-3 Notes, the Series 2003-4 Notes, the Series 2003-5 Notes and the Series 2004-1 Notes.

Section 6.13 Series 2004-2 Required Non-Program Enhancement Percentage. AFC-II agrees that it will not make any Loan under any Loan Agreement to finance the acquisition of any Vehicle by AESOP Leasing, AESOP Leasing II or ARAC, as the case may be, if, after giving effect to the making of such Loan, the acquisition of such Vehicle and the inclusion of such Vehicle under the relevant Lease, the Series 2004-2 Required Non-Program Enhancement Percentage would exceed 25.0%.

Section 6.14 Third Party Beneficiary. The Surety Provider and each Series 2004-2 Interest Rate Swap Counterparty is an express third party beneficiary of (i) the Base Indenture to the extent of provisions relating to any Enhancement Provider and (ii) this Supplement.

Section 6.15 Prior Notice by Trustee to Surety Provider. Subject to Section 10.1 of the Base Indenture, the Trustee agrees that, so long as no Amortization Event shall have occurred and be continuing with respect to any Series of Notes other than the Series 2004-2 Notes, it shall not exercise any rights or remedies available to it as a result of the occurrence of an Amortization Event with respect to the Series 2004-2 Notes (except those set forth in clauses (f) and (g) of Article III) or a Series 2004-2 Limited Liquidation Event of Default until after the Trustee has given prior written notice thereof to the Surety Provider and obtained the direction of the Required Noteholders with respect to the Series 2004-2 Notes. The Trustee agrees to notify the Surety Provider promptly following any exercise of rights or remedies available to it as a result of the occurrence of any Amortization Event or a Series 2004-2 Limited Liquidation Event of Default.

Section 6.16 Effect of Payments by the Surety Provider. Anything herein to the contrary notwithstanding, any distribution of principal of or interest on the Series 2004-2 Notes that is made with moneys received pursuant to the terms of the Surety Bond shall not (except for the purpose of calculating the Principal Deficit Amount) be considered payment of the Series 2004-2 Notes by AFC-II. The Trustee acknowledges that, without the need for any further action on the part of the Surety Provider, (i) to the extent the Surety Provider makes payments, directly or indirectly, on account of principal of or interest on the Series 2004-2 Notes to the Trustee for the benefit of the Series 2004-2 Noteholders or to the Series 2004-2 Noteholders (including any Preference Amounts as defined in the Surety Bond), the Surety Provider will be fully subrogated to the rights of such Series 2004-2 Noteholders to receive such principal and interest and will be deemed to the extent of the payments so made to be a Series 2004-2 Noteholder and (ii) the Surety Provider shall be paid principal and interest in its capacity as a Series 2004-2 Noteholder until all such payments by the Surety Provider have been fully reimbursed, but only from the sources and in the manner provided herein for the distribution of such principal and interest and in each case only after the Series 2004-2 Noteholders have received all payments of principal and interest due to them hereunder on the related Distribution Date.

Section 6.17 Series 2004-2 Demand Notes. Other than pursuant to a demand thereon pursuant to Section 2.5, AFC-II shall not reduce the amount of the Series 2004-2 Demand Notes or forgive amounts payable thereunder so that the outstanding principal amount of the Series 2004-2 Demand Notes after such reduction or forgiveness is less than the Series 2004-2 Letter of Credit Liquidity Amount. AFC-II shall not agree to any amendment of the

Series 2004-2 Demand Notes without first satisfying the Rating Agency Confirmation Condition and the Rating Agency Consent Condition.

Section 6.18 Subrogation. In furtherance of and not in limitation of the Surety Provider's equitable right of subrogation, each of the Trustee and AFC-II acknowledge that, to the extent of any payment made by the Surety Provider under the Surety Bond with respect to interest on or principal of the Series 2004-2 Notes, including any Preference Amount, as defined in the Surety Bond, the Surety Provider is to be fully subrogated to the extent of such payment and any additional interest due on any late payment, to the rights of the Series 2004-2 Noteholders under the Indenture. Each of AFC-II and the Trustee agree to such subrogation and, further, agree to take such actions as the Surety Provider may reasonably request in writing to evidence such subrogation.

Section 6.19 Termination of Supplement. This Supplement shall cease to be of further effect when all outstanding Series 2004-2 Notes theretofore authenticated and issued have been delivered (other than destroyed, lost, or stolen Series 2004-2 Notes which have been replaced or paid) to the Trustee for cancellation, AFC-II has paid all sums payable hereunder, the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement Amounts due under the Insurance Agreement, the Policy is no longer in effect, the Series 2004-2 Interest Rate Swaps have been terminated and there are no amounts due and owing thereunder and, if the Series 2004-2 Demand Note Payment Amount on the Series 2004-2 Letter of Credit Termination Date was greater than zero, all amounts have been withdrawn from the Series 2004-2 Cash Collateral Account in accordance with Section 2.8(i).

Section 6.20 Condition to Termination of AFC-II's Obligations. Notwithstanding anything to the contrary in Section 11.1 of the Indenture, so long as this Supplement is in effect, AFC-II may not terminate its obligations under the Indenture unless AFC-II shall have delivered to the Surety Provider an Opinion of Counsel, in form and substance acceptable to the Surety Provider, to the effect that, in the event of a bankruptcy proceeding under the Bankruptcy Code in respect of AFC-II, the Lessor or any Lessee, the bankruptcy court would not avoid any amounts distributed to the Series 2004-2 Noteholders or the Surety Provider in connection with such termination.

IN WITNESS WHEREOF, AFC-II and the Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

AESOP FUNDING II L.L.C.

By: /s/ Lori Gebron
Title: Vice President

THE BANK OF NEW YORK (as successor in interest to the corporate trust administration of Harris Trust and Savings Bank), as Trustee

By: /s/ Eric A. Lindahl
Title: Agent

THE BANK OF NEW YORK, as Series 2004-2 Agent

By: /s/ Eric A. Lindahl
Title: Agent

Table of Contents

Exhibit A-1-1
to
Series 2004-2
Supplement

FORM OF RESTRICTED GLOBAL CLASS A-1 NOTE

REGISTERED $_____*

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. 00103R BG 0
ISIN NO. US00103RBG02

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-1 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-1 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-1 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-1 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-1

---

* Denominations of $1,000,000 and integral multiples of $200,000.

NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-1 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-1 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 2.76% RENTAL CAR ASSET BACKED NOTES, CLASS A-1

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [____] MILLION DOLLARS, 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 Class A-1 Note shall be due on the Class A-1 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-1 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-1 Note at the Class A-1 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-1 Note is paid or made available for payment. Interest on this Class A-1 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-1 Notes will be calculated on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Class A-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-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 Class A-1 Note shall be applied first to interest due and payable on this Class A-1 Note as provided above and then to the unpaid principal of this Class A-1 Note. This Class A-1 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note

may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-1 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-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: _____ AESOP FUNDING II L.L.C.

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-1 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

[REVERSE OF CLASS A-1 NOTE]

This Class A-1 Note is one of a duly authorized issue of Class A-1 Notes of the Company, designated as its Series 2004-2 2.76% Rental Car Asset Backed Notes, Class A-1 (herein called the "Class A-1 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-1 Notes are subject to all terms of the Indenture. All terms used in this Class A-1 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-1 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-1 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-1 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-1 Notes. As described above, the entire unpaid principal amount of this Class A-1 Note shall be due and payable on the Class A-1 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-1 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-1 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-1 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-1 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-1 Note (or one or more predecessor Class A-1 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-1 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-1 Note (or any one or more predecessor Class A-1 Notes) effected by any payments made on any Distribution Date shall be binding upon all future

Holders of this Class A-1 Note and of any Class A-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 the Class A-1 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-1 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-1 Invested Amount is less than or equal to 10% of the Class A-1 Initial Invested Amount. The purchase price for such repurchase of the Class A-1 Notes shall equal the aggregate outstanding principal balance of such Class A-1 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-1 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-1 Note may be registered on the Note Register upon surrender of this Class A-1 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-1 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-1 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-1 Note or, in the case of a Note Owner, a beneficial interest in a Class A-1 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-1 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-1 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-1 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-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 Class A-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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-1 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-1 Note, agrees to treat this Class A-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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-1 Note (or any one or more predecessor Class A-1 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-1 Note and of any Class A-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 Class A-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 2004-2 Notes issued thereunder.

The term “Company” as used in this Class A-1 Note includes any successor to the Company under the Indenture.

The Class A-1 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-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 Class A-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 Class A-1 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Interests in this Restricted Global Note may be exchanged for Definitive Notes, subject to the provisions of the Indenture.

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 Class A-1 Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ , attorney, to transfer said Class A-1 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

By: _____ *

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, without alteration, enlargement or any change whatsoever.

Exhibit A-1-2
to
Series 2004-2
Supplement

FORM OF TEMPORARY GLOBAL CLASS A-1 NOTE

REGISTERED
No. R-

$_____**

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BA 0
ISIN NO. USU0081GBA05

THIS NOTE IS A TEMPORARY GLOBAL NOTE, WITHOUT COUPONS, EXCHANGEABLE FOR A PERMANENT GLOBAL NOTE WHICH IS, UNDER CERTAIN CIRCUMSTANCES, IN TURN, EXCHANGEABLE FOR DEFINITIVE NOTES WITHOUT COUPONS. THE RIGHTS ATTACHING TO THIS TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN).

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-1 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-1 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

** Denominations of $1,000,000 and integral multiples of $200,000.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-1 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-1 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-1 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-1 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-1 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

INTERESTS IN THIS TEMPORARY GLOBAL NOTE MAY ONLY BE HELD BY NON-U.S. PERSONS AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT, AND MAY ONLY BE HELD IN BOOK-ENTRY FORM THROUGH EUROCLEAR OR CLEARSTREAM.

AESOP FUNDING II L.L.C.

SERIES 2004-2 2.76% RENTAL CAR ASSET BACKED NOTES, CLASS A-1

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] MILLION DOLLARS (or such lesser amount as shall be the outstanding principal amount of this Temporary Global Note shown in Schedule A hereto), 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 Class A-1 Note shall be due on the Class A-1 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-1 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-1 Note at the Class A-1 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-1 Note is paid or made available for payment. Interest on this Class A-1 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-1 Notes will be calculated on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Class A-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-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 Class A-1 Note shall be applied first to interest due and payable on this Class A-1 Note as provided above and then to the unpaid principal of this Class A-1 Note. This Class A-1 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-1 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-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:_____ AESOP FUNDING II L.L.C.

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-1 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

[REVERSE OF CLASS A-1 NOTE]

This Class A-1 Note is one of a duly authorized issue of Class A-1 Notes of the Company, designated as its Series 2004-2 2.76% Rental Car Asset Backed Notes, Class A-1 (herein called the "Class A-1 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-1 Notes are subject to all terms of the Indenture. All terms used in this Class A-1 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-1 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-1 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-1 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-1 Notes. As described above, the entire unpaid principal amount of this Class A-1 Note shall be due and payable on the Class A-1 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-1 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-1 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-1 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-1 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-1 Note (or one or -more predecessor Class A-1 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-1 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-1 Note (or any one or more predecessor Class A-1 Notes)

effected by any payments made on any Distribution Date shall be binding upon all future Holders of this Class A-1 Note and of any Class A-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 the Class A-1 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-1 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-1 Invested Amount is less than or equal to 10% of the Class A-1 Initial Invested Amount. The purchase price for such repurchase of the Class A-1 Notes shall equal the aggregate outstanding principal balance of such Class A-1 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-1 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-1 Note may be registered on the Note Register upon surrender of this Class A-1 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-1 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-1 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-1 Note or, in the case of a Note Owner, a beneficial interest in a Class A-1 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-1 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-1 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-1 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-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 Class A-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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-1 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-1 Note, agrees to treat this Class A-1 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute,) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series-2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-1 Note (or any one or more predecessor Class A-1 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-1 Note and of any Class A-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 Class A-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 2004-2 Notes issued thereunder.

The term "Company" as used in this Class A-1 Note includes any successor to the Company under the Indenture.

The Class A-1 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-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 Class A-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 Class A-1 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Prior to the Exchange Date (as defined below), payments (if any) on this Temporary Global Note will only be paid to the extent that there is presented by Clearstream Banking, socit anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") to the Trustee at its office in London a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture. After the Exchange Date the holder of this Temporary Global Note will not be entitled to receive any payment hereon, until this Temporary Global Note is exchanged in full for a Permanent Global Note. This Temporary Global Note shall in all other respects be entitled to the same benefits as the Permanent Global Notes under the Indenture.

On or after the date (the "Exchange Date") which is the date that is the 40th day after the completion of the distribution of the relevant Series, interests in this Temporary Global Note may be exchanged (free of charge) for interests in a Permanent Global Note in the form of Exhibit A-1-3 to the Series 2004-2 Supplement upon presentation of this Temporary Global Note at the office in London of the Trustee (or at such other place outside the United States of America, its territories and possessions as the Trustee may agree). The Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Temporary Global Note in respect of which there shall have been presented to the Trustee by Euroclear or Clearstream a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture.

On an exchange of the whole of this Temporary Global Note, this Temporary Global Note shall be surrendered to the Trustee at its office in London. On an exchange of part only of this Temporary Global Note, details of such exchange shall be entered by or on behalf of the Company in Schedule A hereto and the relevant space in Schedule A hereto recording such exchange shall be signed by or on behalf of the Company. If, following the issue of a Permanent Global Note in exchange for some of the Class A-1 Notes represented by this Temporary Global Note, further Notes of this Series are to be exchanged pursuant to this paragraph, such exchange may be effected, without the issue of a new Permanent Global Note, by the Company or its agent

endorsing Part I of Schedule A of the Permanent Global Note previously issued to reflect an increase in the aggregate principal amount of such Permanent Global Note by an amount equal to the aggregate principal amount of the additional Notes of this Series to be exchanged.

Interests in this Temporary Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream. Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-1 Notes by way of an interest in this Temporary Global Note will be treated by the Company, the Trustee and any paying agent as the holder of such number of Class A-1 Notes. For purposes of this Temporary Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-1 Notes and of the principal amount of Class A-1 Notes represented by this Temporary Global Note credited to the securities accounts of such holders of Class A-1 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-1 Note or Class A-1 Notes credited to the securities account of such holder and stating the principal amount of such Class A-1 Note or Class A-1 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Temporary Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-1 Note represented by this Temporary Global Note which is credited to such holder’s securities account with Euroclear or Clearstream without the production of this Temporary Global Note.

SCHEDULE A

SCHEDULE OF EXCHANGES FOR NOTES REPRESENTED BY A PERMANENT GLOBAL NOTE

The following exchanges of a part of this Temporary Global Note for Class A-1 Notes represented by a Permanent Global Note have been made:

Date exchange made	Part of principal amount of this Temporary Global Note exchanged for Notes represented by a Permanent Global Note	Remaining Principal amount of this Temporary Global Note following such exchange	Notation made by or on behalf of the ssuer

EXHIBIT A-1-3
to
Series 2004-2
Supplement

FORM OF PERMANENT GLOBAL CLASS A-1 NOTE

REGISTERED $_____***

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BA 0
ISIN NO. USU0081GBA05

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-1 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-1 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-1 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A

** Denominations of $1,000,000 and integral multiples of $200,000.

SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-1 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-1 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-1 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-1 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 2.76% RENTAL CAR ASSET BACKED NOTES,

CLASS A-1

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] MILLION DOLLARS, 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 Class A-1 Note shall be due on the Class A-1 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-1 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-1 Note at the Class A-1 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-1 Note is paid or made available for payment. Interest on this Class A-1 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-1 Notes will be calculated on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Class A-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-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 Class A-1 Note shall be applied first to interest due and payable on this Class A-1 Note as provided above and then to the unpaid principal of this Class A-1 Note. This Class A-l Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC,

AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Reference is made to the further provisions of this Class A-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-1 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-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:_____ AESOP FUNDING II L.L.C.

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-1 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

[REVERSE OF CLASS A-1 NOTE]

This Class A-1 Note is one of a duly authorized issue of Class A-1 Notes of the Company, designated as its Series 2004-2 2.76% Rental Car Asset Backed Notes, Class A-1 (herein called the "Class A-1 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-1 Notes are subject to all terms of the Indenture. All terms used in this Class A-1 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-1 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-1 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-1 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-1 Notes. As described above, the entire unpaid principal amount of this Class A-1 Note shall be due and payable on the Class A-1 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-1 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-1 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-1 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-1 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-l Note (or one or more predecessor Class A-1 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-1 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-1 Note (or any one or more predecessor Class A-1 Notes)

effected by any payments made on any Distribution Date shall be binding upon all future Holders of this Class A-1 Note and of any Class A-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 the Class A-1 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-1 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-1 Invested Amount is less than or equal to 10% of the Class A-1 Initial Invested Amount. The purchase price for such repurchase of the Class A-1 Notes shall equal the aggregate outstanding principal balance of such Class A-1 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-1 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-1 Note may be registered on the Note Register upon surrender of this Class A-1 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-1 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-1 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-1 Note or, in the case of a Note Owner, a beneficial interest in a Class A-1 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-1 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-1 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-1 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-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 Class A-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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-1 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-1 Note, agrees to treat this Class A-1 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-1 Note (or any one or more predecessor Class A-1 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-1 Note and of any Class A-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 Class A-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 Class A-1 Notes issued thereunder.

The term "Company" as used in this Class A-1 Note includes any successor to the Company under the Indenture.

The Class A-1 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-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 Class A-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 Class A-1 Note at the times, place, and rate, and in the, coin or currency herein prescribed.

Interests in this Permanent Global Note will be transferable in accordance with the rules and procedures for the time being of Clearstream Banking, socit anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-1 Notes by way of an interest in this Permanent Global Note will be treated by the Trustee and any paying agent as the holder of such number of Class A-1 Notes. For purposes of this Permanent Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-1 Notes and of the principal amount of Class A-1 Notes represented by this Permanent Global Note credited to the securities accounts of such holders of Class A-1 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-1 Note or Class A-1 Notes credited to the securities account of such holder and stating the principal amount of such Class A-1 Note or Class A-1 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Permanent Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-1 Note represented by this Permanent Global Note which is credited to such holder's securities account with Euroclear or Clearstream without the production of this Permanent Global Note.

Interests in this Permanent Global Note may be exchanged for Definitive Notes subject to the provisions of the Indenture.

FORM OF RESTRICTED GLOBAL CLASS A-2 NOTE

REGISTERED
No. R-_____

$_____*

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. 00103R BH 8
ISIN NUMBER : US00103RBH84

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-2 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-2 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-2 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEAR-

---

* Denominations of $1,000,000 and integral multiples of $200,000.

ING AGENCY. UNLESS THIS CLASS A-2 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-2 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-2 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-2 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR ASSET BACKED NOTES, CLASS A-2

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [ ] MILLION DOLLARS, 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 Class A-2 Note shall be due on the Class A-2 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-2 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-2 Note at the Class A-2 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-2 Note is paid or made available for payment. Interest on this Class A-2 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-2 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-2 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-2 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 Class A-2 Note shall be applied first to interest due and payable on this Class A-2 Note as provided above and then to the unpaid principal of this Class A-2 Note. This Class A-2 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC,

AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-2 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-2 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-2 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-2 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:_____

AESOP FUNDING II L.L.C.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-2 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Authorized Signatory

[REVERSE OF CLASS A-2 NOTE]

This Class A-2 Note is one of a duly authorized issue of Class A-2 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-2 (herein called the "Class A-2-Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-2 Notes are subject to all terms of the Indenture. All terms used in this Class A-2 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-2 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-2 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-2 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-2 Notes. As described above, the entire unpaid principal amount of this Class A-2 Note shall be due and payable on the Class A-2 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-2 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-2 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-2 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-2 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-2 Note (or one or more predecessor Class A-2 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-2 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-2 Note (or any one or more predecessor Class A-2 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-2 Note and of any Class A-2 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 the Class A-2 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-2 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-2 Invested Amount is less than or equal to 10% of the Class A-2 Initial Invested Amount. The purchase price for such repurchase of the Class A-2 Notes shall equal the aggregate outstanding principal balance of such Class A-2 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-2 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-2 Note may be registered on the Note Register upon surrender of this Class A-2 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-2 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-2 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-2 Note or, in the case of a Note Owner, a beneficial interest in a Class A-2 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-2 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-2 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-2 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-2 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 Class A-2 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-2 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-2 Note, agrees to treat this Class A-2 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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-2 Note (or any one or more predecessor Class A-2 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-2 Note and of any Class A-2 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 Class A-2 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 2004-2 Notes issued thereunder.

The term “Company” as used in this Class A-2 Note includes any successor to the Company under the Indenture.

The Class A-2 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-2 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 Class A-2 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 Class A-2 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Interests in this Restricted Global Note may be exchanged for Definitive Notes, subject to the provisions of the Indenture.

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 Class A-2 Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ , attorney, to transfer said Class A-2 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

By [1] _____

Signature Guaranteed:

_____

_____

[1] 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, without alteration, enlargement or any change whatsoever.

EXHIBIT A-2-2
to
Series 2004-2
Supplement

FORM OF TEMPORARY GLOBAL CLASS A-2 NOTE

REGISTERED $_____**

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BB 8
ISIN NO. USU0081GBB87

THIS NOTE IS A TEMPORARY GLOBAL NOTE, WITHOUT COUPONS, EXCHANGEABLE FOR A PERMANENT GLOBAL NOTE WHICH IS, UNDER CERTAIN CIRCUMSTANCES, IN TURN, EXCHANGEABLE FOR DEFINITIVE NOTES WITHOUT COUPONS. THE RIGHTS ATTACHING TO THIS TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN).

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-2 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-2 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE

** Denominations of $1,000,000 and integral multiples of $200,000.

WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-2 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-2 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-2 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-2 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-2 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

INTERESTS IN THIS TEMPORARY GLOBAL NOTE MAY ONLY BE HELD BY NON-U.S. PERSONS AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT, AND MAY ONLY BE HELD IN BOOK-ENTRY FORM THROUGH EUROCLEAR OR CLEARSTREAM.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR
ASSET BACKED NOTES, CLASS A-2

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [___] MILLION DOLLARS (or such lesser amount as shall be the outstanding principal amount of this Temporary Global Note shown in Schedule A hereto), 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 Class A-2 Note shall be due on the Class A-2 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-2 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-2 Note

at the Class A-2 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-2 Note is paid or made available for payment. Interest on this Class A-2 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-2 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-2 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-2 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 Class A-2 Note shall be applied first to interest due and payable on this Class A-2 Note as provided above and then to the unpaid principal of this Class A-2 Note. This Class A-2 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-2 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-2 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-2 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-2 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: _____

AESOP FUNDING II L.L.C.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-2 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Authorized Signatory

[REVERSE OF CLASS A-2 NOTE]

This Class A-2 Note is one of a duly authorized issue of Class A-2 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-2 (herein called the "Class A-2 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-2 Notes are subject to all terms of the Indenture. All terms used in this Class A-2 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-2 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-2 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-2 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-2 Notes. As described above, the entire unpaid principal amount of this Class A-2 Note shall be due and payable on the Class A-2 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-2 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-2 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-2 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-2 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-2 Note (or one or more predecessor Class A-2 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-2 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-2 Note (or any one or more predecessor Class A-2 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-2 Note and of any Class A-2 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 the Class A-2 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-2 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-2 Invested Amount is less than or equal to 10% of the Class A-2 Initial Invested Amount. The purchase price for such repurchase of the Class A-2 Notes shall equal the aggregate outstanding principal balance of such Class A-2 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-2 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-2 Note may be registered on the Note Register upon surrender of this Class A-2 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-2 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-2 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-2 Note or, in the case of a Note Owner, a beneficial interest in a Class A-2 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-2 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-2 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-2 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-2 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 Class A-2 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-2 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-2 Note, agrees to treat this Class A-2 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-2 Note (or any one or more predecessor Class A-2 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-2 Note and of any Class A-2 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 Class A-2 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 2004-2 Notes issued thereunder.

The term "Company" as used in this Class A-2 Note includes any successor to the Company under the Indenture.

The Class A-2 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-2 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 Class A-2 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 Class A-2 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Prior to the Exchange Date (as defined below), payments (if any) on this Temporary Global Note will only be paid to the extent that there is presented by Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") to the Trustee at its office in London a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture. After the Exchange Date the holder of this Temporary Global Note will not be entitled to receive any payment hereon, until this Temporary Global Note is exchanged in full for a Permanent Global Note. This Temporary Global Note shall in all other respects be entitled to the same benefits as the Permanent Global Notes under the Indenture.

On or after the date (the "Exchange Date") which is the date that is the 40th day after the completion of the distribution of the relevant Series, interests in this Temporary Global Note may be exchanged (free of charge) for interests in a Permanent Global Note in the form of Exhibit A-2-3 to the Series 2004-2 Supplement upon presentation of this Temporary Global Note at the office in London of the Trustee (or at such other place outside the United States of America, its territories and possessions as the Trustee may agree). The Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Temporary Global Note in respect of which there shall have been presented to the Trustee by Euroclear or Clearstream a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture.

On an exchange of the whole of this Temporary Global Note, this Temporary Global Note shall be surrendered to the Trustee at its office in London. On an exchange of part

only of this Temporary Global Note, details of such exchange shall be entered by or on behalf of the Company in Schedule A hereto and the relevant space in Schedule A hereto recording such exchange shall be signed by or on behalf of the Company. If, following the issue of a Permanent Global Note in exchange for some of the Class A-2 Notes represented by this Temporary Global Note, further Notes of this Series are to be exchanged pursuant to this paragraph, such exchange may be effected, without the issue of a new Permanent Global Note, by the Company or its agent endorsing Part I of Schedule A of the Permanent Global Note previously issued to reflect an increase in the aggregate principal amount of such Permanent Global Note by an amount equal to the aggregate principal amount of the additional Notes of this Series to be exchanged.

Interests in this Temporary Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream. Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-2 Notes by way of an interest in this Temporary Global Note will be treated by the Company, the Trustee and any paying agent as the holder of such number of Class A-2 Notes. For purposes of this Temporary Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-2 Notes and of the principal amount of Class A-2 Notes represented by this Temporary Global Note credited to the securities accounts of such holders of Class A-2 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-2 Note or Class A-2 Notes credited to the securities account of such holder and stating the principal amount of such Class A-2 Note or Class A-2 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Temporary Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-2 Note represented by this Temporary Global Note which is credited to such holder’s securities account with Euroclear or Clearstream without the production of this Temporary Global Note.

SCHEDULE A

**SCHEDULE OF EXCHANGES FOR NOTES
REPRESENTED BY A PERMANENT GLOBAL NOTE**

The following exchanges of a part of this Temporary Global Note for Class A-2 Notes represented by a Permanent Global Note have been made:

Date Exchange Made	***Part of Principal amount of this Temporary Global Note exchanged for Notes represented by a Permanent Global Note***	***Remaining Principal Amount of this Temporary Global Note following such Exchange***	***Notation made by or on behalf of the Issuer***

EXHIBIT A-2-3
to
Series 2004-2
Supplement

FORM OF PERMANENT GLOBAL CLASS A-2 NOTE

REGISTERED $_____***

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BB 8
ISIN NO. USU0081GBB87

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-2 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-2 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

*** Denominations of $1,000,000 and integral multiples of $200,000.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-2 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-2 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-2 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-2 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-2 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR
ASSET BACKED NOTES, CLASS A-2

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [ ] MILLION DOLLARS, 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 Class A-2 Note shall be due on the Class A-2 Final Distribution Date, which is the April 2008 Distribution Date. However, principal with respect to the Class A-2 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-2 Note at the Class A-2 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-2 Note is paid or made available for payment. Interest on this Class A-2 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-2 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-2 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-2 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 Class A-2

Note shall be applied first to interest due and payable on this Class A-2 Note as provided above and then to the unpaid principal of this Class A-2 Note. This Class A-2 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Reference is made to the further provisions of this Class A-2 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-2 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-2 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-2 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: _____

AESOP FUNDING II L.L.C.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-2 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Authorized Signatory

[REVERSE OF CLASS A-2 NOTE]

This Class A-2 Note is one of a duly authorized issue of Class A-2 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-2 (herein called the "Class A-2 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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, as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-2 Notes are subject to all terms of the Indenture. All terms used in this Class A-2 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-2 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-2 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-2 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-2 Notes. As described above, the entire unpaid principal amount of this Class A-2 Note shall be due and payable on the Class A-2 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-2 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-2 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-2 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-2 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-2 Note (or one or more predecessor Class A-2 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-2 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-2 Note (or any one or more predecessor Class A-2 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-2 Note and of any Class A-2 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 the Class A-2 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-2 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-2 Invested Amount is less than or equal to 10% of the Class A-2 Initial Invested Amount. The purchase price for such repurchase of the Class A-2 Notes shall equal the aggregate outstanding principal balance of such Class A-2 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-2 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-2 Note may be registered on the Note Register upon surrender of this Class A-2 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-2 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-2 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-2 Note or, in the case of a Note Owner, a beneficial interest in a Class A-2 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-2 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-2 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-2 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-2 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 Class A-2 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-2 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-2 Note, agrees to treat this Class A-2 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-2 Note (or any one or more predecessor Class A-2 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-2 Note and of any Class A-2 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 Class A-2 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 Class A-2 Notes issued thereunder.

The term "Company" as used in this Class A-2 Note includes any successor to the Company under the Indenture.

The Class A-2 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-2 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 Class A-2 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 Class A-2 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Interests in this Permanent Global Note will be transferable in accordance with the rules and procedures for the time being of Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-2 Notes by way of an interest in this Permanent Global Note will be treated by the Trustee and any paying agent as the holder of such number of Class A-2 Notes. For purposes of this Permanent Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-2 Notes and of the principal amount of Class A-2 Notes represented by this Permanent Global Note credited to the securities accounts of such holders of Class A-2 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-2 Note or Class A-2 Notes credited to the securities account of such holder and stating the principal amount of such Class A-2 Note or Class A-2 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Permanent Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-2 Note represented by this Permanent Global Note which is credited to such holder's securities account with Euroclear or Clearstream without the production of this Permanent Global Note.

Interests in this Permanent Global Note may be exchanged for Definitive Notes subject to the provisions of the Indenture.

FORM OF RESTRICTED GLOBAL CLASS A-3 NOTE

REGISTERED
No. R-__

$_____*

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. 00103R BJ 4
ISIN NUMBER : US00103RBJ41

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-3 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-3 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-3 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEAR-

---

* Denominations of $1,000,000 and integral multiples of $200,000.

ING AGENCY. UNLESS THIS CLASS A-3 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-3 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-3 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-3 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR ASSET BACKED NOTES, CLASS A-3

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] MILLION DOLLARS, 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 Class A-3 Note shall be due on the Class A-3 Final Distribution Date, which is the April 2010 Distribution Date. However, principal with respect to the Class A-3 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-3 Note at the Class A-3 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-3 Note is paid or made available for payment. Interest on this Class A-3 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-3 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-3 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-3 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 Class A-3 Note shall be applied first to interest due and payable on this Class A-3 Note as provided above and then to the unpaid principal of this Class A-3 Note. This Class A-3 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC,

AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-3 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-3 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-3 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-3 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: _____

AESOP FUNDING II L.L.C.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-3 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Authorized Signatory

[REVERSE OF CLASS A-3 NOTE]

This Class A-3 Note is one of a duly authorized issue of Class A-3 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-3 (herein called the "Class A-3-Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-3 Notes are subject to all terms of the Indenture. All terms used in this Class A-3 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-3 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-3 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-3 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-3 Notes. As described above, the entire unpaid principal amount of this Class A-3 Note shall be due and payable on the Class A-3 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-3 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-3 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-3 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-3 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-3 Note (or one or more predecessor Class A-3 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-3 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-3 Note (or any one or more predecessor Class A-3 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-3 Note and of any Class A-3 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 the Class A-3 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-3 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-3 Invested Amount is less than or equal to 10% of the Class A-3 Initial Invested Amount. The purchase price for such repurchase of the Class A-3 Notes shall equal the aggregate outstanding principal balance of such Class A-3 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-3 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-3 Note may be registered on the Note Register upon surrender of this Class A-3 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-3 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-3 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-3 Note or, in the case of a Note Owner, a beneficial interest in a Class A-3 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-3 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-3 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-3 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-3 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 Class A-3 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-3 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-3 Note, agrees to treat this Class A-3 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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-3 Note (or any one or more predecessor Class A-3 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-3 Note and of any Class A-3 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 Class A-3 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 2004-2 Notes issued thereunder.

The term “Company” as used in this Class A-3 Note includes any successor to the Company under the Indenture.

The Class A-3 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-3 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 Class A-3 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 Class A-3 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Interests in this Restricted Global Note may be exchanged for Definitive Notes, subject to the provisions of the Indenture.

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 Class A-3 Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said Class A-3 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

By _____ [2]

Signature Guaranteed:

_____

_____

[2] 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, without alteration, enlargement or any change whatsoever.

EXHIBIT A-3-2
to
Series 2004-2
Supplement

FORM OF TEMPORARY GLOBAL CLASS A-3 NOTE

REGISTERED $_____**

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BC 6
ISIN NO. USU0081GBC60

THIS NOTE IS A TEMPORARY GLOBAL NOTE, WITHOUT COUPONS, EXCHANGEABLE FOR A PERMANENT GLOBAL NOTE WHICH IS, UNDER CERTAIN CIRCUMSTANCES, IN TURN, EXCHANGEABLE FOR DEFINITIVE NOTES WITHOUT COUPONS. THE RIGHTS ATTACHING TO THIS TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN).

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-3 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-3 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY (UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE

** Denominations of $1,000,000 and integral multiples of $200,000.

WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-3 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-3 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-3 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-3 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-3 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

INTERESTS IN THIS TEMPORARY GLOBAL NOTE MAY ONLY BE HELD BY NON-U.S. PERSONS AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT, AND MAY ONLY BE HELD IN BOOK-ENTRY FORM THROUGH EUROCLEAR OR CLEARSTREAM.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR
ASSET BACKED NOTES, CLASS A-3

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] MILLION DOLLARS (or such lesser amount as shall be the outstanding principal amount of this Temporary Global Note shown in Schedule A hereto), 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 Class A-3 Note shall be due on the Class A-3 Final Distribution Date, which is the April 2010 Distribution Date. However, principal with respect to the Class A-3 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-3 Note

at the Class A-3 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-3 Note is paid or made available for payment. Interest on this Class A-3 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-3 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-3 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-3 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 Class A-3 Note shall be applied first to interest due and payable on this Class A-3 Note as provided above and then to the unpaid principal of this Class A-3 Note. This Class A-3 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Interests in this Note are exchangeable or transferable in whole or in part for interests in a Restricted Global Note if this Note is a Temporary Global Note, or for interests in a Temporary Global Note or a Permanent Global Note if this Note is a Restricted Global Note (each as defined in the Base Indenture), in each case of the same Series and Class, provided that such transfer or exchange complies with Article 2 of the Base Indenture. Interests in this Note may be exchangeable in whole or in part for duly executed and issued definitive registered Notes if so provided in Article 2 of the Base Indenture, with the applicable legends as marked therein, subject to the provisions of the Base Indenture.

Reference is made to the further provisions of this Class A-3 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-3 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-3 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-3 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: _____

AESOP FUNDING II L.L.C.

By _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-3 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By _____
Authorized Signatory

[REVERSE OF CLASS A-3 NOTE]

This Class A-3 Note is one of a duly authorized issue of Class A-3 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-3 (herein called the "Class A-3 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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 as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-3 Notes are subject to all terms of the Indenture. All terms used in this Class A-3 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-3 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-3 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-3 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-3 Notes. As described above, the entire unpaid principal amount of this Class A-3 Note shall be due and payable on the Class A-3 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-3 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-3 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-3 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-3 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-3 Note (or one or more predecessor Class A-3 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-3 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-3 Note (or any one or more predecessor Class A-3 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-3 Note and of any Class A-3 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 the Class A-3 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-3 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-3 Invested Amount is less than or equal to 10% of the Class A-3 Initial Invested Amount. The purchase price for such repurchase of the Class A-3 Notes shall equal the aggregate outstanding principal balance of such Class A-3 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-3 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-3 Note may be registered on the Note Register upon surrender of this Class A-3 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-3 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-3 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-3 Note or, in the case of a Note Owner, a beneficial interest in a Class A-3 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-3 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-3 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-3 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-3 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 Class A-3 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-3 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-3 Note, agrees to treat this Class A-3 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-3 Note (or any one or more predecessor Class A-3 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-3 Note and of any Class A-3 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 Class A-3 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 2004-2 Notes issued thereunder.

The term "Company" as used in this Class A-3 Note includes any successor to the Company under the Indenture.

The Class A-3 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-3 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 Class A-3 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 Class A-3 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Prior to the Exchange Date (as defined below), payments (if any) on this Temporary Global Note will only be paid to the extent that there is presented by Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") to the Trustee at its office in London a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture. After the Exchange Date the holder of this Temporary Global Note will not be entitled to receive any payment hereon, until this Temporary Global Note is exchanged in full for a Permanent Global Note. This Temporary Global Note shall in all other respects be entitled to the same benefits as the Permanent Global Notes under the Indenture.

On or after the date (the "Exchange Date") which is the date that is the 40th day after the completion of the distribution of the relevant Series, interests in this Temporary Global Note may be exchanged (free of charge) for interests in a Permanent Global Note in the form of Exhibit A-3-3 to the Series 2004-2 Supplement upon presentation of this Temporary Global Note at the office in London of the Trustee (or at such other place outside the United States of America, its territories and possessions as the Trustee may agree). The Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Temporary Global Note in respect of which there shall have been presented to the Trustee by Euroclear or Clearstream a certificate, substantially in the form set out in Exhibit B to the Base Indenture, to the effect that it has received from or in respect of a person entitled to a Note (as shown by its records) a certificate from such person in or substantially in the form of Exhibit C to the Base Indenture.

On an exchange of the whole of this Temporary Global Note, this Temporary Global Note shall be surrendered to the Trustee at its office in London. On an exchange of part

only of this Temporary Global Note, details of such exchange shall be entered by or on behalf of the Company in Schedule A hereto and the relevant space in Schedule A hereto recording such exchange shall be signed by or on behalf of the Company. If, following the issue of a Permanent Global Note in exchange for some of the Class A-3 Notes represented by this Temporary Global Note, further Notes of this Series are to be exchanged pursuant to this paragraph, such exchange may be effected, without the issue of a new Permanent Global Note, by the Company or its agent endorsing Part I of Schedule A of the Permanent Global Note previously issued to reflect an increase in the aggregate principal amount of such Permanent Global Note by an amount equal to the aggregate principal amount of the additional Notes of this Series to be exchanged.

Interests in this Temporary Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream. Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-3 Notes by way of an interest in this Temporary Global Note will be treated by the Company, the Trustee and any paying agent as the holder of such number of Class A-3 Notes. For purposes of this Temporary Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-3 Notes and of the principal amount of Class A-3 Notes represented by this Temporary Global Note credited to the securities accounts of such holders of Class A-3 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-3 Note or Class A-3 Notes credited to the securities account of such holder and stating the principal amount of such Class A-3 Note or Class A-3 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Temporary Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-3 Note represented by this Temporary Global Note which is credited to such holder’s securities account with Euroclear or Clearstream without the production of this Temporary Global Note.

SCHEDULE A

**SCHEDULE OF EXCHANGES FOR NOTES
REPRESENTED BY A PERMANENT GLOBAL NOTE**

The following exchanges of a part of this Temporary Global Note for Class A-3 Notes represented by a Permanent Global Note have been made:

Date Exchange Made	*Part of Principal amount of this Temporary Global Note exchanged for Notes represented by a Permanent Global Note*	*Remaining Principal Amount of this Temporary Global Note following such Exchange*	*Notation made by or on behalf of the Issuer*

Exhibit A-3-3
to
Series 2004-2
Supplement

FORM OF PERMANENT GLOBAL CLASS A-3 NOTE

REGISTERED $_____***

No. R-

SEE REVERSE FOR CERTAIN CONDITIONS

CUSIP (CINS) NO. U0081G BC 6
ISIN NO. USU0081GBC60

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE HOLDER HEREOF, BY PURCHASING THIS CLASS A-3 NOTE, AGREES FOR THE BENEFIT OF AESOP FUNDING II L.L.C. (THE "COMPANY") THAT THIS CLASS A-3 NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE COMPANY s(UPON REDEMPTION THEREOF OR OTHERWISE), (2) TO A PERSON THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S OF THE SECURITIES ACT) IN A TRANSACTION IN COMPLIANCE WITH REGULATION S OF THE SECURITIES ACT, OR (4) IN A TRANSACTION COMPLYING WITH OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH SUCH TRANSFER SHALL BE IN ACCORDANCE WITH THE BASE INDENTURE, ANY APPLICABLE SUPPLEMENT AND ALL APPLICABLE SECURITIES LAWS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

*** Denominations of $1,000,000 and integral multiples of $200,000.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 2.9 OF THE BASE INDENTURE, THIS CLASS A-3 NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE CLEARING AGENCY OR TO A SUCCESSOR CLEARING AGENCY OR TO A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS CLASS A-3 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO AESOP FUNDING II L.L.C. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CLASS A-3 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS CLASS A-3 NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS CLASS A-3 NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

AESOP FUNDING II L.L.C.

SERIES 2004-2 FLOATING RATE RENTAL CAR
ASSET BACKED NOTES, CLASS A-3

AESOP FUNDING II L.L.C., a Delaware limited liability company (herein referred to as the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] MILLION DOLLARS, 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 Class A-3 Note shall be due on the Class A-3 Final Distribution Date, which is the April 2010 Distribution Date. However, principal with respect to the Class A-3 Notes may be paid earlier or later under certain limited circumstances described in the Indenture. The Company will pay interest on this Class A-3 Note at the Class A-3 Note Rate. Such interest shall be payable on each Distribution Date until the principal of this Class A-3 Note is paid or made available for payment. Interest on this Class A-3 Note will accrue for each Distribution Date from the most recent Distribution Date on which interest has been paid to but excluding such Distribution Date or, if no interest has yet been paid, from February 18, 2004. Interest with respect to the Class A-3 Notes will be calculated in the manner provided in the Indenture. Such principal of and interest on this Class A-3 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Class A-3 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 Class A-3

Note shall be applied first to interest due and payable on this Class A-3 Note as provided above and then to the unpaid principal of this Class A-3 Note. This Class A-3 Note does not represent an interest in, or an obligation of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC or any affiliate of Original AESOP, AESOP Leasing, AESOP Leasing II, AFC, AGH, ARAC other than the Company.

Reference is made to the further provisions of this Class A-3 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Class A-3 Note. Although a summary of certain provisions of the Indenture are set forth below and on the reverse hereof and made a part hereof, this Class A-3 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 AESOP Leasing, AESOP Leasing II, ARAC 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, c/o BNY Midwest Trust Company, 2 North LaSalle Street, 10th Floor, Chicago, Illinois 60602. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Indenture.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A-3 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: _____

AESOP FUNDING II L.L.C.

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A-3 Notes of the Series 2004-2 Notes, a series issued under the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

[REVERSE OF CLASS A-3 NOTE]

This Class A-3 Note is one of a duly authorized issue of Class A-3 Notes of the Company, designated as its Series 2004-2 Floating Rate Rental Car Asset Backed Notes, Class A-3 (herein called the "Class A-3 Notes"), all issued under (i) an Amended and Restated Base Indenture dated as of July 30, 1997 (such Base Indenture, as amended, supplemented 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, as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee", which term includes any successor Trustee under the Base Indenture), and (ii) a Series 2004-2 Supplement dated as of February 18, 2004 (such supplement, as may be amended or modified, is herein called the "Series 2004-2 Supplement") among the Company, the Trustee and The Bank of New York, as Series 2004-2 Agent. The Base Indenture and the Series 2004-2 Supplement are referred to herein as the "Indenture". The Class A-3 Notes are subject to all terms of the Indenture. All terms used in this Class A-3 Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

The Class A-3 Notes are and will be equally and ratably secured by the Series 2004-2 Collateral pledged as security therefor as provided in the Indenture.

Principal of the Class A-3 Notes will be payable on each Distribution Date specified in and in the amounts described in the Indenture. "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 March 22, 2004.

Commencing on the Distribution Date following the second Determination Date during the Class A-3 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2004-2 Rapid Amortization Period, payments with respect to principal will be made on the Class A-3 Notes. As described above, the entire unpaid principal amount of this Class A-3 Note shall be due and payable on the Class A-3 Final Distribution Date. Notwithstanding the foregoing, if an Amortization Event, Liquidation Event of Default, Waiver Event or Series 2004-2 Limited Liquidation Event of Default shall have occurred and be continuing then, in certain circumstances, principal on the Class A-3 Notes may be paid earlier, as described in the Indenture. All principal payments on the Class A-3 Notes shall be made pro rata to the Noteholders entitled thereto.

Payments of interest on this Class A-3 Note due and payable on each Distribution Date, together with the installment of principal then due, if any, to the extent not in full payment of this Class A-3 Note, shall be made by wire transfer for credit to the account designated by the Holder of record of this Class A-3 Note (or one or more predecessor Class A-3 Notes) on the Note Register as of the close of business on each Record Date, except that with respect to Class A-3 Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payments will be made by wire transfer in immediately available funds to the account designated by such nominee. Any reduction in the principal amount of this Class A-3 Note (or any one or more predecessor Class A-3 Notes) effected by any

payments made on any Distribution Date shall be binding upon all future Holders of this Class A-3 Note and of any Class A-3 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 the Class A-3 Note Rate to the extent lawful.

As provided in the Indenture, the Class A-3 Notes may be redeemed, in whole, but not in part, at the option of the Company on any Distribution Date if on such Distribution Date the Class A-3 Invested Amount is less than or equal to 10% of the Class A-3 Initial Invested Amount. The purchase price for such repurchase of the Class A-3 Notes shall equal the aggregate outstanding principal balance of such Class A-3 Notes (determined after giving effect to any payment of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding Class A-3 Invested Amount.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Class A-3 Note may be registered on the Note Register upon surrender of this Class A-3 Note for registration of transfer at the office or agency designated by the Company pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an "Eligible Guarantor Institution" (as defined in Rule 17Ad-15 under the Exchange Act), and such other documents as the Trustee may reasonably require, and thereupon one or more new Class A-3 Notes of authorized denominations in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Class A-3 Note, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder or Note Owner by acceptance of a Class A-3 Note or, in the case of a Note Owner, a beneficial interest in a Class A-3 Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee on the Class A-3 Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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, AESOP Leasing, AESOP Leasing II or ARAC in its individual capacity, any holder of a beneficial interest in the Company, AESOP Leasing, AESOP Leasing II, ARAC or the Trustee or of any successor or assign of the Trustee, AESOP Leasing, AESOP Leasing II or ARAC 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 Class A-3 Note, subject to Section 13.18 of the Base Indenture.

Each Noteholder or Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder or Note Owner, as the case may be, 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 Class A-3 Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Class A-3 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 Class A-3 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, each Noteholder and each Note Owner that, for Federal, state and local income and franchise tax purposes only, the Class A-3 Notes will evidence indebtedness of the Company secured by the Series 2004-2 Collateral. Each Noteholder and each Note Owner, by the acceptance of this Class A-3 Note, agrees to treat this Class A-3 Note for Federal, state and local income and franchise tax purposes as indebtedness of the Company.

Each Holder of this Note shall provide to the Trustee at least annually an appropriate statement (on Internal Revenue Service Form W-8 or suitable substitute) with respect to United States federal income tax and withholding tax, signed under penalties of perjury, certifying that the beneficial owner of this Note is a non-U.S. person and providing the Noteholder's name and address. If the information provided in the statement changes, the Noteholder shall so inform the Trustee within 30 days of such change.

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 2004-2 Notes under the Indenture at any time by the Company with the consent of the Holders of Series 2004-2 Notes representing more than 50% in principal amount of the aggregate outstanding amount of the Series 2004-2 Notes which are affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of Series 2004-2 Notes representing specified percentages of the aggregate outstanding amount of the Series 2004-2 Notes, on behalf of the Holders of all the Series 2004-2 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 Class A-3 Note (or any one or more predecessor Class A-3 Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A-3 Note and of any Class A-3 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 Class A-3 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 Class A-3 Notes issued thereunder.

The term "Company" as used in this Class A-3 Note includes any successor to the Company under the Indenture.

The Class A-3 Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Class A-3 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 Class A-3 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 Class A-3 Note at the times, place, and rate, and in the coin or currency herein prescribed.

Interests in this Permanent Global Note will be transferable in accordance with the rules and procedures for the time being of Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). Each person who is shown in the records of Euroclear and Clearstream as entitled to a particular number of Class A-3 Notes by way of an interest in this Permanent Global Note will be treated by the Trustee and any paying agent as the holder of such number of Class A-3 Notes. For purposes of this Permanent Global Note, the securities account records of Euroclear or Clearstream shall, in the absence of manifest error, be conclusive evidence of the identity of the holders of Class A-3 Notes and of the principal amount of Class A-3 Notes represented by this Permanent Global Note credited to the securities accounts of such holders of Class A-3 Notes. Any statement issued by Euroclear or Clearstream to any holder relating to a specified Class A-3 Note or Class A-3 Notes credited to the securities account of such holder and stating the principal amount of such Class A-3 Note or Class A-3 Notes and certified by Euroclear or Clearstream to be a true record of such securities account shall, in the absence of manifest error, be conclusive evidence of the records of Euroclear or Clearstream for the purposes of the next preceding sentence (but without prejudice to any other means of producing such records in evidence). Notwithstanding any provision to the contrary contained in this Permanent Global Note, the Company irrevocably agrees, for the benefit of such holder and its successors and assigns, that, subject to the provisions of the Indenture, each holder or its successors or assigns may file any claim, take any action or institute any proceeding to enforce, directly against the Company, the obligation of the Company hereunder to pay any amount due in respect of each Class A-3 Note represented by this Permanent Global Note which is credited to such holder's securities account with Euroclear or Clearstream without the production of this Permanent Global Note.

Interests in this Permanent Global Note may be exchanged for Definitive Notes subject to the provisions of the Indenture.

EXHIBIT B
to
Series 2004-2
Supplement

FORM OF CONSENT

The Bank of New York,
c/o BNY Midwest Trust Company
as Trustee
2 North LaSalle Street
10th Floor
Chicago, Illinois 60602
Attn: Indenture Trust Administration

AESOP Funding II L.L.C.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attn: Frank B. Bilotta

This Consent is delivered pursuant to the Waiver Request dated _____, ___ (the "Notice") and the Series 2004-2 Supplement, dated as of February 18, 2004 (as amended, modified or supplemented from time to time, the "Series 2004-2 Supplement") between AESOP Funding II L.L.C., a Delaware limited liability company ("AFC-II"), and The Bank of New York, a New York banking corporation, as Trustee ("Trustee"). Terms used herein have the meaning provided in the Series 2004-2 Supplement.

Pursuant to Article IV of the Series 2004-2 Supplement, the Trustee has delivered a Notice indicating that [choose which applies] [(i) the Manufacturer Program[s] of [name of Manufacturer] [is/are] no longer [an] Eligible Manufacturer Program[s] and that, as a result, the Series 2004-2 Maximum Non-Program Vehicle Amount [and/or] the Series 2004-2 Maximum Non-Eligible Manufacturer Amount is or will be exceeded or (ii) that the Lessees, the Borrower and AFC-II have determined to increase [the Series 2004-2 Maximum Non-Program Vehicle Amount] [the Series 2004-2 Maximum Manufacturer Amount] [any Series 2004-2 Maximum Specified States Amount] [the Series 2004-2 Maximum Non-Eligible Manufacturer Amount]]. The undersigned hereby waives all requirements that the [Series 2004-2 Maximum Non-Program Vehicle Amount] [Series 2004-2 Maximum Manufacturer Amount] [any Series 2004-2 Maximum Specified States Amount] [Series 2004-2 Maximum Non-Eligible Manufacturer Amount] not be exceeded for all purposes of the Indenture and the Series 2004-2 Supplement. The undersigned understands that this Consent will only be effective if the Trustee receives Consents from Noteholders representing not less than 25% of the aggregate unpaid principal amount of the Series 2004-2 Notes on or before _____, 20___.

The undersigned hereby represents and warrants that it is the beneficial owner of $_____ in principal amount of [Class A-1/Class A-2/Class A-3] Series 2004-2 Notes.

[Name]

By: _____
Name:
Title:

EXHIBIT C
to
Series 2004-2
Supplement

AESOP Funding II L.L.C.
Demand Note

FORM OF DEMAND NOTE
(Series 2004-2)

New York, New York
$[_____] February 18, 2004

FOR VALUE RECEIVED, the undersigned, [_____], a [_____] ("the "Demand Note Issuer"), promises to pay to the order of AESOP Funding II L.L.C., a Delaware limited liability company, 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 Amended and Restated Base Indenture, dated as of July 30, 1997 (as may be amended, restated, supplemented or modified from time to time, exclusive of supplements thereto creating a new Series of Notes, the "Base Indenture"), between AESOP Funding II L.L.C., a Delaware limited liability company (the "Issuer ") and The Bank of New York, a New York banking corporation, as successor in interest to the corporate trust administration of Harris Trust and Savings Bank, as trustee (the "Trustee"), as supplemented by the Series 2004-2 Supplement, dated as of February 18, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Series 2004-2 Supplement "), between the Issuer and the Trustee.

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 20th day (or the first Business Day thereafter) of each calendar month commencing on March 22, 2004. 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 2004-2 Interest Period to the outstanding principal balance for such Series 2004-2 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.

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 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 appraisement, 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 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 2004-2 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 2004-2 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 2004-2 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 2004-2 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]

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.

[DEMAND NOTE ISSUER]

By: _____
Name:
Title:

ENDORSEMENT

Pay to the Order of _____, without recourse

AESOP FUNDING II L.L.C.

By: _____
Name:
Title:

PAYMENT GRID

Date	Principal Amount	Amount of Principal Payment	Outstanding Principal Balance	Notation Made By

EXHIBIT D
to
Series 2004-2
Supplement

FORM OF IRREVOCABLE SERIES 2004-2 LETTER OF CREDIT
No.[ ]

_____ __, 200_

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street
10th Floor
Chicago, Illinois 60602

Attention:

Dear Sir or Madam:

The undersigned ("Series 2004-2 Letter of Credit Provider") hereby establishes, at the request and for the account of Cendant Corporation, a Delaware corporation ("Cendant"), pursuant to, and in accordance with, that certain Three Year Competitive Advance and Revolving Credit Agreement, dated as of December 10, 2002 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "Credit Agreement"), among Cendant and the financial institutions party thereto (collectively, the "Series 2004-2 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), (iii) in your favor in respect of Termination Demands (as defined below) and (iv) in your favor in respect of Termination Date 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 2004-2 Letter of Credit Provider by written notice delivered to you, being the "Series 2004-2 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 2004-2 Letter of Credit is extended (or, if such date is not a Business Day, the immediately succeeding Business Day) (the " Scheduled Expiration Date") and (ii) the date on which we receive written notice from you that the Series 2004-2 Letter of Credit Termination Date shall have occurred. You are the trustee under that certain Amended and Restated Base Indenture (the "Base Indenture"), dated as of July 30, 1997, between you (the "Trustee") and AESOP Funding II L.L.C. ("AFC-II"), as the same may be amended, supplemented or otherwise modified from time to time. "Series 2004-2 Supplement" means the Series 2004-2 Supplement, dated as of February 18, 2004, between AFC-II and the Trustee, to the Base Indenture, 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 otherwise defined herein shall have the meaning set forth in the Series 2004-2 Supplement and the Base Indenture.

The Series 2004-2 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 in the form of Annex A attached hereto (any such certificate being a "Lease Deficit Demand"), each presented to the Series 2004-2 Letter of Credit Provider at the Series 2004-2 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 the 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 in the form of Annex B attached hereto (such certificate being an "Unpaid Demand Note Demand"), each presented to the Series 2004-2 Letter of Credit Provider at the Series 2004-2 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 not in the aggregate 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 in the form of Annex C attached hereto (such certificate being a "Termination Demand"), presented to the Series 2004-2 Letter of Credit Provider at the Series 2004-2 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 in the form of Annex D attached hereto (such certificate being a "Termination Date Demand"), presented to the Series 2004-2 Letter of Credit Provider at the Series 2004-2 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 2004-2 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 2004-2 Letter of Credit Provider shall have no obligation to honor any other draw request. Any payments made by the Series 2004-2 Letter of Credit Provider shall be paid from funds of the Series 2004-2 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 2004-2 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 la w to close in New York City, New York or Chicago, Illinois. Upon the Series

2004-2 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 the amount of the Lease Deficit Demand, Unpaid Demand Note Demand, Termination Demand or Termination Date Demand paid by the Series 2004-2 Letter of Credit Provider to the Trustee. In addition to the foregoing reduction, upon the Series 2004-2 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 2004-2 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 2004-2 Letter of Credit Provider is reimbursed by AFC-II, the Lessee, AGH or Cendant for any amount drawn hereunder as a Lease Deficit Demand or Unpaid Demand Note Demand, (ii) the Series 2004-2 Letter of Credit Provider receives written notice from Cendant 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 Cendant or the Lessee has occurred and is continuing and (iii) this Series 2004-2 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 2004-2 Letter of Credit Provider at the Series 2004-2 Letter of Credit Provider's Office. If the Series 2004-2 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 2004-2 Letter of Credit, not later than 12:00 noon (New York City time) on a Business Day, the Series 2004-2 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 2004-2 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 Letter of Credit, after 12:00 noon (New York City time) on a Business Day, the Series 2004-2 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 2004-2 Letter of Credit Provider, payment under this 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 2004-2 Letter of Credit Provider honors a Termination Date Demand presented hereunder, (ii) the date on which the Series 2004-2 Letter of Credit Provider receives written notice from you that this Series 2004-2 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 2004-2 Letter of Credit Provider receives written notice from you in the form attached hereto as Annex F, and (iv) the Scheduled Expiration Date, this Series 2004-2 Letter of Credit shall automatically terminate and

you shall surrender this Series 2004-2 Letter of Credit to the undersigned Series 2004-2 Letter of Credit Provider on such day.

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 2004-2 Letter of Credit Provider as of any date, the fraction (expressed as a percentage) obtained by dividing (A) such Series 2004-2 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 2004-2 Letter of Credit Providers under their respective Series 2004-2 Letters of Credit as of such date; provided, that only for purposes of calculating the Pro Rata Share with respect to any Series 2004-2 Letter of Credit Provider as of any date, if such Series 2004-2 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 2004-2 Letter of Credit) made prior to such date, such Series 2004-2 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 2004-2 Letter of Credit Provider has paid such amount to the Trustee and been reimbursed by the Lessee, AGH or Cendant, 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 Letter of Credit is transferable in its entirety to any transferee(s) who you certify to the Series 2004-2 Letter of Credit Provider has succeeded you, as Trustee, and may be successively transferred. Transfer of this 2004-2 Letter of Credit to such transferee shall be effected by the presentation to the Series 2004-2 Letter of Credit Provider of this Series 2004-2 Letter of Credit accompanied by a certificate in the form of Annex G attached hereto. Upon such presentation the Series 2004-2 Letter of Credit Provider shall forthwith transfer this 2004-2 Letter of Credit to the transferee.

This Series 2004-2 Letter of Credit sets forth in full the undertaking of the Series 2004-2 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 Distribution Date on which the Series 2004-2 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 2004-2 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 2004-2 Enhancement Amount over the Series 2004-2 Required Enhancement Amount and (2) the excess, if any, of the Series 2004-2 Liquidity Amount over the Series 2004-2 Required Liquidity Amount, in the case of (1) and (2) calculated as of the immediately preceding Distribution Date after giving effect to all payments of principal on such Decrease Day with respect to the Series 2004-2 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 2004-2 Letter of Credit.

This Series 2004-2 Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500 (the "Uniform Customs"), except that notwithstanding any provisions of Article 17 of the Uniform Customs which contains provisions to the contrary, if this Letter of Credit expires during an interruption of business (as described in Article 17), we agree to effect payment under this Letter of Credit, if a drawing which conforms to the terms and conditions of this 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 2004-2 Letter of Credit shall be in writing and shall be addressed to the Series 2004-2 Letter of Credit Provider at the Series 2004-2 Letter of Credit Provider's Office, specifically referring to the number of this Series 2004-2 Letter of Credit.

Very truly yours,

Very truly yours,

[Series 2004-2 Letter of Credit Provider]

By: _____
Name:
Title:

ANNEX A

CERTIFICATE OF LEASE DEFICIT DEMAND

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Lease Deficit Demand under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined), dated _____ __, 200_, issued by _____, as the Series 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee"), under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2004-2 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.

2. [The Trustee is making a drawing under the Series 2004-2 Letter of Credit as required by Section 2.3(c) of the Series 2004-2 Supplement in an amount equal to $_____ (the "Interest Lease Deficit Disbursement"), which amount is equal to the lesser of (i) the product of the Series 2004-2 Letter of Credit Provider's Pro Rata Share as of the date hereof and the lesser of (x) the Series 2004-2 Lease Interest Payment Deficit and (y) the excess, if any, of (A) the sum of (I) the sum of (1) Series 2004-2 Monthly Interest for the Series 2004-2 Interest Period ending on the day preceding the date hereof, (2) any Fixed Rate Payment for the next succeeding Distribution Date, (3) any unpaid Series 2004-2 Shortfall as of the preceding Distribution Date, together with accrued interest thereon and (4) the Surety Provider Fee for such Series 2004-2 Interest Period plus any Surety Provider Reimbursement Amounts then due and owing and (II) during the Series 2004-2 Rapid Amortization Period, the Series 2004-2 Trustee's Fees for the date hereof over (B) the amounts available from the Series 2004-2 Accrued Interest Account on the date hereof 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 2004-2 Letter of Credit as required by Section 2.5(b) of the Series 2004-2 Supplement in an amount equal to $_____ (the "Principal Lease Deficit Disbursement"), which amount is equal to the lesser of (i) the product of the Series 2004-2 Letter of Credit Provider's Pro Rata Share as of the date hereof and the Series 2004-2 Lease Principal Payment Deficit 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 2004-2 Letters of Credit in an amount equal to the

related other Series 2004-2 Letter of Credit Providers' Pro Rata Share of the amount to be drawn on the Series 2004-2 Letters of Credit pursuant to Section 2.3(c) and/or Section 2.5(b) of the Series 2004-2 Supplement on the date hereof.

4. The Series 2004-2 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]

6. The Trustee acknowledges that, pursuant to the terms of the Series 2004-2 Letter of Credit, upon the Series 2004-2 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 2004-2 Letter of Credit Provider in respect of such draw.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate on this ___ day of_____, ___.

[ ],
as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX B

CERTIFICATE OF UNPAID DEMAND NOTE DEMAND

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Unpaid Demand Note Demand under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 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 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee"), under that certain Amended and Restated Base Indenture, dated as of July 30, 1997 between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as amended or supplemented (exclusive of any supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2004-2 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.

2. The Trustee is making a drawing under the Series 2004-2 Letter of Credit as required by Section 2.5[(c)(ii)][(d)(ii)] of the Series 2004-2 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 2004-2 Letter of Credit Provider's Pro Rata Share as of the date hereof and the Series 2004-2 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 2004-2 Letters of Credit in an amount equal to the related other Series 2004-2 Letter of Credit Providers' Pro Rata Share of the Series 2004-2 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 2004-2 Letter of Credit, upon the Series 2004-2 Letter of Credit Provider's honoring in full the draw

amount set forth in this certificate, the Letter of Credit Amount shall be automatically decreased by an amount equal to such draw.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate on this ___ day of _____, ___.

[ ],
as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX C

CERTIFICATE OF TERMINATION DEMAND

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Termination Demand under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 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 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee"), under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as amended or supplemented (exclusive of any supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2004-2 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.

2. The Trustee is making a drawing under the Series 2004-2 Letter of Credit as required by Section 2.8[(b)] [(c)] of the Series 2004-2 Supplement in an amount equal to $_____ (the "Termination Disbursement"), which amount is equal to the lesser of (i) the greater of (A) the excess, if any, of the Series 2004-2 Required Enhancement Amount over the Series 2004-2 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 2004-2 Required Liquidity Amount over the Series 2004-2 Liquidity Amount, excluding the Letter of Credit Amount 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]

4. The Trustee acknowledges that, pursuant to the terms of the Series 2004-2 Letter of Credit, upon the Series 2004-2 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 2004-2 Letter of Credit shall terminate and be immediately returned to the Series 2004-2 Letter of Credit Provider.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate on this ___ day of _____, ___.

[ ],
as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX D

CERTIFICATE OF TERMINATION DATE DEMAND

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Termination Date Demand under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 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 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee"), under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as amended or supplemented (exclusive of any supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, a duly authorized officer of the Trustee, hereby certifies to the Series 2004-2 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.

2. The Trustee is making a drawing under the Series 2004-2 Letter of Credit as required by Section 2.8(d) of the Series 2004-2 Supplement in an amount equal to $_____ (the "Termination Date Disbursement"), which amount is equal to the lesser of (i) the product of the Series 2004-2 Letter of Credit Provider's Pro Rata Share as of the date hereof and the Series 2004-2 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 2004-2 Letters of Credit in an amount equal to the related other Series 2004-2 Letter of Credit Providers' Pro Rata Share of the Series 2004-2 Demand Note Payment Amount.

4. You are requested to deliver an amount equal to the Termination Date 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 2004-2 Letter of Credit, upon the Series 2004-2 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 2004-2 Letter of Credit shall terminate and be immediately returned to the Series 2004-2 Letter of Credit Provider.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate on this ___ day of _____, ___.

[ ],
as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX E

CERTIFICATE OF REINSTATEMENT OF LETTER OF CREDIT AMOUNT

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Reinstatement of Letter of Credit Amount under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 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 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee") under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as amended or supplemented (exclusive of any supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, a duly authorized officer of Cendant Corporation ("Cendant"), hereby certifies to the Series 2004-2 Letter of Credit Provider as follows:

1. As of the date of this certificate, the Series 2004-2 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] made on _____, ___.

2. Cendant hereby notifies you that, pursuant to the terms and conditions of the Series 2004-2 Letter of Credit, the Letter of Credit Amount of the Series 2004-2 Letter of Credit Provider is hereby reinstated in the amount of $[ ] [NOT TO EXCEED REIMBURSEMENT AMOUNT] so that the Letter of Credit Amount of the Series 2004-2 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 Cendant or the Lessee has occurred and is continuing. "Event of Bankruptcy", with respect to the Lessee or Cendant, 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 composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 60 consecu-

tive 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, Cendant has executed and delivered this certificate on this ___ day of _____, ___.

CENDANT CORPORATION

By: _____
Name:
Title:

Acknowledged and Agreed:

The undersigned hereby acknowledges receipt of the Reimbursement Amount (as defined above) in the amount set forth above 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 Reimbursement Amount.

[Series 2004-2 Letter of Credit Provider]

By: _____
Name:
Title:

ANNEX F

CERTIFICATE OF TERMINATION

[Series 2004-2 Letter of Credit Provider]
[Address]

Attention: [ ]

Certificate of Termination of Letter of Credit Amount under the Irrevocable Letter of Credit No. [ ] (the "Series 2004-2 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 2004-2 Letter of Credit Provider, in favor of The Bank of New York, as the trustee (the "Trustee") under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between the Trustee and AESOP Funding II L.L.C. ("AFC-II"), as amended or supplemented (exclusive of any supplement thereto creating a new Series of Notes), and as further supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and the Trustee (the "Indenture").

The undersigned, duly authorized officers of the Trustee, hereby certify to the Series 2004-2 Letter of Credit Provider as follows:

1. [ ] is the Trustee under the Indenture.

2. As of the date of this certificate, the Series 2004-2 Letter of Credit Termination Date has occurred under the Series 2004-2 Supplement.

3. The Trustee hereby notifies the Series 2004-2 Letter of Credit Provider that as a result of the occurrence of the Series 2004-2 Letter of Credit Termination Date, the undersigned is returning the Series 2004-2 Letter of Credit Provider's Series 2004-2 Letter of Credit to the Series 2004-2 Letter of Credit Provider.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate on this ___ day of_____.

[ ]
, as the Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX G

INSTRUCTION TO TRANSFER

_____ __, __

[Series 2004-2 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 2004-2 Letter of Credit (the "Series 2004-2 Letter of Credit") issued by the Series 2004-2 Letter of Credit Provider named therein in favor of the undersigned. The transferee has succeeded the undersigned as Trustee under that certain Amended and Restated Base Indenture, dated as of July 30, 1997, between The Bank of New York and AESOP Funding II L.L.C. ("AFC-II"), as supplemented by that certain Series 2004-2 Supplement thereto (the "Series 2004-2 Supplement"), dated as of February 18, 2004, between AFC-II and The Bank of New York.

By this transfer, all rights of the undersigned beneficiary in the Series 2004-2 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 2004-2 Letter of Credit pertaining to transfers.

The Series 2004-2 Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effective and that the Series 2004-2 Letter of Credit Provider transfer the Series 2004-2 Letter of Credit to our transferee or that, if so requested by the transferee, the Series 2004-2 Letter of Credit Provider issue a new irrevocable letter of credit in favor of the transferee with provisions consistent with the Series 2004-2 Letter of Credit.

[ ],
as the Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT E
to
Series 2004-2
Supplement

[DATE]

The Bank of New York, as Trustee
c/o BNY Midwest Trust Company
2 North LaSalle Street
Chicago, IL 60602

Attn: Corporate Trust Officer

Reference is made to the Series 2004-2 Supplement, dated as of February 18, 2004 (as amended, supplemented or modified, the "Series 2004-2 Supplement"), among The Bank of New York, as trustee (the "Trustee"), The Bank of New York, as Series 2004-2 Agent, and AESOP Funding II L.L.C., a Delaware limited liability company (the "Issuer"), to the Base Indenture, dated as of July 30, 1997, between the Issuer and the Trustee. Capitalized terms used herein and not defined herein have the meaning set forth in the Series 2004-2 Supplement.

Pursuant to Section 2.3(b) of the Series 2004-2 Supplement, Avis Rent A Car System, Inc., in its capacity as Administrator under the Series 2004-2 Supplement and the Related Documents, hereby provides notice of a Series 2004-2 Lease Payment Deficit in the amount of $[___].

AVIS RENT A CAR SYSTEM, INC.

By: _____
Name:
Title:

EXHIBIT F
to
Series 2004-2
Supplement

FORM OF DEMAND NOTICE

[DATE]

[Insert Demand Note Issuer]

Ladies and Gentlemen:

Reference is made to the Series 2004-2 Supplement, dated as of February 18, 2004 (as amended, supplemented or modified, the "Series 2004-2 Supplement"), among The Bank of New York, as trustee (the "Trustee"), The Bank of New York, as Series 2004-2 Agent and AESOP Funding II L.L.C., a Delaware limited liability company (the "Issuer") to the Base Indenture, dated as of July 30, 1997, between the Issuer and the Trustee. Capitalized terms used herein and not defined herein have the meaning set forth in the Series 2004-2 Supplement.

Pursuant to Section 2.5[(c)(i)][(d)(i)] of the Series 2004-2 Supplement, the Trustee under the Series 2004-2 Supplement hereby makes a demand for payment on the Series 2004-2 Demand Notes in the amount of $[_____].

THE BANK OF NEW YORK, as Trustee

By: _____
Name:
Title:

Exhibit 12

Cendant Corporation and Subsidiaries
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

		Six Months Ended June 30,	
		2004	2003
Earnings before fixed charges:			
Income before income taxes and minority interest		$ 1,148	$ 969
Plus:	Fixed charges	541	471
Less:	Minority interest (pre-tax) in mandatorily redeemable preferred interest in a subsidiary	–	6
	Minority interest in pre-tax income of subsidiaries that have not incurred fixed charges	6	12
Earnings available to cover fixed charges		$ 1,683	$ 1,422
Fixed charges [(a)]:			
Interest, including amortization of deferred financing costs		$ 465	$ 399
Minority interest (pre-tax) in mandatorily redeemable preferred interest in a subsidiary		–	6
Interest portion of rental payment		76	66
Total fixed charges		$ 541	$ 471
Ratio of earnings to fixed charges		3.11x	3.02x

(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:

	June 30,	
	2004	2003
Incurred by the Company's PHH subsidiary	$ 148	$ 98
Related to the debt under management and mortgage programs incurred by the Company's vehicle rental subsidiary	131	127
All other	186	174

The 2004 amounts are not comparable to the 2003 amounts due to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," on July 1, 2003.

* * *

Exhibit 15

July 30, 2004

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, 2004 and 2003, as indicated in our report dated July 30, 2004; 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, 2004, 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, 333-35709, 333-45155, 333-45227, 333-49405, 333-78447, 333-86469, 333-51586, 333-59246, 333-65578, 333-65456, 333-65858, 333-83334, 333-84626, 333-86674 and 333-87464 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 and 333-114744 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

* * * *

Exhibit 31.1

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)) 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) 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

    c) 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 2, 2004

/s/ Henry R. Silverman
Chief Executive Officer

Exhibit 31.2

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)) 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) 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

    c) 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 2, 2004

/s/ Ronald L. Nelson
Chief Financial Officer

Exhibit 32

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cendant Corporation (the "Company") on Form 10-Q for the period ended June 30, 2004, 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 2, 2004

/s/ Ronald L. Nelson
Ronald L. Nelson
Chief Financial Officer
August 2, 2004