

AVIS BUDGET GROUP, INC.

Form S-4

August 10, 2012

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Subject to completion, as filed with the Securities and Exchange Commission on August 10, 2012

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM S-4**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**AVIS BUDGET CAR RENTAL, LLC**  
**AVIS BUDGET FINANCE, INC.**

(Exact Name of Each Registrant as Specified in Its Charter)

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Delaware	001-10308	22-3475741
Delaware	001-10308	20-4542671
(State or Other Jurisdiction of	(Primary Standard Industrial	(I.R.S. employer
Incorporation or Organization)	Classification Code Number)	identification number)
	6 Sylvan Way	
	Parsippany, New Jersey 07054	
	(973) 496-4700	

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David B. Wyshner

Senior Executive Vice President and Chief Financial Officer

Avis Budget Group, Inc.

6 Sylvan Way

Parsippany, NJ 07054

(973) 496-4700

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

*Copy to:*

Joshua N. Korff, Esq.

Christopher A. Kitchen, Esq.

Kirkland & Ellis LLP

601 Lexington Avenue

New York, New York 10022

(212) 446-4800

**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:** As soon as reasonably practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934 (Check One):

Large accelerated filer:  Accelerated filer:   
 Non-accelerated filer (Do not check if a smaller reporting company):  Smaller reporting company:   
 If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer):

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer):

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
8.25% Senior Notes due 2019	\$125,000,000	\$14,325
Guarantees related to the 8.25% Senior Notes due 2019(2)	N/A	N/A
<b>Total</b>	<b>\$125,000,000</b>	<b>\$14,325</b>

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) promulgated under the Securities Act.  
 (2) No separate consideration will be received for the guarantees, and no separate fee is payable, pursuant to Rule 457(n) under the Securities Act.

**THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.**

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<b>Name of Additional Registrant*</b>	<b>State or Other Jurisdiction of Incorporation or Formation</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>I.R.S. Employer Identification No.</b>
AB Car Rental Services, Inc. (f/k/a Cendant Car Rental Operations Support, Inc.)	DE	7510	20-0447089
ARACS LLC	DE	7510	22-3834931
Avis Asia and Pacific, LLC	DE	7510	11-2850373
Avis Budget Group, Inc.	DE	7510	06-0918165
Avis Budget Holdings, LLC	DE	7510	20-4542614
Avis Car Rental Group, LLC	DE	7510	22-2732926
Avis Caribbean, Limited	DE	7510	11-2850374
Avis Enterprises, Inc.	DE	7510	11-2631886
Avis Group Holdings, LLC	DE	7510	11-3347585
Avis International, Ltd.	DE	7510	11-2411667
Avis Operations, LLC	DE	7510	22-3846340
Avis Rent A Car System, LLC	DE	7510	11-1998661
BGI Leasing, Inc.	DE	7510	68-0515335
Budget Rent A Car System, Inc.	DE	7510	42-1553246
Budget Rent A Car Licensor, LLC	DE	7510	45-2683505
Budget Truck Rental LLC	DE	7510	20-3251037
PF Claims Management, Ltd.	DE	7510	11-2850723
PR Holdco, Inc.	DE	7510	26-1705577
Runabout, LLC	DE	7510	26-1961156
Wizard Co., Inc.	DE	7510	11-2814383
Wizard Services, Inc.	DE	7510	26-0317240

\* Address and telephone numbers of principal executive offices are the same as those of Avis Budget Car Rental, LLC.

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**The information in this prospectus is not complete and may be changed. We may not offer these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer is not permitted.**

**Subject to Completion, dated August 10, 2012**

**Preliminary Prospectus**

**\$125,000,000**

**Avis Budget Car Rental, LLC**

**Avis Budget Finance, Inc.**

**Exchange Offer for**

**8.25% Senior Notes due 2019**

Offer for outstanding 8.25% Senior Notes due 2019, in the aggregate principal amount of \$125,000,000 (which we refer to as the Old Notes ) in exchange for up to \$125,000,000 in aggregate principal amount of 8.25% Senior Notes due 2019 which have been registered under the Securities Act of 1933, as amended (which we refer to as the Exchange Notes and, together with the Old Notes, the notes ).

**Terms of the Exchange Offer:**

Expires 5:00 p.m., New York City time, , 2012, unless extended.

You may withdraw tendered outstanding Old Notes any time before the expiration or termination of the exchange offer.

Not subject to any condition other than that the exchange offer does not violate applicable law or any interpretation of the staff of the Securities and Exchange Commission.

We can amend or terminate the exchange offer.

We will not receive any proceeds from the exchange offer.

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The exchange of Old Notes for the Exchange Notes should not be a taxable exchange for United States federal income tax purposes. See Certain United States Federal Income Tax Considerations.

### Terms of the Exchange Notes:

The Exchange Notes will be our senior unsecured obligations, will rank equally with all our existing and future senior unsecured debt and will be senior to all our existing and future subordinated debt. Most of our other debt is secured, including our senior credit facilities, and, as such, holders of our secured indebtedness will have a priority claim on our assets that secure our secured indebtedness. In addition, the Exchange Notes will be effectively subordinated in right of payment to all of our and the guarantors existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated in right of payment to all of our non-guarantor subsidiaries' existing and future indebtedness and other liabilities. See Description of Exchange Notes.

The Exchange Notes will mature on January 15, 2019. The Exchange Notes will bear interest semi-annually in cash in arrears on January 15 and July 15 of each year, beginning on July 15, 2012.

We may redeem the Exchange Notes in whole or in part from time to time. See Description of Exchange Notes.

Upon a change of control, we may be required to offer to repurchase the Exchange Notes.

The terms of the Exchange Notes are substantially identical to those of the outstanding Old Notes, except the transfer restrictions, registration rights and additional interest provisions relating to the Old Notes do not apply to the Exchange Notes.

**For a discussion of the specific risks that you should consider before tendering your outstanding Old Notes in the exchange offer, see Risk Factors beginning on page 12 of this prospectus.**

There is no established trading market for the Old Notes or the Exchange Notes.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. A broker dealer who acquired Old Notes as a result of market making or other trading activities may use this exchange offer prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Exchange Notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2012.

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Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker dealer who acquired Old Notes as a result of market making or other trading activities may use this prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes. We have agreed that, for a period of up to 180 days after the closing of the exchange offer, we will make this prospectus available for use in connection with any such resale. See Plan of Distribution.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or an offer to sell any securities offered hereby in any jurisdiction where, or to any person whom, it is unlawful to make such offer or solicitation. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our 8.25% Senior Notes due 2019.

This prospectus incorporates important business and financial information about Avis Budget Group that is not included or delivered with this prospectus. You may obtain copies of documents that Avis Budget Group files with the Securities Exchange Commission and incorporates by reference into this prospectus free of charge in writing or by telephone from:

Avis Budget Group, Inc.

6 Sylvan Way

Parsippany, NJ 07054

Attention: Investor Relations

(973) 496-4700

To obtain timely delivery of this information, you must request the information no later than \_\_\_\_\_, 2012.

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Avis Budget Car Rental, LLC is a Delaware limited liability company ( ABCR ) and an indirect subsidiary of Avis Budget Group, Inc., a Delaware corporation ( Avis Budget Group ). Avis Budget Finance, Inc. is a Delaware corporation ( Avis Finance ) and a wholly-owned subsidiary of ABCR. In this prospectus, unless otherwise indicated or the context otherwise requires, issuer refers to each of ABCR and Avis Finance, collectively the issuers , and not to any of their other subsidiaries; we, us, our and Avis Budget Group refer to Avis Budget Group, Inc. and its subsidiaries; Avis and Budget refer to our Avis and Budget operations, respectively; and initial purchasers refers to Barclays Capital Inc., Deutsche Bank Securities Inc, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, the initial purchasers of the Old Notes.

Our principal executive offices are located at 6 Sylvan Way, Parsippany, New Jersey 07054, and our main telephone number at that address is (973) 496-4700. Our website is located at <http://www.avisbudgetgroup.com>. The information contained on our website or that can be accessed through our website is not part of or incorporated into this prospectus and you should not rely on that information.

### **MARKET, RANKING AND OTHER INDUSTRY DATA**

This prospectus, including the information incorporated by reference herein, includes industry share and industry data and forecasts that we obtained from industry publications and surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein and cannot guarantee the accuracy or completeness of any such data or the related forecasts contained in this prospectus. Statements as to our industry position are based on data currently available to us. Information with respect to our brand loyalty was provided by Brand Keys, a third-party research firm specializing in brand loyalty measurement.

While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings Disclosure Regarding Forward-Looking Statements and Risk Factors in this prospectus.

### **TRADEMARKS, SERVICE MARKS AND TRADE NAMES**

We own the trademarks, service marks and trade names that we use in connection with the operation of our business. The service marks Avis and Budget, related marks incorporating the words Avis or Budget, and related logos and marks such as We try harder are material to our operations. Our subsidiaries and licensees actively use these marks. All of the material marks used in our business are registered (or have applications pending for registration) with the United States Patent and Trademark Office as well as major countries worldwide where our subsidiaries and licensees are in operation. Our subsidiaries own the marks used in our business.

### **INCORPORATION OF CERTAIN DOCUMENTS**

We incorporate by reference into this prospectus certain information that Avis Budget Group files with the United States Securities and Exchange Commission (the SEC ), which means we can disclose important information to you by referring you to those documents. We incorporate by reference into this prospectus (other than portions of these documents that are either (1) described in paragraphs (d)(1), (d)(2), (d)(3) or (e)(5) of Item 407 of Regulation S-K promulgated by the SEC or (2) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K, unless otherwise indicated therein that such items are intended to be filed under the Securities Exchange Act of 1934 (the Exchange Act )):

Avis Budget Group s Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 29, 2012 (the 2011 10-K );



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Avis Budget Group's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 filed with the SEC on May 9, 2012 (the 2012 First Quarter 10-Q ) and Avis Budget Group's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 filed with the SEC on August 8, 2012 (the 2012 Second Quarter 10-Q );

Avis Budget Group's Definitive Proxy Statement under Regulation 14A in connection with our Annual Meeting of Stockholders filed with the SEC on April 17, 2012;

Avis Budget Group's Current Reports on Form 8-K or Form 8-K/A filed with the SEC on October 25, 2011 (but only with respect to financial information of Avis Europe for the years ended and as of December 31, 2010 and 2009, as set forth in Exhibit 99.2 thereto and the six month period ended and as of June 30, 2011, as set forth in Exhibit 99.3 thereto), January 4, 2012, January 27, 2012, March 20, 2012, March 27, 2012, June 14, 2012 and August 3, 2012; and

information contained in reports or documents that we file with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this prospectus until the sale of all of the notes covered by this prospectus or the termination of this offering. We also incorporate by reference the information contained in all other documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than portions of these documents that are furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K, unless otherwise indicated therein) after the date of this prospectus and prior to the termination of the exchange offer. The information contained in any such document will be considered part of this prospectus from the date the document is filed with the SEC. You may request free copies of these filings by writing or telephoning us at the following address or telephone number, as applicable:

Avis Budget Group, Inc.

6 Sylvan Way

Parsippany, New Jersey 07054

Attn: Investor Relations

(973) 496-4700

**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this prospectus may be considered forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this prospectus are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any such forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, projected plans and objectives. These statements may be identified by the fact that they do not relate to historical or current facts and may use words such as believes, expects, anticipates, will, should, could, may, would, intends, projects, similar words, expressions or phrases. The following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

the high level of competition in the vehicle rental industry and the impact such competition may have on pricing and rental volume;

an increase in our fleet costs as a result of an increase in the cost of new vehicles, disruption in the supply of new vehicles, and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;

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risks related to our acquisition of Avis Europe plc ( Avis Europe ), including our ability to realize the synergies contemplated by the transaction and our ability to promptly and effectively integrate the businesses of Avis Europe and Avis Budget Group;

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the results of operations or financial condition of the manufacturers of our cars, which could impact their ability to perform their payment obligations under the agreements we have with them, including repurchase and/or guaranteed depreciation arrangements, and/or their willingness or ability to make cars available to us or the rental car industry as a whole on commercially reasonable terms or at all;

any reduction in travel demand, including any reduction in airline passenger traffic;

any weakness in economic conditions generally, particularly during our peak season or in key market segments;

our ability to continue to achieve and maintain cost savings and successfully implement our business strategies;

our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market consistent with current costs, and the financial condition of financial-guaranty firms that have insured a portion of our outstanding vehicle-backed debt;

an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the locations in which we operate;

our dependence on third-party distribution channels, third-party suppliers of other services and co-marketing arrangements with third parties;

our ability to utilize derivative instruments, and the impact of derivative instruments we currently utilize, which can be affected by fluctuations in interest rates, gasoline prices and exchange rates, changes in government regulations and other factors;

our ability to accurately estimate our future results;

a major disruption in our communication networks or information systems;

our exposure to uninsured claims in excess of historical levels;

our failure or inability to comply with laws, regulations or contractual obligations or any changes in laws, regulations or contractual obligations, including with respect to personally identifiable information;

any impact on us from the actions of our licensees, dealers and independent contractors;

substantial increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy, labor or other resources on which we depend to operate our business;

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risks related to our ability to meet our funding needs and our indebtedness, including our substantial outstanding debt obligations and our ability to incur substantially more debt;

our ability to meet the financial and other covenants contained in the agreements governing our indebtedness;

the terms of agreements among us and our former real estate, hospitality and travel distribution businesses following the separation of those businesses from us in 2006, particularly with respect to the allocation of assets and liabilities, including contingent liabilities and guarantees, the ability of each of the separated companies to perform its obligations, including indemnification obligations, under these agreements, and the former real estate business' right to control the process for resolving disputes related to contingent liabilities and assets;

risks associated with litigation involving Avis Budget Group;

risks related to tax obligations and the effect of future changes in accounting standards;

risks related to future acquisitions or investments that we may pursue, including any incurrence of incremental indebtedness to help fund such transactions and our ability to promptly and effectively integrate any acquired businesses;

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other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services; and

other risks referenced in the section titled "Risk Factors" of this prospectus and in the 2011 10-K.

We operate in a continuously changing business environment and new risk factors emerge from time to time. New risk factors, factors beyond our control, or changes in the impact of identified risk factors may cause actual results to differ materially from those set forth in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Moreover, we do not assume responsibility for the accuracy and completeness of those statements. The discussion and analysis contained in "Risk Factors" and other portions of this prospectus or the 2011 10-K, the 2012 First Quarter 10-Q and the 2012 Second Quarter 10-Q may contain forward-looking statements and involve uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Such statements are based upon assumptions and known risks and uncertainties.

Although we believe that our assumptions are reasonable, any or all of our forward-looking statements may prove to be inaccurate and we can make no guarantees about our future performance. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected. Except to the extent of our obligations under the federal securities laws, we undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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**PROSPECTUS SUMMARY**

This summary highlights material information about our business and about this offering of notes. This is a summary of material information contained elsewhere in this prospectus and incorporated by reference and is not complete and does not contain all of the information that may be important to you. For a more complete understanding of our business and this offering, you should read this entire prospectus, including the section entitled Risk Factors, as well as the consolidated financial statements, the related notes thereto and the other information incorporated by reference into this prospectus.

**Company Overview**

We operate two of the most recognized brands in the global vehicle rental industry through Avis and Budget. Avis is a leading rental car supplier positioned to serve the premium commercial and leisure segments of the travel industry and Budget is a leading rental car supplier focused primarily on more value-conscious segments of the industry. We are a leading vehicle rental operator in North America, Europe, Australia, New Zealand, and certain other regions we serve. We and our licensees operate the Avis and Budget brands in approximately 175 countries throughout the world. We generally maintain a leading share of airport car rental revenue in North America, Europe, Australia and New Zealand, and we operate one of the leading truck rental businesses in the United States.

Our car rental business enjoys significant benefits from operating two distinct brands that target different industry segments but share the same fleet, maintenance facilities, systems, technology and administrative infrastructure. We believe that Avis and Budget both enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand. In 2011, we generated total revenues of \$5,900 million. The Avis, Budget and Budget Truck brands accounted for approximately 64%, 30% and 6% of our revenue, respectively, in 2011. In October 2011 we expanded our international operations with the acquisition of Avis Europe plc (the Avis Europe Acquisition), making Avis Budget Group one of the largest vehicle rental companies in the world, and reuniting each of our Avis and Budget brands globally under a single company.

On average, our rental fleet totaled more than 393,000 vehicles and we completed more than 24 million vehicle rental transactions worldwide in 2011. In 2011, we derived approximately 74% of our \$4.3 billion in total car rental time and mileage revenue from on-airport locations and approximately 26% of our time and mileage revenue from off-airport locations, which we refer to as our local market business. We also license the use of the Avis and Budget trademarks to licensees in areas in which we do not operate directly. Our brands have an extended global reach with approximately 10,000 car and truck rental locations throughout the world, including approximately 5,000 car rental locations operated by our licensees. We rent our fleet of approximately 26,000 Budget trucks through a network of approximately 1,850 dealer-operated and 300 Company-operated locations throughout the continental United States.

We categorize our operations in three reporting segments: North America, consisting of our Avis and Budget car rental operations in the United States and our Avis and Budget vehicle rental operations in Canada; International, consisting of our Avis and Budget vehicle rental operations in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand; and Truck Rental, consisting of our Budget truck rental operations in the United States. We revised our reporting segments following the Avis Europe Acquisition. Disclosure concerning our International segment includes operational and financial results of Avis Europe since October 2011. In 2011:

*North America.* Our North America segment generated approximately 82 million rental days and average time and mileage revenue per day of \$41.23 with an average rental fleet of approximately 311,000 vehicles;

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*International.* Our International segment generated approximately 14 million rental days and average time and mileage revenue per day of \$49.31 with an average rental fleet of approximately 56,000 vehicles; and

*Truck rental.* Our Truck Rental segment generated approximately 4 million rental days and average time and mileage revenue per day of \$71.15 with an average rental fleet of approximately 26,000 trucks.

In 2011, our rental day volumes increased as travel demand rebounded from the 2008-09 recession, and our earnings increased substantially. We continued to realize substantial benefits from our cost-reduction efforts, including our Performance Excellence process improvement initiative to reduce expenses. We have achieved cost savings in numerous ways, including through:

Implementation of process improvements impacting virtually all areas of our business;

Reductions in operating and selling, general and administrative expenses, including significant reductions in staff, many of which were trimmed from fixed and semi-fixed overhead;

A review of location, segment and customer profitability to identify and respond appropriately to unprofitable aspects of our businesses, which positively impacted our profit per transaction and our overall profitability but negatively impacted volume;

Targeted price increases and changes to our sales, marketing and affinity programs in order to improve revenue per day and overall profitability;

Reductions in fleet costs and further consolidation of purchasing programs;

Further consolidation of customer-facing and back-office functions and locations across our operations; and

Reduction in costs, primarily general and administrative expenses, as we begin to integrate the operations of Avis Europe. In 2011, we not only completed more than 24 million vehicle rental transactions worldwide, but also made significant progress toward our strategic objectives. We retained approximately 99% of our commercial contracts and maintained, expanded or entered into marketing alliances with key marketing partners. In 2011, Avis was named the leading car rental company in customer loyalty by the Brand Keys Customer Loyalty Engagement Index for the 12th consecutive year. Avis was also named North America's Leading Car Hire for the sixth consecutive year by the World Travel Awards. We maintained consistently high levels of customer satisfaction, as measured by 750,000 responses to post-transaction surveys completed by our customers in 2011. We also continued our long-standing tradition of being an innovator in the car rental industry, piloting virtual rental transactions at unstaffed locations on corporate campuses through our On Location program and offering portable satellite radio rentals. In 2011, as a result of our continued focus on such upgrades and sales of ancillary products and services, we again increased the revenues per rental day that we generate from car class upgrades, *where2* GPS navigation unit rentals, loss damage waivers and insurance products, and other ancillary services.

In 2011, we maintained a diverse car rental fleet, in which no vehicle manufacturer represented more than 25% of our 2011 fleet purchases, and we continued to adjust our fleet levels to be consistent with demand. We continue to utilize sophisticated yield-management technology to optimize our pricing and fleet planning, and we continue to analyze and streamline our operations to gain efficiencies. In addition, our approximately 28,000 employees worldwide continue to provide reliable, high-quality vehicle rental services that foster customer satisfaction and customer loyalty.





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**Business Strategy**

For 2012, our objective is to focus on growing our business profitably, strengthening our position as a leading global provider of vehicle rental services and maintaining and enhancing efficiencies achieved through process improvement and other actions. We will also seek to gain efficiencies, strengthen our brands and reduce costs through effective integration and management of our recently acquired operations in Europe and Asia. We expect to achieve our goals by focusing our efforts on the following core strategic initiatives:

***Optimizing Our Two-Brand Strategy.*** We plan to continue to position our two distinct and well-recognized brands to focus on different segments of customer demand. With Avis as a premium brand preferred more by corporate and upscale leisure travelers, and Budget as a mid-tier brand preferred more by value-conscious travelers, we believe we are able to target a broad range of demand, particularly since the two brands share the same operational and administrative infrastructure while providing differentiated though consistently high levels of customer service. We aim to provide products, service and pricing, to use various marketing channels and to maintain marketing affiliations and corporate account contracts which complement each brand's positioning. In 2012, we plan to continue to invest in our brands through a variety of efforts, including television commercials, print advertisements and on-line and off-line marketing. We see particular growth opportunities in Europe for Budget, as Budget's share of airport car rentals is significantly smaller in Europe than in other parts of the world.

***Expanding Our Revenue Sources.*** We plan to continue to focus on promoting car class upgrades, adjusting our mix of vehicles to match customer demand, growing our rentals to small-business and international travelers and expanding our ancillary revenues derived from offering additional products and services to on- and off-airport customers. Opportunities for ancillary revenue growth include adding sales of insurance coverages, damage waivers and other ancillary products and services, such as electronic toll collection services, satellite radio and our *where2* GPS navigation product, to the rental transactions of an increasing percentage of our renters. We also look to increase the proportion of transactions in which customers prepay us for their vehicle rentals.

***Capturing Incremental Profit Opportunities.*** We plan to continue our focus on yield management and pricing optimization and seek to increase the time and mileage rental fees we earn per rental day. We have implemented technology, and will be adding additional systems, that strengthen our yield management and that enable us to tailor our product/price offerings to specific customer segments. We expect to continue to adjust our pricing to bolster profitability and match changes in demand. In addition, we believe the expansion of our revenue sources (as discussed above) should permit us to generate incremental profits from our customer base, while at the same time enhancing our customers' vehicle rental experience. We plan to intensify our efforts to build customer loyalty and reduce customer acquisition costs through our *Customer Led, Service Driven* program that is intended to enhance our customer