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PARTICIPANTS

Corporate Participants

Neal Goldner – Vice President-Investor Relations
Ronald L. Nelson – Chairman, President, CEO & COO
David B. Wyshner – Chief Financial Officer & Senior EVP

Other Participants

John Healy – Analyst, Northcoast Research Holdings LLC
Chris Agnew – Analyst, MKM Partners LLC
Brian Arthur Johnson – Analyst, Barclays Capital, Inc.
Afua A. Ahwoi – Analyst, Goldman Sachs & Co.
Emily Eileen Shanks – Analyst, Barclays Capital, Inc.
Michael Millman – Analyst, Millman Research Associates
Steve O'Hara – Analyst, Sidoti & Co. LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Avis Budget Group's First Quarter Earnings Conference Call. Today's call is being recorded.

At this time, for opening remarks and introductions, I would like to turn the conference over to Mr. Neal Goldner, Vice President of Investor Relations. Please go ahead, sir.

Neal Goldner, Vice President-Investor Relations

Thank you, Tanya. Good morning, everyone, and thank you for joining us. On the call with me are Ron Nelson, our Chairman and Chief Executive Officer; and David Wyshner, our Senior Executive Vice President and Chief Financial Officer.

Before we discuss our results for the first quarter, I'd like to remind everyone that the company will be making statements about its future results and expectations, which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Such statements are based on current expectations and the current economic environment and are inherently subject to economic, competitive and other uncertainties and contingencies beyond the control of management. You should be cautioned that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in our earnings release, which was issued last night, our Form 10-K and other SEC filings. If you did not receive a copy of our press release, it is available on our website at IR at avisbudgetgroup.com.

We have also provided slides to accompany this morning's conference call which can accessed on our website as well. Also, certain non-GAAP financial measures will be discussed in this call and these measures are reconciled to the GAAP numbers in our press release.

Now I'd like to turn the call over to Avis Budget Group's Chairman and Chief Executive Officer, Ron Nelson.

Ronald L. Nelson, Chairman, President, CEO & COO

Thanks, Neal, and good morning and thanks to all of you for joining us. With our Investor Day scheduled to tomorrow, we're going to limit our prepared remarks a bit today. There are still some items we do want to cover, but we're going to save the substance of our strategic dialog for tomorrow's presentations.

As reminder, if you are unable to join us in person tomorrow, our meeting will be webcast, so you can follow on in real time or later at your convenience.

First, the clear headline is that we had a record first quarter. We had positive rental demand in the majority of our markets, and while pricing in North America was as expected, we did take the necessary actions in February to tighten our fleet and move the price up the two times we saw the opportunity to do so. These actions drove some improvement in pricing trends in the second half of the quarter relative to the first, although not enough to end the quarter with year-over-year pricing gains.

Margins improved significantly year-over-year, largely a result of stronger than anticipated risk car residual values, but also driving higher margins with a meaningful assist from our continued focus on growing in the most profitable segments and channels. David will share some more detailed data about that.

Second, travel demand in Europe appears to be stabilizing around moderate increases in the northern part of Europe and softness around the Mediterranean countries. That said, the beginning status of the Budget re-launch especially in Spain and the UK are generating very impressive gains in forward reservations, providing some early validation of the Budget opportunity. In addition, the ongoing integration efforts in Europe remain on track. We continue to expect a run rate of $35 million of synergies by the fourth quarter, and we'll share with you tomorrow what we think the opportunity is beyond year one. At the same time, our other international markets remain strong, our Truck Rental business is performing well, and all of our clear line-of-sight strategic initiatives delivered tangible benefits in the first quarter.

Without front running too much of tomorrow's Investor Day discussion, I do want to highlight the contribution that those initiatives have made to our strong results. Our emphasis on small business and international inbound customers, on ancillary revenue growth and on local market improvement all have contributed to growing our revenue and margins. Hopefully, by the time you have heard from our senior management team tomorrow, you will better appreciate the successes we have enjoyed and share my confidence in our ability to execute against a well-defined strategic plan. To that end, let me spend a minute on some of the key takeaways from the quarter.

In North America, we saw volume increase 7%, despite lackluster enplanement growth. Our small business volume increased 9% in the quarter including 20% growth at Budget. And international inbound grew 14%, including 25% growth at Budget, highlighting the strength of the value proposition inherent in the Budget brand and the power of our dual-brand strategy.

We also saw very strong ancillary revenue growth, more than likely benefiting from the stronger leisure skew in the demand mix. In fact, ancillary revenue increased 10% in the quarter, some 600 basis points wider than our North American revenue gain in total. This matters a lot because ancillary sales represent some $6 per rental day, the equivalent of having an additional 15% of incremental revenue on top of our average daily rate, with 70% plus margins. The power of having that much year revenue growing at a meaningfully higher rate adds a significant premium to our

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earnings growth. But I want to be clear about this, though; this is not about trading rate for ancillary revenue. On a pure margin basis alone, rate trumps ancillary revenues, so our focus is always on optimizing rate first with a view of increasing it whenever possible. But right behind rate is our efforts in driving high margin ancillary sales and it receives continuous focus.

In the local market, we continue to pursue our strategy of co-branding and even tri-branding locations where zoning laws allow. We ended the quarter with 520 combined stores, up more than 50 stores from year-end, and as we'll discuss in some detail tomorrow, revenue from co-branded stores is actually growing faster than single-brand locations. And our Performance Excellence process improvement initiative continues to deliver strong results and is now doing so literally around the world.

Separately, I want to spend just a few minutes on our fleet strategy. David will discuss the specifics for the quarter and our updated fleet cost guidance. But I want to reiterate our long-term approach of keeping fleet levels generally in line with expected demand. In fact, if you look at Slide 7, you can see that our fleet levels have historically been highly correlated with actual demand. But the word "expected" is very important in that sentence, because while we're reasonably good at forecasting demand, we'll never be perfect. But the nature of our cost structures is that fleet is highly variable, so if we get into a period where our demand expectation is a few points off and we end up over-fleeted, like we did in January and early February, we can course correct pretty quickly. And that's exactly what we did in the first quarter. In fact, while our average fleet in North America was 2 points higher than our volume growth for the quarter, our ending fleet was up only 4%, and I feel good about where it stands today in the context of forward-looking booking volume.

But it's also worth calling your attention to a subtle shift in strategy beginning over a year ago that does cause fleet to occasionally be in excess of volume. While we have talked about it before, we do not believe that slavish adherence to utilization metric optimizes profitability. Clearly, in most of our classes, utilization is the key driver of profitability, but in others, the more valuable metric is RPU, or revenue per unit per month. The reason is that certain car classes generate 70% to 80% premium to our average RPU with utilization that is significantly lower than our average. From a pure fleet volume metric, it drags down the utilization, but from a profit perspective, we're much further ahead.

In Europe, the Middle East and Africa, first quarter results were in line with what we expected, if not a little better. We saw good growth in some segments, including a 10% increase in inbound volume, offset by some mild softness in commercial accounts and a 25% decline in insurance replacement, particularly in the UK, where the weather in the first quarter was much better than last year, simply resulted in far fewer replacement opportunities. Excluding insurance replacement though, we saw a range of volume gains across Europe of 5% to 13%, with the only notable decline in Italy which declined mid-single digits.

We've successfully began to implement our value segment strategy in Europe, which is centered around our belief that Budget is under penetrated, yet extremely well positioned to serve the large market of value conscious European travelers. This market segment is primarily served by the 35% of the European market that is covered by independents and represents a large opportunity for Budget. With only the benefit of some dedicated fleet and marketing, Budget volume increased 80% in March driven by strength in France, Germany, and Spain.

We have plans for further expansion of the Budget brand this year, some of which you'll hear about at our Investor Day tomorrow. We saw good growth outside of Europe with international revenue excluding Europe up nicely primarily driven by higher volumes in Australia, while Avis China opened its 70th location during the quarter and is well as on its way to open 40 to 50 additional locations during this year.

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We're also proud that our international operations were recognized for their excellent service, with Avis being named highest in overall customer satisfaction in Australia by Canstar. Avis was also honored by the World Travel Awards as the Caribbean's leading car hire and was named top transport operator in India by the National Tourism awards.

Turning to our outlook, in North America we expect to see continued volume growth in the second quarter, though probably not at the same level as the first. Leisure volume last year was up 12%, which makes for a difficult comparison. On the pricing front, we believe year-over-year pricing will improve in the second quarter sequentially from the first and fourth but will likely still be down on a year-over-year basis. Pricing in April reflected that view as it declined approximately two points compared to the prior year, but it was a one point improvement from the last two quarters though nonetheless down year-over-year.

In our International segment, we expect economic weakness in Europe to continue to be a headwind in the second quarter, partially mitigated by the expansion of Budget. Our summer res-build in Europe is off to a strong start, but it's still too early in the booking season to get excited. Summer car rentals tend to be booked in the month prior to actual travel, so we have only a small portion of our expected summer reservations, and our visibility is somewhat limited at this point. However, Easter break, in the past, has been a good forward indicator in most markets, and we are relatively encouraged by this year's volume.

One note of caution, the Olympics have historically not been a great car rental opportunity, and we don't expect that to change this year, especially in London. We're managing the UK business carefully, particularly in light of its recession and building as much as flexibility into the fleet as possible so that we can either expand or contract the fleet based on res-build. We do expect greater than normal visibility into the Olympics volume simply because of the longer forward planning curve.

With that, I'll turn the call over to David.

David B. Wyshner, Chief Financial Officer & Senior EVP

Thanks, Ron, and good morning, everyone. Today, I'd like to discuss our first quarter, our fleet, our recent financings and balance sheet and our outlook. My comments will focus on our results excluding certain items. As Neal mentioned, these results are reconciled to our GAAP numbers in our press release and on our website.

Following our fourth quarter earnings release, several investors asked us to provide additional financial and operating data regarding Avis Europe's historical results. Based on these requests, we recently posted additional quarterly and annual information for 2010 and 2011 on the Investor Relations section of our website. We hope this will assist you in modeling our consolidated results going forward.

Turning to our results, in the first quarter, revenue increased 31% to more than $1.6 billion primarily due to the inclusion of Avis Europe. Excluding Avis Europe, revenue was up 5%. Adjusted EBITDA increased 43% to a first quarter record of $119 million. Our European operations had an EBITDA loss of $7 million during what is a seasonally slow quarter there. So excluding Avis Europe, EBITDA increased 52%.

First quarter results benefited from organic revenue growth and lower per unit fleet costs. Direct operating and SG&A expenses both increased as a percentage of revenue, but the increases were largely due to the Avis Europe acquisition. In our North America operations, direct operating costs declined 30 basis points as a percentage of revenue, and SG&A increased about 0.5 percentage

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point, as we invested in marketing our brands at levels that were lower than in the fourth quarter but higher than a year ago.

Our corporate interest expense in Q1 was higher than what we expect for future quarters due to pre-funding of debt pay-downs and some hedge losses. For the quarter, net income increased 17% to $14 million, and earnings per share increased to $0.12.

Over the last 12 months, we have generated $646 million of adjusted EBITDA, excluding items. Our EBITDA margin has been over 10%, and our earnings per share have been $1.66. For analysts who calculate EBITDA before financing fees and stock-based compensation, our LTM EBITDA would be $44 million higher, or $690 million, and using pre-tax income, excluding items as a proxy for cash flow, our stock trades at a free cash flow yield of roughly 20%. I should also point out that we've owned Avis Europe only during a seasonally slower half of the year, during which it operates around EBITDA breakeven. So these numbers don't yet include the contribution that our European operations will make on a full-year basis.

In the quarter, our North America revenue increased 4% to $1 billion, reflecting a 7% increase in volume and 10% growth in high-margin ancillary product and services, partially offset by a 3% decline in pricing.

Leisure volume increased 13% in the quarter, driven by double-digit growth in international inbound business and by our marketing partnerships. Leisure pricing declined 5% as we and the industry found ourselves somewhat over-fleeted in January and February relative to demand. We're hesitant to attribute results to weather and mix, but in this case, we do think they played a role. As Ron mentioned, we managed our fleet levels in February and March so that we ended the quarter with fleet up 4% year-over-year. Our actions positively impacted pricing trends as the quarter progressed, particularly for Budget.

Commercial volume in the quarter was up 3%, with growth in corporate account, small business and inbound commercial rentals, partially offset by a decline in insurance replacement, as we continue to focus on growing in our most profitable segments. Commercial pricing was down 2% in the quarter, consistent with the trends we saw last year, while commercial account retention remained north of 99%.

North America Adjusted EBITDA was $93 million in the quarter, a 72% improvement year-over-year. Earnings benefited from the growth in rental volumes and ancillary revenues, but the principal driver of EBITDA growth was the 21% decline in our per unit fleet cost. We'll talk a more about that in a minute.

In our International segment, revenue more than tripled in the first quarter, primarily due to inclusion of Avis Europe. Excluding the acquisition, first quarter revenue increased 13%, driven by a 6% in volume and a 5% increase in price due to foreign currency movements. We saw a good growth in the quarter from Australia and Puerto Rico. Adjusted EBITDA declined $4 million in the quarter to $29 million, due to $7 million loss from Avis Europe during the seasonally slow winter months as well as the timing of certain expenses. Excluding Avis Europe, Adjusted EBITDA increased 9% to $36 million.

Operating trends in Europe were soft in the quarter, but not surprisingly so, with rental days down 4% and pricing that was up 1%, excluding currency effects. Licensee revenues totaled $17 million, an increase of approximately 2% year-over-year. Currency hedges that we put in place negatively impacted our results by $3 million. We were zealous in controlling costs throughout the quarter.

As Ron mentioned, the integration of Avis Europe is proceeding as expected. To-date, we have eliminated more than $1 million of public company expenses, renegotiated the lease for our European headquarters facility, which will save us more than $1 million a year; reducing your

management costs by more than $4 million, while also improving the quality of our team; launched our Performance Excellence process improvement initiative in Europe with 20 projects already in the works in the region; and begun the process of integrating Europe's IT infrastructure and revise some major agreements with technology vendors in our favor.

We have had constructive Works Council meetings in Europe regarding the changes we are making. Following these meetings, we are significantly expanding our shared-services center in Europe, which will allow us not only to reduce costs but also to improve the quality of several administrative functions. In addition, we have globalized our international inbound efforts to capitalize on the opportunity we see around the world. We've signed several new agreements with travel partners. We've also provided ancillary sales training in Spain and Italy, following which we've seen revenue per day increases in both of these markets.

In short, we have been aggressively going after the cost savings and the revenue opportunities that we believe exist in our European operations. Based on the actions we've taken to-date, we remain confident in our ability to reach a run rate of $35 million of annual savings by the first anniversary of the acquisition. We believe substantially more opportunity lies ahead us, but that's a topic for discussion during our Investor Day meeting tomorrow.

Revenue in our Truck Rental segment was unchanged, as a 4% decline in volume was offset by a 4% increase in pricing, and Adjusted EBITDA improved by $1 million. As a reminder, our Truck segment reported 17% volume growth and a $4 million increase in Adjusted EBITDA in last year's first quarter, which made for a difficult comparison this year.

In our North American segment, we are seeing significantly stronger fleet residual values than we had anticipated. When we put together our 2012 business plan, our assumption was that the spike in residual values that we saw in 2011 following the Japanese earthquake would result in used car values moderating this year, creating a substantial headwind. Based on our experience over the last three months, that expected moderation has not materialized. In fact, residual values have risen to and remained at historically high levels. We saw late model used car prices move up considerably beginning in mid-February.

In addition, the types of cars that represent a substantial portion of our risk fleet, principally small and midsize cars, have done particularly well. All of these factors have led us to revise our residual value assumptions on many of the cars in our fleet, and, therefore, to prospectively revise our depreciation assumptions. We now expect that our North American fleet cost to decline 3% to 8% on a per unit basis compared to our prior projection of a significant increase.

Our negotiations from model year 2013 vehicle purchases are still in the intermediate stages. As is customary, some are going better than others, but in general, we expect to see modest and manageable increases in the monthly holding cost for program cars and the purchase prices for risk cars. Obviously our holding cost for risk cars is ultimately determined by the difference between the car's purchase price and the residual value at disposition. So with the 20% increase in 2011 compared to 2010 and an expected 3% to 8% decrease this year, fleet costs are roughly 25% below 2010 levels.

Our current fleet cost, therefore, ended up being more consistent with where we were running prior to the manufacturers' financial problems than with the 2007 to 2010 period. Year-over-year improvement in used car prices has been primarily a North American phenomenon. In our International segment, excluding the effects of foreign currency, fleet costs will be up this year in line with inflation in Europe and up modestly in Australia and New Zealand. We continue to expect our global fleet to remain diversified in 2012 with vehicle sourced from more than 20 firms and no single manufacturer representing more than 20% – 25% of our global car rental fleet.

Moving to the balance sheet, our liquidity position remains strong with more than $5 billion of available liquidity worldwide. We ended the quarter with over $600 million of cash, no borrowings under our $1.4 billion corporate revolver, and roughly $850 million of availability under that facility. We had unused capacity under various vehicle-backed funding programs at $3.8 billion. $200 million of our cash is earmarked to redeem a like amount of our 7.625% notes to 2014 next week.

We were active in the capital markets in March issuing a $500 million term loan, $125 million of senior notes and $750 million of vehicle-backed debt. Proceeds from all three offerings are being used to repay existing debt that had higher interest costs.

I think the most significant financing transaction for us in Q1 was our use of available cash to repurchase and retire of approximately $100 million of our outstanding convertible debt. These repurchases reduced our diluted share count by roughly 6 million shares and, therefore, will be significantly accretive.

Ron has already covered the key business trends we're seeing, and I just wanted to note that I share his enthusiasm that travel demand in North America appears to be robust and that demand in Europe appears to be consistent with the mild economic slowdown, not worse. And with the additional volatility associated with the used car market and our own acquisition of Avis Europe, we felt that it would be helpful to the investment community for us to provide an estimate of our full year 2012 earnings.

Our expectations for the year are as follows:

Revenues should be between $7.3 billion and $7.6 billion, an increase of 24% to 29% versus 2011. This includes organic growth in the mid-single digits. We expect Adjusted EBITDA of $825 million to $875 million, excluding certain items, an increase of roughly 40%. We expect non-vehicle depreciation and amortization expense to be around $110 million, excluding the amortization of intangible assets related to the acquisition of Avis Europe. And we expect corporate interest expense will be approximately $255 million.

As a result, we estimate that our 2012 pre-tax income will be $460 million and $510 million, excluding items. We currently think our effective tax rate in 2012 will be approximately 34% to 38%, excluding items, and we're looking at ways to reduce it.

Our diluted share count should be approximately $125 million. Based on these figures, we estimate that our 2012 diluted earnings per share, excluding certain items, will be approximately $2.35 to $2.65, an increase of 40% to 60% from 2011.

We expect our capital expenditures to be around $125 million in 2012. We do not expect to be a U.S. federal cash taxpayer with respect to our 2012 earnings.

Our estimates assume that current trends in travel demand and in the used-car markets throughout the world remain generally consistent with what we've seen so far in 2012.

We are enthusiastic about how our business is performing, about the strategic initiatives that have helped and will continue to help us grow and about our 2012 earnings prospects. We are also grateful for the hard work of our employees throughout the world to allow us to provide outstanding vehicle rental experiences to our customers.

With that, Ron and I would be happy to take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we are ready for the question-and-answer session. [Operator Instructions] Our first question comes from John Healy with Northcoast Research. You may ask your question.

<Q – John Healy – Northcoast Research Holdings LLC>: Thank you. I wanted to ask a big-picture question to you, Ron and David, about leverage and capital allocation going forward. The leverage ratio of the company has come down pretty meaningfully, and I have to imagine by your comments you're feeling pretty good about the EBITDA trajectory of the company. Can you maybe walk us through where you're at in terms of comfort with the balance sheet and confidence in the cash flow generation of the company and how you might be feeling about deployment of cash flow over the next two years? I image that's a couple slides tomorrow, but I was hoping to get sneak peek.

<A – Ron Nelson – Avis Budget Group, Inc.>: Always looking for an edge, aren't you, John. Well, let me see if can deal with these serially. I think that we've said in the past that we're comfortable with leverage ratios in the three to four times range. And obviously, where we're at now, we're on the lower side of that. And I think our priority is actually to get it down a little lower over the course of this year. We've done a fair amount of analysis as to what it would take to improve our debt rating, and we're not entirely sure that going much below 3 actually benefits to us too much. So, I think that we're going to be happy to stay right around the, put it, the 2.8 to 3.2 range.

We continue to think that pre-tax income is a good surrogate for free cash flow. We feel good about our ability to generate free cash flow. Even in our toughest year in 2008 and 2009, we generated free cash flow. So the businesses do have fairly consistent cash flow generation.

I think in terms of priority uses of free cash flow, probably this year you start with reducing debt. Right after that is tuck-in acquisitions, as we would call it, either licensee acquisitions and then I think you get down to share repurchases and dividends, but I think that neither of those are a likelihood for 2012.

<Q – John Healy – Northcoast Research Holdings LLC>: Thank you.

Operator: Our next question, Chris Agnew with MKM Partners. You may ask your question.

<Q – Chris Agnew – MKM Partners LLC>: Thanks very much. Good morning. I wanted to ask about corporate pricing and just what is the headwind from contracted corporate pricing coming into the year? Is it similar to the 2% headwind you experienced in the first quarter, and then can you describe current corporate contract negotiations? Thanks.

<A – Ron Nelson – Avis Budget Group, Inc.>: Well, Chris, I think there are really two reasons and they're not any different than they have been over the last couple of years. I think the over-arching impact on corporate pricing comes from just the competition in the marketplace. All three of us, Avis, National and Hertz are competing very fervently for corporate accounts, and everyone continues to be very aggressive about pricing. So the 2% that we saw last year I think is probably a good number for this year.

The other thing that factors into this is that procurement is taking an increasingly larger role in negotiating car rental rates and travel contracts and so that tends to put a downward bias on rates. Look, I think that we can complain about corporate pricing all we want and we try to get higher prices all the time, but really the answer for us is to figure out how we change our cost structure so that we can maintain our margins in the face of a tougher market. We continue to maintain a 99% retention rate, so we're not losing customers by this. If we do as a customer, it's because we've

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looked at it pretty carefully and concluded that there's not an opportunity to make any money, so we let it go.

<Q – Chris Agnew – MKM Partners LLC>: Thanks. And could I ask you a quick follow-up on federal cash taxes. When do you expect to, I guess, start paying or become a full federal cash taxpayer? Thanks.

<A – David Wyshner – Avis Budget Group, Inc.>: It's a good question, Chris, and we're spending a lot of time looking at that now in light of the fact that our earnings expectations for 2012 are higher than they had been, but at this point, I think 2013 is a possibility for us becoming a partial cash tax payer, probably at an AMT rate at some point during the year, and we are doing additional work and analysis on that right now. But my best guess would be 2013 as the year that we'd become a partial cash tax payer.

<Q – Chris Agnew – MKM Partners LLC>: Great. Thank you.

Operator: Our next question, Brian Johnson with Barclays. You may ask a question.

<Q – Brian Johnson – Barclays Capital, Inc.>: Good morning and looking forward to tomorrow as well. I'll have some broader strategic questions. Just wanted to focus on the leisure pricing trend in North America – a couple of things, can you comment a bit on to whether you're seeing, as a competitor noted, sort of Tier 3 players becoming more aggressive and is that likely to continue? And just second on the leisure price increases, both at Avis and at Budget, between the two, where were the price increases focused and what's been the experience so far, not just in March but in April and May to-date?

<A – Ron Nelson – Avis Budget Group, Inc.>: Brian, I actually don't – haven't seen that the Tier 3 players have been more aggressive. I think that leisure pricing's been in a fairly tight band, and I think if you look at our composite pricing during the first quarter, both leisure pricing and commercial pricing were pretty much clustered right around the composite pricing for the company.

I don't – in April, leisure pricing improved somewhat especially towards the back half of the month. I wouldn't call Enterprise a third tier player, but what I would say is that they actually did lead two price increases over the course of the month that the Budget brand uniquely benefited from. I don't think Avis benefited very much from it, but Budget clearly did and drove the price increase towards that we saw in the back half of the month. So I'm not sure that we would characterize it exactly the same way.

<Q – Brian Johnson – Barclays Capital, Inc.>: Okay. And so as we think about maybe leisure pricing getting closer to that composite of down 3% and then maybe overall down 2%, is it going to come more from the Avis segment or from the Budget segment?

<A – Ron Nelson – Avis Budget Group, Inc.>: Well, I hope it comes from both, but I think sitting here today, I'd probably have to tell you that it's going to come more from the Budget side than from Avis. I mean you got to keep in mind that Avis is 60% to 70% commercial, and so with commercial pricing down in the – at least large commercial and mid-market commercial down in the 2% range, you right away got a pricing – weighted average pricing decline of 1% to 1.5% that you're trying to overcome with leisure, so I think it's going to be more in the Budget side.

<Q – Brian Johnson – Barclays Capital, Inc.>: Okay, thanks. See you tomorrow.

<A – Ron Nelson – Avis Budget Group, Inc.>: Yep.

Operator: Our next question, Afua Ahwoi with Goldman Sachs. You may ask your question.

<Q – Afua Ahwoi – Goldman Sachs & Co.>: Hi. Good morning. Thanks. Two questions, first on Europe – I know you gave – given the difference in sort of geographic performance between the North and some other Med country, do you have any idea of whether in the second or third quarter if you are more or less exposed to either of these geographies, or is pretty much still evenly split for the full year? And then second on pricing, you gave sort of where you are for April – for the April month, can you give us where that compared to the maybe February and March quarter? Is that essentially in line? Is it better? I just want to get a sense of each month sort of seeing a sequential improvement. Thank you.

<A – Ron Nelson – Avis Budget Group, Inc.>: Good morning. With respect to your first question in Europe, clearly there is the – as the summer goes on or as we get closer into the summer, what goes on in the Mediterranean region will be a bit more important. But interestingly, it is somewhat less tied to what's going on in those economies because a lot of the business ends up being international inbound business into the warmer areas. And as a result, we see it being tied to the overall European economy a bit more than what's going on in those particular economies such as in Spain and in Italy because of the inbound component.

With respect to pricing, I think we feel that the trends have improved month by month, as we go from February to March and March to April. We have a little bit of noise in the numbers because of the movement of Easter to earlier in the season this year. But generally speaking, February was the toughest. The warm weather in the northern half of the country made Florida just a little bit less popular, we think, than it otherwise would have been, and that had some impact on pricing in February because the Florida market is very important in February. March was the beginning of some moderation there as we got our fleet, and the industry, I think got its fleets, a little bit more in line with where demand is, and April was a continuation and a playing out of that as fleets were very much in line with demand over the course of the month.

<Q – Afua Ahwoi – Goldman Sachs & Co.>: Perfect. Thank you.

Operator: Our next question, Emily Shanks with Barclays. You may ask your question.

<Q – Emily Shanks – Barclays Capital, Inc.>: Good morning. How are you all? I had two questions for you. The first one is around EBITDA. If you could just give us an update on what the gain on sales of used vehicles is by way of contribution this quarter, please?

<A – David Wyshner – Avis Budget Group, Inc.>: Sure. Good morning, Emily. The gain on sales works out to be right around $40 million in the first quarter, essentially the same as it was in the prior-year first quarter. With that being said, I think the number that really matters the most is overall fleet cost, and in there in North America is where we saw the 21% decline in per-unit fleet cost, and I really think what's going on with aggregate fleet cost, whether its depreciation or gain or loss on sale, is the most important figure.

<Q – Emily Shanks – Barclays Capital, Inc.>: Okay. And then just secondarily, I know that you had called out the ancillary revenues as being a big driver of your top line, can you give us some color around what those specific ancillary services are – what are some of the big buyers that customers are utilizing?

<A – David Wyshner – Avis Budget Group, Inc.>: Sure. The largest products tend to be our loss damage or collision damage waivers, insurance products such as additional or supplemental liability insurance as well as personal effects protection. GPS rentals would be another big item. And one that you've heard us speak a bit about is a new product that we introduced called Roadside SafetyNet, which provides protection for some of the more nuisance-oriented events that can occur during a car rental, such as running out of gas or losing a key or locking your keys out of the car. That's turned out to be a very popular and for us a fairly profitable product offering over the last year.

<Q – Emily Shanks – Barclays Capital, Inc.>: Thank you.

Operator: Our next question, Michael Millman with Millman Research Associates. You may ask your question.

<Q – Mike Millman – Millman Research Associates>: Yes. Following up some previous questions regarding the corporate versus leisure, could you give us some idea on a fully costed basis of the profitability of each of those? And secondly, you have – you did talk about Budget growth having an effect on North American revenue per day, but maybe you can drill down a little bit more, particularly compared with Hertz where your rates seem to be down twice as much as their rates leisure, but kind of a reverse in commercial. Thank you.

<A – David Wyshner – Avis Budget Group, Inc.>: Well, they're very interesting questions, Mike, as always. In terms of corporate versus leisure profitability, we do spend a lot of time trying to find ways to look at the two, particularly since they tend to be so complementary. And the analysis boils down to, in many ways, how fleet costs are allocated between the two, because often a car that would be rented only for commercial purposes wouldn't be profitable because it's only rented Monday to Thursday or Monday to Friday; and similarly, a leisure car that's used primarily on weekends wouldn't be profitable by itself either. And so it ends up being a tricky question. But as we look at it, we feel both elements of the business are profitable and both make a significant contribution, and it varies a bit by time of year. But we feel good about the profitability of each of the segments as they're currently structured, and we really do view them as complementary to produce the aggregate amount of profit that we have.

In terms of some of the comparisons that are going on in pricing, we look back to 2007 as being the last normalized year. 2008, particularly in the second half of the year, was significantly impacted by goings on in the economy and the financial crisis. 2007 is really the last normal year. And our pricing is actually up a point or two since 2007, and our largest public competitor's pricing is down over that same period of time. And so, as we look at the pricing trends from a bigger picture perspective, we're excited about the progress we've made to fight for pricing in what is a very competitive market, and the fact that we've moved our pricing up a point or two over that period of time while our competitors have been down.

<Q – Mike Millman – Millman Research Associates>: Thank you.

Operator: We have time for one more question. Steve O'Hara with Sidoti & Company, you may ask your question.

<Q – Steve O'Hara – Sidoti & Co. LLC>: Hi, good morning. Could you just talk about – I don't know if you mentioned this already and I missed it, but in terms of the – your risk fleet, what your percentage is and how you think that might evolve over time? As far as I know, your competitors are significantly more weighted to risk fleets and I think Enterprise is as well. I'm just wondering why not adopt a greater percentage of the risk fleet?

<A – Ron Nelson – Avis Budget Group, Inc.>: Well, I think right now we have pushed our risk fleet up this year. We're up close to 60%. I think our bias would be to move it up probably another five points. A lot of it depends on availability of fleet at the right time and the right time of the year, the right deals. Every time we look at this, we sort of think back to fourth quarter of 2008 when we couldn't sell a risk car. And because we're making these decisions probably some 36 months in advance of when we sell the car, there's a little bit of bias here to be a little more conservative in terms of going out the risk profile. That being said, I think that we will probably move our risk percentage – risk buy up in 2013. We'll probably look to increase it 5 points, but I'm not sure that we want to go that much – much more beyond 65%.

<Q – Steve O'Hara – Sidoti & Co. LLC>: Okay, thank you.

Operator: For closing remarks, the call is being turned back over to Mr. Ronald Nelson. Please go ahead, sir.

Ronald L. Nelson, Chairman, President, CEO & COO

Thank you. So just to summarize, we're excited about our first quarter results and our prospects for strong earnings growth this year. Our strategic initiatives are working. We've got our fleet levels where we want them. The North American used car market remains strong, and Europe appears to be stabilizing. We're very excited about our long-term growth prospects and we're looking forward to tomorrow's Investor Day to show you why we are so enthusiastic. I certainly hope to see many of you there. Until then, thank you for your continued support.

Operator: This concludes today's conference call. You may disconnect.

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