LISTING PARTICULARS

€250,000,000

Europcar Groupe S.A.

The direct parent company of

Europcar International S.A.S.U.

€125,000,000 Senior Subordinated Secured Floating Rate Notes due 2013
€125,000,000 8.125% Senior Subordinated Unsecured Notes due 2014

The Floating Rate Notes will be guaranteed on a senior subordinated basis by certain of Europcar Groupe S.A.'s German and U.K. subsidiaries.

This document consists of the listing particulars (the "Listing Particulars") in connection with the application to have the €125,000,000 aggregate principal amount of Senior Subordinated Secured Floating Rate Notes due 2013 (the "Additional Floating Rate Notes") and €125,000,000 aggregate principal amount of 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Additional Fixed Rate Notes" and, together, with the Additional Floating Rate Notes, the "Additional Notes") issued by Europcar Groupe S.A. (the "Issuer") admitted to the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. These Listing Particulars supplement the Offering Memorandum dated May 4, 2007 (the "Offering Memorandum") attached as Appendix 1.

The section of the Offering Memorandum on page x entitled "Currency Presentation and Exchange Rate Data" is amended by replacing it in its entirety with the following:

"**CURRENCY PRESENTATION AND EXCHANGE RATE DATA**

The following table sets forth information concerning exchange rates between the euro and U.S. dollar from 2002 through May 10, 2007, expressed in U.S. dollars per euro, for each of the periods shown. This information is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). The exchange rates below are provided solely for your convenience. No representation is made that the euro was, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. For information regarding the effect of currency fluctuations on the Europcar Group's results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Noon Buying Rate of the euro on May 10, 2007 was $1.35 = €1.00.

	(U.S. dollars per euro)			
	Period-end rate	Average rate[(1)]	High	Low
Year				
2002	1.05	0.95	1.05	0.86
2003	1.26	1.13	1.26	1.04
2004	1.35	1.24	1.36	1.18
2005	1.18	1.25	1.35	1.17
2006	1.32	1.27	1.33	1.19
Month				
January 2007	1.30	1.30	1.33	1.29
February 2007	1.32	1.30	1.32	1.29
March 2007	1.34	1.32	1.34	1.31
April 2007	1.37	1.35	1.37	1.34
May 2007 (through May 10)	1.35	1.36	1.36	1.35

(1) The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period."

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The section of the Offering Memorandum on page 47 entitled “Use of Proceeds” is amended by inserting the following sentence after the first sentence of such section:

“The net proceeds from the issuance of the Additional Notes after deducting estimated fees and expenses are expected to be approximately €253.6 million. ”

These Listing Particulars supplement, amend and modify the Offering Memorandum. These Listing Particulars are provided only for the purpose of obtaining approval of admission of the Additional Notes to the Official List of the Luxembourg Stock Exchange and admission for trading on the Euro MTF Market and shall not be used or distributed for any other purposes. These Listing Particulars do not constitute an offer to sell, or a solicitation of an offer to buy, any of the Additional Notes.

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of our knowledge, except as otherwise noted, the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of these Listing Particulars. These Listing Particulars may only be used for the purposes for which they have been published.

Except as disclosed in the Offering Memorandum, there has been no material adverse change in the Issuer’s nor the Company’s financial position or prospects occurring since the date of the Offering Memorandum and the date of these Listing Particulars.

The Notes have not been registered under the securities laws of any jurisdiction. The Notes have 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 of any state of the United States of America and unless so registered may not be offered or sold within the United States of America or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to the registration requirements of the securities act and any applicable State laws.

The date of these Listing Particulars is May 11, 2007.

APPENDIX 1

Offering Memorandum dated May 4, 2007

€250,000,000

Europcar Groupe S.A.

The direct parent company of

Europcar International S.A.S.U.

€125,000,000 Senior Subordinated Secured Floating Rate Notes due 2013
€125,000,000 8.125% Senior Subordinated Unsecured Notes due 2014

The Floating Rate Notes will be guaranteed on a senior subordinated basis by certain of Europcar Groupe S.A.'s German and UK subsidiaries.

Europcar Groupe S.A. (the "Issuer" or "EGSA") is offering €125,000,000 aggregate principal amount of its Senior Subordinated Secured Floating Rate Notes due 2013 (the "Additional Floating Rate Notes") and €125,000,000 aggregate principal amount of its 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Additional Fixed Rate Notes").

The Additional Floating Rate Notes will bear interest at a rate per annum, reset quarterly, equal to EURIBOR plus 3.50%. Interest on the Additional Floating Rate Notes will accrue from (and including) May 15, 2007 and will be payable on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2007. At any time on or after May 15, 2007, the Issuer may redeem all or part of the Additional Floating Rate Notes by paying a specified premium. The Additional Floating Rate Notes will otherwise have identical terms and conditions, are the same series as, and, upon completion of a 40 day distribution compliance period, will be fully fungible with the Issuer's outstanding €300,000,000 Senior Subordinated Secured Floating Rate Notes due 2013 (the "Existing Floating Rate Notes").

The Additional Fixed Rate Notes will bear interest at a rate of 8.125% per annum. Interest on the Additional Fixed Rate Notes will accrue from (and including) May 15, 2007 and will be payable on May 15 and November 15 of each year, beginning on November 15, 2007. At any time on or after May 15, 2010, the Issuer may redeem all or part of the Additional Fixed Rate Notes by paying a specified premium. Prior to May 15, 2010, the Issuer may also redeem all or part of the Additional Fixed Rate Notes if the Issuer pays a "make-whole" premium. In addition, on or before May 15, 2009, the Issuer may redeem up to 35% of the Additional Fixed Rate Notes with the net proceeds from one or more equity offerings. The Additional Fixed Rate Notes will otherwise have identical terms and conditions, are the same series as, and, upon completion of a 40 day distribution compliance period, will be fully fungible with the Issuer's outstanding €250,000,000 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Existing Fixed Rate Notes").

The Additional Floating Rate Notes and the Existing Floating Rate Notes are collectively referred to in this Offering Memorandum as the "Floating Rate Notes"; the Additional Fixed Rate Notes and the Existing Fixed Rate Notes are collectively referred to as the "Fixed Rate Notes"; the Additional Floating Rate Notes and the Additional Fixed Rate Notes are collectively referred to as the "Additional Notes"; and the Floating Rate Notes and the Fixed Rate Notes are collectively referred to as the "Notes".

The Additional Floating Rate Notes will be senior subordinated obligations of the Issuer and will be secured by a second ranking share pledge of the share capital of Europcar International S.A.S.U. ("ECI") held by the Issuer. The Additional Fixed Rate Notes will be senior subordinated unsecured obligations of the Issuer. The Additional Notes will rank equally in right of payment to all existing and future senior subordinated indebtedness of the Issuer and subordinated in right of payment to all existing and future senior indebtedness (subject to specified limitations) of the Issuer, including indebtedness incurred under the Issuer's senior revolving credit facility (the "Senior Revolving Credit Facility").

The Additional Floating Rate Notes will be guaranteed (each, a "Subsidiary Guarantee") on a senior subordinated basis by certain of the German and UK subsidiaries of the Issuer (each, a "Subsidiary Guarantor"). Each such guarantee will rank equally in right of payment to all existing and future senior subordinated indebtedness of such Subsidiary Guarantor and subordinated to any senior indebtedness of such Subsidiary Guarantor, including its guarantee under the Senior Revolving Credit Facility and its obligations under the Issuer's senior asset financing loan (the "Senior Asset Financing Loan").

This Offering Memorandum includes information on the terms of the Notes and the Subsidiary Guarantees, including redemption and repurchase prices, covenants and transfer restrictions.

We have applied to have the Additional Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market (the "Euro MTF Market"). We expect the Additional Notes will be made ready for delivery in book-entry form through Euroclear and Clearstream, on or about May 10, 2007, against payment in immediately available funds.

Investing in the Notes involves a high degree of risk. Please see the section entitled "Risk Factors" beginning on page 24.

We have not registered and will not register the Additional Notes or the related Subsidiary Guarantees under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Additional Notes and the related Subsidiary Guarantees are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A of the U.S. Securities Act of 1933 (the "U.S. Securities Act"), and in transactions outside the United States in accordance with Regulation S of the U.S. Securities Act. Please see the sections entitled "Plan of Distribution" and "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Additional Floating Rate Notes Price: 102.25% less an amount equal to accrued interest from and including the issue date through (but excluding) May 15, 2007.
Additional Fixed Rate Notes Price: 106.375% less an amount equal to accrued interest from and including the issue date through (but excluding) May 15, 2007.

Joint Book-Running Lead Managers

Deutsche Bank **BNP PARIBAS** **CALYON** **SOCIETE GENERALE**
Corporate & Investment Banking

The date of this Offering Memorandum is May 4, 2007.

Europcar

YOU RENT A LOT MORE THAN A CAR.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date of this Offering Memorandum. The business, financial condition, results of operations and prospects of the Issuer and its subsidiaries (together the "Europcar Group") and Vanguard Car Rental EMEA Holdings Limited ("Vanguard") and its subsidiaries (the "Vanguard Group") may have changed since that date.

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Additional Notes. Each prospective purchaser is authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Additional Notes described herein. You should read this Offering Memorandum before making a decision whether to purchase the Additional Notes. You must not:

- use this Offering Memorandum for any other purpose; or
- disclose any information in this Offering Memorandum to any other person.

You are responsible for making your own examination of the Issuer, the Europcar Group and the Vanguard Group and your own assessment of the merits and risks of investing in the Additional Notes. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Additional Notes. By purchasing the Additional Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- this Offering Memorandum relates only to offers and sales with respect to the Additional Notes;
- you have had an opportunity to request all additional information that you need from us;
- Deutsche Bank AG, London Branch, BNP Paribas, CALYON and Société Générale, London Branch (the "Initial Purchasers") are not responsible for, and are not making any representation to you concerning the Europcar Group's future performance or the accuracy or completeness of this Offering Memorandum; and
- no person is authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the issue and sale of the Additional Notes, and any information or representation not contained herein must not be relied upon as having been authorized by or on behalf of the Issuer, the Europcar Group or the Vanguard Group.

Neither the Additional Notes nor the related Subsidiary Guarantees have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Additional Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to "qualified institutional buyers" ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A"). Prospective purchasers are hereby notified that the sellers of the Additional Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Additional Notes and the distribution of this Offering Memorandum, see "Plan of Distribution" and "Notice to Investors".

The Additional Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Additional Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Additional Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this document and the offer and sale of the Additional Notes. Persons into whose possession this Offering Memorandum or any of the Additional Notes are delivered must inform themselves about and observe those restrictions. Each prospective purchaser of the Additional Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Additional Notes or possesses or distributes this document, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the Additional Notes, and neither we nor the Initial Purchasers shall have any responsibility therefore.

We have summarized certain documents and other information, but we refer you to the actual documents for a more complete understanding of what we discuss in this document. You should not consider any information in this document to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Additional Notes. In making an investment decision, you must rely on your own examination of the business of the Issuer, the Europcar Group and the Vanguard Group and the terms of this offering and the Notes, including the merits and risks involved.

We reserve the right to withdraw this offering of Additional Notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase Additional Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of Additional Notes sought by it.

In connection with this issue, Deutsche Bank AG, London Branch or persons acting on its behalf may over-allot or effect transactions with a view to supporting the market price of the Additional Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, Deutsche Bank AG, London Branch is under no obligation to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period ending no later than the earlier of 30 calendar days after the date on which the Issuer receives the proceeds from this offering of the Additional Notes and 60 calendar days after the date of allotment of the Additional Notes.

NOTICE PURSUANT TO TREASURY CIRCULAR 230

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER OF AN ADDITIONAL NOTE IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDER UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE ADDITIONAL NOTES; AND (C) A HOLDER OF AN ADDITIONAL NOTE SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED, 1955, AS AMENDED, ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICES TO CERTAIN EUROPEAN RESIDENTS

Luxembourg. The Additional Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in, the Grand Duchy of Luxembourg except for the sole purpose of the admission of the Additional Notes to the Official List of the Luxembourg Stock Exchange and admission of the Additional Notes for trading on the Euro MTF Market and except in circumstances which do not constitute a public offer of securities to the public.

United Kingdom. This Offering Memorandum is directed solely at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities of the Issuer or any member of its group may otherwise lawfully be communicated or caused to be communicated (all such persons in (i), (ii), (iii) and (iv) above together being referred to as "relevant persons"). Any investment activity to which this Offering Memorandum relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum.

France. This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Additional Notes are not being offered, directly or indirectly, to the public in France and this Offering Memorandum has not been and will not be distributed to the public in France. Offers, sales and distributions of the Additional Notes in France will be made only to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 of the *Code monétaire et financier*, on the condition that (i) this Offering Memorandum shall not be circulated or reproduced (in whole or in part) by such qualified investors, (ii) such investors act for their own account and (iii) they undertake not to transfer the Additional Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2 and L.621-8 of the *Code monétaire et financier*).

Germany. The offering of the Additional Notes is not a public offering in the Federal Republic of Germany.

Spain. The Additional Notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*) as amended and restated and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992, de 27 de Marzo, sobre emisiones y ofertas públicas de venta de valores*) as amended and restated ("R.D. 291/92"), and subsequent legislation.

This Offering Memorandum is neither verified nor registered in the administrative registries of the Comisión Nacional del Mercado de Valores ("CNMV"), and therefore a public offer for subscription of the Additional Notes will not be carried out in Spain. Notwithstanding that and in accordance with article 7 of R.D. 291/92, a private placement of the Additional Notes addressed exclusively to institutional investors (as defined in Article 7.1(a) of R.D. 291/92) may be carried out in accordance with the requirements of R.D. 291/92.

The Netherlands. The Additional Notes are not, will not and may not be offered, as part of their initial distribution or at any time thereafter, other than:

(a) in The Netherlands, to persons who trade or invest in securities in the conduct of their profession or business (which include banks, stockbrokers, insurance companies, investment undertaking pension funds, other institutional investors and finance companies and treasury departments of large enterprises ("professional investors"));

(b) in circumstances where one of the exceptions to or exemptions from the prohibition contained in article 3(1) of the Securities Transactions Supervision Act 1995 ("*Wet toezichteffectenverkeer 1995*") applies; or

(c) otherwise, to persons who are established, domiciled or resident ("are resident") outside The Netherlands.

Italy. The offering of the Additional Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Additional Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Additional Notes be distributed in the Republic of Italy, except (i) to qualified investors (*operatori qualificati*), other than natural persons, as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended (the "CONSOB Regulation No. 11522"), provided that such professional investors will act in their capacity and not as depositaries or nominees for other shareholders or (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Financial Services Act"), its implementing CONSOB regulations including Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Any offer, sale or delivery of the Additional Notes or distribution of copies of this Offering Memorandum or any other document relating to the Additional Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act and Legislative Decree No. 385 of September 1, 1993 (the "Banking Act"), as amended, the Italian Financial Services Act, CONSOB Regulation No. 11522, the implementing guidelines of the Bank of Italy and any other applicable laws and regulations, and

(b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy. Investors should also note that, in any subsequent distribution of the Additional Notes in the Republic of Italy, Article 100-bis of the Italian Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, where the Additional Notes are placed solely with professional investors and are then systematically resold on the secondary market at any time in the twelve months following such placing, purchasers of the Additional Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorized person at whose premises the Additional Notes were purchased, unless an exemption provided for under the Italian Financial Services Act applies.

CERTAIN DEFINITIONS; BACKGROUND; PRESENTATION OF INFORMATION

Readers should carefully consider the information in this Offering Memorandum, and in particular, the information under the caption "Risk Factors". If any of the risks described in that section occurs, Europcar's business, results of operations or financial condition could be materially adversely affected. The risks set forth in that section are not the only risks that the Europcar Group faces. In addition to the risks described in that section, we may encounter unknown risks, or risks that we currently believe to be immaterial, which may also impair our business, results of operations or financial condition.

Definitions

As used in this Offering Memorandum:

- "Additional Fixed Rate Notes" refers to the €125,000,000 8.125% Senior Subordinated Unsecured Notes due 2014 offered hereby.
- "Additional Floating Rate Notes" refers to the €125,000,000 Senior Subordinated Secured Floating Rate Notes due 2013 offered hereby.
- "Additional Notes" refers collectively to the Additional Floating Rate Notes and the Additional Fixed Rate Notes.

- "Bridge Financing" refers to the high yield bridge facility dated February 28, 2007 among, *inter alios*, Europcar Groupe S.A. as borrower, CALYON, BNP Paribas, Deutsche Bank AG, London Branch and Société Générale as mandated lead arrangers and underwriters and CALYON as security agent in an amount outstanding on the date of this Offering Memorandum of €255 million to be refinanced by the Additional Notes offered hereby.
- "$" or "U.S.$" or "dollar" or "U.S. dollar" refers to the lawful currency of the United States.
- "Combined Group" refers collectively to the Europcar Group and the Vanguard Group following the consummation of the Vanguard Acquisition.
- "ECI" refers to Europcar International S.A.S.U. and its subsidiaries.
- "ECI Acquisition" refers to the acquisition by the Issuer of all the outstanding shares of ECI.
- "ECI Consolidated Financial Statements" refers to the audited special purpose consolidated financial statements of ECI and its subsidiaries for the years ended December 31, 2006 and 2005.
- "ECI Corporate Countries" refers to France, Germany, Spain, Italy, the UK, Portugal and Belgium.
- "EGSA" refers to Europcar Groupe S.A. and its subsidiaries.
- "EGSA Financial Statements" refers to the audited separate non-consolidated financial statements for EGSA for the period ended December 31, 2006 and the notes thereto.
- "Equity Investors" refers, on the date of this Offering Memorandum, to Eurazeo, ECIP Europcar SARL and Eureka Participation SAS (the investment vehicle for certain members of Europcar management) and, following the further sale by Eurazeo of any minority portion of its investment in the Issuer, will include such other shareholder(s).
- "Eurazeo" or "Eurazeo Group" means collectively (i) Eurazeo S.A.; (ii) any subsidiary of Eurazeo; (iii) any investment fund or vehicle managed, sponsored or advised by Eurazeo or any of its subsidiaries or any successor thereto, or any successor to any such fund or vehicle; (iv) any person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and (v) any of their respective successors in interest.
- "€" or "euro" refers to the lawful currency of those countries participating in the Third Stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time.
- "Europcar" or the "Europcar Group" refers collectively to the Issuer and its subsidiaries, including ECI and ECI's subsidiaries, unless the context requires otherwise. As used in this Offering Memorandum, it does not refer to Vanguard and its subsidiaries unless the context requires otherwise.
- "Europcar Network" refers to ECI, its subsidiaries and its network of franchises operating both in the ECI Corporate Countries and internationally.
- "Existing Fixed Rate Notes" means the €250,000,000 8.125% Senior Subordinated Unsecured Notes due 2014 issued by the Issuer on May 12, 2006.
- "Existing Floating Rate Notes" means the €300,000,000 Senior Subordinated Secured Floating Rate Notes due 2013 issued by the Issuer on May 12, 2006.
- "Existing Notes" refers collectively to the Existing Floating Rate Notes and the Existing Fixed Rate Notes.
- "Fixed Rate Notes" refers collectively to the Existing Fixed Rate Notes and the Additional Fixed Rate Notes.
- "Floating Rate Notes" refers collectively to the Existing Floating Rate Notes and the Additional Floating Rate Notes.
- "Holders of the Notes" refers to holders from time to time of the Notes.
- "Indentures" means the indentures, each dated as of May 12, 2006 governing the Notes.

- "Issuer" refers to Europcar Groupe S.A.
- "Pro Forma EGSA/Vanguard Financial Information" means the unaudited consolidated pro forma financial information of the Combined Group for the year ended December 31, 2006 and the notes thereto set out elsewhere in this Offering Memorandum.
- "Notes" refers collectively to the Floating Rate Notes and the Fixed Rate Notes.
- "Selected Pro Forma EGSA Consolidated Financial Information" means the unaudited consolidated pro forma financial information of EGSA and ECI excerpted from the Pro Forma EGSA/Vanguard Financial Information as described under "Financial Information for ECI and EGSA", "Summary — Summary Europcar Consolidated Financial and Other Data" and "Selected Unaudited Pro Forma EGSA Consolidated Financial Information".
- "Senior Asset Financing Loan" refers to the senior bridge to asset financing facility agreement entered into on May 31, 2006 between, among others, ECI and certain of its subsidiaries as borrowers or guarantors and BNP Paribas, CALYON, Deutsche Bank AG, London Branch and Société Générale, as lenders, as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time.
- "Senior Revolving Credit Facility" refers to the senior revolving credit facility entered into on May 31, 2006 between, among others, the Issuer and certain of its subsidiaries as borrowers and BNP Paribas, CALYON, Deutsche Bank AG, London Branch and Société Générale, as lenders, as amended and/or restated from time to time.
- "Total rental revenues" of the Europcar Network as used in the section entitled "Business" means ECI's consolidated revenues, excluding royalties and franchise fees, together with the unaudited revenues directly generated by franchisees' car rental operations as reported to Europcar for purposes of calculating royalty payments and is an unaudited figure. Such franchisee revenues are not revenues of ECI and are not included in the ECI Consolidated Financial Statements included elsewhere in this document.
- "Vanguard" or the "Vanguard Group" refers collectively to Vanguard Car Rental EMEA Holdings Limited and its subsidiaries, unless the context requires otherwise.
- "Vanguard Acquisition" refers to the acquisition by Europcar UK Limited of all of the outstanding shares of Vanguard Car Rental EMEA Holdings Limited.
- "Vanguard Consolidated Financial Statements" means the audited consolidated financial statements of Vanguard for the period ended December 31, 2006.
- "Vanguard U.S." means Vanguard Car Rental Holdings LLC.
- "Volkswagen AG" refers to Volkswagen AG and the "Volkswagen Group" refers to Volkswagen AG and its subsidiaries (excluding ECI and its consolidated subsidiaries).
- "VRIH" refers to Vanguard Rental International Holdings C.V.
- "we", "us" and "our" refer to the Europcar Group, unless the context requires otherwise.
- "2002", "2003", "2004", "2005" and "2006" refer to the year ending December 31 of the year designated, unless the context requires otherwise.

Background to ECI Acquisition

On May 31, 2006 Eurazeo acquired, through EGSA, a subsidiary formed for such purpose, 100% of the share capital of ECI from Volkswagen AG (the "ECI Acquisition"). EGSA is a *société anonyme* incorporated under the laws of the Republic of France. The acquisition of ECI had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's consolidated debt of €1.8 billion as at December 31, 2005, including a €115 million payment made to Volkswagen AG. The financing of the ECI Acquisition included:

- a €2.6 billion Senior Asset Financing Loan, which will increase to €2.9 billion at the end of 2007 (to the extent not refinanced with a permanent financing prior thereto);
- a €250.0 million Senior Revolving Credit Facility;

- €550.0 million of Existing Notes; and
- a €775.0 million Equity Contribution by the Equity Investors.

On April 18, 2007, we launched a consent solicitation (the "Consent Solicitation") seeking the consent of the holders of a majority of each series of the Existing Notes (the "Requisite Consents") to make certain amendments (the "Proposed Amendments") to certain provisions of the Indentures (see "Summary — Consent Solicitation"). Having received the Requisite Consents, we have amended the Indentures to increase the amount that can be borrowed under the Senior Revolving Credit Facility to up to €350 million and the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan to up to €4,000 million.

The Senior Asset Financing Loan is expected to be refinanced by the proceeds of one or more of the following:

- a securitization take-out backed by the vehicle fleet;
- finance leases; and
- vehicle operating leases.

Financial Information for ECI and EGSA

The historical financial information presented in this Offering Memorandum for ECI is based upon the audited special purpose consolidated financial statements of ECI and its subsidiaries for the years ended December 31, 2006 and 2005 (see "Remark to the Historical Data" to the Consolidated Financial Statements for the year ended December 31, 2006), which have been prepared to reflect the financial condition and results of operations of ECI and its subsidiaries (the "ECI Consolidated Financial Statements"). The ECI Consolidated Financial Statements, presented in euro, are included herein. The ECI Consolidated Financial Statements and the notes thereto have been prepared in accordance with the principles and methods described therein which state in particular that the accounts of ECI have been established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The audited separate financial statements for EGSA for the period ended December 31, 2006 and the notes thereto included in this Offering Memorandum reflect the results of operations of EGSA on a stand-alone basis (the "EGSA Financial Statements") from the date of its incorporation on March 9, 2006. The EGSA Financial Statements and the notes thereto included herein have been prepared in accordance with the principles and methods described therein which state in particular that the accounts of EGSA have been established in accordance with IFRS and have been audited under French GAAS by PricewaterhouseCoopers Audit.

The Selected Pro Forma EGSA Consolidated Financial Information reflects the consolidated financial results of EGSA and its subsidiaries for the year ended December 31, 2006 on a *pro forma* basis as if EGSA had been organized and the ECI Acquisition had occurred as of January 1, 2006 (but does not reflect the Vanguard Acquisition).

Background to Vanguard Acquisition

On November 10, 2006, Europcar UK Limited, an indirect wholly-owned subsidiary of EGSA, signed a sale and purchase agreement (the "SPA") to acquire the UK-based European car rental operations of National Car Rental and Alamo Rent A Car (the "Vanguard Acquisition") by purchasing 100% of the share capital of Vanguard Car Rental EMEA Holdings Limited ("Vanguard") from Vanguard Rental International Holdings C.V. ("VRIH"). The Vanguard Acquisition was consummated on February 28, 2007.

The financing of the Vanguard Acquisition comprised:

- the roll-over of existing debt of Vanguard in an amount of €413.2 million; and
- the Bridge Financing in an amount outstanding on the date of this Offering Memorandum of €255 million to be refinanced by the Additional Notes offered hereby.

Financial Information for Vanguard

The EGSA and ECI consolidated financial statements and information included herein do not reflect the Vanguard Acquisition. Separate audited consolidated financial information for Vanguard for the year ended December 31, 2006 (the "Vanguard Consolidated Financial Statements") are included in this Offering Memorandum. The Vanguard Consolidated Financial Statements and the notes thereto have been prepared in accordance with UK generally accepted accounting principles ("UK GAAP") which differ in certain respects from IFRS. The Vanguard Consolidated Financial Statements, prepared according to UK GAAP, have been audited in accordance with International Standards on Auditing (UK and Ireland) by PricewaterhouseCoopers LLP. Certain summary unaudited financial statement data for Vanguard included herein has been reconciled to IFRS. See "Summary — Summary Unaudited Restated Vanguard Consolidated Financial and Other Data".

Pro Forma Financial Information

In addition, certain unaudited pro forma consolidated information for the Combined Group, giving effect to the ECI Acquisition and the Vanguard Acquisition as if both such acquisitions had occurred on January 1, 2006 and as further adjusted to give effect to the Additional Notes offered hereby, is included herein. See "Summary — Summary Unaudited Pro Forma EGSA/Vanguard Financial and Other Information" and "Selected Unaudited Pro Forma Financial and Other Information—EGSA and Vanguard".

Other Information and Use of Non-GAAP Measures

This Offering Memorandum contains information for the Europcar Group on a stand-alone basis and the Combined Group regarding consolidated EBITDA, corporate EBITDA, adjusted consolidated EBITDA, adjusted corporate EBITDA, fleet capital expenditures, non-fleet capital expenditures, adjusted net debt, adjusted net corporate debt, adjusted cash interest, additional fleet cash interest, adjusted cash corporate interest, quality of earnings adjustments and certain financial ratios which are not recognized measurements under IFRS.

The financial information included in this Offering Memorandum is not intended to comply in all matters with IFRS reporting requirements. Compliance with such requirements would require the modification or exclusion of certain financial measurements and the presentation of certain other information not included herein.

You should not consider the items which are not recognized measurements under IFRS as alternatives to the applicable IFRS measurements. In particular, you should not consider these measurements of the Combined Group's or the Europcar Group's financial performance or liquidity as an alternative to net income, operating income or any other performance measures derived in accordance with generally accepted accounting principles or as an alternative to cash flow from operating activities as a measurement of the Combined Group's or the Europcar Group's liquidity. Unless otherwise stated herein, all gross transaction value, turnover and other sales amounts are reported exclusive of value added tax. We have included these measurements because we believe they are important indicators of the underlying historical performance of the Combined Group or the Europcar Group.

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information.

For convenience of the reader, UK pound sterling amounts have been converted into euros at UK£1.00 = €1.4667, the average rate for 2006 for statement of operations data and UK£1.00 = €1.4892 for balance sheet data, the rate at year end. These translations should not be construed as representations that the UK pound sterling amounts actually represent such euro amounts or could be converted into euros at the rates indicated.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains statements that may be deemed to be "forward-looking statements". All statements, other than statements of historical fact, included in this Offering Memorandum that address activities, events or developments that Europcar intends, expects, projects, believes or anticipates will or may occur in the future, including, without limitation, statements regarding the Combined Group's business strategy, plans and objectives, statements expressing beliefs and expectations regarding future demand for the Combined Group's services and other events and conditions that may influence the Combined Group's results of operations, financial condition or performance in the future, statements concerning future growth and expansion into new markets or activities, and other similar matters are forward-looking statements.

Such statements are based on certain assumptions and analyses made by Europcar management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors that Europcar believes to be relevant and are also subject to a number of material risks and uncertainties. Important factors that could cause actual results to differ materially from Europcar's expectations are discussed herein under the captions "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Europcar's Business — Our Strategy" and "Management". Such factors include:

- general risks relating to national, regional and local economic, business and other market conditions in the areas where the Combined Group operates, including economic disruption and uncertainty resulting from geopolitical events or terrorist attacks or similar events that could occur in the future;
- factors affecting the European car rental markets generally;
- the outstanding indebtedness and leverage of the Combined Group and the restrictions imposed by such indebtedness;
- the level and volatility of interest rates and fluctuations in currency exchange rates;
- the ability of the Combined Group to generate free cash flow or to obtain sufficient resources to meet the Issuer's or the Combined Group's other debt service obligations and to finance working capital and capital expenditure needs;
- competition;
- the successful integration of the Europcar and Vanguard businesses;
- dependence on key personnel; and
- Europcar's ability to implement its strategy.

Prospective investors are cautioned that such forward-looking statements are not guarantees of future performance and that actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

INDUSTRY AND MARKET DATA

This Offering Memorandum contains information concerning the markets in which the Combined Group operates. Certain of this information has been provided from studies conducted by third party sources. Given the rapidly changing environment of the vehicle rental industry in Europe and in the world, such information may prove to be erroneous or outdated. We cannot assure you of the accuracy and completeness of such information and we have not independently verified such market data.

In addition, certain statements regarding the rental car industry and Europcar's position in the industry are based solely on Europcar's experience, internal studies and estimates, and our own investigation of market conditions. We cannot assure you that any of these assumptions accurately or correctly reflect Europcar's position in these industries, and none of these internal surveys or information has been verified by any independent sources.

CURRENCY PRESENTATION AND EXCHANGE RATE DATA

The following table sets forth information concerning exchange rates between the euro and U.S. dollar from 2002 through April 30, 2007, expressed in U.S. dollars per euro, for each of the periods shown. This information is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). The exchange rates below are provided solely for your convenience. No representation is made that the euro was, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. For information regarding the effect of currency fluctuations on the Europcar Group's results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Noon Buying Rate of the euro on April 30, 2007 was $1.37 = €1.00.

	(U.S. dollars per euro)			
	Period-end rate	Average rate[1]	High	Low
Year				
2002	1.05	0.95	1.05	0.86
2003	1.26	1.13	1.26	1.04
2004	1.35	1.24	1.36	1.18
2005	1.18	1.25	1.35	1.17
2006	1.32	1.27	1.33	1.19
Month				
January 2007	1.30	1.30	1.33	1.29
February 2007	1.32	1.30	1.32	1.29
March 2007	1.34	1.32	1.34	1.31
April 2007	1.37	1.35	1.37	1.34

(1) The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period.

SUMMARY

This summary highlights information about us and the offering of the Additional Notes contained elsewhere in this Offering Memorandum. This summary does not contain all the information you should consider before investing in the Additional Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the ECI Consolidated Financial Statements and related notes, the Vanguard Consolidated Financial Statements and the related notes and the unaudited Pro Forma EGSA/Vanguard Financial Information and the related notes. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the caption "Risk Factors".

Our Company

We provide vehicles for short and medium term corporate and leisure rentals under the internationally recognized brand name Europcar. We believe that the Europcar Network is the leading car rental organization in Europe, based on number of rental days (a standard industry measure of rental volume) and one of only three global car rental organizations. We operate over 3,049 locations, in approximately 160 countries worldwide. We are present at approximately 200 airports in the ECI Corporate Countries. For the year ended December 31, 2006, ECI generated consolidated revenues of €1.5 billion (representing an increase of 15% compared to €1.3 billion for the same period in 2005) and consolidated EBITDA of €437.5 million (representing an increase of 21.6% compared to consolidated EBITDA of €359.7 million for the same period in 2005); and employed 5,577 persons (based on average full-time equivalent headcount).

We believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry. In the year ended December 31, 2006 we purchased 261,946 vehicles and our average fleet was approximately 161,081 vehicles. Our fleet is sourced from a number of manufacturers. Volkswagen AG (with the brands VW, Audi, Seat and Skoda) accounted for approximately 27% of Europcar's fleet, Renault 18%, Fiat 17% and other manufacturers accounted for the remaining 38% during the year ended December 31, 2006. 96% of our fleet is covered by repurchase programs with explicit or implicit buy-back provisions.

We derive approximately 65% of our ECI Corporate Countries' revenues from non-airport stations and 35% from airport stations.

We serve a large spectrum of customers ranging from multinational corporations and tour operators to individuals. As of December 31, 2006 we derived 55% of our revenues from our corporate customers and 45% from our leisure customers; and no single customer generated more than 5% of our consolidated revenues.

On February 28, 2007, we acquired the UK-based European car rental operations of National Car Rental and Alamo Rent A Car (the "Vanguard Acquisition") by purchasing 100% of the share capital of Vanguard, making us the largest car rental organization in the UK and in Europe.

Our Market

The global car rental market is estimated by Datamonitor to have generated close to U.S.$38 billion in total revenues in 2005. Between 2001 and 2005 the market grew at a compound annual rate of approximately 2.2% and it is expected by Datamonitor and other independent analysts to grow at a compound annual rate for the period from 2005 through 2010 of 5%.

Europe is the second largest market in the global car rental industry, accounting for approximately one-third of global car rental market revenues in 2005. According to Datamonitor, the European car rental market grew at an average annual rate of 1.8% between 2001 and 2005 and is expected to grow by 2.7% from 2005 to 2010.

Our Strengths

Leading Market Position in Europe with Scale and Global Reach

We believe that the Europcar Network is the leading European car rental organization based on number of rental days and holds a leading market position in each of Germany, France, Italy and Spain

(from which approximately 84% of our consolidated revenues were derived in 2006) as well as Portugal. The Europcar Network's presence at approximately 200 airports in the ECI Corporate Countries, which we believe is more than any of our competitors in these countries, and our extensive coverage of all other major European travel hubs, provides us with maximum exposure to potential customers in Europe. The broad scope of the Europcar Network, operating over 3,049 locations in approximately 160 countries worldwide, lends proximity to customers and increasingly generates growth of in-bound and cross-border bookings, in particular for rentals in Europe.

In addition, we believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry, with a purchase volume of 261,946 vehicles in the year ended December 31, 2006, which gives Europcar substantial negotiating leverage with car manufacturers and the ability to provide customers with wide choices in car rentals. We believe that this type of market position and global reach would be difficult for others to replicate due to the capital intensive nature of the business.

Recognized Premium Brand and Quality Service

Europcar's own operations and its extensive network of franchisees position the Europcar Network as one of only three international car rental organizations in the rental car industry, operating globally under a widely recognized and uniform brand in approximately 160 countries. Europcar offers a number of different distribution channels to cater to its customers' preferences for making reservations, including station reservations, reservation call centers, global distribution reservation systems used by airlines, travel agents and tour operators and online reservations. Europcar has received a number of best-in-class awards for car rental service at both European and international levels. In addition, we believe that our widely recognized brand and service levels have enabled us to create and maintain a high level of customer loyalty and therefore to attract companies to enter into quality partnerships on an exclusive or preferential basis. We seek to maintain the Europcar image worldwide through uniform branding and strict quality controls, which are designed to ensure reliability and consistency of high-standard service.

Well-Diversified Business Mix

The Europcar Network's mix of stations (airport and non-airport stations), rental needs served (corporate and leisure customers) and geographic diversity (domestically sourced and internationally sourced rentals) provide Europcar with a broad customer base that ranges from multinational corporations and tour operators to individuals. The Europcar Network manages seasonality by maintaining a strong focus on corporate rentals, for which demand is less volatile and seasonal than for leisure rentals, and a growing focus on vehicle replacement services. Europcar's contractual relationships with numerous corporate customers across multiple industries contribute to the stability of corporate rental revenues. Europcar's growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet (the largest low-cost carrier, which also caters to business clients), TUI (one of the world's leading tour operators) and Accor (the largest hotel group in Europe) has enabled Europcar to further expand and diversify its revenue base, especially in the leisure rental market.

As for its suppliers, for the year ended December 31, 2006, the Europcar fleet did not include any single manufacturer brand representing more than approximately 16% or any single manufacturer representing more than approximately 27%, leading us to believe that our reliance on any one supplier is less than or similar to that of our key competitors.

Flexible Cash Generative Business Model

We believe that our well-diversified business mix provides stable revenues which, when combined with our low fixed costs, and low non-fleet capital expenditures, enables us to maintain our profitability and cash flow. Between the year ended December 31, 2005 and the year ended December 31, 2006, cash generated from operations (excluding changes in rental fleet and changes in fleet related working capital) increased from €180.8 million to €206.7 million.

Europcar is able to respond quickly to the market both in terms of fleet size and pricing allowing it to continuously adapt to changing market conditions and maintain its market share and profits. 96% of Europcar's fleet is covered as at December 31, 2006 by repurchase programs with explicit or implicit buy-back provisions, which reduces Europcar's exposure to fluctuations in the used vehicle market and

provides the flexibility to adjust the size of the fleet to respond to seasonal fluctuations in demand by varying vehicle holding periods between 4 and 8 months. For example, through effective fleet management, Europcar was able to manage the impact that the attacks on September 11, 2001 had on the global travel industry. In the three month period from September to December 2001, Europcar increased fleet disposals by 13% compared to the same period in 2000 and reduced fleet additions by 17%. Due to these actions, the utilization of the fleet fell by only 2.1% from 67.6% for the three month period in 2000 to 65.5% for the three month period in 2001, which compares favorably to its competitors. At any time during the year, Europcar can increase or decrease its fleet size by approximately 10% of the average Europcar fleet size within three months of the decision to do so.

Franchise arrangements have provided Europcar with a cost-effective and relatively low-risk route to expand into small and medium-sized local or regional markets within the ECI Corporate Countries and are a major factor contributing to the Europcar Network's international reach.

State of the Art Proprietary IT System

We believe that Europcar has developed one of the most advanced fully integrated IT systems in the car rental industry. The proprietary "GreenWay" system covers and links virtually all aspects of the car rental activities from web-based reservation applications and customized client interfaces to complex fleet planning and fleet management, as well as back-office accounting, invoicing and data warehousing.

The GreenWay system is instrumental to effective fleet management and has enabled Europcar to achieve fleet utilization rates that we believe are among the highest in the European car rental industry. We believe that Europcar's significant investment in technology enhances its ability to offer innovative services efficiently throughout the Europcar Network.

Experienced and Stable Management Supported by Strong Equity Sponsorship

Europcar benefits from one of the most experienced management teams in the industry. Europcar's three most senior executives collectively have more than 60 years of experience in the car rental industry and have been employed by the Europcar Network for an average of more than 20 years. In addition, local management in the ECI Corporate Countries have an average of more than 10 years of experience in the car rental industry. The continuity afforded by Europcar's experienced management team differentiates it from some of its key competitors and is viewed by Europcar as one of the key factors contributing to its consistent and profitable growth over the past years.

Europcar is majority owned by Eurazeo. Eurazeo is a leading listed private equity investment company in Europe and has a track record of actively managing and supporting its investments, and seeking to create value in the companies which it has acquired. Eurazeo has significant industry and asset-backed financing knowledge through its previous investment in Fraikin, France's leading industrial vehicle leasing company.

Our Strategy

Our primary objective is to pursue profitable growth while continuing to improve cash generation. We intend to achieve this objective by enhancing and leveraging our premium brand, and addressing evolving customer requirements for quality, reliability and cost-effective solutions. The key elements of our strategy include:

Further Leverage Market Leadership in Europe

We believe that Europcar is well positioned to consolidate and further expand its leading market position in Europe. Europcar's coverage of all major European travel hubs and a strong regional presence are important factors enabling it to capture growth potential in the industry. With the completion of the Vanguard Acquisition, Europcar's position in the United Kingdom will be enhanced by Vanguard's leading market position through its National Car Rental and Alamo Rent A Car brands. Additionally, Europcar has implemented a number of initiatives aimed at increasing Europcar's market share and positioning it to outperform the industry. Such initiatives include the expansion of Europcar's portfolio of partnerships, the promotion of cross-border and international bookings, in particular the enhancement of European in-bound traffic, and a strong commitment to quality service through continuous monitoring of its performance and achievement of quality targets. Europcar will continue, in a cost-efficient and flexible manner, to make extensive use of franchisees and agents to supplement coverage in ECI Corporate Countries and to drive its international expansion. In addition, Europcar

may, from time to time, enter into agreements to acquire its franchisees when such acquisitions would be beneficial to Europcar. In such cases, the franchisee revenues will thereafter be included in Europcar's revenues from rental operations, and royalty revenues in respect of such acquired franchises will no longer be recognized.

Continue to Expand Partner Network

Europcar intends to strengthen its exclusive and preferred partner network by further developing existing partnerships and signing new agreements with counterparties from travel-related and other industries to maximize its exposure to potential customers. Recent initiatives include the targeting of groups and organizations whose members have a one-off or continuous need for vehicle rental services, such as trade shows and special-interest groups.

Pursue Selective Expansion in Attractive New Markets

Europcar is seeking to complement its international network by expanding into a selected number of countries where attractive business opportunities exist including Japan and China, and a small number of other countries. For example, in September 2006 Europcar concluded an agreement with Mazda Car Rental, a leading car rental company in Japan pursuant to which Mazda Car Rental will feature Europcar branding in key rental locations throughout Japan. Europcar expects that the strategic alliance commenced with Vanguard U.S. will enhance Europcar's current initiative to promote cross-border and international bookings (see "— The Vanguard Acquisition — The Strategic Alliance between Europcar and Vanguard U.S."). Europcar sees significant untapped growth potential for European and U.S. in-bound bookings. In line with its strategy, Europcar also intends to explore franchising opportunities in China. While Europcar currently intends to focus on its traditional cost-efficient and low-risk approach of expansion through franchise arrangements, it will continue to study alternative expansion opportunities, including acquisitions, partnerships or joint ventures.

Further Improve Profitability and Continue to Pursue Profitable Growth Strategy

Europcar has an established record of profitable growth that we believe compares favorably to those of its competitors. Europcar will continue to focus on increasing operational efficiencies in areas such as de-fleeting and re-fleeting. Cornerstones of Europcar's strategy to maintain and extend this profitable growth are, among other things, a continued focus on the efficient management of fleet and workforce, the fostering of a strong partnership with franchisees to supplement regional coverage, and the continuous development of powerful IT solutions tailored to Europcar's business needs.

We believe there are opportunities to further increase the productivity and profitability of our operations thereby improving our operating margins and capital efficiency, which we are currently actively pursuing.

Corporate History

On March 15, 2006 Eurazeo entered into a share sale and transfer agreement ("SSTA") with Volkswagen AG for the acquisition by Eurazeo, through its subsidiary, EGSA, of 100% of the share capital of ECI from Volkswagen AG (the "ECI Acquisition"). On April 25, 2006, the Issuer was transformed into a *société anonyme* incorporated under the laws of the Republic of France, and increased its share capital from €235,000 to €10,235,000 on May 9, 2006. The share capital was subsequently increased to €775,000,000 on May 31, 2006 and to €778,384,620 on October 23, 2006. The Issuer's share capital consists of 77,838,462 registered shares of one class with a par value of €10 each.

The ECI Acquisition had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's consolidated debt of €1.8 billion as at December 31, 2005.

The financing of the ECI Acquisition included:

- a €2.6 billion Senior Asset Financing Loan, which will increase to €2.9 billion at the end of 2007 (to the extent not refinanced with a permanent financing prior thereto);
- a €250.0 million Senior Revolving Credit Facility;
- €550.0 million of Existing Notes; and
- a €775.0 million Equity Contribution by the Equity Investors.

On April 18, 2007, we launched a consent solicitation (the "Consent Solicitation") seeking the consent of the holders of a majority of each series of the Existing Notes (the "Requisite Consents") to make certain amendments (the "Proposed Amendments") to certain provisions of the Indentures (see "— Consent Solicitation"). Having received the Requisite Consents, we have amended the Indentures to increase the amount that can be borrowed under the Senior Revolving Credit Facility to up to €350 million and the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan to up to €4,000 million.

The Senior Asset Financing Loan is expected to be refinanced by the proceeds of one or more of the following:

- a securitization take-out backed by the vehicle fleet;
- finance leases; and
- vehicle operating leases.

The Vanguard Acquisition

On November 10, 2006, Europcar UK Limited, an indirect wholly-owned subsidiary of EGSA, signed a sale and purchase agreement (the "SPA") relating to the Vanguard Acquisition. The Vanguard Acquisition was consummated on February 28, 2007.

At announcement, the Vanguard Acquisition had a total value of approximately €670 million. At completion, the purchase price was €241.0 million for the equity and the assumption of Vanguard's consolidated debt as of February 28, 2007 of €413.2 million.

Financing the Vanguard Acquisition

The following table illustrates the estimated sources and uses of funds in connection with the Vanguard Acquisition.

Sources of Funds	(in millions of euro)	Uses of Funds	(in millions of euro)
Roll-over of Vanguard's existing debt	413.2	Purchase of equity	241.0
		Roll-over of Vanguard's existing debt	413.2
The Bridge Financing	255.0	Fees and expenses	14.0
Total sources of funds	668.2	Total uses of funds	668.2

The Strategic Alliance between Europcar and Vanguard U.S.

On November 10, 2006, EGSA entered into a strategic alliance with Vanguard U.S. in order to provide global seamless and cost-efficient vehicle rental solutions to the parties' respective corporate and leisure customers (the "Alliance").

Currently, Europcar and Vanguard U.S. each operate a vehicle rental network in a distinct geographical region. The goal of the Alliance is to offer customers of Europcar and Vanguard U.S. a seamless customer experience regardless of whether the rental is for a U.S. or European location and provide corporate customers an alternative global solution thereby enabling Europcar and Vanguard U.S. to compete more effectively with other global players such as Avis and Hertz.

The Alliance is intended to leverage the strengths and geographical reach of each of the parties' vehicle rental networks according to the following principles:

- each party will refer to the other all reservations requested by its customers for rental services to be provided locally by the other party;
- each party has granted to the other an exclusive license to use its trademarks for providing services locally in the context of the Alliance;
- each party is permitted to appoint a third party to solicit or receive orders from the other party's customers for local vehicle rental services;

- the parties will determine a coordinated branding strategy (through a global marketing and promotional plan); however, each party will remain responsible for managing its own brands in order to facilitate the development of a seamless customer experience while preserving the option to have a multi-brand presence (initially being the Europcar, National Car Rental and Alamo Rent A Car brands) through each distribution channel and in each car rental location;
- each party will remain free to determine its prices and pricing policies; and
- the parties' loyalty programs will operate as one seamless program from the point of view of the customer but each loyalty program will be managed separately.

On March 31, 2007, Cerberus Capital Management announced that it had entered into an agreement to sell Vanguard U.S. to Enterprise Rent-a-Car Co. ("Enterprise"). In addition to its own U.S. operations, Enterprise has existing operations in three countries in Europe (the United Kingdom, Germany and Ireland), with the most significant of such operations being in the United Kingdom. The Alliance will remain in effect following this sale and we are currently exploring the effects such acquisition may have on the operation of the Alliance.

Vanguard's Business

Vanguard serves the car rental needs of both corporate and leisure customers in Europe through a network of approximately 2,370[(1)] company-owned, franchised and licensed locations in 47 countries with an owned fleet of approximately 39,616 vehicles as of December 31, 2006. Vanguard believes it has a leading combined brand market share based on revenues in the United Kingdom and operates in both airport and non-airport locations. For the year ended December 31, 2006, Vanguard generated consolidated turnover of £275.0 million (€403.4 million) and consolidated operating profit of £29.8 million (€43.7 million), in each case determined in accordance with UK GAAP; and employed approximately 3,073 persons (based on average monthly full-time equivalent headcount).

Vanguard operates principally under the National Car Rental and Alamo Rent A Car brands through a network of company-owned, franchised and licensed locations. Vanguard estimates that its National and Alamo brands contributed approximately 98% of its 2006 rental revenues. During 2006, not including the rental activities of franchisees and licensees, Vanguard had approximately 11.8 million rental days with an average paid fleet of 41,812 vehicles.

Principal Shareholder

As of the date of this Offering Memorandum, Eurazeo is the majority shareholder of EGSA. It, along with ECIP Europcar Sàrl (a vehicle for co-investors with Eurazeo in Europcar, see "Principal Shareholder") and Eureka Participation SAS (the investment vehicle for certain members of Europcar management), are the only Equity Investors in EGSA.

With over €6 billion in diversified assets and a current market capitalization of €6.0 billion as of May 3, 2007, Eurazeo is one of Europe's leading investment companies.

Eurazeo has completed several major acquisitions in the last four years, including:

- APCOA, a leading European car park operator, on April 25, 2007;
- Europcar in May 2006;
- B&B, a hotel chain acquired in July 2005;
- Eutelsat, Europe's leading satellite operator, which was listed on Euronext in December 2005. Eurazeo sold its stake in February 2007;
- Rexel, the world's leading distributor of electrical equipment and the largest European leveraged buy-out announced in 2004, which was listed on Euronext in April 2007; and
- Fraikin, acquired in 2003, France's leading industrial vehicle leasing company, for which Eurazeo completed the first whole business securitization in France. Eurazeo sold its stake in Fraikin to CVC Capital Partners in February 2007. As part of the sale, Eurazeo purchased 20% of the new entity.

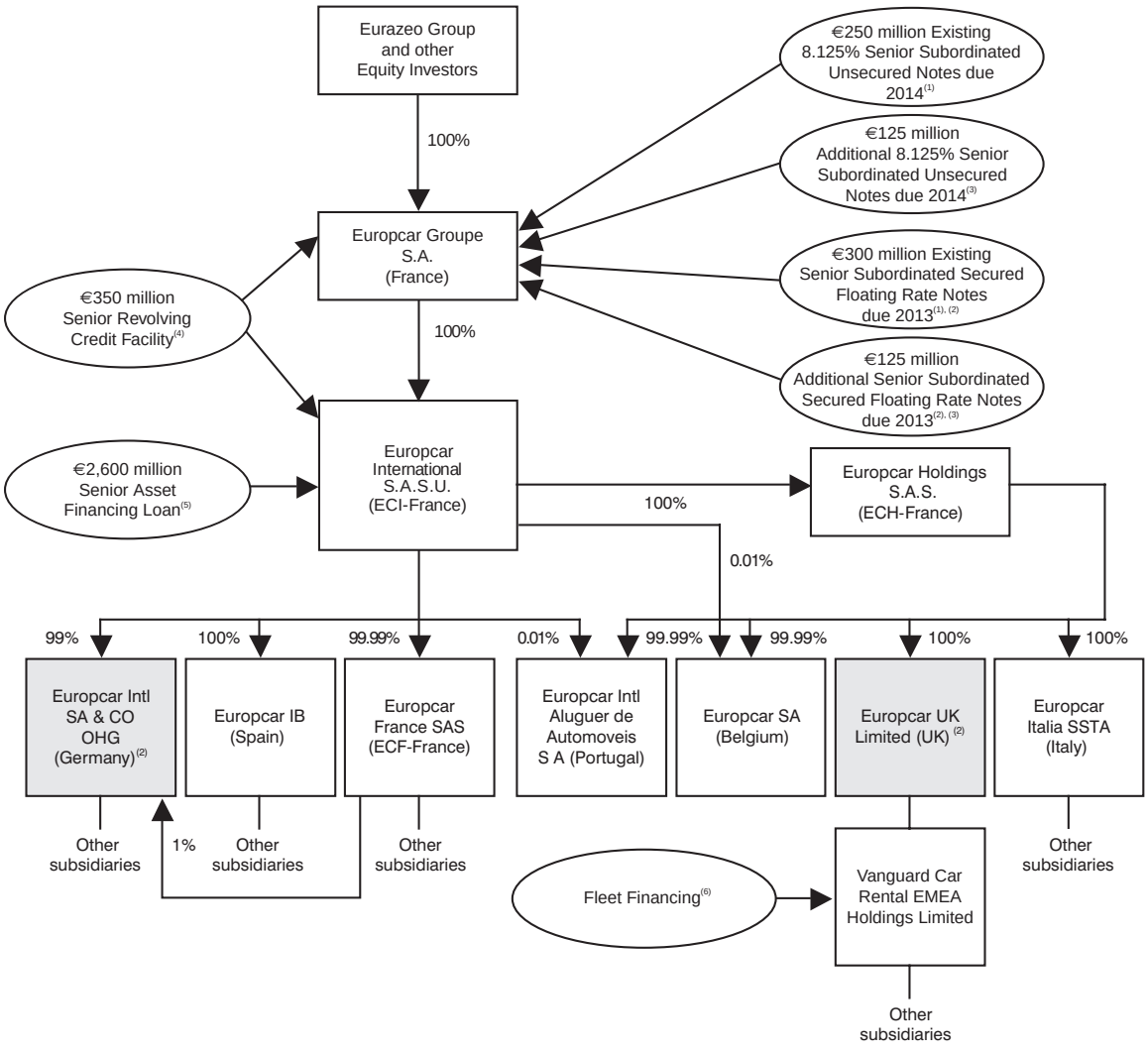
(1) Numbers represent total locations where a brand is offered for daily-use rental and are greater than numbers of individual physical locations. This is because both of Vanguard's National and Alamo brands may be offered in the same physical location.

Eurazeo is also the majority shareholder of ANF, a listed real estate company.

With over 30 years of investment experience, Eurazeo also has significant equity interests in listed companies such as Danone — in which Eurazeo increased its holding in 2006 to secure its position as leading shareholder — and Veolia Environnement.

Corporate Structure

The following diagram summarizes the corporate structure of the Combined Group:



(1) The Existing Notes.

(2) The Issuer's obligations under the Floating Rate Notes are guaranteed by Europcar International SA & CO OHG, its wholly-owned subsidiary Europcar Autovermietung GmbH, and Europcar UK Limited on a senior subordinated basis. The shaded boxes indicate the Subsidiary Guarantors in the corporate structure of the Europcar Group.

(3) The Additional Notes offered hereby.

(4) The Issuer and certain members of the Europcar Group have entered into the Senior Revolving Credit Facility providing for borrowing by the Issuer or such Europcar Group members of up to €350 million (the amount thereof that can be borrowed by the Issuer will be reduced after November 2007 to €50 million). As at December 31, 2006 the total amount outstanding under the Senior Revolving Credit Facility was €81.9 million, comprised of €32 million in cash drawings and €49.9 million in letters of credit issued.

(5) Certain members of the Europcar Group (other than the Issuer) entered into a Senior Asset Financing Loan providing for financings of up to €2.6 billion which will increase to up to €2.9 billion at the end of 2007 (to the extent not refinanced with a permanent financing prior thereto) in order to refinance existing indebtedness and fund the acquisition and maintenance of Europcar's vehicle fleet. Having received the Requisite Consents, the Indentures have been amended to increase the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan to up to €4.0 billion. See "— Consent Solicitation".

(6) Reflects the roll-over of Vanguard's existing fleet financing.

Consent Solicitation

On April 18, 2007 the Issuer launched a consent solicitation (the "Consent Solicitation") seeking the consent of the holders of a majority of each series of the Existing Notes (the "Requisite Consents") to make certain amendments to the Indentures. Having received the Requisite Consents for these amendments, the Indentures have now been revised to increase the amount that may be borrowed under the Senior Revolving Credit Facility from the €300 million previously permitted under the Indentures to €350 million and for such additional amount to benefit from the security interest granted to the Senior Revolving Credit Facility lenders and to increase the maximum amount that may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan to up to €4.0 billion. In connection with the Consent Solicitation, the Issuer paid an amendment payment to Holders of the Existing Notes.

The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes.

Issuer	Europcar Groupe S.A.
Existing Notes Outstanding	€550,000,000 aggregate principal amount of notes (the "Existing Notes"), consisting of: • €300,000,000 aggregate principal amount of Senior Subordinated Secured Floating Rate Notes due 2013 (the "Existing Floating Rate Notes"); and • €250,000,000 aggregate principal amount of 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Existing Fixed Rate Notes").
Additional Noted Offered	€250,000,000 aggregate principal amount of notes (the "Additional Notes") consisting of: • €125,000,000 aggregate principal amount of Senior Subordinated Secured Floating Rate Notes due 2013 (the "Additional Floating Rate Notes"); and • €125,000,000 aggregate principal amount of 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Additional Fixed Rate Notes"). Except as described below, each series of Additional Notes has identical terms and conditions, are the same series, constitute the same issue as, and, upon completion of a 40-day distribution compliance period, will be fully fungible with, the Issuer's corresponding series of Existing Notes. The Existing Notes and the Additional Notes are referred to herein as the "Notes".
Issue Date	May 10, 2007.
Maturity Date	Floating Rate Notes: May 15, 2013. Fixed Rate Notes: May 15, 2014.
Interest	The Floating Rate Notes will bear interest at a rate per annum, reset quarterly, equal to EURIBOR plus 3.50%. The Fixed Rate Notes will bear interest at a rate of 8.125% per annum.
Issue Price	Additional Floating Rate Notes: 102.25% less an amount equal to accrued interest from (and including) the Issue Date through (but excluding) May 15, 2007. Additional Fixed Rate Notes: 106.375% less an amount equal to accrued interest from (and including) the Issue Date through (but excluding) May 15, 2007.
Interest Payment Dates	Interest on the Additional Floating Rate Notes will accrue from (and including) May 15, 2007 and be payable on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2007. Interest on the Additional Fixed Rate Notes will accrue from (and including) May 15, 2007 and be payable on May 15 and November 15 of each year, beginning on November 15, 2007.

Ranking	The Additional Notes will be senior subordinated obligations of the Issuer and will be: • subordinated in right of payment to all existing and future senior indebtedness of the Issuer, which will be limited to €300 million principal amount issued by the Issuer under the Senior Revolving Credit Facility (or under any refinancing or replacement of such facility); • effectively subordinated to all secured indebtedness of the Issuer to the extent of the value of the assets securing such secured indebtedness (other than to the extent such assets also secure the Notes on an equal and ratable or prior basis); • effectively subordinated to all indebtedness and liabilities (including trade payables) of each of the Issuer's subsidiaries that are not Subsidiary Guarantors; • of equal ranking in right of payment with all existing and future senior subordinated indebtedness of the Issuer; and • senior in right of payment to all existing and future subordinated obligations of the Issuer. The Issuer was formed by the Principal Shareholder in March of 2006 for the purpose of acquiring ECI. In order to make payments on the Notes and to meet its other obligations, the Issuer depends principally on dividends and other distributions from ECI and its subsidiaries. The making of such distributions is subject to various restrictions, including payment blockages. See "Risk Factors — Risks Relating to the Notes".
Subsidiary Guarantees	Payments of principal of and interest and premium (if any) on the Additional Floating Rate Notes will benefit from the joint and several guarantees granted by certain of the German and UK subsidiaries of the Issuer (the "Subsidiary Guarantors") in respect of the Existing Floating Rate Notes. The Subsidiary Guarantees will be senior subordinated obligations of the Subsidiary Guarantors, subject to subordination provisions similar to those applicable to the Notes as described above (although the Subsidiary Guarantees are also subordinated in right of payment to, among other things, the Senior Asset Financing Loan, hedging obligations and other obligations described under "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)"). In the year ended December 31, 2006, the Subsidiary Guarantors accounted for 35.7% of total revenues, 38.5% of profit before tax and 24.7% of total assets of the Combined Group on a *pro forma* as adjusted basis.

Security	Pursuant to the intercreditor agreement, the Additional Floating Rate Notes will benefit from an effective second priority security interest in the shares of ECI owned by the Issuer which secures the Existing Floating Rate Notes. The effective first priority security interest in such shares is in favor of the Senior Revolving Credit Facility lenders. In certain limited circumstances, the Issuer may pledge its equity interests in ECI in connection with future issuances of its indebtedness, to the extent such indebtedness is permitted under the Indentures. The pledge securing the Floating Rate Notes may also be released under certain other circumstances. Enforcement of the effective second priority security interest is subject to a standstill period. See "Risk Factors — Risks Related to the Security (Floating Rate Notes Only)" and "Description of the Notes — Security".
Intercreditor Arrangement	The Trustee has entered into an intercreditor agreement with, among others, the facility agent under the Senior Revolving Credit Facility and CALYON, as security agent. Pursuant to the intercreditor agreement, the Trustee has agreed to certain provisions that, among other things, give effect to the subordination of the Notes and the Subsidiary Guarantees and regulate the share pledges of ECI, including the enforcement thereof. See "Description of the Notes — Subordination of the Notes", "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)", "Description of the Notes — Security" and "Description of Other Indebtedness — Senior Credit Facilities — Intercreditor Agreement". The terms of the Indentures governing the Notes and the intercreditor agreement provide that payments on the Notes or the Subsidiary Guarantees (i) will be blocked if a payment default has occurred and is continuing under the Senior Revolving Credit Facility (and additionally, in the case of the Subsidiary Guarantees, the Senior Asset Financing Loan and hedging obligations with respect to the ECI Acquisition, among other things) or if such indebtedness has been accelerated and (ii) may be blocked for up to 179 days if certain other events of default under the Senior Revolving Credit Facility (and additionally, in the case of the Subsidiary Guarantees, the Senior Asset Financing Loan and hedging obligations, among other things) occur. Enforcement of the Notes and the Subsidiary Guarantees is subject to limitations in certain circumstances, including a standstill period of up to 179 days. See "Description of the Notes — Ranking of the Notes" and "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)".
Optional Redemption	*The Floating Rate Notes.* The Issuer may redeem all or part of the Floating Rate Notes on or after May 15, 2007 at the redemption prices listed in the section entitled "Description of the Notes — Optional Redemption — Floating Rate Notes". *The Fixed Rate Notes.* The Issuer may redeem all or part of the Fixed Rate Notes on or after May 15, 2010 at the redemption prices listed in the section entitled "Description of the Notes — Optional Redemption — Fixed Rate Notes".

	The Issuer may redeem all or part of the Fixed Rate Notes at any time prior to May 15, 2010, by paying a "make-whole" premium as described in the section entitled "Description of the Notes — Optional Redemption — Fixed Rate Notes". At any time prior to May 15, 2009, the Issuer may use the net proceeds of specified equity offerings to redeem up to 35% of the original principal amount of the Fixed Rate Notes at a redemption price equal to 108.125% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, provided, among others, that at least 65% of the aggregate principal amount of the Fixed Rate Notes remains outstanding after the redemption. See "Description of the Notes — Optional Redemption — Fixed Rate Notes". *Tax Redemption.* The Issuer may redeem all, but not less than all, of the Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, if the Issuer or any surviving entity would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See "Description of the Notes — Redemption for Taxation Reasons".
Additional Amounts	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount you receive is no less than you would have received in the absence of such withholding or deduction. See "Description of the Notes — Withholding Taxes".
Change of Control	Upon the occurrence of a change of control at any time, you will have the right to require the Issuer to repurchase your Notes at a price equal to 101% of the principal amount thereof together with accrued and unpaid interest and certain other amounts, if any, to the date of repurchase. See "Description of the Notes — Change of Control".
Covenants	The Indentures governing the Notes, among other things, restrict our ability to: • incur or guarantee additional indebtedness; • pay dividends or make other distributions, or redeem or repurchase equity interests; • make investments; • create liens; • enter into agreements that restrict our restricted subsidiaries' ability to pay dividends or make other distributions to us; • sell assets, including the capital stock of our subsidiaries; • enter into transactions with affiliates; • transfer all or substantially all of our assets; and • merge or consolidate.

	These covenants are subject to important exceptions and qualifications. See "Description of the Notes — Certain Covenants".
Use of Proceeds	The Issuer will use the proceeds from this offering to repay the Bridge Financing entered into to finance the Vanguard Acquisition, which includes the payment of related fees and expenses.
Transfer Restrictions; Absence of a Public Market for the Notes	The Notes have not been registered under the U.S. Securities Act and thus are subject to restrictions on transferability and resale. The Issuer cannot assure you that a market for either series of Notes will develop or that, if a market develops, the market will be a liquid market. The Initial Purchasers have advised the Issuer that they currently intend to make a market in each series of Notes. However, the Initial Purchasers are not obligated to do so and any market making with respect to either series of Notes may be discontinued without notice. See "Plan of Distribution".
Listing	Application has been made to have the Additional Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. Upon issuance the Additional Notes will trade under temporary ISINs and common codes. Following the completion of the 40-day distribution compliance period within the meaning of Regulation S, the Additional Notes will trade under the common codes and ISINs assigned to the Existing Notes. See "Listing and General Information — Clearing Information".
Trustee, Registrar, Transfer and Principal Paying Agent	The Bank of New York.
Luxembourg Listing Agent	The Bank of New York (Luxembourg) S.A.
Luxembourg Paying and Transfer Agent	The Bank of New York (Luxembourg) S.A.
Security Agent	CALYON.
Governing Law of the Notes, the Indentures and the Subsidiary Guarantees	New York.
Governing Law of the Senior Revolving Credit Facility	France.
Governing Law of the Intercreditor Agreement	France.
Governing Law of the Security Documents	France.

SUMMARY EUROPCAR CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents summary consolidated financial and other data for our business. The summary historical consolidated financial information for ECI has been derived from the ECI Consolidated Financial Statements for the years ended December 31, 2006 and 2005 audited by PricewaterhouseCoopers Audit and prepared in accordance with IFRS.

The following table also presents summary unaudited pro forma consolidated financial information for EGSA and its consolidated subsidiaries for the year ended December 31, 2006 as if EGSA had been organized and the ECI Acquisition had occurred on January 1, 2006 but does not reflect the Vanguard Acquisition. The summary pro forma consolidated financial information does not purport to be indicative of the actual financial position or results of operations of the Europcar Group that would have actually been attained had the ECI Acquisition occurred on the date specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. The summary pro forma consolidated financial information is based on certain assumptions described in the notes to the unaudited Pro Forma EGSA/Vanguard Financial Information and should be read in conjunction therewith.

You should read the following summary consolidated financial and other data in conjunction with the ECI Consolidated Financial Statements and the notes thereto, the Pro Forma EGSA/Vanguard Financial Information and the notes thereto and other financial information appearing elsewhere in this Offering Memorandum, including "Capitalization", "Selected Unaudited Pro Forma EGSA Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	Unaudited Pro Forma EGSA Year Ended December 31,	ECI Year Ended December 31,		
	2006[a]	2006	2005	2004
		(in millions of euro)		
Statement of Operations Data				
Revenues				
Car and van rentals	1,434.7	1,434.7	1,240.3	1,136.1
Other rental revenues[b]	8.8	8.8	11.2	14.2
Revenues from franchisees[c]	25.8	25.2	28.0	23.8
Total revenues	1,469.3	1,468.7	1,279.5	1,174.1
Expenses				
Fleet holding costs	(347.4)	(347.4)	(279.2)	(243.1)
Fleet, rental and revenue related costs	(515.4)	(515.4)	(462.6)	(426.2)
Personnel costs	(255.5)	(250.6)	(234.2)	(213.4)
Network and Headquarters overheads	(197.7)	(195.1)	(183.4)	(178.0)
Depreciation, amortization and impairment losses[d]	(15.7)	(15.7)	(13.4)	(18.0)
Other income	30.7	29.1	39.7	28.5
Total expenses	(1,301.0)	(1,295.1)	(1,133.1)	(1,050.3)
Operating profit	168.3	173.6	146.4	123.8
Net financing costs	(142.7)	(87.5)	(45.4)	(40.0)
Profit before tax	25.6	86.1	101.0	83.9
Income tax expense	(8.7)	(35.7)	(30.6)	(30.5)
Profit after tax	17.0	50.4	70.4	53.4
Statement of Cash Flows Data				
Operating cash before changes in rental fleet and working capital	183.4	188.7	161.4	140.2
Changes in inventories, and trade and other receivables[e]	(95.5)	(85.1)	(65.0)	18.3
Changes in liabilities (excluding borrowings) and in provisions and employee benefits[f]	(98.1)	(104.0)	228.1	125.1
Cash generated from operations (excluding changes in rental fleet)[g]	(10.1)	(0.4)	324.4	283.6
Net cash from operating activities (excluding changes in rental fleet)[g]	(183.2)	(128.5)	361.3	245.9
Changes in rental fleet[h]	86.3	86.3	(420.5)	(329.0)
Other net changes from investing activities	(1,385.4)	(166.8)	(46.2)	(20.5)
Net cash from investing activities (including changes in rental fleet)	(1,299.1)	(80.5)	(466.7)	(349.5)
Net cash from financing activities	1,696.4	384.5	129.3	107.3
Net increase (decrease) in cash and cash equivalents	214.1	175.5	23.9	3.7

	Unaudited Pro Forma EGSA As at December 31,	ECI As at December 31,		
	2006[a]	2006	2005	2004
		(in millions of euro)		
Balance Sheet Data				
Non-current assets	1,104.0	140.0	147.5	118.0
Current assets	3,309.3	3,324.2	3,047.7	2,513.2
of which rental fleet	2,168.2	2,168.2	2,175.7	1,755.3
Total assets	4,413.3	3,464.2	3,195.2	2,631.2
Non-current liabilities	612.7	79.7	233.3	204.1
of which borrowings	537.5	4.8	173.1	152.8
Current liabilities	3,008.5	3,009.5	2,487.1	2,165.5
of which borrowings	2,153.9	2,156.3	1,523.3	1,414.2
Total liabilities	3,621.2	3,089.2	2,720.4	2,369.5
Shareholders' equity	792.1	375.0	474.8	261.7

	Pro Forma EGSA Year Ended December 31,	ECI Year Ended December 31,		
	2006[a]	2006	2005	2004
Selected Key Indicators (unaudited)				
Number of rental transactions (in millions)	7.8	7.8	6.9	6.4
Number of invoiced rental days (in millions)	41.6	41.6	36.3	32.5
Average revenues per rental day ("RPD")	€34.47	€34.47	€34.21	€34.98
Average fleet size (rounded to the nearest thousand units)	161,000	161,000	143,000	130,000
Average fleet holding costs (per unit/month)	€179.73	€179.73	€163.13	€155.58
Fleet utilization	71.8%	71.8%	71.3%	70.5%

	Pro Forma EGSA Year Ended December 31,	ECI Year Ended December 31,		
	2006[a]	2006	2005	2004
		(in millions of euro)		
Other Data (unaudited)				
Fleet capital expenditures[h]	253.8	253.8	653.0	520.0
Non-fleet capital expenditures[h]	50.4	25.4	28.3	21.6
Consolidated EBITDA[i]	432.1	437.5	359.7	311.7
Corporate EBITDA[i]	106.9	115.6	114.5	101.9
Adjusted corporate EBITDA[i]	122.9	128.3	99.7	101.9

(a) Does not reflect the Vanguard Acquisition.

(b) Primarily consists of revenues from the rental of vehicles to franchisees in the ECI Corporate Countries.

(c) Relates to revenues from both international and domestic franchisees, with royalties representing the majority of such revenues.

(d) Reflects non-fleet related depreciation and amortization.

(e) Changes in inventory and trade and other receivables includes changes in fleet receivables from vehicle manufacturers in respect of vehicle disposals in the amount of €(58.0) million in 2006 and €(14.1) million in 2005.

(f) Changes in liabilities (excluding borrowings) and in provisions and employee benefits includes changes in fleet payables to vehicle manufacturers in respect of vehicle acquisitions for an amount of €(149.1) million in 2006 and €157.7 in 2005.

(g) Cash generated from operations for ECI (excluding changes in rental fleet and excluding changes in fleet related working capital) was €206.7 million in 2006 and €180.8 million in 2005.

(h) The changes in rental fleet have been presented in the financial statements within cash generated from operations (amounting to an inflow of €85.9 million including changes in rental fleet) instead of being shown within net cash from investing activities (amounting to an outflow of €166.8 million excluding changes in rental fleet). Fleet capital expenditures and non-fleet capital expenditures are not recognized measurements under IFRS and correspond to net capital expenditures in a non-car rental company. Fleet capital expenditures correspond to yearly increase of fleet assets including fleet depreciation and impairment. Non-fleet capital expenditures correspond to yearly increase of non-fleet assets including non-fleet depreciation and impairment.

(i) We present consolidated EBITDA because we believe it provides investors with important additional information to evaluate our performance. We believe consolidated EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, we believe that investors, analysts and rating agencies will

consider consolidated EBITDA useful in measuring our ability to meet our debt service obligations. However, consolidated EBITDA is not a recognized measurement under IFRS, and when analyzing our performance, investors should use consolidated EBITDA in addition to, and not as an alternative to, net income or net cash provided by operating activities as defined under IFRS.

Corporate EBITDA as presented herein is a financial measure used in the Indentures governing the Notes and the Senior Revolving Credit Facility. Corporate EBITDA is not a recognized measurement under IFRS and should not be considered as an alternative to operating income or net income as a measure of operating results or cash flows as a measure of liquidity. Corporate EBITDA differs from the term "consolidated EBITDA" as it is commonly used. Corporate EBITDA generally is defined as consolidated net income before consolidated net interest expense (other than interest expense from certain indebtedness related to car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization, other non-cash expenses and charges deducted in determining consolidated net income (loss), and other specified items.

The following table reconciles profit after tax to consolidated EBITDA, corporate EBITDA and adjusted corporate EBITDA:

	Unaudited Pro Forma EGSA Year Ended December 31,	ECI Year Ended December 31,		
	2006	2006	2005	2004
		(in millions of euro)		
Profit after tax	17.0	50.4	70.5	53.4
Income tax expense	8.7	35.7	30.6	30.5
Net financing costs	142.7	87.5	45.4	40.0
Fleet depreciation	248.1	248.1	199.8	169.8
Non-fleet depreciation and amortization	15.7	15.7	13.4	18.0
Consolidated EBITDA[1]	432.1	437.5	359.7	311.7
Adjustments				
Deduct net financing costs[2]	90.9	87.5	45.4	40.0
Add one time fee of banks	(22.0)	(22.0)	0	0
Deduct sale of swap	8.2	8.2	0	0
Deduct fleet depreciation[3]	248.1	248.1	199.8	169.8
Corporate EBITDA	106.9	115.6	114.5	101.9
Adjustments				
Quality of earnings adjustments[4]	16.0	16.0	4.9	—
Additional fleet cash interest[5]	—	(3.4)	(19.7)	—
Adjusted corporate EBITDA	122.9	128.3	99.7	101.9

(1) Includes the non-cash impact of provisions including pensions.

(2) Corporate EBITDA includes a reduction for interest expense from certain indebtedness related to car rental fleet financing, which corresponds to net financing costs in the ECI Consolidated Financial Statements.

(3) Corporate EBITDA includes a reduction for fleet related depreciation. For these adjustments, fleet depreciation does not vary from the historical amounts.

(4) Quality of earnings adjustments are calculated as follows:

Consultant cost before acquisition	4.0	4.0	—	—
Tax provision	12.0	12.0	—	—
Other	—	—	4.9	—
Total	16.0	16.0	4.9	—

(5) Additional fleet cash interest represents the positive difference between the interest expense incurred under the financing structure in place following the ECI Acquisition and the interest expense incurred under the financing structure in place prior to the ECI Acquisition.

SUMMARY VANGUARD CONSOLIDATED FINANCIAL AND OTHER DATA

UK GAAP

The following table presents summary consolidated financial and other data for Vanguard for the year ended December 31, 2006. The summary consolidated financial data has been derived from the Vanguard Consolidated Financial Statements audited by PricewaterhouseCoopers LLP and prepared in accordance with UK GAAP. UK GAAP differ in certain aspects from IFRS. You should read the following summary consolidated financial and other data in conjunction with the Vanguard Consolidated Financial Statements and the notes thereto, and other financial information appearing elsewhere in this Offering Memorandum.

	Year Ended December 31, 2006 (in millions of £)	Year Ended December 31, 2006[1] (in millions of euro)
Statement of Operations Data		
Turnover	275.0	403.4
Cost of sales	(138.2)	(202.7)
Gross Profit	136.8	200.7
Distribution costs	(76.4)	(112.1)
Administrative expenses	(30.6)	(44.9)
Operating profit	29.8	43.7
Net interest payable	(15.7)	(23.0)
Other finance charge	(0.3)	(0.4)
Profit before tax	13.8	20.3
Tax on profit	(6.3)	(9.3)
Retained profit	7.5	11.0

	At December 31, 2006 (in millions of £)	At December 31, 2006 (in millions of euro)
Balance Sheet Data		
Fixed assets	340.4	507.0
Current assets	140.8	210.0
Creditors: amounts falling due within one year	(398.4)	(593.0)
Net current liabilities	(257.6)	(383.6)
Total assets less current liabilities	82.8	123.4
Net assets/equity	47.7	71.0

	Year Ended December 31, 2006	Year Ended December 31, 2006
Selected Key Indicators (unaudited)		
Number of rental transactions (in millions)	1.9	1.9
Number of invoiced rental days (in millions)	11.8	11.8
Average revenues per rental day ("RPD")	£22.54	€33.07
Average fleet size (rounded to nearest thousand units)	42,000	42,000
Average fleet holding costs (per unit/month)	£143.00	€209.74
Fleet utilization	77.1%	77.1%

(1) For convenience of the reader, UK pound sterling amounts have been converted into euros at UK£1.00 = €1.4667, the average rate for 2006 for statement of operations data and UK£1.00 = €1.4892 for balance sheet data, the rate at year end. These translations should not be construed as representations that the UK pound sterling amounts actually represent such euro amounts or could be converted into euros at the rates indicated.

SUMMARY UNAUDITED RESTATED VANGUARD CONSOLIDATED FINANCIAL AND OTHER DATA

IFRS

The following table shows summary unaudited consolidated financial and other data for Vanguard for the year ended December 31, 2006, reconciled to IFRS. For a breakdown of the IFRS adjustments made to the audited UK GAAP Vanguard Consolidated Financial Statements, see Appendix 4 to the unaudited Pro Forma EGSA/Vanguard Financial Information included herein.

	Year Ended December 31, 2006	Year Ended December 31, 2006[1]
	(in millions of £)	(in millions of euro)
Statement of Operations Data (unaudited)		
Revenues		
Car and van rentals	232.7	341.3
Other rental revenues	—	—
Revenues from franchises	12.3	18.1
Total revenues	245.1	359.4
Expenses		
Fleet holding costs	(64.5)	(94.6)
Fleet, rentals and revenue related costs	(50.5)	(74.1)
Personnel costs	(63.1)	(92.6)
Network and headquarters overhead	(40.7)	(59.7)
Depreciation, amortization	(3.7)	(5.5)
Other income	8.4	12.3
Total expenses	(214.2)	(314.1)
Operating profit	30.9	45.3
Balance Sheet Data (unaudited):		
Non-current assets	17.9	26.6
Current assets	463.4	690.1
of which rental fleet	322.5	480.3
Total assets	481.2	716.7
Non-current liabilities	23.4	34.9
of which borrowings	11.0	16.3
Current liabilities	413.1	615.2
of which borrowings	304.9	454.1
Total liabilities	436.5	650.0
Shareholders' equity	44.7	66.6
Other Data (unaudited)		
Fleet capital expenditures	35.0	50.8
Non-fleet capital expenditures	0.5	0.8
Consolidated EBITDA[2]	87.7	128.9
Corporate EBITDA[2]	16.8	24.7
Adjusted Corporate EBITDA[2]	15.0	22.1

(1) For convenience of the reader, UK pound sterling amounts have been converted into euros at UK£1.00 = €1.4667, the average rate for 2006 for statement of operations data and UK£1.00 = €1.4892 for balance sheet data, the rate at year end. These translations should not be construed as representations that the UK pound sterling amounts actually represent such euro amounts or could be converted into euros at the rates indicated.

(2) The following table reconciles profit after tax to consolidated EBITDA, corporate EBITDA and adjusted corporate EBITDA:

	Year ended December 31, 2006 (in millions of £)	Year ended December 31, 2006 (in millions of euro)
Profit after tax	7.1	10.4
Income tax expense	5.9	8.8
Net financing costs	17.8	26.1
Fleet depreciation	53.1	78.1
Non-fleet depreciation and amortization	3.7	5.5
Consolidated EBITDA	87.7	128.9
Deduct net financing costs	(17.8)	(26.1)
Deduct fleet depreciation	(53.1)	(78.1)
Corporate EBITDA	16.8	24.7
Quality of earnings adjustments[(a)]	(1.7)	(2.6)
Adjusted corporate EBITDA	**15.0**	**22.1**
(a) Quality of earnings adjustments are calculated as follows:		
Non-recurring items	(1.7)	(2.6)

SUMMARY UNAUDITED PRO FORMA EGSA/VANGUARD FINANCIAL AND OTHER INFORMATION

The following table shows summary unaudited pro forma financial and other information for EGSA/Vanguard on a consolidated basis and is derived from the unaudited Pro Forma EGSA/Vanguard Financial Information included elsewhere in this Offering Memorandum. The financial data for the year ended December 31, 2006 give effect to the ECI Acquisition and the Vanguard Acquisition as if these transactions had occurred as of the dates specified in the notes to the unaudited Pro Forma EGSA/Vanguard Financial Information and are further adjusted to the extent applicable to give effect to the refinancing of the Bridge Financing by the issuance of the Additional Notes offered hereby.

The summary unaudited pro forma financial information does not purport to be indicative of the actual financial position or results of operations of EGSA that would have actually been attained had the transactions occurred on the dates specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. The summary unaudited pro forma financial information is based on certain assumptions described in the notes to the unaudited Pro Forma EGSA/Vanguard Financial Information and should be read in conjunction therewith. See "Management's Discussion and Analysis of Financial Condition and Results of Operations", the ECI Consolidated Financial Statements, the EGSA Financial Statements and the Vanguard Consolidated Financial Statements included elsewhere in the Offering Memorandum.

	Pro forma EGSA/Vanguard For the year ended December 31, 2006
	(in millions of euro)
Statement of Operations Data (Unaudited)	
Revenues	
Car and van rentals	1,776.0
Other rental revenues[(a)]	8.8
Revenues from franchisees[(b)]	43.9
Total Revenues	1,828.7
Expenses	
Fleet holding costs	(442.0)
Fleet, rental and revenue related costs	(589.6)
Personnel costs	(348.1)
Network and Headquarters overheads	(244.2)
Depreciation, amortization and impairment losses[(c)]	(21.2)
Other income	43.1
Total Expenses	(1,602.0)
Operating Profit	226.8
Net financing costs	(188.3)
Profit before tax	38.5
Income tax expense	(14.8)
Profit after tax	23.7

	Pro forma EGSA/Vanguard As at December 31, 2006
	(in millions of euro)
Balance Sheet Data (Unaudited)	
Non-current assets	1,294.0
Current assets	4,001.9
of which rental fleet	2,648.5
Total assets	5,295.9
Non-current liabilities	902.4
of which borrowings	808.6
Current liabilities	3,623.7
of which borrowings	2,608.0
Total liabilities	4,526.1
Shareholders' equity	769.8

	Pro forma EGSA/Vanguard For the year ended December 31, 2006
Selected Key Indicators (unaudited)	
Number of rental transactions (in millions)	9.7
Number of invoiced rental days (in millions)	53.4
Average revenues per rental day ("RPD")	€34.16
Average fleet size (rounded to the nearest thousand units)	203,000
Average fleet holding costs (per unit/month)	€185.94
Fleet utilization	72.9%

	Pro forma EGSA/Vanguard For the year ended December 31, 2006
	(in millions of euros, except ratios)
Other Data (unaudited)	
Fleet capital expenditures[(d)]	304.6
Non-fleet capital expenditures[(d)]	51.2
Consolidated EBITDA[(e)]	574.2
Corporate EBITDA[(e)]	144.8
Adjusted Data (unaudited)[(f)]	
Adjusted net debt (at period end)[(g)]	3,150.8
Adjusted net corporate debt (at period end)[(h)]	755.1
Adjusted cash interest[(i)]	174.5
Adjusted cash corporate interest[(j)]	66.0
Adjusted corporate EBITDA[(e)]	158.2
Credit Statistics (unaudited)	
Ratio of adjusted net debt to consolidated EBITDA	5.49x
Ratio of consolidated EBITDA to adjusted cash interest	3.29x
Ratio of adjusted net corporate debt to adjusted corporate EBITDA	4.77x
Ratio of adjusted corporate EBITDA to adjusted cash corporate interest	2.40x

(a) Primarily consists of revenues from the rental of vehicles to franchisees in the ECI Corporate Countries.

(b) Relates to revenues from both international and domestic franchisees, with royalties representing the majority of such revenues.

(c) Reflects non-fleet related depreciation and amortization.

(d) Fleet capital expenditures and non-fleet capital expenditures are not recognized measurements under IFRS and correspond to net capital expenditures in a non-car rental company. Fleet capital expenditures correspond to increase of fleet assets including fleet depreciation and impairment. Non-fleet capital expenditures correspond to increase of non-fleet assets including non-fleet depreciation and impairment.

(e) We present consolidated EBITDA because we believe it provides investors with important additional information to evaluate our performance. We believe consolidated EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, we believe that investors, analysts and rating agencies will consider consolidated EBITDA useful in measuring our ability to meet our debt service obligations. However, consolidated EBITDA is not a recognized measurement under IFRS, and when analyzing our performance, investors should use consolidated EBITDA in addition to, and not as an alternative to, net income or net cash provided by operating activities as defined under IFRS.

Corporate EBITDA as presented herein is a financial measure used in the Indentures governing the Notes and the Senior Revolving Credit Facility. Corporate EBITDA is not a recognized measurement under IFRS and should not be considered as an alternative to operating income or net income as a measure of operating results or cash flows as a measure of liquidity. Corporate EBITDA differs from the term "consolidated EBITDA" as it is commonly used. Corporate EBITDA generally is defined as consolidated net income before consolidated net interest expense (other than interest expense from certain indebtedness related to car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization, other non-cash expenses and charges deducted in determining consolidated net income (loss), and other specified items.

The following table reconciles profit after tax to consolidated EBITDA, corporate EBITDA and adjusted corporate EBITDA:

(Unaudited)	Pro forma EGSA/ Vanguard For the year ended December 31, 2006
	(in millions of euro)
Profit after tax	23.7
Income tax expense	14.8
Net financing costs	188.3
Fleet depreciation	326.2
Non-fleet depreciation and amortization	21.2
Consolidated EBITDA[1]	574.2
Adjustments	
Deduct net financing costs[2]	(103.2)
Deduct fleet depreciation[3]	(326.2)
Corporate EBITDA	144.8
Adjustments	
Quality of earnings adjustments[4]	13.4
Adjusted corporate EBITDA	158.2

(1) Includes the non-cash impact of provisions including pensions.

(2) Corporate EBITDA includes a reduction for interest expense from certain indebtedness related to car rental fleet financing, which corresponds to net financing costs in the ECI Consolidated Financial Statements.

(3) Corporate EBITDA includes a reduction for fleet related depreciation. For these adjustments, fleet depreciation does not vary from the historical amounts.

(4) Quality of earnings adjustments are calculated as follows:

Pro Forma EGSA/Vanguard	
Europcar	
Consultant cost before acquisition	4.0
Tax provision	12.0
Vanguard	
Non recurring items	(2.6)
	13.4

(f) The unaudited adjusted financial data further adjusts the pro forma EGSA/Vanguard financial results to reflect the consummation of the offering of the Additional Notes and the refinancing of the Bridge Financing as if they occurred on January 1, 2006 in the case of income statement data or as at December 31, 2006 for balance sheet data. The unaudited adjusted financial data is for informational purposes only and does not purport to present what our results would have been if the ECI Acquisition, the Vanguard Acquisition and the issuance of the Additional Notes had actually occurred as of these dates.

(g) Adjusted net debt is not a recognized measurement under IFRS. Adjusted net debt is calculated as total debt less cash and cash equivalents less proceeds from the Additional Notes offered hereby in excess of par value and amortized issuance fees under "Capitalization" herein. In addition, adjusted net debt includes €17.3 million relating to deferred transaction and high yield issuance costs in relation to the Existing Notes, net of accrued interest, and €6.5 million in issuance fees relating to the Additional Notes offered hereby, which are deducted from consolidated debt in our pro forma IFRS financial information.

(h) Adjusted net corporate debt is not a recognized measurement under IFRS. Adjusted net corporate debt is calculated as adjusted total debt (excluding fleet debt) less adjusted corporate cash and cash equivalents:

(unaudited)	**Pro Forma EGSA/ Vanguard For the year ended December 31, 2006**
	(in millions of euro)
Corporate cash and cash equivalents[1]	(76.9)
Senior Revolving Credit Facility	32.0
The Existing Notes[2]	550.0
The Additional Notes offered hereby[3]	250.0
Adjusted net corporate debt	755.1

(1) Corporate cash represents cash and cash equivalents of entities not party to the asset backed financing, as follows:

Europcar Groupe S.A.	5.3
Europcar International S.A.S.U.	8.1
Europcar Holding S.A.S.	0.3
EIS (Europcar Information Services)	3.8
Europcar United Kingdom Limited	0.4
Europcar International S.A. and Co OHG	7.3
Vanguard	61.5
Proforma adjustments[A]	(9.8)
Corporate cash and cash equivalents	(76.9)

(A) Pro forma adjustments reflect the pro forma capital structure impact as of January 1, 2006.

(2) Does not reflect deferred transactions and high yield issuance cost, net of accrued interest, of €17.3 million, which we deduct in our IFRS financial statements resulting in a reported amount of €532.7 million.

(3) Does not reflect deferred issuance fees of €6.5 million.

(i) Adjusted cash interest reflects cash interest payable in connection with our Senior Asset Financing Loan, Senior Revolving Credit Facility and the Notes. Adjusted cash interest is calculated as follows:

(unaudited)	**Pro Forma EGSA/ Vanguard For the year ended December 31, 2006**
	(in millions of euro)
Net financing costs	188.3
One-time bank fees	(22.0)
Sale of swap	8.2
Adjusted cash interest	174.5

(j) Adjusted cash corporate interest reflects cash interest payable in connection with our Senior Revolving Credit Facility and the Notes. Adjusted cash corporate interest is calculated as follows:

The Existing Notes	44.7
The Additional Notes offered hereby	18.7
Senior Revolving Credit Facility[1]	2.6
Adjusted cash corporate interest	66.0

(1) Based on 3 month EURIBOR plus a margin of 175 basis points per annum on an estimated average drawdown of the Senior Revolving Credit Facility of €39.6 million for the year 2006.

RISK FACTORS

You should carefully consider the following risks, as well as the other information set forth in this Offering Memorandum. If any of the following risks occurs, our business, prospects, general results of operations or financial condition and our ability to make payment on the Notes could be materially adversely affected. The price of the Notes could decline due to any of these risks, and you may lose part or all of your investment. The risks set forth herein are not the only risks that we face. In addition to the risks described below, we may encounter unknown risks, or risks that we currently believe to be immaterial, which may also impair our business, prospects, general results of operations or financial condition. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business prospects, general results of operations or financial condition. Unless the context requires otherwise, references in this section to "Europcar", "we", "us" and "our" include references to Vanguard and its subsidiaries.

Risks Related to the Car Rental Industry

An economic downturn could result in a decline in corporate and leisure travel, which could harm our business.

Europcar's revenues are affected by many economic factors, including the level of overall economic activity in the markets in which Europcar and, to a lesser extent, our franchisees operate. In the car rental business, a decline in overall economic activity typically results in a decline in both corporate and leisure travel and, accordingly, a decline in the volume of car rental transactions. A decline in car rental activity, and any subsequent action by Europcar to reduce rental rates to meet competitive pressures, may have a material adverse effect on Europcar's results of operations and financial condition.

A decline in economic activity also may have a material adverse effect on resale values realized on the disposition of Europcar's fleet, notably in respect of those vehicles in the fleet not covered by manufacturer repurchase programs. Vehicles not covered by manufacturer's repurchase programs accounted for approximately 4% of Europcar's rental fleet (excluding Vanguard's rental fleet) in the year ended December 31, 2006. See "Europcar's Business — Fleet Composition, Acquisition and Management — Manufacturer Repurchase Programs".

The vehicle rental industry depends on the air travel industry, and disruptions in air travel patterns or a general decrease in air travel could result in decreased revenues or otherwise harm our business.

Approximately 35% of total rental revenues (excluding Vanguard's revenues) in the ECI Corporate Countries for the year ended December 31, 2006 were generated at Europcar's airport rental locations. See "Europcar's Business — Rental Services and Business Mix — Airport and Non-Airport Stations". Europcar also has significant alliances and partnership arrangements with a number of major airlines. As a result, a substantial portion of our revenue is strongly correlated with the level of air passenger traffic. Any event that disrupts or reduces corporate or leisure air travel could therefore have a material adverse effect on our revenues, results of operations and financial condition. Significant airfare increases, whether due to an increase in fuel costs or other reasons, could reduce demand for air travel. Other events that could negatively affect the level of air passenger traffic include work stoppages, terrorist incidents (or a perceived heightened risk of such incidents), epidemic diseases, military conflicts or the response of governments to any of these events.

The vehicle rental industry is highly competitive, which may result in downward pressure on our pricing, sales, volume and profitability at both the global and local levels.

The markets in which we operate are highly competitive. See "Industry Overview — The European Car Rental Market". We compete at an international level primarily with a number of global car rental companies such as Hertz and Avis. We also compete in specific regions or countries with a number of smaller regional companies such as Sixt.

In particular regions, some of our competitors and potential competitors may have greater market share, more technical staff, larger customer bases, lower cost bases, more established distribution channels or greater brand recognition than we do. On a worldwide basis, some of these competitors and potential competitors may have greater financial or marketing resources than we do.

We believe that price is one of the primary competitive factors in the car rental market. Our competitors may seek to compete aggressively on the basis of pricing. To the extent that we match

competitors' downward pricing, it could have a material adverse impact on our results of operations and financial condition. To the extent that we do not match or remain within a competitive margin of our competitors' pricing, this too could have a material adverse impact on our results of operations and financial condition, as we may lose rental volume.

The increasing use of the internet and rental brokers for car rental reservations may lead to more price competition in the car rental industry.

Pricing transparency among car rental companies has increased as a result of the growing importance of internet travel portals and other forms of e-commerce, as well as the increasing use of rental brokers. These distribution channels for car rental services enable cost-conscious customers, including business travelers, to more easily obtain the lowest rates available from car rental companies for any given trip. This transparency has increased, and may continue to increase, the prevalence and intensity of price competition, which could have a material adverse impact on our results of operations and financial condition.

The increasing importance of low-cost airlines, and measures by companies to reduce the cost of business travel, are changing our business mix towards the rental of lower-revenue vehicles.

The vehicle rental market has been undergoing structural changes in recent years that have affected its competitive dynamics. In line with the growth in budget travel and the implementation of measures by many companies to reduce business travel costs, the car rental market has witnessed increased demand for smaller economy cars, changing the portfolio mix for providers such as Europcar. These influences, together with increased competition, have contributed to a trend in revenues per rental day (excluding Vanguard's revenues) declining from approximately €34.98 in 2004 to €34.47 in the year ended December 31, 2006. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Main Factors Affecting Revenues — Rental Revenues". If this declining trend continues, it could have a material adverse effect on our profitability.

Manufacturer safety recalls could adversely affect our business prospects.

Vehicles in our fleet may be subject to safety recalls by their manufacturers. Under certain circumstances, recalls may cause us to attempt to retrieve cars from renters or to decline to re-rent returned cars until we can arrange for the steps described in the recalls to be taken. If a large number of cars are the subject of simultaneous recalls, or if needed replacement parts are not in adequate supply, we may not be able to re-rent recalled cars for a significant period of time. We could also potentially face liability claims if recalls affect risk vehicles that we have already sold. Depending on its severity, any recall could materially adversely affect our revenues, reduce the residual value of the vehicles involved, create customer service problems and, more generally, harm our general reputation.

We face risks related to liabilities and insurance.

We are exposed to claims for personal injury, death and property damage resulting from the use of the vehicles we rent and for workers' compensation claims and other employment-related claims by our employees (in so far as such employment-related claims are not covered by corresponding governmental schemes in the countries where they are obligatory). Currently, we maintain motor third-party liability against legal liability for bodily injury (including death) or property damage to third parties arising from the use of our vehicles. If we were unable to renew our motor third-party liability coverage on commercially acceptable terms, or to find suitable replacement coverage, we would be unable to rent our uninsured vehicles. While guaranteed coverage is available in a number of countries through central rating organizations, such coverage is provided at commercially unattractive rates. An application by us to such an organization would be an exceptional measure and could have a material adverse effect on our results of operations and financial condition. Fleet liability insurance premiums, expressed on a comparable basis (*i.e.*, per rental days) have evolved in the past both downwards and upwards, reflecting the underlying claims trends and the economic environment at a given point in time. The availability of coverage and cost of premiums are expected to continue to be the driving factors in the future. Accordingly, there can be no assurance that our insurance premiums will not increase in the following years, especially in countries where the insurance policies entered into by us are not profitable for insurance companies.

Historically, a substantial portion of our motor third-party liability exposure has been retained by us in accordance with the terms of our insurance policies. There can be no assurance that the amount

of self-insured retention under our policies will not significantly increase in the future. Furthermore, with respect to insured risks, there can be no assurance that liabilities in respect of existing or future claims will not exceed the levels of our insurance policies. The occurrence of any such event could materially adversely affect our financial condition. See "Europcar's Business — Risk Management — Motor Third-Party Liability".

Additionally, we bear the risk of fleet damage and theft. We have chosen not to purchase insurance coverage against these risks, because the cost of such insurance over the long term can be expected, in our view, to equal or exceed expected losses. However, there can be no assurance that we will not be exposed to uninsured liability for fleet or non-fleet risks at levels in excess of historical levels as a result of multiple payouts or otherwise. See "Europcar's Business — Risk Management — Damage to Europcar's Property".

Changes in governmental laws or regulations could adversely affect our business or subject us to liability for fines or damages.

We are subject to a wide variety of laws and regulations in the countries and jurisdictions in which the Europcar Network operates, and changes in the level of government regulation of our business have the potential to materially alter our business practices and profitability. Depending on the jurisdiction, such changes may come from new legislation, new regulations, or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official. Regulatory changes may have not just prospective but also retroactive effect, particularly when a change is made through reinterpretation of laws or regulations that have been in effect for some time. Changes in the legal and regulatory environment that affect our operations, including laws and regulations relating to customer privacy and data security, rental rates, vehicle taxation and the insurance products sold by us, could disrupt our operations, reduce our profitability or otherwise have a material adverse effect on our financial condition and results of operations.

Adoption of legislation affecting or limiting the sale of waiver and supplemental cover insurance products could result in a reduction or loss of these sources of revenue. If such legislation were to be implemented, it could have a material adverse effect on our profitability.

Environmental Regulation: We are subject to environmental laws and regulations in connection with our operations with respect to, among other things, (i) the ownership and operation of tanks for the storage of petroleum products, such as gasoline, diesel fuel and motor and waste oils and (ii) the generation, storage, transportation and disposal of waste materials, including vehicle wash sludge, waste water and other hazardous substances. Each operating subsidiary in the ECI Corporate Countries has established a compliance program for its tanks that is intended to ensure that the tanks are properly registered with the jurisdiction in which the tanks are located and have been either replaced or upgraded to meet applicable leak detection and spill, overfill and corrosion protection requirements. However, there can be no assurance that these tank systems will at all times remain free from undetected leaks or that the use of these tanks will not result in significant spills, overfills or corrosion.

There can be no assurance that compliance with existing or future environmental laws and regulations will not require material expenditures by us or otherwise have a material adverse effect on our business, prospects, results of operations or financial condition.

Customer Privacy Regulation: European and national laws in the jurisdictions in which we operate limit the types of information we may collect about individuals with whom we deal or propose to deal, as well as how we collect, retain and use the information that we are permitted to collect. In addition, the centralized nature of our information systems requires the routine flow of information about customers and potential customers across national borders. If this flow of information were to become illegal, or subject to onerous restrictions, our ability to serve our customers could be seriously impaired for an extended period of time. Other changes in the regulation of customer privacy and data security could likewise have a material adverse effect on our business. Privacy and data security are rapidly evolving areas of regulation, and additional regulation in those areas, some of it potentially difficult for us to accommodate, is frequently proposed and occasionally adopted. Thus, changes in the legal and regulatory environment of many countries relating to the areas of customer privacy, data security and cross-border data flows could have a material adverse effect on our business, primarily through the impairment of our marketing and transaction processing activities.

Changes in Taxation: Proposed changes to the vehicle taxation regime in Europe, pursuant to which vehicles would be subject to circulation taxes (incurred over the holding period of a vehicle) rather than registration taxes (incurred on acquisition of a vehicle), could adversely affect the residual values of vehicles in our fleet. To the extent we are unable to pass on increased circulation taxes to our customers, our results of operations would be adversely affected.

Furthermore, the German tax authorities have recently changed the way they assess tax on insurance arrangements such as ours with HDI. See "Europcar's Business — Risk Management — Motor Third-Party Liability". Although Volkswagen AG has borne the historic cost of the tax reassessment pursuant to the SSTA and although we are contesting the reassessment together with Volkswagen AG (see "Europcar's Business — Litigation and Arbitration"), an unfavorable outcome in this litigation could lead to an increase in insurance costs and taxes in Germany, which could have an adverse effect on our results of operations.

Risks Related to Our Business

Our ability to operate at airports and train stations is dependent on the granting and renewal of concessionary arrangements by airport and rail authorities.

In general, we operate airport and train station rental locations pursuant to concessionary arrangements that have terms from three to five years. For the year ended December 31, 2006, revenues generated by rentals originating at airport stations in the ECI Corporate Countries represented 35% of ECI's total consolidated revenues (excluding Vanguard's revenues). Over the next two years, airport concession arrangements covering approximately 94 out of 137 of our airport locations (excluding Vanguard) and train station concession arrangements covering approximately 43 out of 78 of our train station locations (excluding Vanguard) are scheduled for renewal. There can be no assurance that such arrangements will be renewed by the airport or rail authorities upon expiration or renewed on less advantageous terms. In addition, most concession agreements impose certain restrictive covenants on us that may be difficult to respect in the future. Non-compliance with these covenants allows airport and rail authorities to terminate the arrangements. An inability to continue operations at certain major airports and train stations currently within the Europcar Network could have a material adverse effect on our results of operations and financial condition.

Our business relies heavily on contractual relationships with certain key customers, partners, franchisees and agents.

We have a number of significant corporate customer accounts, mainly in our corporate and vehicle replacement businesses. In addition, we generate a significant portion of our revenue through our partnerships with airlines, tour operators and hotel groups, such as easyJet, TUI and Accor. For the year ended December 31, 2006, our ten most significant sources of revenues (excluding Vanguard's revenues), including our partners easyJet and TUI, accounted for approximately 22% of our revenues. Certain contracts concluded with key customers and partners (including the contract with easyJet and the contract with TUI) were renewed in 2006. Other contracts may be terminated at any time by our counterparties. The loss of any of these contracts to a competitor, or the renewal on less advantageous terms, would adversely affect our results of operations.

For the year ended December 31, 2006, more than 38% of our royalty revenues (excluding Vanguard's revenues) were generated by the franchisees in our top five Franchise Countries. See "Europcar's Business — The Europcar Network — Franchise Countries". We also rely on a number of franchisees, which, outside the ECI Corporate Countries, are exclusive within their respective Franchise Countries. Certain contracts concluded with our franchisees expire in 2007 and 2008. If one or more of our franchisees were to leave the Europcar Network, and we were unable to secure agreements with equally profitable replacement franchisees, our profitability would be adversely affected. Moreover, franchises are independent operators and their employees are not Europcar employees. Consequently, our franchisees may not successfully operate in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other personnel. If this were to occur, our image and reputation could suffer, and revenues and company-wide sales decline.

From time to time the validity or enforceability of certain terms and provisions of our agency agreements have been and may continue to be challenged by our agents or third parties. To the extent a court or regulatory authority were to find a term or provision to be invalid or enforceable and such

finding were determined to be applicable regionally to our agency agreements, our results of operations could be materially adversely affected.

Our business is highly seasonal, and a disruption in rental activity during its peak season, or a mismatch between actual and anticipated demand, could have a material adverse effect on our results of operations and financial condition.

The second and third quarters of the year have historically been our strongest quarters due to higher levels of leisure travel in those periods. For the year ended December 31, 2006, the second and third quarters combined accounted for approximately 55.8% of our consolidated revenue (excluding Vanguard) for the year and 95.7% of income before income taxes and minority interest (excluding Vanguard), respectively. Any occurrence that disrupts rental activity during the second or third quarters could have a disproportionately material adverse effect on our profitability.

We make significant fleet investment based on these anticipated seasonal fluctuations in demand, as advance bookings provide only limited visibility as to future levels of demand. This variation in fleet levels is also reflected in higher levels of debt to fund fleet acquisitions in the summer months than at other times of the year. We manage our cost base (of which approximately 68% (excluding Vanguard) is variable) and investment decisions in line with forecast activity levels and prior experience. A mismatch between forecasted and actual activity during peak periods could have a material adverse effect on our profitability, results of operations, liquidity and financial condition.

We rely heavily on contractual agreements and arrangements with a limited number of vehicle manufacturers.

For the year ended December 31, 2006, approximately 27% of the vehicles which we (excluding Vanguard) purchased were manufactured by the Volkswagen Group, 18% by Renault, 17% by Fiat, 10% by DaimlerChrysler and 8% by General Motors. There can be no assurance that these groups will continue to provide us with goods and services, in particular vehicle sales arrangements, on which we currently rely. If any or all of these groups were to cease doing so, there can be no assurance that we would be able to obtain the necessary goods or services on substantially equivalent terms and conditions. Any such development could have a material adverse effect on our business, financial condition and results of operations.

We face risks of increased fleet holding costs resulting from less favorable terms by vehicle manufacturers in respect of a reduced supply of vehicles or less favorable credit terms generally.

In the past, we have benefited from global overcapacity in the new vehicle market, as a result of which we were able to acquire vehicles on advantageous terms. To date, many of our sourcing arrangements with vehicle manufacturers have only covered a single year of acquisitions, and have been re-negotiated on an annual basis. See "Europcar's Business — Fleet Composition, Acquisition and Management — Acquisition and Resale of Fleet". There can be no assurance that such conditions will persist.

Certain manufacturers have adopted strategies to de-emphasize sales to the rental car industry, which they view as unattractive in terms of marketing and branding strategy, as well as pricing. Historically, sales to the car rental industry have been relatively less profitable for vehicle manufacturers due to sales incentive and other discount programs that tend to lower the average holding cost of vehicles for fleet purchasers such as Europcar. Additionally, certain manufacturers have exerted pressure on rental companies to increase their share of larger size vehicles. Given the increased demand by customers for smaller cars, Europcar may rent out larger vehicles at lower prices when customers have reserved smaller category vehicles and such smaller category vehicles are not available. If fleet holding costs increase as a result of vehicle manufacturers' strategies to limit sales to the rental car industry or to improve the profitability of such sales (*e.g.*, by offering lower discounts or repurchase prices or requiring increased share of large size vehicles), there can be no assurance that we will be able to pass on such increased costs to our rental customers. Failure to pass on significant cost increases to our customers would have a material adverse effect on our financial condition and results of operations.

Terms of credit between us and our principal vehicle suppliers vary widely, depending on both the market in which the vehicles are to be used and on the supplier. Terms of payment on receipt of vehicles are in some cases mirrored on the disposal of the same vehicle, where repurchase agreements are in place. While we have benefited from attractive credit terms in the past, there can be no

assurance that our principal fleet suppliers will continue to offer credit on the same terms in the future. Adverse changes to manufacturer credit terms would result in an increased debt funding requirement that we may not be able to satisfy by other means on attractive terms.

Without adequate access to funding, we may not have sufficient liquidity to fund our fleet growth or to operate our business.

Our business is capital-intensive, requiring approximately €1.50 of capital for each €1.00 of revenue. As a result, our continued operation and expansion require access to significant amounts of capital. We intend to expand our fleet in line with growth in demand. We have chosen to fund a substantial portion of our capital needs with debt. Historically, we satisfied our funding requirements principally through committed and uncommitted credit facilities with banks, loans from the Volkswagen Group, the SecuritiFleet securitization program and leasing arrangements with vehicle manufacturers. Our historical ability to obtain financing from the Volkswagen Group reduced our need to rely solely on committed bank lines, and therefore allowed us to rely on less expensive uncommitted facilities. From May 31, 2006, these financing arrangements were replaced by the Senior Asset Financing Loan and the Senior Revolving Credit Facility. See "Description of Other Indebtedness".

There can be no assurance that our current financing arrangements will provide us with sufficient liquidity under all conditions. Even if these facilities provide us with sufficient liquidity, our costs of capital could increase as a result of their utilization. To the extent that we are unable to pass on any increased borrowing costs to customers, our profitability, and potentially our ability to raise funds, could be materially adversely affected.

We face risks related to the resale value of cars not covered by repurchase programs due to decreased acquisition or disposition of vehicles through repurchase programs and less favorable terms of such repurchase programs.

For the year ended December 31, 2006, 96% of the vehicles in our rental fleet (excluding Vanguard's rental fleet) were covered by repurchase programs with explicit or implicit buy-back provisions. See "Europcar's Business — Fleet Composition, Acquisition and Management — Manufacturer Repurchase Programs". Residual values of the remaining vehicles not covered by manufacturer repurchase programs or leasing programs, referred to as "risk vehicles", are exposed to adverse pricing conditions and uncertainties in the used vehicle market. These conditions can result from a number of factors, including the general economic environment, model changes, legislative requirements (*e.g.*, changes to environmental legislation or vehicle taxes), and oversupply of new vehicles by the manufacturer. A decline in used vehicle prices or a lack of liquidity in the used vehicle market may severely hinder our ability to resell "risk vehicles" without a loss on investment and could adversely affect our profitability. In addition, any increase in the percentage of risk vehicles in our fleet will increase our exposure to fluctuations in the residual scheme of used vehicles.

A reduction in the percentage of our vehicles subject to repurchase programs would increase our exposure to the vehicle resale markets, increase our fleet holding costs and reduce the flexibility of our fleet.

We expect the percentage of our rental fleet subject to repurchase programs to decrease, because vehicle manufacturers are expected to reduce buy-back programs and offer less attractive buy-back terms as part of their efforts to de-emphasize sales to car rental companies. Vehicle acquisition agreements are typically entered into for a period of one year only, and, among other things, vehicle manufacturers may eliminate or modify their repurchase programs (including condition and mileage requirements for returned vehicles, as well as additional restrictions on maximum rental days per customer) from one program year to another making it disadvantageous, or more expensive, to acquire vehicles covered by such programs. Consequently, the percentage of risk vehicles in our fleet is likely to grow, increasing our exposure to fluctuations in the residual value of used vehicles.

We expect to obtain a substantial portion of our financing in reliance on repurchase programs. The modifications or eliminations of such programs would make vehicle-related debt financing more difficult to obtain on reasonable terms. See below under "— Our reliance on asset-backed financing to purchase cars will subject us to a number of risks, many of which are beyond our control".

Repurchase programs enable us to determine a substantial portion of our fleet holding cost expense in advance. Fleet holding cost is a significant cost factor in our operations. Any increase in risk vehicles would decrease our ability to determine our fleet holding cost expense in advance. See

"Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Lessee Accounting for Fleet".

In addition, repurchase programs generally provide flexibility to adjust the size of our fleet or to reduce it to respond to seasonal fluctuations in demand or in the event of an economic downturn, because they typically allow cars to be returned sooner than originally expected without risk of loss. This flexibility will decrease to the extent the percentage of buy-back vehicles in our rental fleet declines. There can be no assurance that we will retain the current level of flexibility in the future.

We could be harmed by a severe decline in the results of operations or financial condition of vehicle manufacturers supplying our fleet, particularly if the vehicle manufacturers or other counterparties to repurchase programs (such as dealers) are unable to repurchase buy-back vehicles.

A severe or persistent decline in the results of operations or financial condition of one of the manufacturers supplying vehicles for Europcar's fleet could reduce the vehicles' residual values, particularly if the manufacturer unexpectedly were to announce the potential elimination of its models or nameplates or cease manufacturing them altogether. With respect to "risk vehicles", any such reduction in residual values could cause us to sustain a loss on the ultimate sale of those vehicles or require us to book a higher holding cost for those vehicles. A decline in the economic and business prospects of manufacturers or other repurchase program counterparties, including any economic distress affecting the suppliers of vehicle components to manufacturers, could also cause them to raise the prices we pay for vehicles or to reduce their supply.

In addition, if a decline in the results of operations or financial condition of a car manufacturer (or other repurchase program counterparty, such as a dealer) were so severe as to cause it to default on an obligation to repurchase cars covered by buy-back guarantees, we would have to find an alternative method of disposition of those cars, which could significantly increase our expenses and decrease the proceeds from such disposals. Any such default might also leave us with a substantial unpaid claim against the manufacturer or dealer with respect to buy-back cars that have been sold and returned but not yet paid for.

Our reliance on asset-backed financing to purchase cars will subject us to a number of risks, many of which are beyond our control.

We rely significantly on asset-backed financing to purchase cars for our domestic and international car rental fleets. ECI, certain of its subsidiaries (but not the Issuer) and certain special purpose entities we have created are able to incur up to approximately €2.9 billion of vehicles fleet debt under loan facilities secured by rental vehicles and related assets of certain of our subsidiaries. Having received the Requisite Consents, the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan has been increased to up to €4,000 million (see "Europcar Group — The Consent Solicitation"). The asset-backed financing issued in connection with the ECI Acquisition has an expected final payment date in 2011 and, as a result, will need to be refinanced within 5 years from the date of the closing of the ECI Acquisition. Consequently, if our access to asset-backed financing were reduced or were to become significantly more expensive for any reason, we cannot assure you that we would be able to refinance or replace our existing asset-backed financing or continue to finance new car acquisitions through asset-backed financing on favorable terms, or at all. Our asset-backed financing capacity could be decreased, or financing costs could be increased, as a result of risks and contingencies, many of which are beyond our control, including, without limitation:

- rating agencies that provide credit ratings for our asset-backed indebtedness or other third parties requiring changes in the terms or structure of our asset-backed refinancing, including increased credit enhancement (i) in connection with the incurrence of additional or refinancing of existing asset-backed debt, (ii) upon the occurrence of external events, such as changes in general economic and market conditions or further deterioration in the credit ratings of our principal car manufacturers, including the Volkswagen Group and Renault, or (iii) otherwise;
- the terms and availability of third-party credit enhancement at the time of the incurrence of additional or refinancing of existing asset-backed indebtedness;
- the insolvency or deterioration of the financial condition of one or more of the third party credit enhancers that insure our asset-backed indebtedness;

- the occurrence of certain events that, under the agreements governing our asset-backed financing, could result, among other things, in (i) an amortization event pursuant to which payments of principal and interest on the affected series of asset-backed notes may be accelerated, or (ii) a liquidation event of default pursuant to which the trustee or holders of asset-backed notes would be permitted to require the sale of fleet vehicles that collateralize the asset-backed financing; or
- changes in law that negatively impact our asset-backed financing structure.

Any disruption in our ability to refinance or replace our existing asset-backed financing or to continue to finance new car acquisitions through asset-backed financing, or any negative development in the terms of the asset-backed financing available to us could cause our cost of financing to increase significantly and have a material adverse effect on our financial condition and results of operations. The assets that collateralize our asset-backed financing will not be available to satisfy the claims of our general creditors, including the Holders of the Notes. The terms of our Senior Revolving Credit Facility and the Indentures governing the Notes permit us to finance or refinance new car acquisitions through other means, including secured financing that is not limited to the assets of special purpose subsidiaries. We may seek in the future to finance or refinance new car acquisitions through such other means. No assurances can be given, however, as to whether such financing will be available, or as to whether the terms of such financing will be comparable to the asset-backed financing entered into in connection with the ECI Acquisition.

We rely on centralized information systems to conduct our day-to-day operations, and the failure or unavailability of such systems could have a material adverse effect on our operations.

We rely heavily on information systems to accept reservations, process rental and sales transactions, manage our fleets of vehicles, account for our activities and otherwise conduct our business. We have centralized our information systems at a single facility in Villepinte, France, and rely on communications service providers to link our systems with the business locations these systems serve. See "Europcar's Business — Technology — The GreenWay System" and "Europcar's Business — Technology — IT Security". A failure of a major system, or a major disruption of communications between the system and the locations it serves, could cause a loss of reservations, slow rental and sales processes, interfere with our ability to manage our fleet and otherwise materially adversely affect our ability to manage our business effectively. Our systems designs and business continuity plans are designed to mitigate such a risk, not to eliminate it. We currently have no centralized backup system or disaster recovery site for our facility in Villepinte, and the loss of use of such facility would have a material adverse effect on our ability to carry on our day-to-day activities. We have recently built new data centers in Aubervilliers and Clichy. These new data centers are designed to provide IT service continuity in case of disaster, and will be fully operational by mid 2007.

In addition, because our systems contain information about millions of individuals and businesses, a failure to maintain the security of such data, whether the result of our own error or the malfeasance of others, could harm our reputation or give rise to legal liabilities, leading to lower revenues, profitability and other material adverse effects on our business, results of operations and financial condition.

Expansion into new markets could prove more difficult than anticipated, creating a significant strain on our resources.

Our future development partly depends on our ability to continue to expand into geographic areas where we have little or no experience and where competitive and pricing pressures may be substantial, including Japan and China. As measured by revenues, the Japanese car rental market is the third largest in the world, while the Chinese market is in the early stages of its development. The complex competitive environments in these markets could limit our ability to penetrate them. See "Industry Overview".

We have recently concluded a strategic alliance with Vanguard U.S. pursuant to which each party will refer its customers to the other but there can be no assurance that this alliance will generate reservations with Europcar from outbound U.S. travelers. We also recently concluded an agreement with Mazda Car Rental, a leading car rental company in Japan, pursuant to which Mazda Car Rental will feature Europcar branding in key rental locations throughout Japan but there can be no assurance

that the branding strategy will generate reservations from outbound Japanese travelers. See "Europcar's Business — The Europcar Network — Franchise Countries".

We continue to evaluate from time to time our expansion opportunities into these markets and negotiate with potential parties with respect to potential acquisitions or partnerships. We cannot predict the outcome of any such negotiations or the timing of any entrance into these markets.

Our foray into these new markets may take the form of the establishment of a franchise or agency in line with our traditional approach, a joint venture or partnership with another company, or the acquisition of an existing business. However, we may not be successful in identifying appropriate opportunities, potential franchisees, joint venture partners, alliances or agents, or in entering into agreements with them. In addition, the Notes and the Senior Revolving Credit Facility place certain limitations on our ability to enter into joint ventures or other partnership arrangements.

In the event that we enter into one or more of these markets through a franchise agreement, we could face additional risks, including (i) possible conflicts of interests with the franchisees, (ii) lack of expertise in local franchise laws, (iii) unfavorable commercial terms, (iv) our difficulty in maintaining uniform standards, control procedures and policies and (v) the possible failures of a franchisee to fulfil its contractual obligations. Expansion into new markets may also expose us to the risk of potential disruption of our ongoing business caused by senior management's focus on the negotiation of the franchise agreements. In the event of an acquisition, we could face risks, including a potentially heightened risk of inadequate return on investment (for example, from overvaluation of assets or underestimation of known or unknown liabilities), and increased costs from additional borrowings.

Difficulties in penetrating these new markets on satisfactory financial terms or with appropriate partners could prevent us from implementing our development strategy, and have a material adverse effect on our prospects, business, results of operations and financial condition.

Our operations are dependent to a significant extent on our ability to retain and attract key personnel and high-quality staff.

We rely on a number of key employees, both in our management and our operations, with specialized skills and extensive experience in their respective fields. We also believe that the growth and success of our business will depend on our ability to attract highly skilled and qualified personnel with specialized know-how in the car rental industry. While we place emphasis on retaining and attracting talented personnel and invest in extensive training and development of our employees, there can be no assurance that we will be able to retain or hire such personnel. The seasonality of the rental car industry requires us to adjust staffing levels throughout the year in line with business needs, particularly through the use of temporary employees. Should we encounter any difficulty in retaining and attracting sufficient staff (which may occur in the event of improving employment markets in the ECI Corporate Countries), our business and results of operations may be adversely affected.

We are exposed to risks associated with the international nature of our customer base and operations.

The Europcar Network is present in approximately 160 countries and may expand into additional countries in connection with our development strategy. Thus, we are exposed to the possibility of political or economic instability within and among different countries, potential inconsistencies between legal regimes, commercial practices, regulations and business models in different countries and other risks associated with the international nature of our operations. Furthermore, changes in the pricing, tax and regulatory policies affecting the rental car industry in particular countries may have a material adverse effect on our business, prospects, results of operations and financial condition.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business.

We depend on our brands and believe they are important to our business. See "Europcar's Business—Our Strengths—Recognized Premium Brand and Quality Service." We rely primarily on trademarks and similar intellectual property rights to protect our brands. The success of our business depends on our continued ability to use our existing trademarks in order to increase brand awareness and further develop our presence and activity in our markets. We grant licenses to use our brands to franchisees and agents. We may not be able to adequately protect our trademarks and similar intellectual property rights. Any material infringement on our intellectual property could have a material adverse effect on our business, financial condition and results of operations.

Other risks.

For a description of certain market risks including interest rate risk, foreign currency risk and counterparty credit risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Disclosures About Market Risks".

Additional Risks Relating to the Vanguard Acquisition

Vanguard's fleet financing is concentrated with a few lenders. The insolvency, deterioration of the financial condition or change in credit policy of one or more of these lenders could have a material adverse effect on our financial condition and results of operations.

Vanguard relies on capital leases to finance its European fleet. Vanguard has capital lease facilities totaling approximately £470 million (approximately €700 million) as of December 31, 2006. As of December 31, 2006, these facilities had an outstanding amount of £311.0 million (€463.1 million). The European facilities mature in December 2007. If Vanguard is not able to refinance the European facilities or if any of these facilities were to become significantly more expensive, Vanguard may not be able to finance new vehicle acquisitions on favorable terms or at all for its activities. In addition, Vanguard's capital lease facilities could be decreased, or its financing costs increased, as a result of factors which are beyond its control, including the insolvency, deterioration of the financial condition, a change in law or a change in credit policy of one or more of its lenders.

The Vanguard Acquisition may disrupt our business or have an adverse effect on our results of operations and it may prove difficult to integrate Vanguard's operations.

We cannot be sure that we will be able to successfully integrate Vanguard's operations without substantial costs, delays or other problems. In addition, expected synergies may not materialize. Our success in integrating Vanguard's operations will depend upon our ability to:

- maintain and develop Vanguard's corporate relationships;
- integrate Vanguard's franchised and licensed locations along with its company-owned locations;
- retain key personnel;
- integrate Vanguard's general and administrative services into our own; and
- avoid diversion of management's attention from operational matters.

In particular, there is overlap between the Europcar Network and the Vanguard Network. Both Europcar and Vanguard franchisees may object to our strategy of maintaining the two networks, often in competition with each other. Europcar and Vanguard franchisees may also object to the implementation of our strategy of referring reservations throughout the network. Europcar or Vanguard franchisees may seek, or we may be obliged, to terminate their franchise agreements if we do not find a mutually acceptable resolution to their objections, which could result in litigation and higher than expected costs.

In general, the consolidation and integration of Vanguard's operations may take longer, and be more disruptive to our business, than originally anticipated. Moreover, the Vanguard Acquisition will result in the incurrence of debt and contingent liabilities, along with an increase in interest expense and amortization expenses related to goodwill and other intangible assets. If we experience any difficulties in integrating Vanguard's operations into Europcar, we may incur higher than expected costs and not realize all the benefits of the acquisition. We may also encounter similar problems with future acquisitions.

Vanguard is party to agreements which may be terminated by the counterparty upon a change in control of Vanguard.

A number of Vanguard's airport concession agreements, as well as certain of Vanguard's other agreements with third parties, require the consent of the airports' operators or other parties in connection with any change in ownership of Vanguard. Vanguard neither sought nor obtained any such consents in connection with its acquisition by ECI. Although Vanguard does not believe that any third party will seek to terminate its agreement with Vanguard, there can be no assurance that such terminations may not occur.

Risks Relating to the Notes

The substantial indebtedness of the Issuer and its subsidiaries could have a material adverse effect on its and their financial health and prevent the Issuer from fulfilling its obligations under the Notes.

The Issuer and its subsidiaries have, and upon the completion of this offering and the Vanguard Acquisition, will have, significant debt service obligations. As of December 31, 2006, on a pro forma adjusted basis to give effect to the Vanguard Acquisition, the issuance of the Additional Notes and the refinancing of the Bridge Financing, the Issuer and its subsidiaries would have had outstanding total borrowings of approximately €3,416.6 million and an estimated shareholders' equity of approximately €769.8 million. See "Capitalization".

The substantial debt of the Issuer and its subsidiaries could have important consequences to Holders of the Notes. For example, it could:

- make it more difficult for the Issuer to satisfy its obligations with respect to the Notes;
- require the Issuer to dedicate a substantial portion of its cash flow from operations to payments on its and its subsidiaries' debt, which would reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit the Issuer's flexibility in planning for, or reacting to, changes in its rental car business;
- place Europcar at a competitive disadvantage compared to any of its competitors that are less leveraged;
- increase Europcar's vulnerability to both general and industry-specific adverse economic conditions; and
- limit the Issuer's and its subsidiaries' ability to borrow additional funds.

The Issuer and its subsidiaries will be able to incur substantial additional debt in the future under the Indentures relating to the Notes. The addition of further debt to the Issuer's current debt levels could intensify the leverage-related risks that the Issuer now faces. The Indentures also permit the Issuer in certain circumstances to incur secured debt which will be effectively senior to the Notes to the extent of the value of the assets securing that indebtedness. This additional debt could further exacerbate the risks associated with our substantial indebtedness.

The Notes are structurally subordinated to the debt and liabilities of the Issuer's subsidiaries that are not Subsidiary Guarantors.

The rights of holders of the Notes will be structurally subordinated to those of the creditors of subsidiaries of the Issuer that are not Subsidiary Guarantors. Generally, claims of creditors of a subsidiary, including trade creditors, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent company. In the event of bankruptcy or insolvency of the Issuer, holders of the Notes may receive less, ratably, than holders of debt of subsidiaries and other liabilities. At December 31, 2006, on a pro forma as adjusted basis after giving effect to the Vanguard Acquisition, the issuance of the Additional Notes and the refinancing of the Bridge Financing, the Issuer and its subsidiaries (including the Subsidiary Guarantors) would have had total outstanding borrowings of €3,416.6 million.

You may not be able to enforce, or recover any amounts due under the Notes or the Subsidiary Guarantees due to the subordination provisions and restrictions on enforcement contained in the Indentures and in the intercreditor agreement.

The Notes will be senior subordinated obligations of the Issuer. They will rank junior in right of payment to all existing and future senior indebtedness of the Issuer, limited to an aggregate principal amount of €300 million borrowed by the Issuer under the Senior Revolving Credit Facility (or under any refinancing or replacement of such facilities). As a result, upon any distribution to creditors of the Issuer in a bankruptcy, liquidation or reorganization or similar proceeding relating to it or its property, the holders of senior debt of the Issuer will be entitled to be paid in full before any payment may be made on the Notes. The Notes will also be structurally subordinated to other indebtedness and claims, as described above under "— The Notes are structurally subordinated to the debt and liabilities of the Issuer's subsidiaries that are not Subsidiary Guarantors".

In addition, the Subsidiary Guarantees of the Floating Rate Notes are unsecured senior subordinated obligations of the Subsidiary Guarantors which rank junior in right of payment to all existing and future senior indebtedness of such Subsidiary Guarantor, which may include such Subsidiary Guarantor's obligations under the Senior Revolving Credit Facility, the Senior Asset Financing Loan, hedging obligations with respect to the ECI Acquisition and other obligations described under "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)" and other agreements restricting the Europcar Group's indebtedness. As a result, upon any distribution to creditors of such Subsidiary Guarantor in a bankruptcy, liquidation or reorganization or similar proceedings relating to its property, the holders of senior debt of such Subsidiary Guarantor will be entitled to be paid in full before any payment may be made on such Subsidiary Guarantee.

In addition, the Senior Revolving Credit Facility is secured by:

- an effective first priority security interest in capital stock of ECI owned by the Issuer and in capital stock of certain of ECI's subsidiaries; and
- a lien over a substantial amount of the assets of the Issuer, ECI and its consolidated subsidiaries.

The Floating Rate Notes have the benefit of an effective second priority security interest in shares of ECI owned by the Issuer. Otherwise, the Notes are unsecured and therefore do not have the benefit of collateral. Accordingly, if an event of default occurs under the Senior Revolving Credit Facility (or future senior indebtedness that benefits from security over ECI's shares and so provides), the senior secured lenders will have a prior right to the shares of ECI owned by the Issuer and to all of ECI's assets, to the exclusion of the holders of the Notes. In such event, assets securing the Senior Revolving Credit Facility (or future senior secured indebtedness) would first be used to repay in full all indebtedness and other obligations outstanding thereunder (or in respect of other senior secured indebtedness), resulting in all or a portion of the Issuer's assets being unavailable to satisfy the claims of holders of the Notes and other indebtedness.

All payments on the Notes and the Subsidiary Guarantees will be blocked in the event of a payment default under the Senior Revolving Credit Facility and additionally, in the case of the Subsidiary Guarantees, among other things, the Senior Asset Financing Loan or hedging obligations in connection with the ECI Acquisition, or any refinancing thereof, for up to 179 of 360 consecutive days in the event of certain non-payment defaults under such indebtedness. See "Description of the Notes — Subordination of the Notes — Payment Blockage Provisions".

No enforcement action under the Notes or the Subsidiary Guarantees may be taken unless:

- certain insolvency events in respect of the Issuer or the Subsidiary Guarantors, as the case may be, have occurred and are continuing;
- the senior debt of the Issuer or the Subsidiary Guarantors, as the case may be, described above has been accelerated;
- an event of default under the Indentures governing the Notes has occurred, 179 days have elapsed since notice has been given to the agent of such senior debt concerning such event of default, and such event of default is continuing after the expiration of such 179 day period; or
- holders of 66⅔% of indebtedness under the applicable indebtedness have consented to the enforcement action.

As a result of these and other provisions of the Indentures and the intercreditor agreement, you may not be able to recover any amounts upon an event of default under the Notes. In particular, in the event of our bankruptcy, insolvency, liquidation or reorganization, holders of the Notes will participate with trade creditors and all other holders of the Issuer's senior subordinated indebtedness in the assets remaining after the Issuer has paid all of its senior debt. Because the Indentures governing the Notes and the Subsidiary Guarantees and the intercreditor agreement require that amounts otherwise payable to holders of the Notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the Notes may receive less ratably than other creditors in any such proceeding. In any of these cases, the Issuer and the Subsidiary Guarantors may not have sufficient funds to pay all of their creditors and holders of the Notes may receive less ratably than the holders of our senior debt, and may not be paid in full or at all, even though other creditors may receive full payment for their claims.

See "Description of the Notes — Subordination of the Notes" and "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)".

The Issuer is a holding company with no operations.

The Issuer is a holding company created for the purpose of acquiring ECI with limited business operations and assets other than the capital stock of ECI and the Europcar brand rights for long term vehicle rentals. Consequently, the Issuer is dependent on dividends and other payments from ECI and its subsidiaries to make payments of principal and interest on the Notes. Holders of the Notes will not have any direct claim on the cash flows of ECI or its subsidiaries other than, in the case of the Floating Rate Notes, the Subsidiary Guarantors, and the Issuer's operating subsidiaries other than the Subsidiary Guarantors have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to the Issuer for these payments, whether by dividend, distribution, loan or other payments. The ability of the Issuer's subsidiaries to make dividends and other payments to the Issuer will depend on their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors".

For example, our cash flow generated from operating activities fluctuates materially from period to period to the extent a significant payment is required to be made during a period with respect to fleet or other purchases during that period or any prior period. As discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Cash Flows", cash generated from operations during 2006 was reduced compared to 2005 due to payments due with respect to fleet purchases in 2005, which were paid in February 2006.

Contractual and other restrictions limit the ability of the Issuer's subsidiaries to make dividends or loans or other advances to the Issuer necessary for the Issuer to make payment on the Notes.

The payment of dividends and the making of loans and advances to the Issuer by ECI and its subsidiaries are subject to various restrictions. The Senior Revolving Credit Facility or other existing or future agreements governing the debt of ECI and its subsidiaries may prohibit or restrict the payment of dividends or the making of loans or advances to the Issuer.

In addition, the ability of ECI and its subsidiaries to make payments, loans or advances to the Issuer may be limited by:

- restrictions under applicable company or corporate law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its shares or the shares of any of its holding companies; and
- statutory or other legal obligations that affect the ability of the Issuer's subsidiaries to make payments to it on account of intercompany loans.

If the Issuer is not able to obtain sufficient funds from ECI and its subsidiaries, it will not be able to make payments on the Notes.

If subsidiaries of the Issuer default on their obligations to pay their indebtedness, the Issuer may not be able to make principal payments on the Notes.

If subsidiaries of the Issuer are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on their indebtedness, or if they otherwise fail to comply with the various covenants, including financial and operating covenants, in their debt instruments, the Issuer or such subsidiaries could be in default under the terms of such debt instruments. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, or the lenders under the Senior Revolving Credit Facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against the Issuer's assets, and the Issuer could be forced into bankruptcy or insolvency proceedings. Any of the foregoing could prevent the Issuer from paying principal on the Notes and substantially decrease the market value of the Notes.

The Indentures governing the Notes and agreements governing our other indebtedness and that of our subsidiaries restrict our and their ability to engage in certain business activities.

The Indentures contain financial and other restrictive covenants that limit the ability of the Issuer and its subsidiaries to engage in activities that may be in their long term best interests. For example, these covenants restrict the ability of the Issuer and its subsidiaries to:

- pay dividends or make certain other payments, investments, loans and guarantees;
- incur additional indebtedness;
- create liens or other encumbrances; and
- sell or otherwise dispose of assets and acquire, merge or consolidate with another entity.

Also see "Description of Other Indebtedness". Events beyond the control of the Issuer and its subsidiaries can affect their ability to comply with these covenants. Failure by the Issuer and its subsidiaries to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of indebtedness. If an event of default on the Notes occurs, no assurance can be given that the Issuer would have sufficient assets to repay all of its obligations. The Issuer may incur other indebtedness in the future that may contain financial or other covenants more restrictive than those applicable to the Notes.

The Subsidiary Guarantees may be limited by applicable laws or subject to certain limitations or defences.

The Subsidiary Guarantees provide Holders of the Floating Rate Notes with a direct claim against the assets of the Subsidiary Guarantors. These Subsidiary Guarantees, however, will be limited to the maximum amount that can be guaranteed by any particular Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable or otherwise ineffective under applicable laws, and enforcement of any Subsidiary Guarantee against the relevant Subsidiary Guarantor would be subject to certain defences available to guarantors generally or, in some cases, to limitations contained in the terms of the Subsidiary Guarantees designed to ensure full compliance with statutory requirements applicable to the relevant Subsidiary Guarantors. These laws and defences include those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. As a result, a Subsidiary Guarantor's liability under its Subsidiary Guarantee could be materially reduced or eliminated, depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in the company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Subsidiary Guarantor, a creditor of a Subsidiary Guarantor or the bankruptcy trustee in the case of a bankruptcy of a Subsidiary Guarantor, may contest the validity and enforceability of the Subsidiary Guarantor's Subsidiary Guarantee and that the applicable court may determine that the Subsidiary Guarantee should be limited or voided. In the event that any Subsidiary Guarantees are invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Subsidiary Guarantee obligation apply, the Floating Rate Notes would be effectively subordinated to all liabilities of the applicable Subsidiary Guarantor, including trade payables of the Subsidiary Guarantor.

The following is a list of the Subsidiary Guarantors and their respective jurisdictions of incorporation, as well as a more detailed discussion of certain of these jurisdictions where additional risks may exist.

Name	Jurisdiction of Incorporation
Europcar International SA & Co OHG	Germany
Europcar Autovermietung GmbH	Germany
Europcar UK Limited	England and Wales

Germany

The terms of the Subsidiary Guarantee issued by Europcar Autovermietung GmbH limit enforcement if and to the extent payment under any such Subsidiary Guarantee or the application of enforcement proceeds would (i) cause Europcar Autovermietung GmbH's net assets to fall below the amount of its registered share capital (Stammkapital) in violation of sections 30 and 31 of the German

Limited Liability Companies Act (*GmbH-Gesetz*) or (ii) deprive Europcar Autovermietung GmbH or its general partner, as applicable, of the liquidity necessary to fulfil its financial liabilities to its creditors.

Insolvency and examinership laws in France could limit your ability to enforce Noteholders' rights under the Notes.

The Issuer is incorporated in France, as are ECI and some of its material subsidiaries. Consequently, they will be subject to French laws and proceedings affecting creditors, including Article 1244-1 of the French Civil Code (*Code civil*), conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*) and judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*). In general, French reorganization or liquidation legislation favors the continuation of a business and protection of employment over the payment of creditors. The following is a general discussion of insolvency proceedings governed by French law for information purpose only and does not address all the French law considerations that may be relevant to creditors.

Grace periods

Pursuant to Article 1244-1 of the French Civil Code, French courts may, in any civil proceeding involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule the payment dates or payment obligations over a maximum period of two years. In addition, pursuant to Article 1244-1, if a debtor specifically initiates proceedings thereunder, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of the principal. If a court order under Article 1244-1 of the French Civil Code is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court.

Conciliation proceedings

A company may, in its sole discretion, initiate conciliation proceedings (*procédure de conciliation*) with respect to itself, provided it (i) is able to pay its due debts out of its available assets, or has been unable to pay its due debts out of its available assets for less than 45 days, and (ii) experiences legal, economic or financial difficulties. The competent court will appoint a conciliator (*conciliateur*) to help the company reach an agreement with its creditors for reducing or rescheduling its indebtedness.

This agreement may be either acknowledged (*constaté*) by the president of the court or approved (*homologué*) by the court.

While the acknowledgement of the agreement by the president of the court does not entail any specific consequences, the approval by the court will have the following consequences:

- creditors who provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy a priority of payment over all pre-proceeding and post-proceeding claims (other than certain post-proceeding employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;
- in the event of subsequent judicial reorganisation proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be fixed by the court as of a date earlier than the date of the approval of the agreement (see below the definition of the date of the *cessation des paiements*).

Safeguard Proceedings

A company may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided it (i) is able to pay its debts as they come due out of its available assets, and (ii) experiences difficulties which it is not able to overcome and which are likely to lead to a *cessation des paiements*.

A court-appointed administrator investigates the business of the company during an initial observation period, which may last up to 12 months, and helps the company to elaborate a draft safeguard plan (*projet de plan de sauvegarde*).

In case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for credit institutions having a claim against the debtor and the other for suppliers having a claim that represents more than 5% of the total amount of the claims of all the debtor's suppliers) will then be established. These committees will be consulted on the safeguard plan drafted by the debtor's management during the observation period.

The committees must announce whether they approve or reject the safeguard plan within 30 days of its proposal. The plan must be approved by a majority vote of each committee, provided that members voting account for at least two-thirds of the outstanding claims of the creditors of each committee.

If there are any bondholders, they are presented with the plan during a general meeting of bondholders held for that purpose.

Following approval by the creditors' committees and subject to verification by the court that the interests of all creditors are sufficiently safeguarded, the court will approve the plan. The safeguard plan accepted by the committees will be binding on all the members of the committees (including those who had voted against the adoption of the draft plan).

With respect to creditors who are not members of the committees, or in the event no committees are established, proposals are made to each creditor individually.

Judicial reorganization or liquidation proceedings

Judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*) may be initiated against or by a company if it cannot pay its debts as they come due out of its available assets (i.e. it is in *cessation des paiements*).

The company is required to petition for insolvency proceedings (or for conciliation proceedings: see above) within 45 days of falling into *cessation des paiements*. If it does not, de jure managers (including directors) and, as the case may be, de facto managers are subject to civil liability.

The date of *cessation des paiements* is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be up to 18 months before the date of the court order. The date of the *cessation des paiements* marks the beginning of a "suspect period" (*période suspecte*) pursuant to which certain transactions entered into during such period may be void or voidable.

Void transactions include transactions or payments entered into during the suspect period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors and protective measures (*mesures conservatoires*).

Voidable transactions include any transactions or payments made after the date of *cessation des paiements*, if the party dealing with the company knew that it was in a state of *cessation des paiements*. Transactions relating to the transfer of assets for no consideration are also voidable when realized during the six-month period prior to the beginning of the suspect period.

The court order commencing the proceedings may order either the liquidation or the reorganization of the company.

In the event of reorganization, an administrator appointed by the court investigates the business of the company during an initial observation period, which may last up to 18 months, and makes proposals for either the reorganization of the company (by helping the debtor to elaborate a reorganization plan, which is similar to a safeguard plan; see above), or the sale of the business or the liquidation of the company. Committees of creditors may be created under the same conditions as in safeguard proceedings (see above). At any time during this observation period, the court can order the liquidation of the company. At the end of the observation period, the outcome of the proceedings is decided by the court.

Status of creditors during safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of the proceedings must file a claim with the creditors' representative within two months of the publication of the court order; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are barred from

receiving distributions made in accordance with the proceedings. Employees are not subject to such limits and are preferential creditors under French law.

Subject to limited exceptions, from the date of the court order commencing the proceedings, the company is prohibited from paying debts outstanding prior to that date and its creditors may not pursue any legal action against the company with respect to any claim arising prior to that date.

Contractual provisions such as those contained in the Indentures that would accelerate the payment of a company's obligations upon the occurrence of (i) the opening of judicial reorganization proceedings or (ii) a state of *cessation des paiements* are not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of the company's obligations.

The administrator may elect to terminate or continue executory contracts (*contrats en cours*). If the administrator chooses to continue a contract, the company must fully perform its post-petition contractual obligations.

If the court adopts a safeguard plan or a reorganization plan, claims of creditors who have accepted the plan will be paid according to the plan. With respect to creditors that have not accepted the proposals made by the administrator and the company, the court can decide to reschedule the payment of their claims over a maximum period of 10 years. The court can also set a time period during which the assets that it deems necessary to the continuation of the business of the debtor may not be sold without its consent.

If the court adopts a "plan of sale of the business" (*plan de cession*), the proceeds of the sale will be allocated for the payment of creditors, according to their ranking. In particular, employees, officials appointed by the insolvency court, post-petition creditors and the French treasury are given priority.

If the court decides to order the judicial liquidation of the company, the court will appoint a liquidator who shall sell the assets of the company and settle the relevant debts.

Other Jurisdictions

In addition, the Indentures and the Issuer's other debt instruments allow the Issuer, in certain circumstances, to be succeeded by an issuer organized in another jurisdiction. The insolvency laws of other jurisdictions may not be as favorable to the interests of Noteholders as the laws of France. In the event any one or more of the Issuer or any of its subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions, including jurisdictions not set forth below, insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

The Issuer may not be able to purchase the Notes upon a change of control.

If a change of control occurs, as defined in the Indentures, the Issuer will be required to make an offer for cash to repurchase all of the Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest and additional amounts in respect of taxes, if any. If a change of control occurs, no assurance can be given that the Issuer will have sufficient funds to pay the purchase price for the Notes. A change of control may also trigger a mandatory prepayment of all amounts due under the Senior Revolving Credit Facility. A change of control could trigger mandatory prepayment or an event of default under other indebtedness that the Issuer may incur in the future. If a change of control occurs at a time when the Issuer is prohibited from purchasing the Notes under other debt agreements, the Issuer could seek the consent of its lenders to purchase the Notes or could attempt to refinance the borrowing that prohibits the repurchase of the Notes. If the Issuer does not obtain that consent or repay the borrowing, it would remain prohibited from purchasing the Notes. In that case, failure to repurchase any of the tendered Notes would constitute an event of default under the Indentures, which would likely cause a default under other indebtedness. In that event, the Issuer would be required to repay all senior debt, including debt under the Senior Revolving Credit Facility, before it could repurchase the Notes. See "Description of Other Indebtedness", "Description of the Notes — Events of Default", and "Description of the Notes — Change of Control".

The interests of the Equity Investors may be inconsistent with the interests of Holders of our Notes.

We are controlled and wholly-owned by the Equity Investors (other than certain qualifying shares). As a consequence, the Equity Investors indirectly control our policies and operations and their interests

could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. The Equity Investors could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a Holder of our Notes.

So long as the Equity Investors continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Equity Investors will continue to be able to strongly influence or effectively control our decisions. We have not instituted any formal plans to address any conflicts of interest that may arise.

Additionally, our majority shareholder, Eurazeo, is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Eurazeo may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in euro. If you measure your investment returns by reference to another currency, an investment in the Notes entails foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to your reference currency. Such currency fluctuations could result from economic, political and other factors over which we have no control. Depreciation of the euro against your reference currency could cause a decrease in your effective yield from the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into your reference currency. There may also be tax consequences for you as a result of any foreign exchange gains or losses resulting from investment in the Notes.

You may be unable to enforce judgments obtained in U.S. courts against the Issuer or any of its subsidiaries.

None of the directors and executive officers of the Issuer or ECI are residents of the United States and substantially all of the assets of these companies and their directors and officers are located outside of the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments against them outside of the United States, including judgments of U.S. courts predicated upon the civil liability provisions of the U.S. securities laws. There is also uncertainty about the enforceability in the courts of certain jurisdictions of judgments against the Issuer or Europcar obtained in the United States. Please see the section entitled "Enforceability of Certain Civil Liabilities".

Increases in market interest rates will increase the debt service obligations of the Issuer and its subsidiaries.

A portion of the Issuer's debt, including the Floating Rate Notes and indebtedness incurred under the Senior Revolving Credit Facility, bears interest at variable rates. An increase in market interest rates will therefore reduce funds available to repay the Notes and other debt and to finance operations and future business opportunities. As a result, increased market interest rates will intensify the consequences of the Issuer's leveraged capital structure. As of December 31, 2006, on a pro forma as adjusted basis giving effect to the Vanguard Acquisition, the issuance of the Additional Notes and the refinancing of the Bridge Financing, the Issuer and its subsidiaries would have had €3,416.6 million of outstanding borrowings, all of which bear interest at variable rates other than the Fixed Rate Notes.

Transfers of the Notes will be restricted.

The Notes have not been and will not be registered under the U.S. Securities Act or any state or foreign securities laws nor has the Issuer entered into any registration rights agreement requiring any such registration. Consequently, the Notes may not be offered or sold in the United States or to a U.S. person, as defined in Regulation S of the U.S. Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. See "Notice to Investors".

There may not be an active trading market for the Notes.

The Initial Purchasers have informed the Issuer that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue market-making at any time. As a result, no assurance can be given that a market will develop.

Although an application has been made for the Additional Notes to be listed on the Official List and admitted to trading on the Euro MTF Market, no assurance can be given that the Additional Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF Market, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell Notes in the secondary market.

The ability of the Issuer to make payments on the Notes and refinance existing indebtedness depends on its ability to generate sufficient cash in the future.

The ability of the Issuer to make payments on and to refinance its indebtedness, including the Notes, and to fund planned capital and development expenditures or opportunities that may arise, such as acquisitions of other businesses, will depend on Europcar's ability to generate sufficient cash in the future. This, to some extent, is subject to general economic, financial, competitive and other factors that are beyond the control of Europcar.

No assurance can be given that Europcar's business will generate sufficient cash flows from operations or that future borrowing will be available under the Senior Revolving Credit Facility or the Senior Asset Financing Loan or other sources in an amount sufficient to enable Europcar to pay its debts, including the Notes, or to fund other liquidity needs. If future cash flows from operations and other capital resources are insufficient to pay Europcar's obligations as they mature or to fund liquidity needs, Europcar may be forced to reduce or delay its business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of its debt, including the Notes. In addition, the terms of our existing and future indebtedness, including the Notes, may limit our ability to pursue any of these alternatives.

Risks Relating to the Security (Floating Rate Notes Only).

Security over the shares of ECI granted to Holders of Floating Rate Notes ranks behind the security over those shares benefiting the lenders under the Senior Revolving Credit Facilities and the rights of Holders of Floating Rate Notes to enforce their security over the shares are limited.

The Issuer has entered into a pledge agreement pursuant to which all the shares of ECI held directly by the Issuer have been pledged to the Trustee for the benefit of Holders of the Existing Floating Rate Notes and will enter into an additional pledge agreement pursuant to which such shares will also be pledged to the Trustee for the benefit of Holders of the Additional Floating Rate Notes, in each case on an effective second priority basis. Such pledge agreements secure parallel debt obligations owed to the Trustee and provided in the Floating Rate Indenture which are in the same amount and payable at the same time as obligations of the Issuer under the Floating Rate Indenture in respect of the Floating Rate Notes. The Senior Revolving Credit Facility (and any refinancing thereof) is secured by an effective first priority security interest in the shares of ECI (and other senior indebtedness of the Issuer and its subsidiaries may from time to time be so secured) and the Floating Rate Notes are secured by an effective second priority security interest in these shares. Under the Intercreditor Agreement, the proceeds of any sale of the pledged shares on enforcement will be applied, first, to repay all debt under the Senior Revolving Credit Facility (and any refinancing thereof) and any other senior debt that may in the future be secured by an effective first priority security interest in the shares of ECI and, thereafter, the Floating Rate Notes. Consequently, Holders of Floating Rate Notes may not be able to recover on the share pledge because the lenders under the Senior Revolving Credit Facility will, and holders of other senior indebtedness may, have a prior claim on all proceeds realized from any enforcement of the share pledge.

In addition, the Intercreditor Agreement provides for a common security agent, who also serves as security agent for the lenders under the Senior Revolving Credit Facility, the Senior Asset Financing Loan and hedging obligations with respect to the ECI Acquisition. These senior lenders (and other holders of senior indebtedness from time to time under limited circumstances with a security interest over ECI's shares) may have interests that are different from the interest of the Holders of the Notes and they may elect not to pursue their remedies under the pledge agreement at a time that would be advantageous for the Holders of the Floating Rate Notes to do so. Under the Intercreditor Agreement, the Holders of the Floating Rate Notes will not be permitted to enforce their security over the pledged shares unless:

- certain insolvency events have occurred and are continuing;

- Senior Revolving Credit Facility Indebtedness (or other specified indebtedness of the Issuer) has been accelerated;
- a standstill period of 179 days has expired following the occurrence of an event of default (other than a cross-default to applicable senior indebtedness) under the Floating Rate Indenture governing the Floating Rate Notes and a notice of such event of default to the designated senior creditors, and the relevant event of default is continuing after the expiration of such standstill period; or
- holders of 66⅔% of Indebtedness under the Senior Revolving Credit Facility have consented to the enforcement action.

The security is also subject to release under certain circumstances, including a sale of the shares of ECI pursuant to an enforcement sale by the lenders under the Senior Revolving Credit Facility. See "Description of Other Indebtedness — Senior Credit Facilities — Intercreditor Agreement" and "Description of the Notes — Security — Release of Security".

French law may adversely affect the validity and enforceability of second ranking or lower share pledges.

The second ranking share pledges benefiting the Holders of the Floating Rate Notes are governed by French law. Although there is no express prohibition under French law on granting a second or lower ranking pledge over a securities account *(nantissement de compte d'instruments financiers)* in which the shares of a French company are registered, some legal commentators have queried whether a second or lower ranking pledge is legally permissible to the extent that a pledge of a securities account is deemed, under French law, to remove the securities account from the possession of the grantor, thereby preventing such grantor from granting further, second or lower ranking pledges thereon.

In order to create the second ranking share pledges over the shares of ECI owned by the Issuer in favor of the Trustee for the benefit of the Noteholders, the possession of the securities accounts has been transferred to the custody of an agreed third party (*entiercement*), thereby satisfying the legal requirement of possession of the pledged asset by or on behalf of the secured creditors. Although there is no case law on the matter, the majority of legal academics and practitioners are of the opinion that creation of second or lower ranking pledges over securities through such a form of *entiercement* is valid, provided that the first or higher ranking pledgees agree to such creation of a subsequent ranking pledge and that the account holder has accepted its appointment as third party holder and holds the pledged securities as custodian for the benefit of all such pledgees. No assurance can be given, however, that a court would concur with such beliefs and positions.

The second ranking share pledges may be declared null and void in case of release and retaking of the pledge during a hardening period.

We may seek to secure new indebtedness over our shares in ECI where such indebtedness and security interest are permitted by the Indenture. If we are raising new indebtedness, the security agent is authorized by the Trustee to release the second ranking pledges in connection with the granting of a new security interest over our shares in ECI to secure such additional indebtedness, which may rank senior to or equally with the Floating Rate Notes. Following any such release, the second ranking pledges in favor of the Floating Rate Notes would be retaken.

The validity of the second ranking share pledges granted by the Issuer in its shares of ECI could then be challenged in the event that insolvency proceedings were commenced in respect of the Issuer during the 18 month period following the date on which such security interest is retaken.

Article L.632-1-6° of the French Commercial Code (*Code de commerce*) provides that any security interest granted after the date on which the underlying debt it secures was incurred (*dettes antérieurement contractées*) and which was determined to have been granted during the hardening period, is null and void. The hardening period (*période suspecte*) is a period of time the duration of which is determined by the bankruptcy judge upon the judgment recognizing that the cessation of payments of the insolvent company has occurred. The hardening period commences on the date of such judgment and extends for up to 18 months previous to the date of such judgment.

Furthermore, Article L.632-2, 1st paragraph, of the French Commercial Code (*Code de commerce)* provides that the bankruptcy court may declare void any agreement involving a consideration (*acte à titre onéreux*) entered into during the hardening period if the bankrupt debtor's contracting party knew that such debtor was insolvent (*cessation des paiements*).

The security over the shares of ECI is not granted directly to the Holders of the Floating Rate Notes.

The security over the shares of ECI that constitutes security for the obligations of the Issuer under the Floating Rate Notes and the Indenture governing the Floating Rate Notes, is not granted directly to the Holders of the Floating Rate Notes but only in favor of the Trustee for the Floating Rate Notes, as beneficiary of parallel debt obligations (the "Parallel Debt"). The Parallel Debt is in the same amount and payable at the same time as the obligations of the Issuer under the Indenture in respect of the Floating Rate Notes (the "Principal Obligations"). Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. As a consequence, Holders of the Floating Rate Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Floating Rate Notes, except through the Trustee for the Floating Rate Notes. However, as the Trustee will have, pursuant to the Parallel Debt, a claim against the Issuer for the full principal amount of the Floating Rate Notes, Holders of the Floating Rate Notes bear some risks associated with a possible insolvency or bankruptcy of the Trustee. The Parallel Debt obligations referred to above are contained in the Floating Rate Indenture, which is governed by New York law.

You may be required to pay a "soulte" in the event you decide to enforce the share pledges by attribution of the shares rather than by a sale of the shares in a public auction.

Under French law, a pledge over shares may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors) or by "*attribution"* of the shares to the secured creditor, following which the secured creditor is the legal owner of the pledged shares. In a proceeding for *attribution*, a court appointed expert will determine the value of the collateral (in this case, the shares) and, if the value of the collateral exceeds the amount of the secured debt, the secured creditors may be required to pay the obligor an amount, the "*soulte*", equal to the difference between the value of the shares as asserted by such expert and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the collateral.

EUROPCAR GROUP

Background

The Issuer, Europcar Groupe S.A., was formed in connection with the acquisition of ECI and originally incorporated as a *société par actions simplifiée* on March 16, 2006. It was transformed on April 25, 2006 to a *société anonyme* incorporated under the laws of the Republic of France. The Issuer's legal and commercial name is Europcar Groupe S.A. Its executive office is registered at 5/6 place des Frères Montgolfier, 78280 Guyancourt, France and it is registered with the *Registre du commerce et de sociétés* of Versailles under number 489 099 903. As of the date of this Offering Memorandum, it is a wholly-owned (other than a small number of qualifying shares) subsidiary of the Equity Investors. The Issuer, in addition to its obligations in respect of the Notes, is a borrower under the Senior Revolving Credit Facility. See "Description of Other Indebtedness".

The Acquisition of Europcar

On May 31, 2006 Eurazeo acquired, through EGSA, its subsidiary formed for such purpose, 100% of the share capital of ECI from Volkswagen AG (the "ECI Acquisition").

The ECI Acquisition had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's consolidated debt of €1.8 billion as at December 31, 2005, including a €115 million payment made to Volkswagen AG.

The Consent Solicitation

On April 18, 2007, we launched a consent solicitation (the "Consent Solicitation") seeking the consent of the holders of a majority of each series of the Existing Notes (the "Requisite Consents") to make certain amendments to certain provisions of the Indentures (see "Summary — Consent Solicitation"). Having received the Requisite Consents, the Indentures have been amended to permit an increase in the amounts that can be drawn under the Senior Revolving Credit Facility of up to €350 million and an increase in the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan to up to €4,000 million.

The Acquisition of Vanguard

On November 10, 2006, Europcar UK Limited, an indirect wholly-owned subsidiary of EGSA, signed a sale and purchase agreement (the "SPA") relating to the Vanguard Acquisition. The Vanguard Acquisition was consummated on February 28, 2007.

Financing the Vanguard Acquisition

The financing of the Vanguard Acquisition comprised:

- the roll-over of existing fleet financing of Vanguard including UK finance leases financed by The Royal Bank of Scotland plc, Lombard North Central plc and Capital Bank plc (see "Description of Other Indebtedness — Vanguard's Existing Fleet Financing"); and
- the Bridge Financing to be refinanced by the Additional Notes offered hereby.

The Strategic Alliance between Europcar and Vanguard U.S.

On November 10, 2006, EGSA entered into a strategic alliance with Vanguard U.S. in order to provide global seamless and cost-efficient vehicle rental solutions to the parties' respective corporate and leisure customers (the "Alliance").

Currently, Europcar and Vanguard U.S. each operate a vehicle rental network in a distinct geographical region. The goal of the Alliance is to offer customers of Europcar and Vanguard U.S. a seamless customer experience regardless of whether the rental is for a U.S. or European location and offer corporate customers an alternative global solution, thereby enabling Europcar and Vanguard U.S. to compete more effectively with other global players such as Avis and Hertz.

The Alliance is intended to leverage the strengths and geographical reach of each of the parties' vehicle rental networks according to the following principles:

- each party will refer to the other all reservations requested by its customers for rental services to be provided locally by the other party;
- each party has granted to the other an exclusive license to use its trademarks locally for providing services in the context of the Alliance;
- each party is permitted to appoint a third party to solicit or receive orders from the other party's customers for local vehicle rental services;
- the parties will determine a coordinated branding strategy (through a global marketing and promotional plan); however, each party will remain responsible for managing its own brands in order to facilitate the development of a seamless customer experience while preserving the option to have a multi-brand presence (initially being the Europcar, National Car Rental and Alamo Rent A Car brands) through each distribution channel and in each car rental location;
- each party will remain free to determine its prices and pricing policies; and
- the parties' loyalty programs will operate as one seamless program from the point of view of the customer but each loyalty program will be managed separately.

On March 31, 2007 Cerberus Capital Management announced that it had entered into an agreement to sell Vanguard U.S. to Enterprise Rent-a-Car Co. ("Enterprise"). In addition to its own U.S. operations, Enterprise has existing operations in three countries in Europe (the United Kingdom, Germany and Ireland), with the most significant of such operations being the United Kingdom. The Alliance will remain in effect following the sale, and we are currently exploring the effects of such acquisition on Europcar's agreements with VRIH and the operation of the Alliance.

USE OF PROCEEDS

The gross proceeds from the issuance of the Additional Notes will be approximately €260.8 million before deducting estimated fees and expenses incurred in connection with the offering. The Issuer intends to use the proceeds from the offering to repay the Bridge Financing entered into to finance the purchase of shares of Vanguard Car Rental EMEA Holdings Limited which includes related transaction fees and expenses. See "Europcar Group — The Acquisition of Vanguard".

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization under IFRS at December 31, 2006, on an actual basis for Europcar and on a pro forma as adjusted consolidated basis for EGSA to give effect to the ECI Acquisition, the Vanguard Acquisition and the issuance of the Additional Notes. See "Europcar Group — The Acquisition of Vanguard".

This table should be read in conjunction with "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", the unaudited Pro Forma EGSA/Vanguard Financial Information and the audited EGSA Financial Statements for the period ended December 31, 2006 and notes thereto included elsewhere in this Offering Memorandum.

	As of December 31, 2006	
	Actual[1]	Pro Forma As Adjusted EGSA/ Vanguard
	(in millions of euro)	
Cash and cash equivalents	214.1	278.2
Senior Asset Financing Loan	1,972.5	1,972.5
Senior Revolving Credit Facility[2]	32.0	32.0
Europcar UK fleet financing	147.5	147.5
Other debt items	6.7	6.7
The Existing Notes	550.0	550.0
The Additional Notes offered hereby[3]	—	250.0
Deferred transaction costs on high yield issuance, net of interest accrued	(17.3)	(23.8)[4]
Proceeds from the Additional Notes offered hereby in excess of par value, plus amortized issuance fees	—	11.3
Debt assumed in connection with the Vanguard Acquisition	—	470.4
Total debt	**2,691.4**	**3,416.6**
Total shareholders' equity	807.4	769.8
Total consolidated capitalization	**3,498.8**	**4,186.4**

(1) There has been no material change in the capitalization of Europcar since December 31, 2006 other than described in this Offering Memorandum and in connection with the Vanguard Acquisition.

(2) The total amount outstanding under the Senior Revolving Credit Facility is €81.9 million, comprised of €32.0 million in cash drawings and €49.9 million in letters of credit issued.

(3) The proceeds will be used to refinance the Bridge Financing in the amount of €255 million drawn on February 28, 2007 in connection with the Vanguard Acquisition. See "Use of Proceeds".

(4) Includes €6.5 million in issuance fees in relation to the Additional Notes offered hereby.

SELECTED UNAUDITED PRO FORMA EGSA/VANGUARD FINANCIAL AND OTHER INFORMATION

The Selected Unaudited Pro Forma EGSA/Vanguard Financial Information is based on the Pro Forma EGSA/Vanguard Financial Information included elsewhere in this Offering Memorandum, has been derived from the ECI Consolidated Financial Statements and the Vanguard Consolidated Financial Statements as of and for the year ended December 31, 2006 and:

- under the heading "Selected Unaudited Pro Forma EGSA Consolidated Financial Information", reflects the ECI Acquisition and presents the pro forma financial results of EGSA and its subsidiaries (including ECI and its subsidiaries) as at and for the year ended December 31, 2006; and
- under the heading "Selected Unaudited Pro Forma Financial and Other Information — EGSA and Vanguard", gives further effect to the Vanguard Acquisition, as if EGSA had been organized, and the ECI Acquisition and the Vanguard Acquisition had occurred on January 1, 2006.

For further information, please refer to the unaudited Pro Forma EGSA/Vanguard Financial Information included elsewhere in this Offering Memorandum. In addition, the Selected Unaudited Pro Forma EGSA/Vanguard Financial Information is further adjusted to give effect to the Additional Notes offered hereby under the heading "Selected Unaudited Pro Forma Financial and Other Information — EGSA and Vanguard".

The adjustments made in order to present the Selected Unaudited Pro Forma EGSA/Vanguard Financial Information have been made based on available information and assumptions that management believes are reasonable. The Selected Unaudited Pro Forma EGSA/Vanguard Financial Information has been prepared for informational purposes only and does not purport to present what our results would actually have been had the ECI Acquisition and the Vanguard Acquisition occurred on the dates presented or to project the consolidated results of operations or financial position of the Issuer for any future period. For a reconciliation of the historical Vanguard Consolidated Financial Statements (UK GAAP) to the historical Vanguard IFRS financial information used in the preparation of the Selected Unaudited Pro Forma EGSA/Vanguard Financial Information, see Appendix 4 to the Pro Forma EGSA/Vanguard Financial Information.

The Selected Unaudited Pro Forma EGSA/Vanguard Financial Information reflects management's best estimates. However, the actual consolidated financial position and results of operations of the Issuer may differ significantly from the pro forma amounts reflected herein because of various factors, including, without limitation, access to additional information, fair value adjustments and the tax effects thereof. Translation of all amounts between euros and UK pound sterling have been made using the exchange rate of £1.00 = €1.4667 for statement of operations data and UK £1.00 = €1.4892 for balance sheet data.

The Selected Unaudited Pro Forma EGSA/Vanguard Financial Information should be read in conjunction with financial statements included elsewhere in this Offering Memorandum and the information set forth in "Summary — The Vanguard Acquisition", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Description of Other Indebtedness" and "Description of the Notes".

SELECTED UNAUDITED PRO FORMA EGSA CONSOLIDATED FINANCIAL INFORMATION

The following table presents selected unaudited pro forma consolidated financial information excerpted from the Pro Forma EGSA/Vanguard Financial Information for EGSA and its consolidated subsidiaries for the year ended December 31, 2006 as if EGSA had been organized, and the ECI Acquisition had occurred, on January 1, 2006. The summary pro forma statement of income does not purport to be indicative of the actual financial position or results of operations of the Europcar Group that would have been attained had the ECI Acquisition occurred on the date specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. The summary pro forma statement of income information is based on certain assumptions described in the notes to the unaudited Pro Forma EGSA/Vanguard Financial Information and should be read in conjunction therewith.

	For the year ended December 31, 2006			
	EGSA on an historical unconsolidated basis	ECI and its consolidated subsidiaries	Consolidation/ pro forma adjustments	Pro forma EGSA
	(in millions of euro)			
Statement of Operations Data (unaudited)				
Revenues				
Car and van rentals	—	1,434.7	—	1,434.7
Other rental revenues	—	8.8	—	8.8
Revenues from franchisees	0.6	25.2	—	25.8
Total Revenues	0.6	1,468.7	—	1,469.3
Expenses				
Fleet holding costs	—	(347.4)	—	(347.4)
Fleet, rental and revenue related costs	—	(515.4)	—	(515.4)
Personnel costs	(4.9)	(250.6)	0.1	(255.5)
Network and Headquarters overheads	(2.6)	(195.2)	—	(197.7)
Depreciation, amortization and impairment losses	—	(15.7)	—	(15.7)
Other income	1.6	29.2	(0.1)	30.7
Total Expenses	(5.9)	(1,295.1)	—	(1,301.0)
Operating Profit (Loss)	(5.3)	173.6	—	168.3
Net financing costs	(32.1)	(87.5)	(23.1)	(142.7)
Profit (Loss) before tax	(37.4)	86.1	(23.1)	25.6
Income tax expense	19.3	(35.7)	7.8	(8.7)
Profit (loss) after tax	(18.1)	50.4	(15.3)	17.0

	As at December 31, 2006			
	EGSA on an historical unconsolidated basis	ECI and its consolidated subsidiaries	Consolidation/ pro forma adjustments	Pro forma EGSA
	(in millions of euro)			
Balance Sheet Data (unaudited)				
Non-current assets	1,303.4	140.0	(339.4)	1,104.0
Current assets	20.7	3,324.2	(35.6)	3,309.3
of which rental fleet	—	2,168.2	—	2,168.2
Total assets	1,324.1	3,464.2	(375.0)	4,413.3
Non-current liabilities	541.4	79.7	(8.3)	612.7
of which borrowings	532.7	4.8	—	537.5
Current liabilities	19.3	3,009.5	(20.3)	3,008.5
of which borrowings	9.6	2,156.3	(12.0)	2,153.9
Total liabilities	560.6	3,089.2	(28.6)	3,621.3
Shareholders' equity	763.5	375.0	(346.4)	792.0

SELECTED UNAUDITED PRO FORMA FINANCIAL AND OTHER INFORMATION — EGSA AND VANGUARD

The following table presents selected unaudited consolidated pro forma financial and other information for the year ended December 31, 2006 as if EGSA had been organized, and the ECI Acquisition and the Vanguard Acquisition had occurred, on January 1, 2006 and are further adjusted to the extent applicable to give effect to the refinancing of the Bridge Financing by the issuance of the Additional Notes offered hereby. The summary pro forma statement of income information does not purport to be indicative of the actual financial position or results of operations of the Combined Group that would have been attained had the ECI Acquisition or the Vanguard Acquisition occurred on the date specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. The summary pro forma statement of income information is based on certain assumptions described in the notes to the unaudited Pro Forma EGSA/Vanguard Financial Information and should be read in conjunction therewith including Appendix 4 thereto for the reconciliation of Vanguard's principal results from UK GAAP to the IFRS results used for purposes of preparing the unaudited pro forma financial information.

	For the year ended December 31, 2006			
	Pro forma EGSA	Vanguard (IFRS)	Pro forma adjustments	Pro forma EGSA/ Vanguard
	(in millions of euro)			
Statement of Operations Data (unaudited)				
Revenues				
Car and van rentals	1,434.7	341.3	—	1,776.0
Other rental revenues[(a)]	8.8	—	—	8.8
Revenues from franchisees[(b)]	25.8	18.1	—	43.9
Total Revenues	1,469.3	359.4	—	1,828.7
Expenses				
Fleet holding costs	(347.4)	(94.6)	—	(442.0)
Fleet, rental and revenue related costs	(515.4)	(74.1)	—	(589.6)
Personnel costs	(255.5)	(92.6)	—	(348.1)
Network and Headquarters overheads	(197.7)	(59.7)	13.2[(c)]	(244.2)
Depreciation, amortization and impairment losses[(d)]	(15.7)	(5.5)	—	(21.2)
Other income	30.7	12.3	—	43.1
Total Expenses	(1,301.0)	(314.1)	13.2	(1,602.0)
Operating Profit	168.3	45.3	13.2	226.8
Net financing costs	(142.7)	(26.1)	(19.5)	(188.3)
Profit before tax	25.6	19.2	(6.3)	38.5
Income tax expense	(8.7)	(8.8)	2.6	(14.8)
Profit after tax	17.0	10.4	(3.7)	23.7

	As at December 31, 2006			
	Pro forma EGSA	Vanguard (IFRS)	Pro forma adjustments	Pro forma EGSA/ Vanguard
	(in millions of euro)			
Balance Sheet Data (unaudited)				
Non-current assets	1,104.0	26.6	163.3	1,294.0
Current assets	3,309.3	690.1	2.6	4,001.9
of which rental fleet	2,168.2	480.3	—	2,648.5
Total assets	4,413.3	716.7	165.9	5,295.9
Non-current liabilities	612.7	34.9	254.8	902.4
of which borrowings	537.5	16.3	254.8	808.6
Current liabilities	3,008.5	615.2	—	3,623.7
of which borrowings	2,153.9	454.1	—	2,608.0
Total liabilities	3,621.3	650.0	254.8	4,526.1
Shareholders' equity	792.0	66.6	(88.9)	769.8

	For the year ended December 31, 2006			
	Pro forma EGSA/ Europcar	Vanguard (IFRS)	Pro forma adjustments	Pro forma EGSA/ Vanguard
	(in millions of euro)			
Selected Key Indicators (unaudited)				
Number of Rental Transactions (in millions)	7.8	1.9	—	9.7
Number of Invoiced Rental Days (in millions)	41.6	11.8	—	53.4
Average Revenues per Rental Day ("RPD")	€34.47	€33.07	—	€34.16
Average Fleet Size (rounded to the nearest thousand units)	161,000	42,000	—	203,000
Average Fleet holding costs (per unit/month)	€179.73	€209.74	—	€185.94
Fleet Utilization	71.80%	77.09%	—	72.9%

	For the year ended December 31, 2006			
	Pro forma EGSA	Vanguard (IFRS)	Pro forma adjustments	Pro forma EGSA/ Vanguard
	(in millions of euro)			
Other Data (unaudited)				
Fleet capital expenditures[e]	253.8	50.8	—	304.6
Non-fleet capital expenditures[e]	50.4	0.8	—	51.2
Consolidated EBITDA[f]	432.1	128.9	13.2[c]	574.2
Corporate EBITDA[f]	106.9	24.7	13.2[c]	144.8
Adjusted Data (unaudited)[g]				
Adjusted net debt[h]	2,464.6	408.9	247.4	3,150.8
Adjusted net corporate debt[i]	562.1	(61.5)	254.5	755.1
Adjusted cash interest[j]	128.9	26.1	19.5	174.5
Adjusted cash corporate interest[k]	47.3	—	18.7	66.0
Adjusted corporate EBITDA[f]	122.9	22.1	13.2	158.2
Credit Statistics (unaudited)				
Ratio of adjusted net debt to consolidated EBITDA	—	—	—	5.49x
Ratio of consolidated EBITDA to adjusted cash interest	—	—	—	3.29x
Ratio of adjusted net corporate debt to adjusted corporate EBITDA	—	—	—	4.77x
Ratio of adjusted corporate EBITDA to adjusted cash corporate interest	—	—	—	2.40x

(a) Primarily consists of revenues from the rental of vehicles to franchisees in the ECI Corporate Countries.

(b) Relates to revenues from both international and domestic franchisees, with royalties representing the majority of such revenues.

(c) Reflects the royalties paid to the prior parent company of Vanguard.

(d) Reflects non-fleet related depreciation and amortization.

(e) Fleet capital expenditures and non-fleet capital expenditures are not recognized measurements under IFRS and correspond to net capital expenditures in a non-car rental company. Fleet capital expenditures correspond to increase of fleet assets including fleet depreciation and impairment. Non-fleet capital expenditures correspond to increase of non-fleet assets including non-fleet depreciation and impairment.

(f) We present consolidated EBITDA because we believe it provides investors with important additional information to evaluate our performance. We believe consolidated EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, we believe that investors, analysts and rating agencies will consider consolidated EBITDA useful in measuring our ability to meet our debt service obligations. However, consolidated EBITDA is not a recognized measurement under IFRS, and when analyzing our performance, investors should use consolidated EBITDA in addition to, and not as an alternative to, net income or net cash provided by operating activities as defined under IFRS.

Corporate EBITDA as presented herein is a financial measure used in the Indentures governing the Notes and the Senior Revolving Credit Facility. Corporate EBITDA is not a recognized measurement under IFRS and should not be considered as an alternative to operating income or net income as a measure of operating results or cash flows as a measure of liquidity. Corporate EBITDA differs from the term "consolidated EBITDA" as it is commonly used. Corporate EBITDA generally is defined as consolidated net income before consolidated net interest expense (other than interest expense from certain

indebtedness related to car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization, other non-cash expenses and charges deducted in determining consolidated net income (loss), and other specified items.

The following table reconciles profit after tax to consolidated EBITDA, corporate EBITDA and adjusted corporate EBITDA:

	For the year ended December 31, 2006			
unaudited	**Pro forma EGSA**	**Vanguard**	**Pro forma adjustments**	**Pro forma EGSA/ Vanguard**
		(in millions of euro)		
Profit after tax	17.0	10.4	(3.7)	23.7
Income tax expense	8.7	8.8	(2.6)	14.8
Net financing costs	142.7	26.1	19.5	188.3
Fleet depreciation	248.1	78.1	—	326.2
Non-fleet depreciation and amortization	15.7	5.5	—	21.2
Consolidated EBITDA[1]	432.1	128.9	13.2	574.2
Adjustments				
Deduct net financing costs[2]	77.1	26.1	—	103.2
Deduct fleet depreciation[3]	248.1	78.1	—	326.2
Corporate EBITDA	106.9	24.7	13.2	144.8
Adjustments				
Quality of earnings adjustments[4]	16.0	(2.6)	—	13.4
Adjusted corporate EBITDA	122.9	22.1	13.2	158.2

(1) Includes the non-cash impact of provisions including pensions.

(2) Corporate EBITDA includes a reduction for interest expense from certain indebtedness related to car rental fleet financing, which corresponds to net financing costs in the ECI Consolidated Financial Statements. Corporate EBITDA also gives effect to one time fees of banks of €22.0 million and gain on sale of swap of €8.2 million.

(3) Corporate EBITDA includes a reduction for fleet related depreciation. For these adjustments, fleet depreciation does not vary from the historical amounts.

(4) Quality of earnings adjustments are calculated as follows:

Pro forma EGSA/Vanguard	
Europcar	
Consultant cost before acquisition	4.0
Tax provision	12.0
Vanguard	
Non recurring items	(2.6)
	13.4

(g) The unaudited adjusted financial data further adjusts the pro forma EGSA/Vanguard financial results to reflect to consummation of the offering of the Additional Notes and the refinancing of the Bridge Financing as if they occurred on January 1, 2006 in the case of income statement data or as at December 31, 2006 for balance sheet data. The unaudited adjusted financial data is for informational purposes only and does not purport to present what our results would have been if the ECI Acquisition, the Vanguard Acquisition and the issuance of the Additional Notes had actually occurred as of these dates.

(h) Adjusted net debt is not a recognized measurement under IFRS. Adjusted net debt is calculated as total debt less cash and cash equivalents less proceeds from the Additional Notes offered hereby in excess of par value and amortized issuance fees under "Capitalization" herein. In addition, it includes €17.3 million relating to deferred transaction and high yield issuance costs in relation to the Existing Notes, net of accrued interest and €6.5 million in issuance fees relating to the Additional Notes offered hereby, which are deducted from consolidated debt in our pro forma IFRS financial information.

(i) Adjusted net corporate debt is not a recognized measurement under IFRS. Adjusted net corporate debt is calculated as adjusted total debt (excluding fleet debt) less adjusted corporate cash and cash equivalents:

	For the year ended December 31, 2006			
unaudited	**Pro forma EGSA**	**Vanguard**	**Pro forma adjustments**	**Pro forma EGSA/ Vanguard**
		(in millions of euro)		
Corporate cash and cash equivalents[1]	(19.9)	(61.5)	4.5	(76.9)
Senior Revolving Credit Facility	32.0	—	—	32.0
The Existing Notes[2]	550.0	—	—	550.0
The Additional Notes offered hereby[3]	—	—	250.0	250.0
Adjusted net corporate debt	562.1	(61.5)	254.5	755.1

(1) Corporate cash represents cash and cash equivalents of entities not party to the asset-backed financing, as follows:

Europcar Groupe S.A.	5.3
Europcar International S.A.S.U.	8.1
Europcar Holding S.A.S.	0.3
EIS (Europcar Information Services)	3.8
Europcar United Kingdom Limited	0.4
Europcar International S.A. and Co OHG	7.3
Vanguard	61.5
Proforma adjustments[A]	(9.8)
Corporate cash and cash equivalents	(76.9)

(A) Pro forma adjustments reflect the pro forma capital structure impact as of January 1, 2006.

(2) Does not reflect deferred transaction and high yield issuance costs, net of accrued interest, of €17.3 million, which are deducted under IFRS resulting in a reported amount of €532.7 million.

(3) Does not reflect deferred issuance fees of €6.5 million.

(j) Adjusted cash interest reflects cash interest payable in connection with our Senior Asset Financing Loan, Senior Revolving Credit Facility and the Notes. Adjusted cash interest is calculated as follows:

	For the year ended December 31, 2006			
unaudited	**Pro forma EGSA**	**Vanguard**	**Pro forma adjustments**	**Pro forma EGSA/ Vanguard**
		(in millions of euro)		
Net financing costs	142.7	26.1	19.5	188.3
One-time bank fees	(22.0)	—	—	(22.0)
Sale of swap	8.2	—	—	8.2
Adjusted cash interest	128.9	26.1	19.5	174.5

(k) Adjusted cash corporate interest reflects cash interest payable in connection with our Senior Revolving Credit Facility and the Notes. Adjusted cash corporate interest is calculated as follows:

	For the year ended December 31, 2006			
unaudited	**Pro forma EGSA**	**Vanguard**	**Pro forma adjustments**	**Pro forma EGSA/ Vanguard**
		(in millions of euro)		
The Existing Notes	44.7	—	—	44.7
The Additional Notes offered hereby	—	—	18.7	18.7
Senior Revolving Credit Facility[1]	2.6	—	—	2.6
Adjusted cash corporate interest	47.3	—	18.7	66.0

(1) Based on 3 month EURIBOR plus a margin of 175 basis points per annum on an estimated average drawdown of the Senior Revolving Credit Facility of €39.6 million for the year 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that we believe to be relevant to understanding the financial condition and results of operations for ECI and its consolidated subsidiaries as of and for the years ended December 31, 2006, 2005 and 2004 in accordance with IFRS as adopted by the European Union. The statements in this discussion and analysis regarding industry outlook, our expectations regarding the future performance of Europcar's business and the other non-historical statements in this discussion and analysis are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Risk Factors". Europcar's actual results may differ materially from those contained in or implied by any forward-looking statements. Readers should consider the following discussion and analysis together with the information contained under the headings "Risk Factors" and the ECI Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum. Except as otherwise noted, this Management's Discussion and Analysis of Results of Operations does not reflect the financial results of EGSA (on a stand alone basis) or the financial results of the Vanguard Group.

Overview

Europcar is engaged in the business of renting cars and vans. Europcar's revenues are primarily derived from Europcar Group and agent-operated rental operations in the ECI Corporate Countries and, to a lesser extent, from royalties and fees from the Europcar Network's franchises. Revenues from rental operations include revenues from basic vehicle rental charges as well as ancillary charges and services, such as surcharges for airport concessions and liability insurance coverage; loss or collision damage waivers; and charges for supplemental equipment, such as in-car and portable navigation systems, child seats and ski racks.

Main Factors Affecting Revenues

Rental Revenues. Rental revenues vary mainly according to the evolution of:

- the volume of business, measured by number of invoiced rental days ("rental volume"); and
- average revenues per rental day ("RPD").

Invoiced rental days include any day, or period less than a day, for which a vehicle rental is invoiced to a customer. Rental volume is influenced by a number of factors, including both general economic conditions and changes in market demand, including as a result of seasonality or developments in the travel industry, as well as the evolution of Europcar's business and customer portfolio in line with its strategy. See "Europcar's Business — Our Strategy — Further Leverage Market Leadership in Europe". In particular, rental volume is significantly influenced by the business generated from key customers and partners, including, notably, the business generated from the strategic partnerships concluded with easyJet, TUI and Accor.

Average RPD consists of the revenues generated by vehicle rental activity over a particular period (excluding fees and royalties received from Europcar's franchisees), divided by the number of invoiced rental days in the same period. Average RPD is influenced by several factors, including, in particular, pricing policy, business mix and fleet mix at the ECI Corporate Country level, as well as by the geographical mix at the Europcar Group level.

Pricing. Changes in Europcar's pricing of rental services are the most significant factor impacting the evolution of Europcar's average RPD. Generally, movements in the pricing of vehicle rentals reflect movements in the cost structure of the rental car business — notably changes in fleet holding costs and financing costs. Certain car rental companies, including Europcar, have capitalized on the decreasing fleet holding costs and lower interest rates experienced over the past several years to increase business volume by offering lower-priced vehicle rental services in particular markets.

Downward pressure on pricing in the car rental industry, whether in response to competition in the markets where Europcar operates, as a result of enhanced price transparency stemming from the increased use of the internet and rental brokers by customers to book travel arrangements or otherwise, has had a downward impact on Europcar's average RPD.

Fleet Mix. Europcar's fleet consists of eleven main vehicle categories, based on general industry standards — mini, economy, compact, intermediate, standard, full-size, premium, luxury, mini-vans, other vehicles (trucks and convertibles) and motor homes. See "Europcar's Business — Fleet Composition, Acquisition and Management — Fleet Composition". The diversity of Europcar's fleet allows it to meet the rental demands of a broad range of customers. In general, rentals of larger vehicles have a higher RPD than rentals of mini, economy and compact vehicles.

Business Mix. Europcar rents vehicles to customers for both leisure and corporate needs. See "Europcar's Business — Rental Services and Business Mix — Business Mix". Leisure rentals are typically longer in duration and generate more revenue per transaction than do corporate rentals, although the vehicle replacement rental business component of Europcar's corporate rental business also has a relatively long average duration. Longer duration rentals generally have a lower average RPD than shorter-term rentals, as well as a different cost structure. Consequently, Europcar's average RPD is affected by shifts in Europcar's business mix, although to a lesser extent than by changes in pricing.

For example, growth in Europcar's vehicle replacement rental business over the past several years, both as a result of new contracts with vehicle leasing companies offering replacement services to their clients, as well as additional business from existing vehicle replacement clients, has led to increased rental volume as measured by invoiced rental days, but has contributed to a downward effect on Europcar's average RPD. Similarly, Europcar's continuing development of the medium-term corporate customer rental business in 2006 has been a source of additional rental volume, albeit also with a lower average RPD. The intensity of the impact on average RPD from these sources of business is not expected to continue to the same extent as it has in recent periods, as Europcar does not anticipate that the rental volume of these businesses will continue to grow at relatively higher rates than the rental volumes of other business activities in future periods.

Geographical Mix. Changes in Europcar's revenue from period to period reflect (i) differences in the growth rates of rental volume in each of the ECI Corporate Countries in a given period and (ii) changes to the average RPD in each ECI Corporate Country over the same period. Some ECI Corporate Countries, such as Spain, have had relatively high rental volume growth rates, but relatively low average RPDs. Other ECI Corporate Countries, such as Germany, have had relatively lower rental volume growth rates but relatively high average RPDs.

As discussed above, average RPD at the ECI Corporate Country level varies as a function of the business and fleet mix, as well as pricing considerations (including local economic conditions), prevailing in the different geographical markets. For example, the higher percentage of larger vehicles (including vans and trucks) in the fleet in Germany than in other ECI Corporate Countries explains in part the higher average RPD in Germany, since larger vehicles generally have a higher average RPD than other vehicles. Consequently, under-proportional growth in a market such as Germany as compared to other ECI Corporate Countries with lower average RPDs tends to drive Europcar's average RPD downwards.

Agent Revenues. In the ECI Corporate Countries, 616 stations are operated by agents. The sites and employees of agent-operated stations are the responsibility of the agents. The total revenues generated by the agent-operated stations, however, are included in Europcar revenues and the agents are paid a commission, which is included in the revenue related costs.

Franchise Revenues. Europcar's network of franchisees, both in the ECI Corporate Countries and internationally, represent an additional revenue source for Europcar. Royalties and entrance and territory fees paid by Europcar Network franchisees in both the ECI Corporate Countries and Franchise Countries totaled €25.2 million for 2006.

Royalties paid to Europcar by its franchisees are determined based on the rental revenues generated by the franchisees within their specified territory. Consequently, that portion of Europcar's revenues represented by royalties is subject to factors impacting the rental car industry in each of the markets within the Europcar Network. Revenues from franchise operations will decrease to the extent Europcar acquires franchisees in the ECI Corporate Countries, as occurred in France and the UK in 2004, 2005 and early 2007. Upon acquisition of franchises, the franchise's rental revenues are included in Europcar's revenues from rental operations, and Europcar ceases to recognize royalty revenues in respect thereof.

Entrance and territory fees paid by franchisees upon joining (or renewing their association with) the Europcar Network are determined based on the anticipated revenue potential of a given territory. Receipts of entrance and territory fees fluctuate in amount and timing as a function of the addition of new franchisees to the Europcar Network or the renewal of existing franchise arrangements (which generally have a term of five to ten years).

Main Factors Affecting Cost

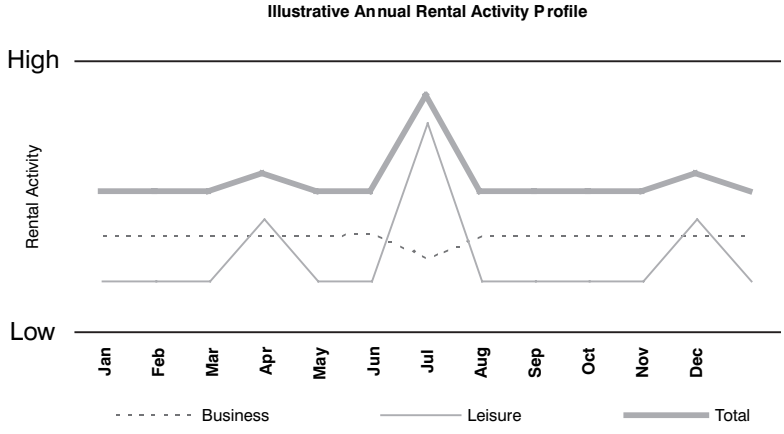
Europcar's costs consist of the following principal components:

- Fleet holding costs represent the largest portion of Europcar's expenses. Fleet holding costs include fleet operating lease costs (see "— Critical Accounting Policies and Estimates — Lessee Accounting for Fleet" below), fleet-related taxes and costs linked to the in-fleeting of new vehicles and the de-fleeting of used vehicles. Europcar's business requires significant expenditure for vehicles. Europcar's fleet holding costs are driven by three main factors: fleet size, the average holding cost per vehicle and the vehicle utilization rate.
  - **Fleet Size** — The size of the fleet, and therefore Europcar's fleet holding costs, vary as a function of Europcar's expectations as to changes in rental volume demand, including those linked to seasonality effects. See "— Seasonality" below.
  - **Average Holding Cost per Vehicle** — The average holding cost per vehicle is a function of both the economic environment affecting vehicle manufacturers and Europcar's negotiating position vis-à-vis the manufacturers in respect of its fleet supply agreements. The average holding cost per vehicle is directly affected by changes (i) to the levels of discounts and buy-back guarantees offered by vehicle manufacturers, (ii) in vehicle taxation (which is a component of fleet holding cost) and (iii) with respect to the small percentage of Europcar's vehicles not covered by manufacturer buy-back guarantees, changes in the resale value of such vehicles on the used car market. The average holding cost per vehicle for smaller economy cars tends to be lower than the average holding cost per vehicle for larger vehicles.
  - **Utilization Rates** — Utilization rates measure Europcar's internal efficiency in utilizing its fleet, expressed as the ratio of invoiced rental days to the number of available rental days. The higher the utilization rate, the fewer vehicles required in the fleet to generate a given amount of rental days. See "Europcar's Business — Fleet Composition, Acquisition and Management — Fleet Management". Efficiency of in-fleeting and de-fleeting, as well as higher numbers of longer duration rentals, contribute to higher utilization rates. To avoid distortion of Europcar's reported utilization rate, the 100% utilization rates of vehicles leased to Europcar's franchisees in the ECI Corporate Countries are not taken into account.
- Fleet, rental and revenue-related costs comprise the following:
  - Fleet-related costs include costs associated with motor third-party liability insurance premiums; accidents and maintenance; buy-back reconditioning (which is a contractual obligation to return buy-back cars to manufacturers in satisfactory condition for resale to third parties); and vehicle theft. Changes in fleet-related costs generally correlate with changes in business volume (*i.e.*, number of rental days).
  - Rental-related costs cover the costs of transferring vehicles from one location to another, car wash expenses and fueling costs (net of fueling charges to customers). Rental-related costs are normally incurred only once per rental transaction, with the result that short duration and longer duration rentals exhibit a different cost-structure, with short-term rentals being relatively more affected by these costs.
  - Revenue-related costs reflect commissions to travel agents and other business partners and customers, agency fees in respect of agent-operated rental stations and airport and railway station concession fees. These expenses vary as a function of the revenues generated by the underlying rental activity.
- Personnel costs include primarily wages and salaries, social charges and other employee benefits.
- Network and Headquarters overheads include costs for rental locations, headquarters at ECI Corporate Country and ECI level and marketing and sales related expenses, such as advertising. Network and headquarters overhead costs also include Europcar's information technology costs.

- Financial expenses, which primarily consist of interest expense relating to the funding of Europcar's fleet.

Seasonality

Europcar's revenues fluctuate throughout the year in line with customer demand. Peak months of the year for car rental are June through October, when leisure rental experiences a notable increase in demand in line with the broader travel industry. In general, the leisure business is characterized by significant growth in demand for vehicle rentals during the summer period. As a result, revenue for this period peaks compared to the average for the rest of the year. By contrast, the corporate business is fairly stable throughout the year, with a slight decrease in demand during the summer vacation months.



As a result of the strong seasonal effect on the leisure business, the period of June through October is the most profitable period for Europcar. The size of Europcar's fleet at peak is approximately 20% above the average fleet size in a given year, while during the low season the fleet size drops to approximately 20% below the average, as measured by number of vehicles. These fluctuations in demand are met by Europcar through its flexible contracts with vehicle suppliers. See "Europcar's Business — Fleet Composition, Acquisition and Management — Acquisition and Resale of Fleet". Under these contracts, Europcar can increase its order for vehicles in advance of the peak months, and use the contracts' short-term buy-back provisions (typically from four to eight months) to release the vehicles once the high demand subsides.

Year Ended December 31, 2006 Compared with Year Ended December 31, 2005

The table below sets forth the selected data regarding ECI's consolidated statements of income for the year ended December 31, 2006 and 2005.

	Year Ended December 31,			
	2006	% of revenues	2005	% of revenues
	(in millions of euro, except percentages)			
Revenues				
Car and van rentals	1,434.7	97.7	1,240.3	96.9
Other rental revenues[1]	8.8	0.6	11.2	0.9
Revenues from franchisees[2]	25.2	1.7	28.0	2.2
Total Revenues	1,468.7	100.0	1,279.5	100.0
Expenses				
Fleet holding costs	(347.4)	23.7	(279.2)	21.8
Fleet, rental and revenue related costs	(515.4)	35.1	(462.6)	36.2
Personnel costs	(250.6)	17.1	(234.2)	18.3
Network and Headquarters overheads	(195.2)	13.3	(183.4)	14.3
Depreciation, amortization and impairment losses[3]	(15.7)	1.1	(13.4)	1.0
Other income	29.1	2.0	39.7	3.1
Total Expenses	1,295.1	88.2	1,133.1	88.6
Operating Profit	173.6	11.8	146.4	11.4
Financial income	12.6	1.0	3.7	0.3
Financial expenses	100.1	6.9	(49.1)	3.8
Net financing costs	(87.5)	6.0	(45.4)	3.5
Profit before tax	86.1	5.9	101.0	7.9
Income tax expense	(35.7)	2.4	(30.6)	2.4
Profit after tax	50.4	3.4	70.4	5.5

(1) Primarily consists of revenues from rental of vehicles to franchisees in the ECI Corporate Countries.

(2) Royalties represent a majority of the revenues received by Europcar from franchisees in each period presented.

(3) Reflects non-fleet related depreciation and amortization.

	Year Ended December 31,	
	2006	2005
Selected Key Indicators (unaudited)		
Number of rental transactions (in millions)	7.8	6.9
Number of invoiced rental days (in millions)	41.6	36.3
Average RPD	€34.97	€34.21
Average fleet size (rounded to the nearest thousand units)	161,000	143,000
Average fleet holding costs (per unit/month)	€179.73	€163.13
Fleet utilization	71.8%	71.3%

Revenues

Europcar operates in four principal countries: Germany, France, Italy and Spain. The following table sets forth revenues by geographical segment for the year ended December 31, 2006 and 2005.

	For the year ended December 31,	
	2006	2005
	(in millions of euro)	
Germany	515.6	468.3
France	303.2	258.6
Italy	222.4	197.8
Spain	177.6	150.6
Other ECI Corporate Countries (UK, Portugal and Belgium)	232.7	184.0
Headquarters*	17.4	20.1
Total Revenues	1,468.7	1,279.5

* Primarily consists of revenues from franchisees located outside the ECI Corporate Countries.

Total revenues increased by 14.8%, to €1,468.7 million for 2006 from €1,279.5 million for 2005.

Revenues from vehicle rental operations (cars and vans) increased by 15.7%, to €1,434.7 million for 2006 from €1,240.3 million for 2005. This increase of €194.4 million was primarily the result of an increase in rental volume measured by a 14.6% increase in invoiced rental days from 36.3 million in 2005 to 41.6 million in 2006. The increase also reflects a modest increase in pricing, measured by a 0.8% increase in average RPD from €34.21 in 2005 to €34.97 in 2006. Of the 14.6% growth in revenues from vehicle rental operations, approximately 13% was attributable to organic growth of the business and 1.6% to growth from acquisitions. Rental volume generally was positively affected in 2006 by the 2006 Winter Olympics in Italy and the summer world football championship in Germany.

Other rental revenues, relating mainly to vehicles rented by Europcar to franchises located in the ECI Corporate Countries, decreased 21% to €8.8 million for 2006 compared to €11.2 million for 2005. This decrease was due to Europcar incorporating its domestic franchises within the scope of the ECI Corporate Countries reflecting acquisitions of franchises that occurred in 2005.

Revenues from franchises (principally entry and renewal fees) decreased by 10%, to €25.2 million for 2006 from €28.0 million for 2005 due to unusually high entry fees in 2005 reflecting the number of new franchisees. See "— Main Factors Affecting Revenues—Franchise Revenues" above.

Fleet holding costs

Fleet holding costs increased by 24.4% to €347.4 million for 2006 from €279.2 million for 2005. The increase reflects an increase of 12.5% in the size of the Europcar fleet and an increase of 10% in the average fleet holding cost per unit, which increased from €163.13 in 2005 to €179.73 in 2006. The increase in fleet holding costs per unit is mainly attributable to lower overcapacity of vehicles in the market.

The increase in fleet holding costs was partly alleviated by the continued strong utilization rate, which increased to 71.8% in 2006 compared to 71.3% in 2005.

Fleet, rental and revenue related costs

Fleet, rental and revenue related costs increased by 11.4% to €515.4 million for 2006 from €462.6 million for 2005. The increase is mainly attributable to the growth in rental volume. Components of this growth included an increase in fleet-related costs of 9.4% to €261.9 million for 2006 from €239.5 million for 2005; an increase of rental-related costs of 10.4% to €87.1 million for 2006 from €78.9 million for 2005; and an increase of revenue-related costs of 15.5% to €166.5 million for 2006 from €144.2 million for 2005.

Personnel costs

Personnel costs increased by 7.0% to €250.6 million for 2006 from €234.2 million for 2005. This increase is due primarily to an increase of 6.5% in the average headcount which the effect of inflation has been compensated through the release of provisions on the not fully used acquisition incentives.

Network and Headquarters overheads

Network and Headquarters overheads increased by 6.4% to €195.2 million for 2006 from €183.4 million for 2005. This increase primarily reflects the growth in the ECI Corporate Countries network of 38 stations. The increase in overhead costs includes approximately €4 million due to one time consulting costs relating to the ECI Acquisition.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses increased by 17.2% to €15.7 million for 2006 from €13.4 million for 2005. This increase reflects primarily higher IT costs.

Other income

Other income decreased by 26.4% to €29.2 million for 2006 from €39.7 million for 2005. This decrease reflects primarily a provision of €12 million relating to a potential tax liability.

Financial income and Financial expenses

Net financing costs consist primarily of interest payable to banks or affiliates, as well as the interest component of lease payments. Financial income includes items such as interest received on notes, deposits, refunded tax amounts and refunded insurance premium amounts. See "Liquidity and Capital Resources" below.

Net financing costs increased by 92.7% to €87.5 million for 2006 from €45.4 million for 2005. Financial income increased to €12.6 million for 2006 from €3.7 million for 2005, of which €8 million related to the gain on the sale of hedging instruments. Financial expenses increased to €100.1 million for 2006 from €49.1 million for 2005. The increase in financial expenses reflects primarily the increase in indebtedness incurred in connection with the acquisition of ECI and one-time costs of €20 million paid in connection with the implementation of the new fleet financing structure. Increased financial expenses are also due partly due to increases in market interest rates. Upon completion of the ECI Acquisition, Europcar's financing facilities were restructured.

Income tax expense

Income tax expense increased to €35.7 million in 2006 from €30.6 million for 2005.

Net profit

Net profit decreased by 28.5% to €50.4 million for 2006 from €70.5 million for 2005.

Year Ended December 31, 2005 Compared with Year Ended December 31, 2004

The table below sets forth the selected data regarding ECI's consolidated statements of income for the years ended December 31, 2005 and 2004.

	Year Ended December 31,			
	2005	% of revenues	2004	% of revenues
	(in millions of euro, except percentages)			
Revenues				
Car and van rentals	1,240.3	96.9	1,136.1	96.8
Other rental revenues[1]	11.2	0.9	14.2	1.2
Revenues from franchisees[2]	28.0	2.2	23.8	2.0
Total Revenues	1,279.5	100.0	1,174.1	100.0
Expenses				
Fleet holding costs	(279.2)	21.8	(243.1)	20.7
Fleet, rental and revenue related costs	(462.6)	36.2	(426.2)	36.3
Personnel costs	(234.2)	18.3	(213.4)	18.2
Network and Headquarters overheads	(183.4)	14.3	(178.0)	15.2
Depreciation, amortization and impairment losses[3]	(13.4)	1.0	(18.0)	1.5
Other income	39.7	3.1	28.5	2.4
Total Expenses	(1,133.1)	88.6	(1,050.3)	89.5
Operating Profit	146.4	11.4	123.8	10.5
Financial income	3.7	0.3	1.5	0.1
Financial expenses	(49.1)	3.8	(41.5)	3.5
Net financing costs	(45.4)	3.5	(40.0)	3.4
Profit before tax	101.0	7.9	83.9	7.1
Income tax expense	(30.6)	2.4	(30.5)	2.6
Profit after tax	70.4	5.5	53.4	4.5

(1) Primarily consists of revenues from rental of vehicles to franchisees in the ECI Corporate Countries.

(2) Royalties represent a majority of the revenues received by ECI from franchisees in each period presented.

(3) Reflects non-fleet related depreciation and amortization.

	Year Ended December 31,	
	2005	2004
Selected Key Indicators (unaudited)		
Number of rental transactions (in millions)	6.9	6.4
Number of invoiced rental days (in millions)	36.3	32.5
Average RPD	€34.21	€34.98
Average fleet size (rounded to the nearest thousand units)	143,000	130,000
Average fleet holding costs (per unit/month)	€163.13	€155.58
Fleet utilization	71.3%	70.5%

Revenues

The following table sets forth revenues by Europcar's four principal geographical segments for the years ended December 31, 2005 and 2004.

	For the year ended December 31,	
	2005	2004
	(in millions of euro)	
Germany	468.3	432.5
France	258.6	229.8
Italy	197.8	183.4
Spain	150.6	133.9
Other ECI Corporate Countries (UK, Portugal and Belgium)	184.0	180.2
Headquarters*	20.1	14.3
Total Revenues	1,279.5	1,174.1

* Primarily consists of revenues from franchisees located outside the ECI Corporate Countries.

Total revenues increased by 9.0%, to €1,279.5 million for 2005 from €1,174.1 million for 2004.

Revenues from vehicle rental operations (cars and vans) increased by 9.2%, to €1,240.3 million for the year ended December 31, 2005 from €1,136.1 million for the year ended December 31, 2004. This increase of €104.2 million was primarily the result of growth in the volume of activity as measured by a 11.7% increase in invoiced rental days from 32.5 million to 36.3 million. In addition to the effects of the growth of the rental car market generally, the increase reflects the development of Europcar's medium-term rental business, its acquisitions of franchises in France and the UK in 2004 and 2005, the continuing expansion of its vehicle replacement rental business (notably in Spain) and increased business generated through Europcar's strategic partnerships (notably with TUI and easyJet). These factors more than offset the effects of a 2.2% decrease in average RPD that was attributable to the factors described above under "— Main Factors Affecting Revenues — Rental Revenues".

Other rental revenues, relating mainly to vehicles rented by Europcar to franchisees located in the ECI Corporate Countries, decreased 21.1% to €11.2 million for 2005 compared to €14.2 million for 2004. This decrease was due to the acquisition of former franchises, primarily in the UK, which were therefore no longer accounted for as clients of Europcar.

Revenues from franchisees increased by 17.6%, to €28.0 million for 2005 from €23.8 million for 2004, principally due to the receipt of one-time entrance and territory fees. See "— Main Factors Affecting Revenues — Franchise Revenues" above.

Fleet holding costs

Fleet holding costs increased by 14.8%, to €279.2 million for the year ended December 31, 2005 from €243.1 million for the year ended December 31, 2004. The increase reflects the 9.5% growth of the average fleet size over this period. In addition, average holding cost per vehicle increased 3.9%. This increase in holding costs was due to two factors: increased costs for the acquisition and maintenance of vehicles; and higher growth of the fleet in Germany, which is comprised of a larger number of more expensive vehicles than in other countries.

The fleet utilization rate increased to 71.3% in 2005 from 70.5% in 2004 reflecting improvements in operating performance which resulted from, among others, greater efficiency when incorporating and removing vehicles from the fleet, a reduction in unproductive periods (for example a decrease in the length of repairs and maintenance) and increased number of long-term rentals.

Fleet, rental and revenue related costs

Fleet, rental and revenue related costs increased by 8.5% to €462.6 million for the year ended December 31, 2005 from €426.2 million for the year ended December 31, 2004. The increase is mainly attributable to growth in the volume of activity.

Fleet-related costs increased by 14.4% to €239.5 million for the year ended December 31, 2005 from €209.3 million for the year ended December 31, 2004. This increase is mainly due to (i) higher buy-back reconditioning costs resulting from a relatively higher number of vehicles returned to vehicle

suppliers during 2005 as well as (ii) higher motor third-party liability insurance costs in Italy following renewal of the insurance policy there. This increase in insurance costs is in part linked to recent claims under the policy in Italy. See "Europcar's Business — Motor Third-Party Liability Claims Covered by the Europcar Group's Insurance". This increase also reflects Europcar's decision to change its internal accounting treatment of certain provisions related to claims made following accidents, which were formerly booked under revenue related costs.

Rental-related costs increased 11.7% to €78.9 million for the year ended December 31, 2005 from €70.7 million for the year ended December 31, 2004, in line with the growth in rental volume.

Revenue-related costs decreased to €144.2 million for the year ended December 31, 2005 from €146.2 for the year ended December 31, 2004 reflecting the change in accounting treatment mentioned above.

Personnel costs

Personnel costs increased by 9.7% to €234.2 million for the year ended December 31, 2005 from €213.4 million for the year ended December 31, 2004. This increase is due to (i) an increase in headcount of 4.6%, (ii) salary increases (which were in line with those made in previous years), and (iii) certain exceptional charges incurred in the context of strategic projects undertaken by Europcar, which along with Network and headquarters overhead costs amounted to approximately €4 million.

Network and Headquarters overheads

Network and Headquarters overheads increased by 3.0% to €183.4 million for 2005 from €178.0 million for 2004. This increase primarily reflects costs resulting from expansion of the network in the ECI Corporate Countries, partially offset by lower IT costs as a result of lower network telecommunication costs. This increase also reflects certain exceptional charges incurred in the context of strategic projects undertaken by Europcar.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses decreased by 25.4% to €13.4 million for 2005 from €18.0 million for 2004. The decrease primarily reflects (i) the absence in 2005 of amortization of goodwill, (ii) depreciation of real estate in Germany, and (iii) lower depreciation charges relating to IT equipment, a portion of which was fully amortized in December 2004.

Other income

Other income increased by 39.4% to €39.7 million for 2005 from €28.5 million for 2004. This increase reflects primarily the refund of €5.3 million of prior years' insurance costs in light of the insurer's review of Europcar's prior claims history.

Financial income and Financial expenses

Net financing costs consist primarily of interest payable to banks or affiliates, as well as the interest component of lease payments. Financial income includes items such as interest received on notes, deposits, refunded tax amounts and refunded insurance premium amounts. See "— Liquidity and Capital Resources" below.

Net financing costs increased by 13.6% to €45.4 million of expense for 2005 from €40.0 million of expense for 2004. Financial income increased to €3.7 million for 2005 from €1.5 million for 2004, of which €1.9 million related to the market value of a swap participation entered into in October 2005, while financial expenses increased to €49.1 million for 2005 from €41.5 million for 2004. The increase in financial expenses reflects the 9.5% increase of the average fleet size over the period, and the consequent increase in average financial indebtedness, as well as the increase in interest rates in 2005. Average financial indebtedness (calculated as the average of month-end financial indebtedness for each month in the period, weighted by the number of days in each month) increased to €1,818.3 million for the period from January 1 to December 31, 2005 from €1,584.4 million for the period from January 1 to December 31, 2004. Upon completion of the ECI Acquisition, Europcar's financing facilities were restructured. See "Europcar Group — The Acquisition of Europcar".

Income Tax Expense

Income tax expense was stable at €30.6 million for 2005 compared to €30.5 million in 2004.

Net Profit

Net profit increased by 32.1% to €70.5 million for 2005 from €53.4 million for 2004.

Liquidity And Capital Resources

Cash Flows

The amount and timing of payments to, and collections from, vehicle manufacturers in respect of fleet acquisitions and disposals are the main drivers of Europcar's cash flow. As at December 31, 2006, Europcar had cash and cash equivalents of €224.2 million, compared to €48.7 million at December 31, 2005. The following table sets forth certain selected data from ECI's Consolidated Financial Statements of cash flows:

	As of December 31,		
	2006	2005	2004
	(in millions of euro)		
Statement of Cash Flows Data			
Operating cash before changes in rental fleet and working capital	188.7	161.4	140.2
Changes in inventories, and trade and other receivables[1]	(85.1)	(65.0)	18.3
Changes in liabilities (excluding borrowings) and in provisions and employee benefits[2]	(104.0)	228.1	125.1
Cash generated from operations (excluding changes in rental fleet)[3]	(0.4)	324.4	283.6
Net cash from operating activities (excluding changes in rental fleet)[3]	(128.5)	361.3	245.9
Changes in rental fleet[4]	86.3	(420.5)	(329.0)
Other net changes from investing activities	(166.8)	(46.2)	(20.5)
Net cash from investing activities (including changes in rental fleet)	(80.5)	(466.7)	(349.4)
Net cash from financing activities	384.5	129.3	107.3
Net increase (decrease) in cash and cash equivalents	175.5	23.9	3.7

(1) Changes in inventory and trade and other receivables includes changes in fleet receivables from vehicle manufacturers in respect of vehicle disposals in the amount of €(58.0) million in 2006 and €(14.1) million in 2005.

(2) Changes in liabilities (excluding borrowings) and in provisions and employee benefits includes changes in fleet payables to vehicle manufacturers in respect of vehicle acquisitions for an amount of €(149.1) million in 2006 and €157.7 in 2005.

(3) Cash generated from operations (excluding changes in rental fleet and excluding changes in fleet related working capital) was €206.7 million in 2006 and €180.8 million in 2005.

(4) The changes in rental fleet have been presented in the financial statements within cash generated from operations (amounting to an inflow of €85.9 million including changes in rental fleet) instead of being shown within net cash from investing activities (amounting to an outflow of €166.8 million excluding changes in rental fleet).

Operating cash before changes in rental fleet and working capital. For the year ended December 31, 2006, net cash from operating activities before changes in rental fleet and working capital was €188.7 million, as compared to €161.4 million for the year ended December 31, 2005. Net cash from operating activities before changes in rental fleet and working capital was €140.2 million for the year ended December 31, 2004. Europcar's primary use of cash in operating activities is for the reduction of debt relating to the financing of the fleet.

Changes in inventories, and trade and other receivables. Changes in inventories, and trade and other receivables amounted to €(85.1) million in 2006, €(65.0) million in 2005 and €18.3 million in 2004.

Changes in liabilities (excluding borrowings) and in provisions and employee benefits. Changes in liabilities (excluding borrowings) and in provisions and employee benefits primarily reflect a decrease in payables of €104.0 million in 2006 compared to an increase of €228.1 million in 2005 and €125.1 million

in 2004. This change was due to payments of approximately €280 million made in February 2006 relating to vehicles purchased in December 2005.

Europcar's working capital requirements vary in line with changes in the size of the fleet, which generally track variations in rental volume demand. Amounts payable to, and receivable from, vehicle manufacturers in respect of vehicle acquisitions and disposals comprise a majority of Europcar's working capital. These payables and receivables relate to a small number of high-value fleet-related invoices, in particular in relation to important fleet additions and disposals in the period immediately prior to the end of the fiscal year, and can cause significant fluctuations in Europcar's cash flows. Outside of the working capital directly related to the fleet, non-fleet related working capital generally fluctuates in line with changes in rental volume.

Net cash from operating activities (excluding changes in rental fleet). Net cash from operating activities (excluding changes in rental fleet) represents the cash flows used by operating activities adjusted by (i) interest paid and received, (ii) income taxes paid and (iii) dividends paid and received. For the years ended December 31, 2006, 2005 and 2004, net cash from operating activities (excluding changes in rental fleet) amounted to €(128.5) million, €361.3 million and €245.9 million, respectively. The dividend received in 2005 of €148 million was fully repaid to the previous shareholder of ECI, Volkswagen AG, after year end 2005 in contemplation of the ECI Acquisition.

Changes in rental fleet Changes in year-end rental fleet amounted to €86.3 million, €(420.5) million, and €(329.0) million, for the years ended December 31, 2006, 2005 and 2004, respectively. The difference in changes in year-end rental fleet for 2006 primarily reflects a number of vehicle acquisitions made at the end of 2005 and paid for in 2006. The differences in changes in year-end rental fleet for 2005 and 2004 primarily reflects the impact of the acquisition by Europcar of a significant number of vehicles at the end of 2004 and 2005 for entry into the fleet in 2005 and 2006, respectively.

Net cash from investing activities including changes in rental fleet. Net cash from investing activities including changes in rental fleet for the year ended December 31, 2006 was €(80.5) million, as compared to €(466.7) million for the year ended December 31, 2005. The year-to-year change was primarily due to the changes in rental fleet. Net cash used by investing activities including changes in rental fleet was €(349.4) million for the year ended December 31, 2004. The change in 2005 was primarily due to (i) changes in the rental fleet of €(420.5) million, (ii) an increase of €6.7 million in capital expenditure relating primarily to investments in information technology in 2005, (iii) the acquisition of franchises for an aggregate consideration of €7 million and (iv) a reduction in disposals of assets of €2.4 million in 2005 as compared to 2004.

Net cash from financing activities. Net cash provided by financing activities in 2006 and 2005 stems in part from the fleet financing.

Capital Expenditures

Most of Europcar's capital expenditures relates to the purchase of vehicles. This amount, when set off against the vehicles which are subject to buy-back agreements or at risk vehicles which are sold, reflects the variation in the fleet. In 2006 and 2005, these net amounts reflecting the variation in the fleet were €86.3 million and €(420.5) million, respectively.

Europcar's capital expenditures other than fleet relate primarily to its information technology infrastructure and equipment as well as to fixtures and improvements in Europcar's office and rental stations.

Europcar's capital expenditures for such non-fleet related items decreased to €25.4 million for the year ended December 31, 2006 compared to €28.3 million for the year ended December 31, 2005 and €21.6 million for the year ended December 31, 2004. The decrease of capital expenditures in 2006 was due to a higher than usual level in 2005. The increase of capital expenditures in 2005 primarily relates to additional information-technology related investments at Europcar Information Systems.

Off Balance Sheet Arrangements

Europcar benefits from a €29.6 million letter of credit issued by CIC to Euroguard, the captive insurance company providing reinsurance under Europcar's motor third-party liability insurance

program. See "Business — Risk Management — Motor Third-Party Liability". For additional information, see Note 28 to the Consolidated Financial Statements.

Liquidity, Commitments and Financing Agreements

Following the ECI Acquisition, Europcar's financing facilities were restructured to consist of:

- a €2.6 billion Senior Asset Financing Loan for the first 18 months following the closing of the ECI Acquisition, increasing to €2.9 billion thereafter to month 60 to the extent not refinanced in November 2007. Having received the Requisite Consents, the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan has been increased to up to €4.0 billion (see "Consent Solicitation");
- a €250.0 million Senior Revolving Credit Facility (increased to €350 million in February 2007);
- €550.0 million of Existing Notes; and
- a €775.0 million Equity Contribution by the Equity Investors.

The Senior Asset Financing Loan is expected to be refinanced by the proceeds of one or more types of asset-backed financing: (i) a securitization take-out backed by the vehicle fleet, (ii) finance leases, and (iii) vehicle operating leases. See "Description of Other Indebtedness".

The Senior Asset Financing Loan and the Senior Revolving Credit Facility require Europcar to comply with certain covenants, and contain customary affirmative and negative covenants. See "Description of Other Indebtedness — Senior Asset Financing Loan" and "Description of Other Indebtedness — Senior Revolving Credit Facility".

At December 31, 2006, on a pro forma as adjusted basis, after giving effect to the Vanguard Acquisition, the issuance of the Additional Notes and the refinancing of the Bridge Financing, the Issuer and its subsidiaries would have had approximately €3,416.6 million of indebtedness, of which €2,611.8 million was senior indebtedness.

Other Sources of Financings

Europcar

Fleet Financing. Europcar's financing activity had historically been based on international and local bank financing, financing by the Volkswagen Group and Europcar's pan-European securitization program. At December 31, 2005, Europcar had outstanding unsecured bank loans of €815 million, unsecured credit lines dedicated to fleet financing of €614.9 million, secured notes issued of €264.2 million and finance lease liabilities of €1.7 million. Upon completion of the ECI Acquisition, these financing arrangements were refinanced. See "Europcar Group — The Acquisition of Europcar" and "Description of Other Indebtedness".

Lease Agreements. Europcar is party to operating lease agreements in Spain and Portugal, pursuant to which the operating subsidiaries in these ECI Corporate Countries lease vehicles directly from the vehicle importers in these countries. Leasing costs are accounted for as "fleet holding costs" in the income statement. For the year ended December 31, 2006, fleet holding costs related to these operating leases were €12.2 million, as compared to €11.1 million for 2005 and €10.7 million for 2004.

Sale and Leaseback Agreements. Europcar UK currently has one tax-based leasing facility in the amount of £110 million. Vehicles acquired under these financing structures are put on four-month sale and leaseback agreements with the lessors. The lessors own the vehicles and claim the tax benefits therefrom and in return give Europcar sub-LIBOR funding — currently approximately 2% below LIBOR. The vehicles subject to these sale and leaseback arrangements are treated in the same manner as the rest of the fleet from an accounting perspective in the ECI Consolidated Financial Statements.

Vanguard

Fleet Financing. In connection with the vehicle financing needs of Vanguard's European operations, Vanguard Ltd, Vanguard Rental (UK) Limited ("Vanguard UK"), and other subsidiaries of Vanguard Rental (Holdings) Limited ("Vanguard Limited Group") entered into the following:

- a vehicle finance facility of up to £200 million to finance the purchase of vehicles under certain master lease agreements between Capital Bank plc ("Capital") and certain of its affiliates and Vanguard UK (the "Capital Facility"). The Capital Facility includes a guarantee facility pursuant to which Capital guarantees to Lombard Leasing GmbH and to RBS Deutschland Leasing GmbH the obligations of Vanguard Autovermietung GmbH & Co. KG ("Vanguard Germany") under the German Facility described below;
- a vehicle finance facility of up to £150 million to finance the purchase of vehicles under certain master lease agreements between Lombard North Central plc and Vanguard UK;
- a vehicle finance facility of up to £20 million to finance the purchase of vehicles under a master lease agreement between Alliance and Leicester Commercial Finance Plc, and Vanguard UK; and
- a multi-tranche, multi-currency vehicle finance facility of up to (i) £40 million and (ii) €10 million from Fortis Lease UK Limited, to finance the purchase of vehicles by Vanguard Holdings Ltd.

Lease Agreements. Vanguard leases vehicles under operating lease facilities which require Vanguard to provide normal maintenance and liability coverage. These operating lease facilities are for four to thirteen months and are generally concluded with manufacturers or manufacturer finance companies.

Sale and Leaseback Arrangements. Vanguard Germany entered into a vehicle sale and leaseback master agreement with a volume of up to €95 million, provided that €80 million may be outstanding at any one time, for sale and leaseback of vehicles to be purchased from manufacturers under certain purchase agreements between RBS Deutschland GmbH and Vanguard Germany (the "German Facility").

We believe that cash generated from operations, together with our credit facilities and other financing arrangements, will be sufficient to meet our liquidity needs for the foreseeable future. However, our ability to pay interest on the Notes and to satisfy our other debt obligations depends in part upon our future financial and operating performance and upon our ability to renew or refinance borrowings or to raise additional equity capital. Prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments. While we believe that cash flow from operations will provide an adequate source of long-term liquidity, a significant drop in operating cash flow resulting from adverse economic conditions, competition or other uncertainties beyond our control would increase the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as:

- reducing or delaying capital expenditures;
- refinancing debt;
- selling assets; or
- raising equity capital.

We cannot assure you that any of these alternatives could be accomplished on satisfactory terms, if at all, or that such alternatives would yield sufficient funds for us to meet our obligations under the Notes or our other debt obligations.

Critical Accounting Policies and Estimates

This management's discussion and analysis of financial condition and results of operations is based upon the ECI Consolidated Financial Statements, which have been prepared in accordance with IFRS. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts in the consolidated financial statements and accompanying notes.

We believe the following critical accounting policies require the more significant judgments and estimates used in the preparation of the ECI Consolidated Financial Statements. Changes in these judgments and estimates may impact Europcar's future results of operations and financial condition.

Rental Revenue Recognition

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental, and fees receivable from the Europcar franchise network, net of discounts and excluding inter-company sales, value added and sales taxes. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total service to be provided by reference.

Lessee Accounting for Fleet

Europcar accounts for 100% of its fleet as operating leases, where the difference between the initial payment and the final repurchase price (the manufacturer's buy-back obligation) of a vehicle is treated as a deferred charge and classified as a "prepaid vehicle operating lease charge" asset on the balance sheet. A separate buy-back agreement receivable is recognized for the final agreed repurchase price. Over the term of the lease, the prepaid vehicle operating lease charge asset is written down on a straight-line basis, and recorded in the income statement as fleet holding cost. Under this accounting treatment, the vehicles are not themselves booked as assets in Europcar's balance sheet.

This accounting treatment is based on Europcar's assumption that 100% of its vehicles are covered by buy-back agreements with manufacturers or dealers. However, some of Europcar's vehicles, which Europcar estimates represent less than the accounting threshold (4% of the vehicles in its fleet) are not in fact covered by buy-back guarantees or leases. Europcar retains all risks and rewards of ownership of these "risk" vehicles. With respect to these "risk" vehicles, Europcar must make assumptions as to the residual value of the vehicle in order to ascertain the appropriate amount of "buy-back agreement receivable" and "prepaid vehicle operating lease charge" assets to be recorded on the balance sheet.

If the proportion of "risk" vehicles in the fleet were to increase significantly, Europcar would need to adopt a different accounting treatment for "risk" vehicles. The percentage of "risk" vehicles in the fleet could increase as a result of manufacturers' decisions to limit the number of vehicles covered by repurchase programs, financial difficulties of one or more of the vehicle manufacturers preventing such manufacturers from fulfilling their repurchase obligations, a change in Europcar's strategy or otherwise. In such case, Europcar would have to account for the "risk" vehicles as fixed assets rather than as operating leases. Such an accounting change would not change the amount of total assets on the balance sheet, but would change their classification (from deferred charges and buy-back receivables classified as current assets to property, plant and equipment classified as non-current assets). Europcar would still be required to make the same assumption as to the expected resale value of the vehicles, to calculate the depreciation on property, plant and equipment to be charged over the holding periods of the vehicles. This depreciation would then be recorded in the line item "depreciation, amortization and impairment losses" in the statement of income, as opposed to the line item "fleet holding costs", where it currently appears. Such a change in accounting would not affect Europcar's reported profit before tax or net income. See Notes 3 and 34 to the ECI Consolidated Financial Statements.

Accounting for Rebates and Bonuses from Vehicle Manufacturers

Generally, there are two types of rebates that Europcar receives from vehicle manufacturers under volume-based incentive programs included in some of its vehicle supply agreements.

Under local vehicle supply contracts between the manufacturers and Europcar's operating subsidiaries, the operating subsidiary may receive a reduction or bonus payment covering all of the vehicles acquired under the contract. This rebate or bonus is received directly by the operating subsidiary and recognized at the ECI Corporate Country level as a reduction of fleet holding costs over the holding period of the relevant vehicles.

Pursuant to some of its multi-country vehicle supply agreements, ECI receives a cash bonus from the manufacturer when a specified number of vehicles is acquired by Europcar and, in some cases, its franchisees. Management determines in its discretion the percentages of the bonus amount to be distributed to the participating operating subsidiaries, on the one hand, and the franchisees, on the other hand. Because the full amount of these bonuses cannot be directly matched with corresponding fleet (*i.e.*, since part of the bonus relates to vehicles acquired by franchisees, and because Europcar does not itself hold any vehicles), the bonuses are recognized upon receipt at both ECI (in the amount retained by ECI) and, if applicable, the operating subsidiary (in the amount distributed to it by ECI)

levels. While the operating subsidiaries net the bonus amount against fleet holding costs, ECI records the part of the bonus it retains as "other income".

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill amounts arise on acquisition of subsidiaries, associates and joint ventures and represent the difference between the cost of the acquisition and the fair value of the net identifiable asset acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Accounting for Entrance and Territory Fees from Franchisees

The full amount of entrance and territory fees from franchisees are generally recorded as revenue upon the effective date of the corresponding franchise agreement, rather than being recognized over the term of the franchise agreement. This accounting treatment is due to the fact that these amounts are generally due from the outset, are not redeemable by the franchisee and cannot give rise to any repayment obligation of such entrance and territory fees should the franchise agreement terminate before the initial term or for any other reason. If, however, the terms of the franchise agreement permit the franchisee to claim full or partial repayment of entrance or territory fees, such fees are recognized as revenues on a straight-line basis over the term of the agreement.

Pensions

Europcar makes contributions to defined benefit plans in Germany and France, which provides pension benefits for certain Europcar employees upon retirement. As at December 31, 2006, the total liability for defined benefit obligations under this plan was €62.7 million. These obligations are not funded. Provisions in respect of this plan are determined according to IAS 19 (Employee Benefits), pursuant to which future obligations are valued on the basis of pro rata entitlements attributed as at the date of the balance sheet. The valuation of the future obligations is dependent upon assumptions used by actuaries in calculating such amounts. These assumptions include discount rates, salary growth, retirement rates, mortality rates and other factors. While we believe that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect Europcar's pension costs and obligations. If actuarial gains or losses resulting from differences between these assumptions and actual results exceed 10% of the higher of (i) the defined benefit obligation or (ii) the fair value of the plan assets at the beginning of the financial year, they are recognized as income or an expense over the expected remaining working lives of the employees. As from January 1, 2005, Europcar opted for early application of new accounting standard IAS 19 (Employee Benefits). Europcar records the entire actuarial difference in shareholders' equity rather than the 10% rule applied previously and described above. The impact of this new accounting standard is described in the Notes to the ECI audited consolidated financial statements for 2005 in accordance with IAS 8. The actuarial hypotheses used to calculate the future obligations of Europcar were revised during the course of the 2005 financial year as indicated in the Notes to the ECI Consolidated Financial Statements for 2005. See Note 22 to the ECI Consolidated Financial Statements for 2005.

Accounting for Year-End Accruals

At the end of each fiscal year Europcar is required to estimate, and book accruals for, the amount of costs related to services received but not yet invoiced. Europcar records these accruals on its consolidated statement of income in the line items corresponding to the nature of the services received. To the extent the accruals over- or under-estimate the actual costs, then, in the following accounting period, the difference between actual and estimated costs will be recorded in the same line item.

Other Income

Other income includes income related to income from franchisees other than royalties and entrance/territory fees (*i.e.*, reservation, collection and information technology fees), income and expenses related to certain commercial agreements to which Europcar is a party, the release of unused provisions and other non-recurring items.

Disclosures About Market Risks

Europcar is exposed to market risks, notably in respect of changes in interest rates. Europcar manages its exposure to these market risks through its regular operating and financing activities and, in respect of interest rate risk, through the use of derivative financial instruments. Derivative financial instruments are viewed as risk management tools and are not used for speculative or trading purposes. For more information on these exposures see Note 24 to the ECI Consolidated Financial Statements.

Interest Rate Risk

Given the level of financing required by Europcar's business, its financial results are sensitive to fluctuations in interest rates.

In the past, the corporate hedging policy of Europcar has been to strive to reduce the potentially adverse effects of volatile financial markets on Europcar's operating results. Historically, Europcar has hedged against interest rate risk with respect to approximately one-third of its total debt. At December 31, 2005, Europcar had the following hedging derivatives in place: a €100 million two-strike cap and a €600 million downward participative swap.

Since April 2006, Europcar has hedged approximately 80% of its overall fleet debt bearing variable interest rates. The hedging strategy takes the form of a 4-year swap, commencing January 1, 2007. The monthly notional amount of the hedge is variable so as to match the seasonality pattern of the Europcar fleet size and consequently the anticipated debt financing needs of Europcar. The corporate debt bearing variable interest rates has not yet been hedged.

Foreign Currency Risk

Europcar manages its foreign currency risk primarily by incurring operating and financing expenses in the local currency in the countries in which it operates, including making fleet purchases and borrowing for working capital needs. Other than in the UK, where revenues are generated in pounds sterling, Europcar's operating subsidiaries generate revenues and incur expenses in euro.

A substantial portion of the currency exposure in the UK is naturally hedged by the subsidiary's costs, most of which are also incurred in pounds sterling. There is, however, a foreign currency translation risk arising from the consolidation of Europcar UK's results into ECI's euro-denominated financial statements.

Europcar is also exposed to foreign currency risk arising from royalties and franchise fees paid by its franchisees. However, a substantial portion of the revenues from franchisees are received in euro.

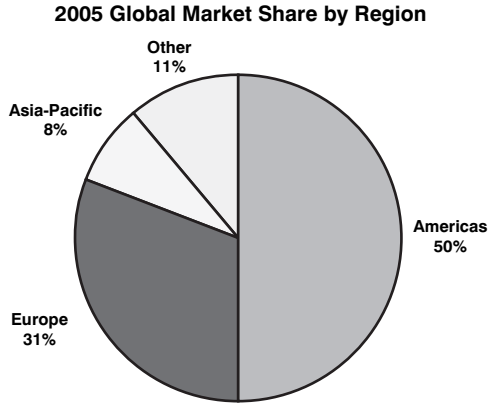
Counterparty Credit Risk

Europcar is exposed to counterparty credit risk to the extent of non-performance by (i) its financial instrument counterparties and (ii) vehicle manufacturers in relation to the vehicle buy-back agreement receivables held by Europcar under the purchase obligations. Europcar continuously monitors the financial condition of the vehicle manufacturers, and may request changes to the contractual payment conditions with manufacturers undergoing financial difficulties. Where the risk of default by a vehicle manufacturer is deemed by Europcar to be unacceptably high, Europcar may cease to acquire vehicles from that manufacturer. As of December 31, 2006, approximately 69% of the vehicles purchased by Europcar were sourced from suppliers with an investment grade rating from Standard & Poor's or Moody's.

INDUSTRY OVERVIEW

The Global Car Rental Market

The global car rental market is estimated by Datamonitor to have generated approximately U.S.$38 billion in total revenues in 2005. Between 2001 and 2005 the market grew at a compound annual rate of approximately 2.2% and it is expected by Datamonitor and other independent analysts to grow at a compound annual growth rate for 2005-2010 of 5%. The U.S. is the single largest car rental market, accounting for approximately one-half of global car rental revenues in 2005. Compound annual growth in the U.S. car rental market was 1% between 2001 and 2005. Europe and Asia-Pacific are the next largest regions, representing 31% and 8% of global car rental market revenues, respectively, in 2005, and achieved 1.8% and 4.5% compound annual growth rate between 2001 and 2005.



Source: Datamonitor, 2007.

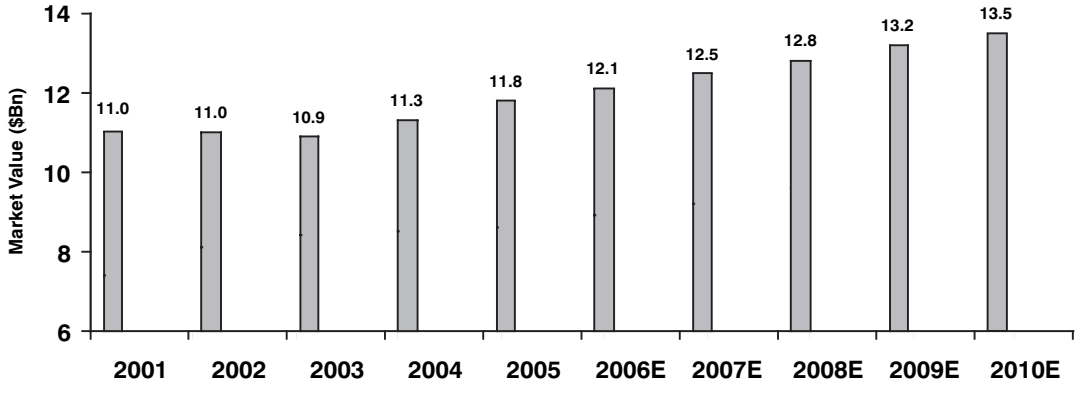
The car rental industry is significantly dependent on general economic conditions as well as developments in the travel industry. Important factors expected to contribute to future growth of the car rental industry include continued growth of global GDP projected to be approximately 3% through 2008 (source: Economist Intelligence Unit, 2007), a further revival of air travel with projected global growth of 4.0% between 2005 and 2025 (source: Airports Council International, 2007), mainly driven by the ongoing popularity of budget travel and the further development of the vehicle replacement sector and the evolution of new markets in Eastern Europe and the Asia-Pacific region. The current structural overcapacity of automobile manufacturers, projected to continue to outstrip assembly volume through 2012 (source: PwC Automotive Institute) also contributes to an attractive market climate for car rental companies.

The car rental market has undergone structural changes in recent years that have affected its competitive dynamics. In line with the growth in budget travel, the car rental market has witnessed increased demand for smaller economy cars, changing the portfolio mix, which, together with increased competition, has contributed to a declining trend in revenues per rental day. In addition, the growth of distribution channels such as the internet which promote greater price transparency in the market has led to pricing pressure on car rental companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Main Factors Affecting Revenues — Rental Revenues". The car rental industry is also increasingly witnessing the development of partnerships between hotels, tour operators and car rental companies, offering packaged holiday solutions to customers.

The European Car Rental Market

Europe (defined by Datamonitor as Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Russia, Spain, Sweden, and the UK) is the second largest market in the global car rental industry, accounting for approximately one-third of global car rental market revenues in 2005. Within Europe the largest markets are Germany (21%), the UK (17%) and France (16%). According to Datamonitor, the European car rental market grew at an average annual rate of 1.8% between 2001 and 2005 and is expected to grow by 2.7% from 2005 to 2010.

European Car Rental Market Size 2001-2010E



Source: Datamonitor (2007)

The airport rental market is expected to benefit from the emergence and increasing penetration of high-volume, low-cost air carriers. Ongoing increases in leisure travel and strong demand for corporate and vehicle replacement rental services are also expected to positively impact demand. Regional growth may also stem from the new EU accession countries in Eastern Europe, whose economies continue to develop at a rapid rate.

The European market differs structurally from the U.S. market. Intricacies of the EU market include a greater use of manufacturer repurchase guarantees, regional diversification (*e.g.*, preference for larger cars in Germany and the UK, smaller cars in Southern Europe) and a relatively reduced emphasis on airport rentals in some regions compared to the U.S. market providing less exposure to cyclical travel industry trends.

In Europe, in addition to the Europcar Network, the principal pan-European participants in the car rental industry are Avis and Budget (operated by Avis Europe plc under a license from Cendant) and Hertz.

In certain European countries, there are also other companies and brands with substantial market shares or presence, including:

- Sixt in Germany; and
- Enterprise in the UK, Ireland and Germany.

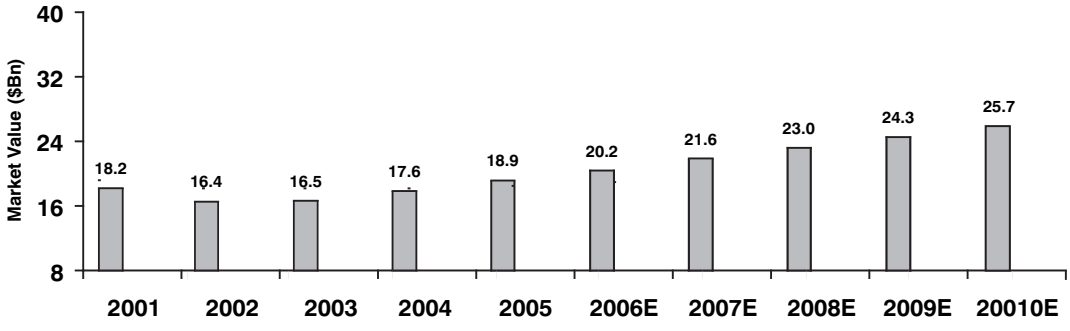
In every European country, there are also national, regional or other, smaller companies operating in the airport and non-airport rental markets. Apart from Enterprise-branded operations, all of which Enterprise owns, the other major car rental brands are generally present in European car rental markets through a combination of company-operated and franchisee- or licensee-operated locations.

The U.S. Car Rental Market

The U.S. car rental market is the single largest market globally, accounting for approximately one-half of the global market in 2005, as measured by revenues. According to Datamonitor, annual U.S. rental revenues for the car rental industry reached U.S.$18.9 billion in 2005, with rental revenues being split evenly between airport rentals and non-airport rentals.

The market suffered in the aftermath of the September 11th attacks and the subsequent decline in airline passenger traffic. According to Datamonitor, after a sharp decline in 2002 the market has recovered to post strong rates of growth. The market is benefiting from an upturn in the airline industry and is projected to grow annually by 6.3% from 2005 to 2010. This turnaround is compounded by recent reports of rising car-rental prices as a result of the growing demand from the travel rebound and tighter vehicle supply. According to Datamonitor, industry revenues from non-airport rentals have grown faster in recent years than revenues from airport rentals, largely as a result of an increase in corporate business activity, and are now slowly returning to the levels seen before the September 11th attacks and the subsequent economic downturn.

US Car Rental Market Size 2001-2010E



Source: Datamonitor (2007)

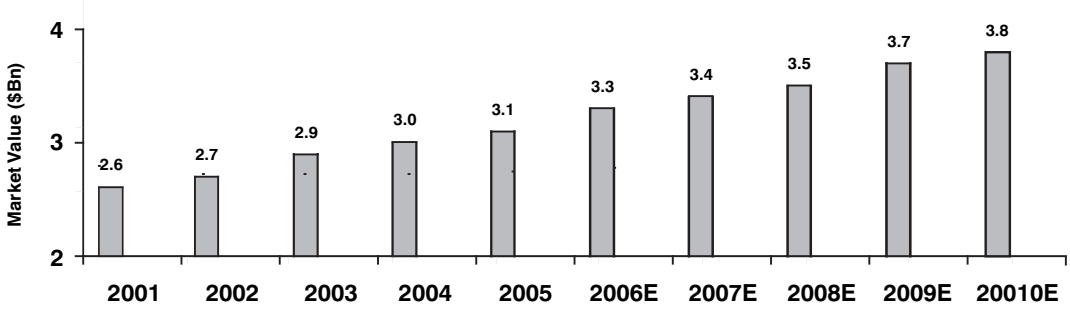
There are currently no Europcar Network rental stations in the U.S. Recently Europcar concluded a strategic alliance with Vanguard U.S. pursuant to which each party will refer to the other all reservations requested by its customers for rental services to be provided in the other party's region. Europcar will continue to handle inbound reservations from the U.S. through its UK call center. The previous referral agreement which Europcar had with Dollar/Thrifty in respect of the U.S. territory has been terminated.

The key players in the U.S. market are Hertz, Avis, Enterprise Rent-A-Car, National and Dollar/Thrifty. Hertz is the leader in the airport rental segment while Enterprise is the leader in the replacement and suburban segments. Hertz and Avis have recently moved to expand their presence in the non-airport segment while Enterprise is building its presence at airports.

The Asia-Pacific Car Rental Market

According to Datamonitor, the Asia-Pacific region accounts for approximately one-twelfth of the global car rental market in 2005 as measured by revenues. During 2001 to 2005, the market grew at an average annual rate of 4.5% according to Datamonitor.

Asia-Pacific Car Rental Market Size 2001-2010E



Source: Datamonitor (2007)

Japan is the single largest market in the region, accounting for 43.7% of car rental revenues in the Asia-Pacific market in 2005, but the car rental market in China, which accounted for 16.8% of car rental revenues in the Asia-Pacific market in 2005, has experienced particularly strong growth which is forecast to continue. According to Datamonitor, China is expected to challenge Japan's position as the largest market in the region within ten years. Most international car rental companies, including the Europcar Network, have already partnered with companies in key markets of the Asia-Pacific region to take advantage of these still relatively unexplored but rapidly growing markets. The market is expected to grow by 4.1% annually from 2005 to 2010. See "Europcar's Business — The Europcar Network — Franchise Countries".

EUROPCAR'S BUSINESS

Our Company

We provide vehicles for short and medium term corporate and leisure rentals under the internationally recognized brand name Europcar. We believe that the Europcar Network is the leading car rental organization in Europe, based on number of rental days (a standard industry measure of rental volume) and one of only three global car rental organizations. We operate over 3,049 locations in approximately 160 countries worldwide. We are present at approximately 200 airports in the ECI Corporate Countries. For the year ended December 31, 2006, ECI generated consolidated revenues of €1.5 billion (representing an increase of 15% compared to €1.3 billion for the same period in 2005) and consolidated EBITDA of €437.5 million (representing an increase of 21.6% compared to consolidated EBITDA of €359.7 million for the same period in 2005); and employed 5,577 persons (based on average full-time equivalent headcount).

We believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry. In the year ended December 31, 2006 we purchased 261,946 vehicles and our average fleet was approximately 161,081 vehicles. Our fleet is sourced from a number of manufacturers. Volkswagen AG (with the brands VW, Audi, Seat and Skoda) accounted for approximately 27% of Europcar's fleet, Renault for 18%, Fiat for 17% and other manufacturers accounted for the remaining 38% during the year ended December 31, 2006. 96% of our fleet is covered by repurchase programs with explicit or implicit buy-back provisions.

We derive approximately 65% of our ECI Corporate Countries' revenues from non-airport stations and 35% from airport stations.

We serve a large spectrum of customers, ranging from multinational corporations and tour operators to individuals. In the year ended December 31, 2006, we derived 55% of our revenues from our corporate customers and 45% from our leisure customers; and no single customer generated more than 5% of our consolidated revenues.

In the ECI Corporate Countries, rental car stations are operated by Europcar, both directly and through agents, and by franchisees. Agents typically operate a rental fleet owned or leased by Europcar which retains the profit generated and pays the agent a commission. Franchisees operate and source their own fleet, retaining profits and paying fees to Europcar.

Europcar currently operates 673 stations in the ECI Corporate Countries, franchisees operate 383 stations, and agents operate 616 stations. In addition, there are 1,377 stations located outside the ECI Corporate Countries, where rental car stations are operated exclusively by franchisees and their own agents or sub-franchisees. At December 31, 2006, approximately 12% of the Europcar Network's rental stations in the ECI Corporate Countries were airport stations and accounted for 35% of ECI Corporate Countries revenues (including domestic franchisees).

Europcar benefits from a growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators, hotel groups such as easyJet, TUI and Accor, as well as from long-term contractual relationships with key corporate customers, which contribute to the development of its diversified customer base.

Our Strengths

Leading Market Position in Europe with Scale and Global Reach

We believe that the Europcar Network is the leading European car rental organization based on number of rental days and holds a leading market position in each of Germany, France, Italy and Spain (from which approximately 84% of our consolidated revenues were derived in the year ended December 31, 2006) as well as Portugal. The Europcar Network's presence at approximately 200 airports in the ECI Corporate Countries, which we believe is more than any of our competitors in these countries, and our extensive coverage of all other major European travel hubs, provides us with maximum exposure to potential customers in Europe. The broad scope of the Europcar Network, operating over 3,049 locations in approximately 160 countries worldwide, lends proximity to customers and increasingly generates growth of in-bound and cross-border bookings, in particular for rentals in Europe.

In addition, we believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry, with a purchase volume of 261,946 vehicles in the year ended December 31, 2006, which gives Europcar substantial negotiating leverage with car manufacturers and the ability to provide customers with wide choices in car rentals. We believe that this type of market position and global reach would be difficult for others to replicate due to the capital intensive nature of the business.

Recognized Premium Brand and Quality Service

Europcar's own operations and its extensive network of franchisees position the Europcar Network as one of only three international car rental organizations in the rental car industry, operating globally under a widely recognized and uniform brand in approximately 160 countries. Europcar offers a number of different distribution channels to cater to its customers' preferences for making reservations, including station reservations, reservation call centers, global distribution reservation systems used by airlines, travel agents and tour operators and online reservations. Europcar has received a number of best-in-class awards for car rental service at both European and international levels. In addition, we believe that our widely recognized brand and service levels have enabled us to create and maintain a high level of customer loyalty and therefore to attract companies to enter into quality partnerships on an exclusive or preferential basis. We seek to maintain the Europcar image worldwide through uniform branding and strict quality controls, which are designed to ensure reliability and consistency of high-standard service.

Well-Diversified Business Mix

The Europcar Network's mix of stations (airport and non-airport stations), rental needs served (corporate and leisure customers) and geographic diversity (domestically sourced and internationally sourced rentals) provide Europcar with a broad customer base that ranges from multinational corporations and tour operators to individuals. The Europcar Network manages seasonality by maintaining a strong focus on corporate rentals for which demand is less volatile and seasonal than for leisure rentals, and a growing focus on vehicle replacement services. Europcar's contractual relationships with numerous corporate customers across multiple industries contribute to the stability of corporate rental revenues. Europcar's growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet (the largest low-cost carrier, which also caters to business clients), TUI (one of the world's leading tour operators) and Accor (the largest hotel group in Europe) has enabled Europcar to further expand and diversify its revenue base, especially in the leisure rental market.

As for its suppliers, for the year ended December 31, 2006, the Europcar fleet did not include any single manufacturer brand representing more than approximately 16% or any single manufacturer representing more than approximately 27%, leading us to believe that our reliance on any one supplier is less than or similar to that of our key competitors.

Flexible Cash Generative Business Model

We believe that our well-diversified business mix provides stable revenue which, when combined with our low fixed costs, and low non-fleet capital expenditures, enables us to maintain our profitability and cash flow. Between the year ended December 31, 2005 and the year ended December 31, 2006, cash generated from operations (excluding changes in rental fleet and changes in fleet related working capital) increased from €180.8 million to €206.7 million.

Europcar is able to respond quickly to the market both in terms of fleet size and pricing allowing it to continuously adapt to changing market conditions and maintain its market share and profits. 96% of Europcar's fleet is covered as at December 31, 2006 by repurchase programs with explicit or implicit buy-back provisions, which reduces Europcar's exposure to fluctuations in the used vehicle market and provides the flexibility to adjust the size of the fleet to respond to seasonal fluctuations in demand by varying vehicle holding periods between 4 and 8 months. For example, through effective fleet management, Europcar was able to manage the impact that the attacks on September 11, 2001 had on the global travel industry. In the three month period from September to December 2001, Europcar increased fleet disposals by 13% compared to the same period in 2000 and reduced fleet additions by 17%. Due to these actions, the utilization of the fleet fell by only 2.1% from 67.6% for the three month period in 2000 to 65.5% for the three month period in 2001, which compares favorably to its

competitors. At any time during the year, Europcar can increase or decrease its fleet size by approximately 10% of the average Europcar fleet size within three months of the decision to do so.

Franchise arrangements have provided Europcar with a cost-effective and relatively low-risk route to expand into small and medium-sized local or regional markets within the ECI Corporate Countries and are a major factor contributing to the Europcar Network's international reach.

State of the Art Proprietary IT System

We believe that Europcar has developed one of the most advanced fully integrated IT systems in the car rental industry. The proprietary "GreenWay" system covers and links virtually all aspects of the car rental activities from web-based reservation applications and customized client interfaces to complex fleet planning and fleet management, as well as back-office accounting, invoicing and data warehousing.

The GreenWay system is instrumental to effective fleet management and has enabled Europcar to achieve fleet utilization rates that we believe are among the highest in the European car rental industry. We believe that Europcar's significant investment in technology enhances its ability to offer innovative services efficiently throughout the Europcar Network.

Experienced and Stable Management Supported by Strong Equity Sponsorship

Europcar benefits from one of the most experienced management teams in the industry. Europcar's three most senior executives collectively have more than 59 years of experience in the car rental industry and have been employed by the Europcar Network for an average of more than 20 years. In addition, local management in the ECI Corporate Countries have an average of more than 10 years of experience in the car rental industry. The continuity afforded by Europcar's experienced management team differentiates it from some of its key competitors and is viewed by Europcar as one of the key factors contributing to its consistent and profitable growth over the past years.

Europcar is majority owned by Eurazeo. Eurazeo is a leading listed private equity investment company in Europe and has a track record of actively managing and supporting its investments, and seeking to create value in the companies which it has acquired. Eurazeo has significant industry and asset-backed financing knowledge through its previous investment in Fraikin, France's leading industrial vehicle leasing company.

Our Strategy

Our primary objective is to pursue profitable growth while continuing to improve cash generation. We intend to achieve this objective by enhancing and leveraging our premium brand, and addressing evolving customer requirements for quality, reliability and cost-effective solutions. The key elements of our strategy include:

Further Leverage Market Leadership in Europe

We believe that Europcar is well positioned to consolidate and further expand its leading market position in Europe. Europcar's coverage of all major European travel hubs and a strong regional presence are important factors enabling it to capture growth potential in the industry. With the completion of the Vanguard Acquisition, Europcar's position in the United Kingdom will be enhanced by Vanguard's leading market position through its National Car Rental and Alamo Rent A Car brands. Additionally, Europcar has implemented a number of initiatives aimed at increasing Europcar's market share and positioning it to outperform the industry. Such initiatives include the expansion of Europcar's portfolio of partnerships, the promotion of cross-border and international bookings, in particular the enhancement of European in-bound traffic, and a strong commitment to quality service through continuous monitoring of its performance and achievement of quality targets. Europcar will continue, in a cost-efficient and flexible manner, to make extensive use of franchisees and agents to supplement coverage in ECI Corporate Countries and to drive its international expansion. In addition, Europcar may, from time to time, enter into agreements to acquire its franchisees when such acquisitions would be beneficial to Europcar. In such cases, the franchisee revenues will thereafter be included in Europcar's revenues from rental operations, and royalty revenues in respect of such acquired franchises will no longer be recognized.

Continue to Expand Partner Network

Europcar intends to strengthen its exclusive and preferred partner network by further developing existing partnerships and signing new agreements with counterparties from travel-related and other industries to maximize its exposure to potential customers. Recent initiatives include the targeting of groups and organizations whose members have a one-off or continuous need for vehicle rental services, such as trade shows and special-interest groups.

Pursue Selective Expansion in Attractive New Markets

Europcar is seeking to complement its international network by expanding into a selected number of countries where attractive business opportunities exist including Japan and China, and a small number of other countries. For example, in September 2006, Europcar concluded an agreement with Mazda Car Rental, a leading car rental company in Japan, pursuant to which Mazda Car Rental will feature Europcar branding in key rental locations throughout Japan. Europcar expects that the Alliance commenced with Vanguard U.S. will enhance Europcar's current initiative to promote cross-border and international bookings (see "Summary — The Vanguard Acquisition — The Strategic Alliance between Europcar and Vanguard U.S."). Europcar sees significant untapped growth potential for European and U.S. in-bound bookings. In line with its strategy, Europcar also intends to examine franchising opportunities in China. While Europcar currently intends to focus on its traditional cost-efficient and low-risk approach of expansion through franchise arrangements, it will continue to study alternative expansion opportunities, including acquisitions, partnerships or joint ventures. See "— The Europcar Network — Franchise Countries".

Further Improve Profitability and Continue to Pursue Profitable Growth Strategy

Europcar has an established record of profitable growth that we believe compares favorably to those of its competitors. Europcar will continue to focus on increasing operational efficiencies in areas such as de-fleeting and re-fleeting. Cornerstones of Europcar's strategy to maintain and extend this profitable growth are, among other things, a continued focus on the efficient management of fleet and workforce, the fostering of a strong partnership with franchisees to supplement regional coverage, and the continuous development of powerful IT solutions tailored to Europcar's business needs.

We believe there are opportunities to further increase the productivity and profitability of our operations thereby improving our operating margins and capital efficiency which we are currently actively pursuing.

Corporate History and Organizational Structure

Europcar traces its origins back to 1949, with the founding of the *L'Abonnement Automobile* car rental company in Paris in 1949 by Raoul-Louis Mattei, and the combination of the *L'Abonnement Automobile* network with the network of another Paris-based rental car company, *Système Europcars*, in 1961. In 1965, the two groups formally merged to form *Compagnie Internationale Europcars*. After being purchased by the French automobile manufacturer Renault in 1970, *Compagnie Internationale Europcars* expanded throughout Europe through the establishment of subsidiaries in Belgium, the UK, the Netherlands, Switzerland, Spain and Portugal, and the acquisition of existing operations in Italy and Germany. The company was rebranded as Europcar in 1974.

In 1988, Wagons-Lits purchased Europcar from Renault, and subsequently sold 50% of Europcar to Volkswagen AG. At the same time, Europcar merged with the German InterRent network, the sole shareholder of which was Volkswagen AG. Accor acquired Wagons-Lits in 1992, becoming a 50% shareholder of Europcar with Volkswagen AG holding the other 50%. Volkswagen AG subsequently acquired the remaining 50% of Europcar from Accor in December 1999. To this day, Accor remains one of Europcar's key strategic partners.

On May 31, 2006, EGSA acquired all of the outstanding shares of ECI from the Volkswagen Group. See "Europcar Group — The Acquisition of Europcar".

Europcar Information Services GEIE (*Groupement européen d'intérêt économique*) ("**EIS**") is responsible for Europcar's information technology systems and services. EIS is an independent corporate entity whose primary purpose is to foster the economic activities of each of its members, each of whom remains liable with the other members for EIS' obligations. EIS' current members are Europcar and each of the operating subsidiaries in the ECI Corporate Countries.

Europcar's headquarters and telecommunication services are located in Saint Quentin-en-Yvelines, France.

On November 10, 2006, Europcar UK Limited, an indirect wholly-owned subsidiary of EGSA, signed the SPA to acquire the UK-based European car rental operations of National Car Rental and Alamo Rent A Car by purchasing 100% of the share capital of Vanguard from VRIH. The Vanguard Acquisition was consummated on February 28, 2007.

At announcement, the Vanguard Acquisition had a total value of approximately €670 million. At completion, the purchase price was €241 million for the equity and the assumption of Vanguard's consolidated debt as of February 28, 2007 of €413.2 million.

The Europcar Network

The Europcar Network, comprising more than 3,049 stations in approximately 160 countries, is one of Europcar's key assets, contributing to its proximity to its customers and satisfying one of their primary demands — convenience. The Europcar Network includes a combination of corporate, agent and franchise operations in the ECI Corporate Countries, and national and regional franchise operations in the rest of the world.

The table below sets out the number of rental stations as at December 31, 2006 in each of the ECI Corporate Countries and the rest of the world.

	Number of Rental Stations *(as at December 31, 2006)*	
Countries	**Corporate***	**Franchisees**
Germany	444	0
France	253	249
Italy	253	0
Spain	149	105
UK	100	21
Portugal	59	8
Belgium	31	0
Rest of the World**	0	1,377
Total	1,289	1,760

* Includes corporate and agent-operated stations.

** Includes the Franchise Countries (as defined below) and certain overseas departments and territories of France.

We also believe that the extensive scope of the Europcar Network enhances Europcar's ability to maximize fleet utilization, to control fleet costs (through, for example, reduced fleet-relocation costs), to offer competitive pricing and one-way rentals, and to limit the extent to which Europcar's financial performance and prospects are dependent on any one location or customer account. For the year ended December 31, 2006, no single corporate or agent-run rental station in the ECI Corporate Countries accounted for more than 2% of Europcar's consolidated revenues, and no single customer account generated more than 5% of Europcar's consolidated revenues.

ECI Corporate Countries

As of December 31, 2006, the Europcar Network included 1,672 rental car stations located in the ECI Corporate Countries. Europcar directly manages 673 of these stations through its nine local operating subsidiaries, which own (or lease) the rental fleet and station sites and employ the stations' staff. The general manager of each operating subsidiary is responsible for managing the fleet in the relevant ECI Corporate Country and for overseeing the local sales and marketing, human resources, legal and accounting functions.

In June 2006, Europcar acquired Keddy, the leading short-term car rental company in Belgium, from LeasePlan Corporation. Keddy caters primarily to trade clients such as long-term leasing firms awaiting new vehicles or replacement vehicles, and corporate clients. With a market share of 20 per cent, Keddy is the leading Belgian short-term car rental company, ahead of the traditional international car rental firms. Keddy's network complements Europcar's already strong presence in the leisure

market in Belgium. Europcar intends to keep the two brands separate in order to better meet the expectations of the trade and leisure client segments.

The remaining stations in the ECI Corporate Countries are operated either by agents or by franchisees, depending on the applicable legal requirements in each ECI Corporate Country. In general, corporate-operated stations are located in larger airports and cities, while franchise and agent-operated stations are located in smaller airports and cities to provide full and cost effective coverage throughout the ECI Corporate Countries. Relationships with agents and franchisees in the ECI Corporate Countries are managed at the operating subsidiary level.

Agents operate 616 stations located in the ECI Corporate Countries, using a rental fleet owned (or leased) by Europcar. The sites and employees of agent-operated stations are the responsibility of the agents, who receive a commission from Europcar based on their station's revenues (which are recorded as ECI revenues). The total revenues generated by the agent-operated stations are taken into account in calculating ECI revenues.

Franchisees operate the remaining 383 stations in the ECI Corporate Countries, using their own fleet (which in certain cases is leased from Europcar), locations and employees. In the case of stations operated as franchises, franchisees initially pay an entrance fee, and, upon renewal of their contracts, a territory fee, for the exclusive right to use the Europcar franchise rights in the country covered by the franchise agreement. Franchisees pay royalties representing a percentage of rental revenues generated by their vehicle rental operations as well as a reservations fee based on the number of reservations booked through Europcar's reservations systems. In return for payment of fees and royalties, franchisees benefit from access to Europcar's reservation system, worldwide network, international brand, customer base and information technology systems.

Franchise agreements generally cover a specific portion of the ECI Corporate Countries (*e.g.,* a region or a city). In most cases, local franchisees are entitled to be indemnified by Europcar (either pursuant to applicable law or under the terms of the franchise agreement) should the franchise agreement be terminated by Europcar before the expiration of its term. Franchise arrangements have provided Europcar with a cost-effective and relatively low-risk route to expand into small and medium-sized local or regional markets within the ECI Corporate Countries.

Franchise Countries

In addition to its operations in the ECI Corporate Countries, the Europcar Network has expanded elsewhere through international franchise operations. As of December 31, 2006, the Europcar Network's international franchises covered 153 countries (each, a "Franchise Country" and collectively, the "Franchise Countries"). The top ten Franchise Countries, in terms of royalties paid, for the year ended December 31, 2006, were The Netherlands, Switzerland, Australia, Sweden, Greece, Denmark, Austria, Ireland, South Africa and Norway. No single Franchise Country of the top ten Franchise Countries paid more than 10% of royalties (which we believe give the best indication of ongoing business activity of the franchisees because they exclude the more volatile entrance, territory, reservations and IT systems fees) received by Europcar from its franchisees for the year ended December 31, 2006.

Europcar's international franchise department is responsible for developing and overseeing franchise activities in the Franchise Countries. Operations in each Franchise Country are conducted by a single franchisee, either directly by it, or through sub-franchise or agency agreements between it and third parties. In December 2004, Europcar entered into a multi-country master franchise agreement with Evergroup Trading Limited covering more than twenty countries in the Asia-Pacific region (excluding China and Japan). Evergroup, headquartered in the British Virgin Islands, is in the process of securing sub-franchises in each of the covered countries pursuant to a development plan agreed with Europcar. Furthermore, in January 2006, Europcar concluded two other master franchise agreements covering twenty countries in Latin America along with the Caribbean. The first of these agreements was entered into with EC Master S.A. and covers thirteen countries in the region. The second of these agreements was entered into with America Car Group S.A. involving seven countries in the region.

Pursuant to the Alliance between Europcar and Vanguard U.S., Europcar will refer its customers to Vanguard U.S., and in return Vanguard U.S. will refer its customers to Europcar in order to provide global seamless and cost-efficient vehicle rental solutions to the parties' respective corporate and leisure customers.

Europcar concluded an agreement with Mazda Car Rental, a leading car rental company in Japan, in September 2006 pursuant to which Mazda Car Rental will feature Europcar branding in key rental locations throughout Japan. In line with its strategy, Europcar also intends to examine franchising opportunities in China. See "Business — Our Strategy".

Characteristics of Franchise Operations

Franchises are a major factor contributing to the Europcar Network's international reach, and the franchise system plays an essential role in maintaining and growing both market share and profits. Europcar is currently seeking to expand the Europcar Network by adding new franchises in the few countries where it is not already present.

Franchisees initially pay an entrance fee, and, upon renewal of their contracts, a territory fee, for the exclusive right to use the Europcar franchise rights in the country covered by the franchise agreement. Franchisees pay royalties representing a percentage of rental revenues generated by their vehicle rental operations. Franchisees also pay a reservations fee based on the number of reservations booked through Europcar's reservations systems. The franchisees in Austria and Switzerland pay an additional systems fee. Franchisees are required to send monthly financial reports to Europcar, which form the basis of the calculation of royalties. In return for payment of fees and royalties, franchisees benefit from access to Europcar's reservation system, worldwide network, international brand, customer base and information technology systems.

Royalties and entrance, territory, reservations and IT systems fees paid by Europcar Network franchisees in both the ECI Corporate Countries and Franchise Countries totaled €25.2 million for the year ended December 31, 2006. Entrance and territory fees and royalties received from franchisees are recorded by ECI as revenues, while reservations fees are recorded by ECI as other income. IT systems fees, paid by the franchisees in Austria and Switzerland, are netted against ECI's IT costs. The underlying rental revenues generated by the franchisees are recorded as revenues only by the franchisees themselves.

Franchising arrangements throughout the Europcar Network follow a standard format under which Europcar grants licenses to use the "Europcar" name, corporate identity and international operating systems and procedures within a defined geographical region for a period of time (usually five to ten years). Agreements with new franchisees, or those who operate in small or emerging markets, typically have an initial period of three years. The rate of contract renewal with existing franchisees is high. In nearly all cases, franchisees are exclusive to the Europcar Network, meaning that they agree not to work with any other car rental group or to operate a car rental business under their own name for the duration of the franchise agreement. Most of the franchise agreements concluded by Europcar provide that any Europcar Network customer who makes a reservation intended for the territory of a franchisee must be referred to such franchisee. In general, Europcar's franchise contracts do not permit the franchisee to terminate the agreement prior to the expiration of the agreed term. Europcar retains the right in most cases to terminate a franchise agreement to the extent the franchisee fails to meet its contractual obligations, notably payment of royalties and fees, or takes actions that risk damaging Europcar's brand and reputation. Franchisees may generally also terminate the agreements concluded with Europcar in the event of a material breach by Europcar.

Compliance with the terms of Europcar's franchise agreements and the uniformity of service quality across the network are controlled through informal visits to franchisee locations and through regularly scheduled audits by Europcar's internal audit department. Regional franchisee conferences are held on an annual or semi-annual basis to establish best practice guidelines and to promote inter- and intra-regional business within the Europcar Network. Europcar supports the promotion of the corporate image by franchisees in both the ECI Corporate Countries and Franchise Countries through:

- local communication and advertising assistance and resources;
- corporate identity standards and signage;
- product structuring;
- airline and hotel partnerships; and
- access to card programs to promote customer loyalty.

Rental Services and Business Mix

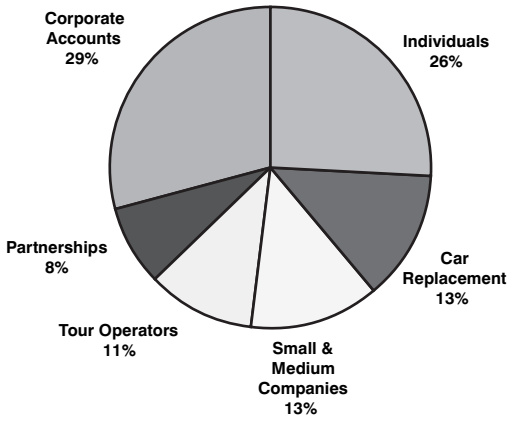
The Europcar Network offers a wide variety of recent model passenger cars, vans and trucks for rental on a daily, weekly, monthly or longer basis (up to one year), with rental charges computed on a limited or unlimited mileage rate, or on a time rate with or without mileage charges. The Europcar Network's rental fee rates vary at different locations depending on local market conditions and other competitive and cost factors. While vehicles are usually returned to the location from which they are rented, the Europcar Network also allows one-way rentals from and to selected locations.

Europcar's consolidated revenues are derived from the corporate and agent-operated car rental operations in the ECI Corporate Countries and through royalties and fees from the Europcar Network's franchises. In addition to car rentals and franchise fees, Europcar generates a significant portion of its revenues from ancillary charges and services, such as surcharges for airport concessions; loss or collision damage waivers; and charges for supplemental equipment (*e.g.*, in-car and portable navigation systems, child seats and ski racks). See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Main Factors Affecting Revenues".

Business Mix

Europcar builds relationships with a large spectrum of customers, whose rental needs can be both corporate and leisure related. These customers represent contractual, repeat and one-off business for Europcar. In the year ended December 31, 2006, no single customer generated more than 5% of Europcar's consolidated revenues (excluding revenues from franchise operations).

Revenue Breakdown by Customer 2006



Note: Based on rentals in ECI Corporate Countries including domestic franchisees.

Corporate and Leisure Rentals

Customers rent vehicles for many reasons. Customers who rent from the Europcar Network for "leisure" purposes include not only individual travelers booking vacation travel rentals with the Europcar Network but also customers whose rentals have been arranged through tour operators. The Europcar Network reaches a large part of its leisure customers through Europcar's extensive portfolio of partnerships. See "— Sales and Marketing — Direct and Indirect Distribution Channels". Customers who rent from the Europcar Network for business purposes require vehicles in connection with their commercial activities, and include employees of large corporations, small and medium-sized enterprises, governments and other organizations. Most corporate customers rent cars from the Europcar Network on terms that Europcar has negotiated with their employers (either directly or, in the case of small and medium-sized enterprises, through travel agencies). Europcar also categorizes rentals to customers of companies offering vehicle replacement services through negotiated arrangements with the Europcar Network as corporate rentals.

Business Houses and Small and Medium-Sized Enterprises

Europcar is currently party to contracts with many major corporations, organizations and associations ("business houses") to serve as the exclusive or preferred provider of rental vehicles to their employees or members at pre-negotiated rates and subject to agreed service-level guarantees.

Many of Europcar's business house customers have direct access to Europcar's IT system via dedicated micro-sites, providing them with reservations and invoicing interfaces specifically tailored to their needs. Where the volume of rental transactions with a particular customer is significant, Europcar may locate an "implant" station directly on the customer's premises.

In addition, through negotiated arrangements with major travel agency networks, Europcar is able to reach small and medium-sized enterprises whose rental volume is insufficient to support a direct contract with Europcar.

Vehicle Replacement

The vehicle replacement rental business principally involves the rental of cars to individuals who are referred, and whose rental charges are wholly or partially paid or reimbursed, by insurance companies, vehicle leasing companies and dealerships, repair shops and other entities offering vehicle replacement services, with whom Europcar has a direct contractual relationship. Such individuals include those whose cars were damaged following accidents, those expecting to lease cars that are not yet available from their leasing companies and those needing cars while theirs are being repaired or are temporarily unavailable for other reasons. In order to obtain these renters, Europcar has entered into agreements with a diverse group of insurers, dealerships, repair shops and vehicle-leasing companies to establish the rental terms, including the arrangements made for billing and payment.

The increasing number of insurance companies offering replacement coverage as an option on automobile policies, a rise in the number of thefts, and an increase in the number of automobile dealers offering replacement vehicles under warranties have all contributed to the recent growth in the vehicle replacement business, and are expected to continue to do so. We believe that the Europcar Network was the European leader in the vehicle replacement market, based on number of rental days, for the year ended December 31, 2006.

Characteristics of Corporate and Leisure Rentals

Corporate rentals and leisure rentals have different characteristics and place different types of demands on Europcar's operations. We believe that maintaining an appropriate balance between corporate and leisure rentals is important to maintaining and enhancing the profitability of Europcar's business and the consistency of its operations. For the year ended December 31, 2006, leisure-related business accounted for approximately 45% of ECI's revenues from rental activities (excluding franchise fees and royalties) in the ECI Corporate Countries, with corporate-related business accounting for the remaining 55%.

Leisure rentals are typically longer in duration and generate more revenue per transaction than do corporate rentals, although the vehicle replacement business has a long average duration. The revenue profile for corporate rentals is relatively stable, with a marginal decrease in activity during the summer vacation months. Leisure rental activity is more seasonal than corporate rental activity, with heightened activity during the spring and summer. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Seasonality".

Airport and Non-Airport Stations

The Europcar Network rents vehicles to its customers from stations located at or near airports ("airport stations") and from stations located at railway terminals, hotels, resorts, office buildings, and other urban and suburban locations ("non-airport stations"). At December 31, 2006, approximately 12% of the Europcar Network's rental stations in the ECI Corporate Countries were airport stations and accounted for 35% of ECI Corporate Countries revenues (including domestic franchisees) while 88% were non-airport stations accounting for 65% of ECI Corporate Countries revenues (including domestic franchisees). The strategic importance of airport stations is illustrated by the fact that for the year ended December 31, 2006, revenues generated by rentals originating at airport stations in the ECI Corporate Countries represented 35% of ECI's total consolidated revenues from rental activities (excluding franchise fees and royalties) in the ECI Corporate Countries, despite accounting for only a much smaller proportion of total stations.

Europcar operates its airport and non-airport stations through local operating subsidiaries, agents or franchisees. In general, corporate-operated stations are located in larger airports and cities in the ECI Corporate Countries, while franchise and agent-operated stations are located inside the ECI

Corporate Countries in smaller cities and airports, and outside the ECI Corporate Countries, to provide full and cost effective coverage.

Airport Stations

Through its extensive network of airport stations, including approximately 200 in the ECI Corporate Countries, the Europcar Network seeks to maximize its exposure to the potential business represented by airports' high passenger volumes.

In order to operate airport rental locations, Europcar has obtained concession or similar leasing, licensing or permitting agreements or arrangements granting it the right to conduct a car rental business at all major, and many other, airports with regularly scheduled passenger service in each ECI Corporate Country, except for those airports where Europcar's franchisees already operate rental locations. Europcar's concessions have been obtained from the airports' operators, which are typically governmental bodies or authorities, following either negotiation or bidding for the right to operate a car rental business there. Access to airports is relatively costly, and the airport operators control the number of locations made available to car rental companies. The terms of an airport concession typically require payment to the airport's operator of concession fees based upon a specified percentage of the revenue Europcar generates at the airport, subject to a minimum annual fee. Under most concessions, Europcar must also pay fixed rent for terminal counters or other leased properties and facilities. Some concessions are for a fixed length of time (generally three to five years), while others create operating rights and payment obligations that, as a formal matter, are terminable at any time. Concession agreements generally impose on Europcar specific covenants, which include certain price restrictions and quality of service requirements. Under most concession agreements, if the revenues generated by the concessionary increase or decrease, the airport operator may unilaterally modify the concession, in particular with respect to the number of parking lots granted to the concessionary and the rate of concession fees. Airport operators may also conduct audits on the business operated by airport stations and on the type of services provided to airport customers. Over the next two years, concession agreements covering approximately 94 out of 137 of Europcar's airport stations are scheduled for renewal. Since airport concession fees do not represent a significant portion of Europcar's fixed costs, Europcar does not believe that the terms of their renewal are likely to have a significant impact on EBITDA.

The terms of Europcar's concession agreements typically permit Europcar to seek complete or partial reimbursement of concession fees from customers to the extent permitted under local regulations.

Non-Airport Stations

In addition to airport stations, the Europcar Network operates non-airport stations offering car rental services to a variety of customers. Non-airport stations include other major travel points such as railway stations, city and suburban centers, hotels, resorts and office buildings. This market is considerably more fragmented than the airport market, with numerous smaller car rental businesses, each with limited market share and geographical distribution, competing with larger organizations such as Europcar. When compared to airport rental locations, non-airport rental locations typically deal with more types of customers, use smaller rental facilities with fewer employees and, on average, generate fewer transactions per period than airport locations. Rental stations located at or near railway stations are operated pursuant to concession agreements similar to those described above. These rental locations, notably those at railway stations serving high-speed trains, are generally exposed to higher traffic volumes than other non-airport stations.

Airport and non-airport rental stations generally employ common car fleets, are supervised by common country, regional and local area management, use many common systems and rely on common maintenance and administrative centers. Moreover, rental stations, outside the area of vehicle replacement rentals (for which there is a separate, specialized sales force at ECI level), are supported by a common commercial sales force, benefit from many common marketing activities and have many of the same customers. As a consequence, Europcar regards both types of stations as aspects of a single, unitary car rental business.

Domestic and International Rentals

While the density of the Europcar Network's presence in the ECI Corporate Countries enables it to address customer demand for proximity and convenience, the international scope of the network significantly enhances the Europcar Network's ability to capture business from customers traveling outside of their home countries. Therefore, in addition to maintaining and growing its domestic rental business, in which vehicles are reserved, checked-out and returned in a single country, Europcar is actively developing its international rental business, in which vehicles are reserved through Europcar's direct and indirect distribution channels from one country and checked-out or returned in another country. International rentals represent an additional source of reservations and revenues for Europcar's domestic operations.

Europcar expects that the international car rental business will benefit from the anticipated growth in international tourism over the coming years forecast by the International Air Transport Association. Based on reservations recorded through Europcar's reservations systems (which include reservations for rentals in the ECI Corporate Countries and the Franchise Countries), the international rental business is expanding, representing approximately 24% of total recorded reservations for the year ended December 31, 2006, as compared to 22% for the years ended December 31, 2005 and 2004 and 20% for the year ended December 31, 2003.

In an effort to further develop its international business, management has defined six key regional markets outside the ECI Corporate Countries where it is actively promoting the development of cross-border business both within each region and between regions. In addition to the promotion of international business through regional and inter-regional conferences of Europcar's franchisees, the development of international business is supported through joint marketing efforts with international partners and corporate customers including, for example, coordinated advertising campaigns and special online promotional offers, as well as through campaigns with vehicle manufacturers in connection with the launch of new car models.

Sales and Marketing

Overview

Europcar's international sales and marketing team is supported by local teams in each of the ECI Corporate Countries. The international sales and marketing team, including approximately 38 dedicated employees situated at Europcar's headquarters, is responsible for negotiating and managing agreements with major corporate customers and international partners, and for developing and maintaining Europcar's brand image throughout the world. It includes specialized sales forces dealing with vehicle replacement customers and the development of inbound and outbound international business. The international sales and marketing team defines Europcar's policies with respect to, among other things, service level guarantees, which are applied at the local level in each of the ECI Corporate Countries. A portion of the team members' compensation is linked to the achievement of defined performance benchmarks.

Europcar's corporate and leisure sales forces in each ECI Corporate Country contact companies and other organizations whose employees and associates need to rent cars for business purposes, as well as membership associations, tour operators, travel companies and other groups whose members, participants and customers rent cars for either corporate or leisure purposes. Europcar also advertises its car rental offerings through a variety of traditional media, such as television and newspapers, direct mail and the internet. In addition to advertising, Europcar conducts a variety of other forms of marketing and promotion, including travel industry business partnerships and press and public relations activities.

A key focus of Europcar's sales and marketing efforts is the maintenance of the Europcar brand and the consistent use of the corporate image worldwide. Local marketing initiatives remain subject to corporate guidelines established by the international sales and marketing team, and the appearance of the Europcar Network's stations worldwide is governed by corporate standards covering uniforms, brand positioning, website design and station layout.

Service-level agreements for customer contracts and internal performance benchmarks elaborated by the international sales and marketing team reflect Europcar's commitment to high standards of service quality throughout the network. In June 2006, the international sales and marketing department successfully renewed its ISO 9001-2000 quality certification for services offered to customers.

Since 2000, Europcar has received numerous awards from leading travel industry organizations. Notably, Europcar was voted "Europe's Leading Car Hire Company" for the third consecutive year in 2005 by the World Travel Awards. In 2004 and 2005, Europcar was voted "Best Worldwide Leisure Car Rental Company". In 2006, Europcar was voted "Leading Car Hire Company" in the world, Europe, Africa, Australasia, Caribbean, Central & Latin America, South America and the Middle East at the 13th Annual World Travel Awards ceremony. The World Travel Awards is an organization representing, in 2006, 160,000 travel professionals worldwide.

Direct and Indirect Distribution Channels

Europcar reaches its customers through both direct and indirect distribution channels.

Direct Distribution Channels

"Direct" customers reserve directly with the Europcar Network, via Europcar's call centers and websites (international and local), or in person at rental stations. In addition to these individual "direct" customers, Europcar's direct distribution channel includes its contractual relationships with its major corporate and vehicle replacement customers.

In respect of certain of its key customers, Europcar is the preferred supplier of rental or replacement vehicles to the customers' employees and clients, who benefit from negotiated rates over the two to three-year terms of the rental contracts. The customers are not contractually bound to make all of their car rental reservations through the Europcar Network. However, in case certain targets are met by the relevant customers in terms of revenues or number of rental days, such customers may be entitled to a rebate based on revenues generated by Europcar and participating franchisees through the agreements. For the year ended December 31, 2006, Europcar's ten largest customers accounted for less than 22% of ECI's revenues. See "— Rental Services and Business Mix — Corporate and Leisure Rentals".

Indirect Distribution Channels

"Indirect" customers make their reservations for the rental of cars from the Europcar Network through intermediaries such as travel agents, tour operators and third-party travel websites, many of which in turn utilize computerized reservations systems, also known as global distribution systems, or "GDSs", operated by third parties to make the reservations with the Europcar Network. Reservations received through GDSs are more costly to Europcar than those received from a customer directly because Europcar has to pay a fee to the third party for each booking.

While these indirect distribution channels provide Europcar with access to a larger customer base than can be reached through Europcar's direct distribution channels, the market for indirect customers can be subject to more competition, as intermediaries and partners typically source rental cars from more than one rental car company. Europcar therefore seeks to enter into exclusive or preferred "strategic" partnerships, where it is the first choice provider of rental car services.

While reservations at stations and through global distribution systems have remained relatively stable since 2002, reservations through call centers have decreased from 40% in 2002 to 30% at the year ended December 31, 2006.

Partnerships

In addition to its indirect distribution through these reservation conduits, Europcar's expanding portfolio of partnerships generates significant car rental revenue and expands Europcar's customer base by providing access, in some cases exclusive or preferential, to the customers of Europcar's partners. Europcar characterizes these partnerships as indirect distribution channels as well.

Partnerships generate a significant proportion of Europcar's rentals, by expanding its reach to a broader base of potential customers (*i.e.*, the customers of its partners) and by attracting additional business from existing customers (*e.g.*, through airline mileage program partners). Europcar currently has over 80 international partnerships with airlines, travel agents, tour operators, major hotel groups, railway companies and credit card companies. These partnerships are managed at ECI level. Europcar leverages its extensive network and technological strengths, such as support for partner Internet micro-sites and dynamic packaging features, in the development of these partnerships. These partnerships include such features as promotion of each other's products, reservation transfer programs and

discounts for each other's customers. Europcar also participates in many airline and travel industry frequent-traveler programs worldwide, enabling customers to earn points on their vehicle rentals and to receive other benefits and thereby directing leisure customers to the Europcar Network. Partners of Europcar are usually compensated by commissions based on the revenues generated by Europcar through the partnership agreements. Through its "strategic partnerships", Europcar is a preferred partner of easyJet, the leading low-cost airline in Europe, Accor, the largest hotel group in Europe and one of the largest in the world, and TUI, one of the world's leading tour operators. In addition, Europcar entered into a joint venture agreement with TUI, under the name Ultramar Cars, S.L., for the operation of a rental car business in the Baleares and the Canary Islands, Spain. In July 2006 Europcar purchased the 50% of Ultramar's share capital held by TUI. Certain key partnership agreements concluded by Europcar (including the contracts with TUI and easyJet) were renewed during the course of 2006. Others may be terminated at will by Europcar's partners. See "Risk Factors — Risks Related to Our Business".

We believe that Europcar's portfolio of partnerships is unmatched by any of its competitors in the European car rental industry.

Intermediaries — Travel Agents, Tour Operators and Rental Car Brokers

Europcar has agreements with most major travel agency networks at the European level. These agreements permit Europcar to reach the travel agencies' corporate and leisure customers. Europcar often holds a preferred supplier position within these networks, meaning that the travel agencies will first seek to reserve through the Europcar Network before sending business to one of its competitors.

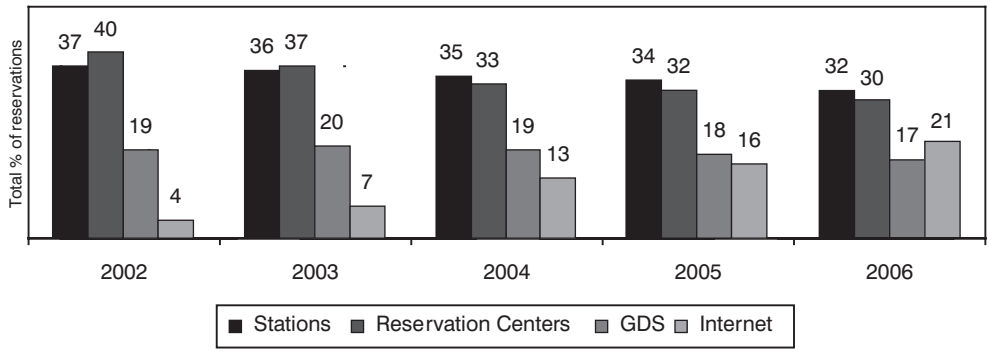
Tour operators generally offer car rentals either as a stand-alone service or as part of a package with other services such as plane tickets or hotel accommodations, and are typically compensated via markups of net rates provided by Europcar. In contrast, travel agents are normally paid a commission by Europcar based on gross rental rates.

Rental car brokers are a further source of indirect customers. Under brokerage arrangements, renters reserve through the rental car broker, and the broker reserves a car from Europcar or one of its competitors. Europcar presently holds a stake in a small-scale discount car rental broker business. Rental car brokers generally are compensated through a mark-up they apply to the net rates provided by Europcar.

E-commerce

E-commerce represents an additional layer of marketing and sales activity functioning in parallel with Europcar's traditional direct and indirect distribution channels. Europcar has responded to the increasing use of the internet as a distribution portal by investing heavily in its e-commerce capabilities. The development of e-commerce represents an important cost-saving opportunity for Europcar, as the overhead costs of e-commerce sales are minimal and the reservations process requires less administration than conventional reservation methods. See "Risk Factors — Risks Related to Our Business". Europcar uses its websites to both inform and serve its customers, providing online reservation systems and information about its services. Europcar accepts reservations from customers via its international and country-specific websites, as well as through Internet micro-sites accessible by Europcar's business house customers. Europcar's websites have grown significantly in importance as a reservations channel in recent years.

E-commerce sales have been a key focus for Europcar over the past three years, and, as illustrated in the following table, reservations through the internet have increased from 4% of total Europcar Network reservations (recorded on Europcar's reservations systems) for the year ended December 31, 2002 to 21% for the year ended December 31, 2006. While online reservations increase competitive pressure in the industry due to the price transparency they also incur lower costs than traditional distribution channels.



Note: The above figures may be subject to rounding.

Third-party travel websites have also grown in importance to Europcar as a reservations channel. Europcar is currently partnered with several of the leading internet travel portals, which provide three distinct marketing advantages. First, the global reach of travel portals complements the geographic diversity of the Europcar Network and broadens the Europcar Network's potential customer base. Second, the travel portals' marketing approach of bundling car rental services with other services such as airline or train travel and hotel accommodations offers Europcar the opportunity to implement dynamic pricing strategies responsive to short-term trends in vehicle supply and demand at specific locations. Lastly, Europcar is able to benefit indirectly from the travel portals' associations with airlines that are not yet Europcar Network partners.

Fleet Composition, Acquisition and Management

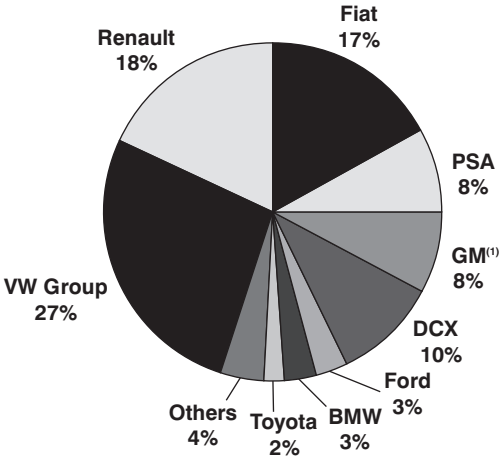
Fleet Composition

Europcar's fleet is sourced from a number of manufacturers, including Volkswagen (with the brands VW, Audi, Seat and Skoda), Renault, Fiat, Peugeot, General Motors, DaimlerChrysler, Ford, BMW and Toyota. Volkswagen AG has historically been Europcar's largest supplier of vehicles. During the year ended December 31, 2006, approximately 27% of Europcar's fleet was acquired from the Volkswagen group, 18% from Renault, 17% from Fiat and the remaining 38% from other manufacturers.

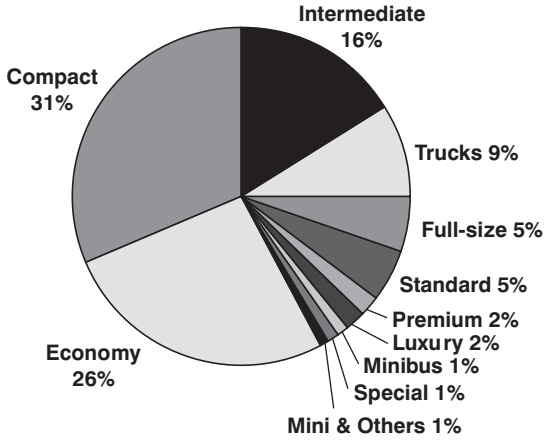
Europcar's fleet consists of eleven main vehicle categories, based on general industry standards — mini, economy, compact, intermediate, standard, full-size, premium, luxury, mini-vans, other vehicles (trucks and convertibles) and motor homes. The diversity of Europcar's fleet allows it to meet the rental demands of a broad range of customers. Over the past several years, the composition of the fleet by vehicle category has varied in response to efforts by vehicle manufacturers to sell a higher proportion of larger vehicles to rental car companies, notwithstanding an increasing demand by customers for smaller cars. See "Industry Overview".

The charts below illustrate the diversity of Europcar's fleet, both in terms of deliveries by manufacturer and vehicle category (expressed as a percentage of Europcar's average fleet) for the year ended December 31, 2006. See "— Our Strengths — Leading Market Position in Europe with Scale and Global Reach".

Fleet Deliveries by Brand, year ended December 31, 2006



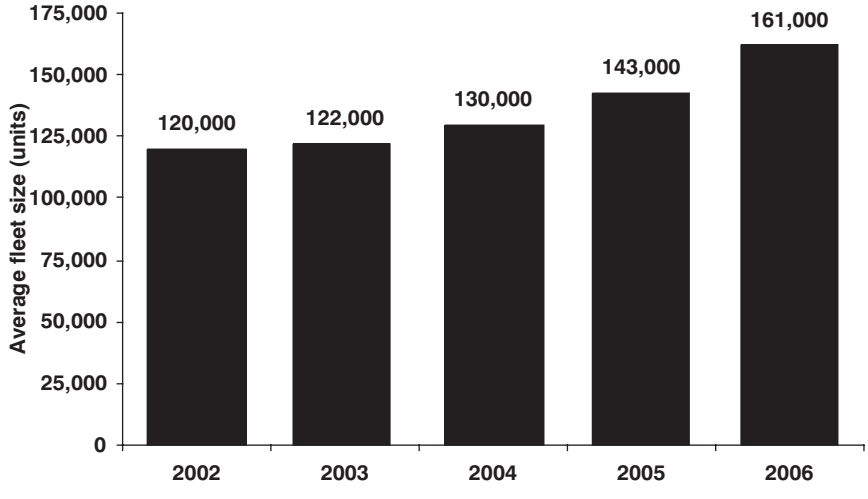
Average Fleet by Category, year ended December 31, 2006



(1) Opel unit

We believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry. Vehicles are either directly acquired from the manufacturers by the operating subsidiaries in the ECI Corporate Countries, or acquired through the SecuritiFleet financing program and leased to Europcar's operating subsidiaries. See "— Acquisition and Resale of Fleet" below. During the year ended December 31, 2006, Europcar operated an average rental fleet in Europe of approximately 161,081 leisure and utility vehicles, including vehicles sub-leased to Europcar's franchisees in the ECI Corporate Countries, and took delivery of approximately 261,946 vehicles. For the year ended December 31, 2006, Europcar's approximate average holding period was seven months for rental cars and fourteen months for rental vans. Unless otherwise indicated, the discussion in this section relates solely to the fleet operated by Europcar (including vehicles sub-leased by Europcar to franchisees in the ECI Corporate Countries), and not to the fleets independently owned (or leased from third parties) and operated by franchisees. Some of Europcar's sourcing agreements with manufacturers allow Europcar's franchisees to benefit from the terms and conditions of these agreements, including the repurchase provisions (for a discussion of repurchase programs, see "— Acquisition and Resale of Fleet" and "— Manufacturer Repurchase Programs" below).

The table below illustrates the evolution of Europcar's average fleet size for the years ended December 31, 2002 through 2006.



Note: Figures rounded to the nearest 1,000 units.

Acquisition and Resale of Fleet

Europcar acquires approximately 91% of its vehicles from 7 global vehicle manufacturers. Fleet sourcing and overall fleet planning processes are overseen by Europcar's fleet department, which negotiates Europcar's international fleet purchase contracts. Europcar currently has in place seven international contracts with five global manufacturers. The agreements define the acquisition and disposal terms (buy-back, leasing, or at risk) and the minimum and maximum number of vehicles and model mix to be acquired over the contract period. The fleet departments in each of the ECI Corporate Countries are responsible for negotiating national fleet acquisition contracts (including those implementing the terms of the international contracts), subject to approval of Europcar's fleet director.

In most cases, Europcar's national contracts with vehicle manufacturers cover a single calendar year of purchases and are re-negotiated on an annual basis starting in June of each year. However, Europcar currently has five three-year European contracts (one expiring end of 2007, 2 expiring end of 2008, 2 expiring end of 2009) in place with two of its suppliers for the purchase of vehicles covering all ECI Corporate Countries and certain franchisees, as well as two two-year contracts (expiring 2008) with Volkswagen AG for passenger cars in Germany and the UK. Europcar is actively seeking to enter into additional multi-year contracts with its suppliers, under which volumes, terms and conditions are agreed for the entire period, thereby securing sourcing of vehicles and holding-cost stability over the term of the contract. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Main Factors Affecting Cost" and "— Critical Accounting Policies and Estimates — Lessee Accounting for Fleet". In particular, Europcar is currently negotiating a general sourcing agreement with Volkswagen AG that has been confirmed by a letter of agreement with Volkswagen AG to provide for the sourcing of vehicles over the next three years at average three-year historical volume levels.

Out of the approximately 261,946 vehicles acquired by Europcar for the year ended December 31, 2006, approximately 6% were acquired via manufacturer leasing operations, pursuant to which the vehicles are returned at the end of the lease term.

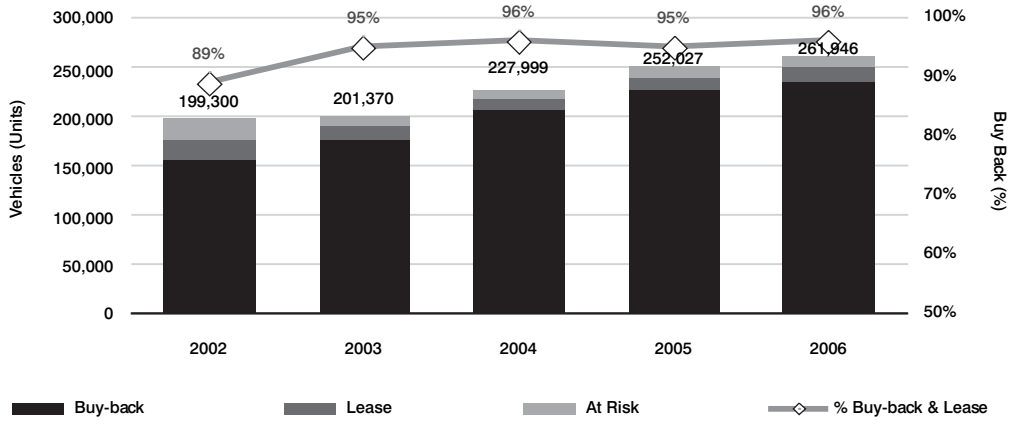
Manufacturer Repurchase Programs

Europcar, either directly or through securitization programs, acquires, subject to availability, a majority of its vehicles pursuant to various fleet repurchase programs established by the manufacturers. Under these contractual programs, Europcar agrees to acquire a given quantity of specific model vehicles exclusively for short-term rental use (*i.e.*, with a maximum rental period per customer of between 50 and 90 days), and the manufacturer (or, in certain cases, one or more of its dealers) agrees to repurchase the vehicles at a specified price during established repurchase periods, subject to specified car condition and mileage requirements. Vehicles purchased by car rental companies under repurchase programs are referred to as "buy-back" vehicles. Repurchase prices for buy-back vehicles are contractually based on either (i) a predetermined percentage of original vehicle price and the month in which the vehicle is repurchased or (ii) the original capitalized price less a set daily economic depreciation amount.

During the year ended December 31, 2006, approximately 96% of all vehicles acquired by Europcar (including the vehicles acquired by financing vehicles but excluding vehicles acquired via manufacturer leasing operators) were covered by repurchase programs with explicit or implicit buy-back provisions. Repurchase programs limit Europcar's potential residual risk with respect to vehicles purchased under the programs, allow Europcar to arrange financing on the basis of the agreed repurchase price and provide Europcar's fleet managers with flexibility to respond to changes in demand. See "— Fleet Management" below. In addition, the high percentage of buy-back and leased vehicles in Europcar's fleet permits Europcar to focus on its core business of renting vehicles and not on efforts to resell used vehicles. Europcar expects the number of vehicles covered by repurchase programs to decrease over the coming years as manufacturers limit the use of such programs. Since the number of vehicles covered by repurchase programs may decrease, Europcar is developing fleet operational productivity plans in order to increase fleet utilization and therefore reduce the number of total purchases. In addition, consistent with its objective of reducing fleet purchases, Europcar intends to slightly extend the holding period of the vehicles within limits set by manufacturers. Notwithstanding these actions, the number of risk vehicles may increase. See "Risk Factors — Risks Related to Our Business".

Europcar disposes of those vehicles not acquired pursuant to repurchase programs ("risk vehicles"), as well as buy-back vehicles that have for any reason become ineligible for manufacturer repurchase, such as vehicles that have been badly damaged in accidents, through a variety of disposition channels, including sales to wholesalers, brokered retail sales and auctions.

The following graph illustrates the respective percentages of vehicles acquired by Europcar, over the periods indicated, that were buy-back, leased, or risk vehicles.



Note: Based on vehicle deliveries in the GreenWay system. Figures are rounded to nearest 1,000 units.

Fleet Management

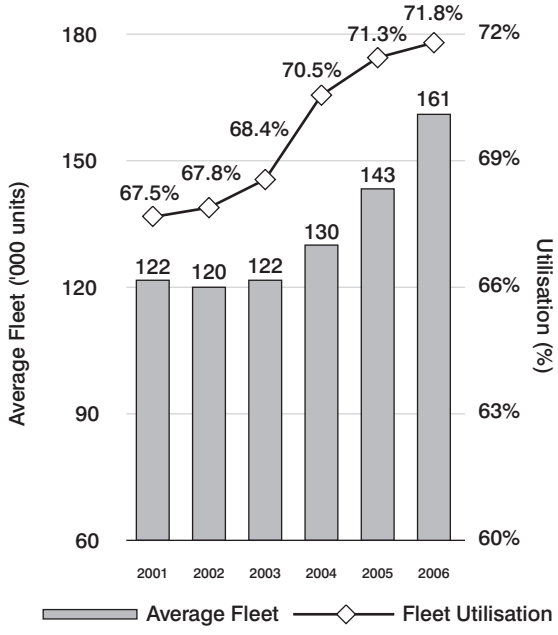
Europcar's central fleet department, supported by the local fleet departments in each of the ECI Corporate Countries, manages the overall fleet planning process. In addition to negotiating the acquisition of fleet vehicles from manufacturers, the fleet department is responsible for planning vehicle acquisitions and disposals, managing the process of vehicle in-fleeting and de-fleeting and auditing and controlling fleet utilization.

Europcar's fleet is managed to optimize costs, including economic depreciation, volume rebates, acquisition and disposal costs, taxes and financing costs, against a set of pre-defined needs and constraints, including marketing needs, maximum fleet movements (*i.e.*, the maximum quantity of vehicles that can be in-fleeted or de-fleeted during a given period) and maximum manufacturer concentrations. This process relies extensively on data collected and processed by Europcar's GreenWay IT system. See "— Technology — The GreenWay System — Fleet Applications".

Europcar is able to respond to seasonal fluctuations in demand through continuously optimized fleet management. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Seasonality". The size of fleet at peak is typically approximately 20% above the average fleet size for a given year. Europcar can alter its fleet size by adjusting acquisition plans or holding periods to meet both expected and unforeseen variations in demand. Through its flexible contracts with vehicle manufacturers, Europcar can increase its orders for vehicles in advance of the peak season, and use the flexibility of the holding periods, ranging from four to eight months to de-fleet the vehicles once the high demand subsides. Europcar is also able to react to peaks in demand at short notice by re-directing the delivery of new vehicles and is thus able to further optimize its fleet utilization rates.

We believe that Europcar is among the leaders in fleet utilization among the major European car rental companies, having successfully increased its fleet utilization rate from 67.5% in 2001 to 71.8% for the year ended December 31, 2006. Fleet utilization rates reflect the number of rental days per available days for the period from first in-service date of a vehicle to the vehicle's sale date. Although we believe that our fleet utilization rate is close to the maximum obtainable rate for the industry, we are nevertheless constantly exploring ways to improve it. Current initiatives to this end include focusing on reducing the time between receipt of the new car and first rental use of the vehicle, the time

between each rental and the time between last rental and disposal of the vehicle, as well as on improving the processes for accident and repair management.



Europcar operates central logistics centers for in-fleeting and de-fleeting of vehicles, including car parks at various locations, typically airports, in the ECI Corporate Countries. From these locations, vehicles are either transported by logistics companies or driven to the rental station where they are needed.

Maintenance

Europcar arranges for each vehicle to be inspected and cleaned at the end of every rental and to be serviced according to the manufacturer's recommendations. As a condition to the repurchase programs under which most of its fleet is acquired, Europcar must follow the maintenance specifications of the respective manufacturers in order to maintain the warranty and repurchase covenant on the vehicle. Europcar operates 23 vehicle maintenance centers at certain rental stations in the ECI Corporate Countries (excluding Germany and Italy, where maintenance and repair services are outsourced), providing maintenance and light repair facilities for Europcar's rental fleet. Collision damage and major repairs are generally performed by independent contractors.

In 2005, Europcar developed and introduced a new software application designed to improve the management of fleet servicing, accident repairs and buy-back reconditioning costs. The application, which functions as part of the "GreenWay" system, has already been rolled out in Belgium, Italy, Portugal and the UK, and is scheduled to be further improved and implemented in France, Germany and Spain in the second half of 2007.

Europcar operates its own petrol facilities in the majority of its major airport stations, while in most of the non-airport stations, Europcar uses the nearest public petrol station. Petrol sourcing is a local process, which largely depends on the proximity of the public petrol station to the rental location. A number of local petrol sourcing contracts are in place in order to optimize the petrol purchasing process.

Technology

Information processing and telecommunications are vital parts of the Europcar Network's geographically dispersed business activities and are planned, developed, implemented, operated and maintained by Europcar Information Services. As of December 31, 2006, ECI employed 178 full-time employees, on behalf of EIS and for whom EIS is invoiced, covering the international services. An additional 65 full-time employees worked in the IT departments of the operating subsidiaries in the ECI Corporate Countries, supporting local IT activities.

The GreenWay System

Europcar's systems and processes are built around the centralized "GreenWay" software application, which offers a comprehensive business solution in the areas of fleet management, reservations and global distribution systems, sales and marketing, rental operations, billing and invoicing. The proprietary system, introduced in 1993, is designed specifically for Europcar's vehicle rental business. GreenWay's current client-server configuration, which is based on a scalable architecture, is capable of supporting 30,000 check-outs and check-ins and 38,000 reservations per day. The full functionalities of the system are available in the seven ECI Corporate Countries, as well as in Switzerland and Austria. Certain Franchise Countries have access to Europcar's marketing, sales and reservation systems. On a yearly basis, the current capacity of the system allows Europcar to manage approximately 10 million invoices, credit notes and replacement invoices. In addition, over 150,000 vehicles are tracked by the system in order to analyze fleet activity. All intellectual property rights to the GreenWay system are held by EIS.

Europcar's GreenWay system, as well as its other main applications for accounting and reporting functions, data warehousing and analysis and internet reservations processing, run on a centralized hardware platform in Europcar's Datacentre located in Villepinte, France. The rental stations in the seven ECI Corporate Countries and in Switzerland are linked directly to Europcar's central Datacentre. Other rental stations throughout the Europcar Network are generally linked via private networks or secured public internet to Europcar's central reservation systems. The Villepinte facility will be replaced by two new datacenters in Aubervilliers and Clichy, France, which are expected to become fully operational by mid-2007.

Fleet Applications

Of Europcar's central applications, the fleet applications of GreenWay, which cover the whole lifecycle of a vehicle in the fleet, are at the heart of Europcar's business model. The fleet planning application is a sophisticated mathematical optimization system that evaluates the current fleet, taking into account marketing needs, holding costs and a comprehensive list of other constraints, such as maximum fleet movements or maximum manufacturer brand or model concentrations, to generate an optimized fleet plan, including fleet acquisition and disposal plans.

IT Security

Significant security measures are in place to ensure the security of Europcar's systems and applications. These measures are necessary due to the dispersed structure of the IT network, which is comparatively exposed due to the fact that all rental stations in the ECI Corporate Countries and a substantial portion of them in Franchise Countries, including easily accessible rental stations such as the ones in airports, have access to the central systems.

In an effort to prevent Europcar from suffering major data losses, EIS has a defined backup policy according to which the Datacentre is equipped with state of the art backup capabilities, including external storage, for particular functions. However, until mid-2007 Europcar will have no centralized backup system or disaster recovery site for its facility in Villepinte, and the loss of use of such facility would have a material adverse effect on Europcar's ability to carry on its day-to-day activities. See "Risk Factors — Risks Related to Our Business". In case of a telecom network outage, the rental stations are generally capable of running manual procedures autonomously, ensuring business continuity. Once the network connections are re-established, the GreenWay system is updated from the rental stations.

System Development

Europcar regards its IT structure as instrumental in implementing its corporate strategy and ultimately in achieving its productivity and performance targets. The centralized, in-house development of core applications by EIS is an important element of this strategy, resulting in timely enhancements to the systems and a high quality of the services for customers.

Europcar's significant investment in technology is intended to further enhance its ability to offer innovative and cost-effective services. All IT projects are centrally and continuously evaluated on a business needs basis. Technical projects, which are those aimed at establishing and securing the continuity of services, are given special attention. Business projects, which are those aimed at

maintaining and enhancing the systems' capabilities, are assessed with respect to the expected added value to the business, including, in particular, revenue growth, cost reduction and legal risk avoidance.

Risk Management

In the course of its operations, Europcar is exposed to three main categories of risk — motor third-party liability, damage to Europcar property and non-fleet related business liability.

A dedicated insurance and risk management expert at ECI level centrally manages Europcar's fleet insurance and related risk management processes in liaison with one employee in each ECI Corporate Country operating subsidiary.

Motor Third-Party Liability

Europcar is generally required by applicable financial responsibility laws to maintain insurance against legal liability for bodily injury (including death) or property damage to third parties arising from the operation of Europcar's vehicles in stipulated amounts. If vehicles cannot be insured, they cannot be put on the road. As a result, motor third-party liability cover is a vital factor for a car rental company.

Operations in France, Spain, the UK, Portugal and Belgium address third-party liability risk through Europcar's "Europrogramme". The structure of the Europrogramme varies according to the total damage per occurrence. Under the Europrogramme, ECI's operating subsidiaries in each participating country purchase the required third-party liability insurance from a local affiliate of American International Group, Inc. ("AIG"), and AIG, for damages of less than €500,000 (and without a total limit), reinsures the risks under such policies with Euroguard, a Gibraltar based cell captive insurer and reinsurer. Euroguard is a cell captive company in which Europcar holds a single cell. Each "cell" is a separate entity insuring and reinsuring separate classes and origins of business. The remaining cells are held by other major service and industrial groups, unrelated to Europcar. To mitigate Euroguard's exposure to large third-party liability losses, Europcar maintains excess insurance coverage with AIG against such losses to the extent they exceed €500,000 per occurrence. The maximum coverage per occurrence provided under such excess insurance policies is no less than €50 million and in certain countries can reach €100 million or more (where required by local law). For the year ended December 31, 2006, the expected aggregate amount of losses retained by Europcar under the Europrogramme was approximately €34 million. The insurance policies forming the component parts of the Europrogramme were renewed on January 1, 2007 on terms which are comparable to those for 2006.

Germany and Italy are not covered under the Europrogramme. In Germany, a program has been in place with HDI since April 1999, which was renewed for a further two years in April 2007 until March 31, 2009. The program with HDI provides coverage of €100 million per occurrence, with a loss retention by Europcar for all claims below a certain threshold. The financing of this insurance program reflects the underlying risk: half of the risk is covered by the insurance premium while the other half of that risk remains with Europcar Germany, which insures that risk for itself. In Italy, Milano Assicurazioni has been providing motor third-party insurance since January 2002. The policy was extended for a further three-year period in January 2005, and provides coverage of €25 million per occurrence, and a loss retention by Europcar based on the expected aggregate losses. The aggregate amounts of losses retained by Europcar pursuant to its insurance policies in respect of its German and Italian operations for the year ended December 31, 2006 were approximately €28 million in Germany and €8 million in Italy.

For the year ended December 31, 2006 Europcar's total cost for covering its motor third party liability risk was approximately €121 million, including €51 million for the Europrogramme. Fleet liability insurance premiums, expressed on a comparable basis (*i.e.*, per rental days) have evolved in the past both downwards and upwards, reflecting the underlying claims trends and the economic environment at a given point in time. These two factors are expected to continue to be the driving factors with respect to insurance premiums in the future. Accordingly, there can be no assurance that Europcar's insurance premiums will not increase in the following years, especially in countries where the insurance policies entered into by Europcar are not profitable for insurance companies. See "Risk Factors — Risks Related to Our Business" and "Litigation and Arbitration — Motor Third-Party Liability Claims Covered by the Europcar Group's Insurance".

Bodily injury sustained by a driver owing to his or her own negligence is not covered under Europcar's third-party liability policies, since the driver is never a third party with respect to him- or herself. In such cases, customers can obtain coverage either via their own personal accident insurance or by the optional "personal accident insurance" coverage available at the rental counter in certain ECI Corporate Countries. Europcar's "personal accident insurance" product is underwritten by third party insurers, and does not create additional exposure for Europcar. Bodily injury inflicted by the fault of another vehicle or driver would, in theory, be covered by that driver or, more usually, by his or her motor third-party insurance.

Damage to Europcar's Property

With a few exceptions in certain jurisdictions in which it operates, Europcar bears the risk of damage to its fleet, as the cost of insurance against fleet damage and theft, viewed over the long term, can be expected, in the view of Europcar, to equal or exceed expected losses. Europcar's rental contracts typically provide that the renter is, subject to certain exceptions, responsible for damage to or loss (including loss through theft) of rented vehicles. Europcar generally offers ancillary rental products such as collision damage waivers and theft waivers, under which Europcar waives or limits its right to make a claim for such damage or loss. To the extent a customer purchases such a waiver, Europcar retains the risk of such damage or loss.

Collision damage costs and the costs of stolen or unaccounted-for vehicles, along with other damage to Europcar's property, are charged to expense as incurred. For the year ended December 31, 2006, charges related to fleet damage and loss or theft, net of recoveries, were approximately €115.4 million.

Other Risks

To manage other risks associated with Europcar's business, or to comply with applicable law, Europcar has purchased other types of insurance carried by business organizations, such as worker's compensation and employer's and general liability, commercial crime and fidelity and directors' and officers' liability insurance, from unaffiliated insurance companies in amounts deemed by Europcar to be adequate in light of the respective hazards, where such coverage is obtainable on commercially reasonable terms. In certain cases historically, such insurance was obtained under policies procured by the Volkswagen Group. As of June 1, 2006, new policies were taken out and/or the insured sums of existing policies were increased in order to take into account the lapse of policies procured by the Volkswagen Group. The resulting cost was well within the amounts initially forecast by Europcar.

Litigation and Arbitration

In the ordinary course of its business, Europcar is party to, or may become party to, a certain number of legal, administrative or arbitration proceedings.

Provisions are only made against the charges that might result from these proceedings once such proceedings are probable and their amount may be either quantified or estimated, on a case-by-case basis, within a reasonable range. In the latter case, the amount to be provisioned is determined, on a case-by-case basis, based on the best estimate possible.

The provisions made are also based, in each case, on an evaluation of the relevant level of risk and do not primarily depend on the status of the relevant proceedings progress. However, events that occur during a proceeding may nevertheless lead to a re-evaluation of the risk.

Other than the proceedings described below, Europcar is not party to any legal, administrative or arbitration proceedings that could reasonably be expected to have a material adverse effect on its profits, business or consolidated financial situation. To Europcar's knowledge, no legal, administrative or arbitration proceeding of this nature poses a threat to Europcar.

Commercial Proceedings

Ryanair / Murrays / Europcar UK

In October 1998, Ryanair Limited and Ryanair Direct Limited (collectively, "Ryanair"), brought a claim before the High Court of Ireland against Murrays Rent-a-Car, Europcar's franchisee based in Ireland ("Murrays"), and Europcar (UK) Limited ("Europcar UK"). Ryanair alleges that Europcar UK

and Murrays failed to comply with their obligation, pursuant to a 1996 partnership agreement, to provide competitive pricing with respect to certain vehicle rental services offered to Ryanair customers. Ryanair seeks approximately €2.7 million plus attorney's fees and interest from Europcar UK and Murrays under a theory of joint and several liability. On December 20, 2001, Europcar UK, contesting Ryanair's allegations, filed a counterclaim. The claim from Ryanair against Europcar UK was struck down by the Court in Ireland in December 2006 because Ryanair did not comply with the request for discovery made by Europcar UK, despite several peremptory orders made by the High Court. As of the date of this Offering Memorandum, the other claim against Murrays and the different counterclaims from both Ryanair and Murrays are still pending. Europcar UK has provisioned its accounts with respect to the claim initiated by Ryanair.

MB Car Rental / Europcar Spain

Europcar I.B. S.A. ("Europcar Spain") is party to a dispute with M.B. Car Rental, S.A. ("MB Car Rental"), the Europcar Network's former franchisee in Spain, regarding Europcar Spain's termination of the franchise agreement entered into with MB Car Rental. On October 18, 1996, the Spanish trial court ordered Europcar Spain to pay MB Car Rental approximately €1.8 million in damages plus interest and attorney's fees. Europcar Spain paid the required amount and unsuccessfully appealed the trial court's decision. Europcar Spain subsequently appealed the court of appeal's decision to the Spanish Supreme Court. As of the date of this Offering Memorandum, the Supreme Court's decision is still pending.

Intellectual Property Proceedings

Localiza / Europcar

ECI is party to a trademark dispute in Brazil with Localiza Rent-a-Car SA ("Localiza"), a Brazilian vehicle rental company. Localiza alleges that (i) Europcar's logos infringe on Localiza's logo; and (ii) certain of Europcar's trademarks are invalid. In respect of the first claim, Localiza initiated a lawsuit against ECI and a separate lawsuit against ECI's sub-franchisees in Brazil. In both lawsuits, the Brazilian court rejected Localiza's request for an injunction, denied all Localiza's claims and ordered the payment by Localiza of court costs and attorneys' fees. Localiza lodged an appeal against these decisions and at the date of this Offering Memorandum, the court's decision on the appeal is pending. In respect of the second claim, the court rejected Localiza's request for a preliminary injunction. No appeal has been lodged by Localiza against the decision denying the preliminary injunction request and the deadline for such appeal has expired. The court's decision on the merits is pending. Although the amounts that Localiza claims are immaterial, if the claims are resolved in Localiza's favor, Europcar could be prevented from using certain of its trademarks and logos in Brazil. Europcar has not made any provision in its accounts with respect to these claims.

Tax-Related Proceedings

Italian Tax Authorities / Europcar Italy

From October 2002 until December 2002, the Italian tax authorities (*Guardia di Finanza*) conducted a tax investigation at Europcar Italia SpA ("Europcar Italy") head offices. Following this investigation, the *Guardia di Finanza* issued a report under which various service supply agreements entered into with Europcar Italy's commercial partners between 1999 and 2002 were recharacterized as commercial agency agreements. On the basis of this recharacterization, the *Guardia di Finanza* declared in a formal tax audit report that Europcar Italy was required to pay additional VAT and withholding taxes equal to approximately €3.3 million.

Following this tax review, the Italian tax authorities handed down a further opinion which re-assessed the tax liability for those years in an amount of €4.6 million.

Europcar Italy appealed this decision and considers its claim to be well founded. In particular, it based its appeal on the exact nature of the services carried out by the members of its network. Up until 1997, the Europcar network in Italy was made up of sales representatives. However, according to Europcar, the Italian organization ENASARCO, which is responsible for recovering social charges in favor of such representatives, refused to recognize the Italian members of the Europcar network as sales representatives from the period of 1997 onwards. It noted in particular that the services rendered

by the network members did not conform to those services characteristic of sales representatives, which mainly consist of selling products and services on behalf of their principal.

According to Europcar Italy, in addition to the objections lodged by ENASARCO, the economics of the car rental industry have been marked by the increased centralization of orders and accordingly the negotiation of direct contracts between Europcar Italy and its clients. In light of this trend, Europcar Italy has decided to put in place a network of contracts for the provision of services in the context of "partnerships" rather than on the basis of agency agreements. Europcar does not record provisions in its accounts under this type of structure.

The tax litigation has not yet been heard by the Italian Tax Court and at the date of this Offering Memorandum we do not know when the hearing may be scheduled. Notwithstanding the pending suit, the Company has been required to pay to the tax authorities an amount equal to €1,892,301.59 (representing half of the amount of the assessed taxes, plus interest). Given the amount involved and the lack of a final judgment, the Company has asked the Italian tax authority about the possibility of paying the amount in 60 (sixty) installments; for this purpose the Company will obtain a bank fiduciary guarantee covering the required amount. The Company has also filed an appeal with the Rome Tax Commission to suspend the payment pending a judgment in the first instance, but as of the date of this Offering Memorandum the Rome Tax Commission has not made a decision regarding the suspension.

Italian tax authorities / Consorzi Manital and Europcar Italy

Europcar Italy is a member of the Italian consortium Manital ("Manital") the object of which since September 11, 2000 is the integrated management of property services and office activity. Europcar Italy's share in the Manital consortium is approximately 0.38%. In the context of a tax audit carried out at the headquarters of Manital by the *Guardia di Finanza,* the Italian tax authorities undertook a review of certain matters related to Europcar Italy. In the course of this review, the Italian tax authorities notified Europcar Italy on December 1, 2005 of a tax reassessment of approximately €1 million, in particular for non-payment of VAT over the course of 2000 to 2002. Europcar Italy sought redress with the Rome tax commission in January 2006 on the basis that its position was based on the law. Accordingly no provision has been made in ECI's accounts for this tax reassessment. As of the date of this Offering Memorandum, the pending tax litigation has not been decided by the Tax Court.

Italian Fines

On January 19, 2007, Europcar Italy received notification of 26 "*cartelle esattoriali*" requesting the payment, within the legal deadline of 60 days, of more than 4,000 fines for traffic infractions for a total value of €700,000. All the cases relate to events which occurred in 2002. The statute of limitations for enforcing such fines is 5 years. Each fine has been checked to verify consistency and circumstances. After checking, the final total amount of fines that will be paid €332,000.

To date, the Company has received notifications for 2002 and part of 2003. Europcar Italy may still receive notices for the remainder of 2003 and 2004. From 2005, Europcar Italy changed its procedures for handling fines and does not expect further notifications.

French tax authorities / SecuritiFleet and Parcoto

ECI has been the subject of a tax audit in respect of business tax ("*taxe professionnelle*") and has been notified of tax assessments in an aggregate amount of €465,000.

Two of Europcar's subsidiaries, SecuritiFleet and Parcoto, were the subject of a tax audit from September 2006 to December 2006 primarily concerning the tax on vehicles ("*Taxe différentielle sur les véhicules à moteur*" or "*Vignette*"). In December 2006 SecuritiFleet received a tax reassessment notice for €2,872,242 plus €441,960 in interest, and Parcoto received a tax reassessment notice for €7,139,177 plus €979,842 in interest. In all these cases Europcar France, SecuritiFleet and Parcoto have (i) challenged the relevant tax reassessment and (ii) notified Volkswagen AG of their intention to claim under the terms of the SSTA. However, the amounts claimed have been fully provided for in the 2006 ECI Consolidated Financial Statements.

German tax authorities / HDI

In connection with the insurance program to which Europcar Autovermietung GmbH ("Europcar Germany") is a party along with HDI (see "— Risk Management — Motor Third-Party Liability"), Europcar Germany is contesting, together with Volkswagen AG, a recent change in the tax treatment by the German tax authorities of insurance arrangements such as those with HDI. See "Risk Factors — Risks Related to the Rental Car Industry — Changes in governmental laws or regulations could adversely affect our business or subject us to liability for fines or damages". As of the date of this Offering Memorandum, the proceedings are pending and Europcar Germany has not made any provision in its accounts with respect to previous periods since Volkswagen AG has agreed to bear the cost pursuant to the SSTA.

Motor Third-Party Liability Claims Covered by the Europcar Group's Insurance

Third-Party Vehicle Passengers / Europcar Italy

Europcar Italy is currently the defendant in four civil actions for damages resulting from three car accidents involving, in each case, a car that was rented from Europcar Italy's fleet. In all three of the claims, Europcar Italy was sued under a theory of joint and several liability because Europcar Italy owned the car that allegedly caused the accident. The relevant plaintiffs also seek damages from (i) the individuals driving the cars, in two of the cases; and (ii) Europcar Italy's insurance company under a theory of joint and several liability, in all of the cases. A passenger who was traveling in a car involved in the first accident and who was severely and permanently injured during the accident filed the first suit in 2003. This passenger seeks approximately €6 million in damages and interest. The heir of two passengers who were involved in the same accident filed the second suit in 2004. The heir of the two passengers seeks damages and interest, the amount of which has yet to be determined as of the date of this Offering Memorandum. The two cases above were merged. At a hearing on April 12, 2007, the court appointed an expert to conduct a medical examination. The third procedure relates to a second car accident in which a passenger who was traveling in a car rented from Europcar Italy died. The heirs of the deceased passenger brought a civil claim against Europcar Italy in 2005 seeking approximately €1 million in damages. The Italian courts merged all three cases. At a hearing on January 25, 2007 the parties presented their conclusions to the court, following which the parties have an 80 day delay to file final briefs. As of the date of this Offering Memorandum, the decision is pending. The fourth procedure relates to a third car accident in which the passenger of a car rented from Europcar Italy suffered extensive injury. The passenger brought a civil claim against Europcar Italy in 2006 seeking approximately €3.5 million in damages. The proceedings have been adjourned until May 31, 2007. As of the date of this Offering Memorandum, this claim is unresolved. Europcar Italy's motor third party liability insurance policies fully cover the amounts claimed in each of these four cases, subject to a deductible of €50 with respect to each claim.

Real Estate Related Proceedings

Immobiliare / Europcar Italy

Europcar Italy is party to a civil claim brought on May 3, 2005, by Immobiliare Nerva Srl ("Immobiliare"), the landlord for Europcar Italy's administrative offices in Rome. Immobiliare alleges that Europcar Italy owes unpaid rent and reimbursement for certain renovations that Immobiliare carried out on the rented property pursuant to its lease agreement and seeks damages of approximately €3.7 million. On October 7, 2005, Europcar Italy filed a counterclaim for approximately €1.5 million on the grounds that Immobiliare must either pay a contractual penalty or damages for delays in the execution of its contractual performance and additional damages for non-compliance with its obligation to make certain renovations on the rented property. Pursuant to a sublease agreement dated January 3, 2005, entered into between Europcar Italy and Europcar Lease Srl ("Europcar Lease"), a Volkswagen Group entity, and relating to the premises rented by Europcar Italy from Immobiliare, Europcar Lease undertook to contribute its *pro rata* share (according to the proportion of the premises' total rent that is paid by Europcar Lease) of any damages and attorney's fees incurred by Europcar Italy in connection with the Immobiliare proceedings. The proceedings have been adjourned until May 2, 2007. As of the date of this Offering Memorandum, the decision is pending. As of the date of this Offering Memorandum, Europcar Italy has not made any provision in its accounts with respect to this claim.

Data Protection Proceedings

Europcar Spain

On March 25, 2007, the Spanish Data Protection Agency notified Europcar Spain that it intended to initiate an administrative procedure against Europcar Spain based on the results of an inspection conducted in 2006. As of the date of the Offering Memorandum, the Data Protection Agency has not indicated whether it would seek to impose sanctions and, if so, the amount of the sanctions it would seek to impose. If the outcome of the administrative procedure is not favorable to Europcar Spain, we will seek recourse in a judicial procedure.

Property, Plant and Equipment

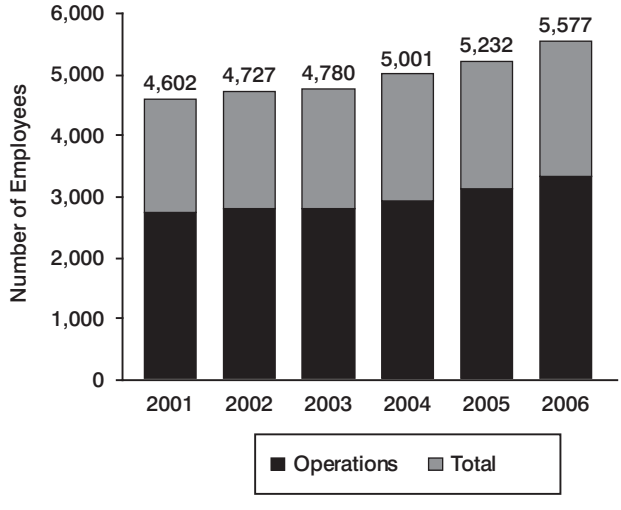
Europcar maintains its headquarters in a leased facility in Saint-Quentin-en-Yvelines, France. Europcar also operates headquarters, sales offices and service facilities in each of the ECI Corporate Countries.

Europcar's 673 corporate-operated rental stations are primarily located at or near airports or train stations and in central business districts and suburban areas throughout the ECI Corporate Countries. Europcar leases or operates the majority of these rental stations under concessions from governmental authorities and leases from private entities. Those leases and concession agreements typically require the payment of rents or minimum concession fees and, in certain countries, require the relevant Europcar entities to pay or reimburse operating expenses, to pay additional rent, or concession fees above guaranteed minimums, based on a percentage of revenues or sales arising at the relevant premises.

Additionally, Europcar operates a number of oil tanks and car wash facilities at its rental stations throughout the Europcar Group. See "Governmental Regulation and Environmental Matters — Environmental".

Employees

As of December 31, 2006, ECI and its consolidated subsidiaries had an average full-time equivalent headcount of approximately 5,577 persons. Europcar's workforce on a full-time equivalent basis has grown alongside growing sales but at a slower rate. Europcar distinguishes between operations staff and total staff. Operations staff includes the total number of employees based at Europcar's corporate-operated rental locations and "implant" stations at customer premises, while total headcount includes all corporate staff including those at central and regional headquarters. The chart below illustrates the evolution of Europcar's workforce on a full-time-equivalent basis over the past five years.



Note: Number of workers reflects the average full-time equivalent headcount during the periods shown.

Europcar's employees are located throughout Europe in each ECI Corporate Country, with an average of 326 employees based in Guyancourt, France (of whom 181 work for EIS, 125 work for ECI and 21 work for EGSA). Excluding these headquarters and EIS employees, the largest ECI Corporate Country in terms of employees is Germany, followed closely by France, reflecting the relative

percentage of revenues generated in these countries. The tables below show the breakdown of total and operational employees, on a full-time-equivalent basis, by ECI Corporate Country for the years ended December 31, 2004, 2005 and 2006.

Total Employees For the years ended:	Germany	France	UK	Italy	Spain	Portugal	Belgium	Keddy	Ultramar	ECI/ EIS	Group
2004	28.7%	25.4%	12.6%	6.5%	13.1%	6.4%	1.3%	n/a	n/a	5.9%	n/a
2005	28.0%	25.4%	12.2%	6.8%	14.1%	6.1%	1.3%	n/a	n/a	5.5%	n/a
2006	27.1%	25.5%	11.9%	7.0%	14.1%	5.7%	1.2%	0.5%	1.2%	5.7%	0.1%

Operational Employees For the years ended:	Germany	France	UK	Italy	Spain	Portugal	Belgium	Keddy	Ultramar
2004	34.1%	30.3%	10.3%	3.0%	14.5%	6.8%	1.0%	n/a	n/a
2005	32.9%	30.3%	10.8%	3.2%	15.6%	6.3%	1.0%	n/a	n/a
2006	31.6%	30.2%	10.7%	3.4%	15.5%	5.7%	0.9%	0.4%	1.6%

Note: Excludes employees of ECI and EIS

Europcar also employs a substantial number of temporary workers, and engages outside services, as is customary in the industry, principally for the movement of the rental fleet between locations. Europcar actively uses temporary workers to manage the seasonal nature of demand and to bridge peak demands in the market. The use of temporary workers allows Europcar to manage operational logistics effectively across a large geographical reach, and to service its customers where the demand lies.

Because car rental is a service business, employees are critical to Europcar's success and constitute a substantial percentage of its costs. Europcar places considerable importance on retaining staff that have a high customer-service orientation and follows the guiding principle of "hiring for attitude and training for skill". This strong customer service orientation has been acknowledged by the industry, with Europcar repeatedly receiving a number of international awards in this area in the past years.

Training

Europcar fosters the long-term career development of its employees through specialized training programs in each of the ECI Corporate Countries. These programs are designed to provide employees with proficiencies and know-how unique to the car rental business (such as fleet management and rental operations) as well as to aid in the development of customer service, marketing and sales skills and foreign language proficiency. In addition to in-house and outsourced training programs, Europcar also offers e-training to its employees.

Labor Relations

Employees are covered by a wide variety of union contracts and governmental regulations affecting, among other things, job classification and compensation, job retention rights and pensions, depending on the country in which they work. Trade union representation and works' councils are organized on a country-by-country basis in line with local regulations. Employee representatives are elected for ECI and for the operating subsidiaries in France, Germany and Spain. In Italy, an employee representative is appointed by the trade union. There are no employee representatives at the operating subsidiaries in the UK and Portugal. Following the acquisition of Keddy (see "— The Europcar Network — ECI Corporate Countries"), there is a personnel representative in Belgium.

Europcar meets with workers' unions at a national and European level. At national level, the meetings are held in line with the legal requirements of the respective country. Europcar holds a European Works Council meeting twice per year with representatives from the ECI Corporate Countries.

Europcar has had no work stoppage as a result of labor problems during the last 10 years.

VANGUARD'S BUSINESS

Vanguard serves the car rental needs of both corporate and leisure customers in Europe through a network of approximately 2,370[(2)] company-owned, franchised and licensed locations in 47 countries with an owned fleet of approximately 39,616 vehicles as of December 31, 2006. Vanguard believes it has a leading combined brand market share based on revenues in the United Kingdom, and operates in both airport and non-airport locations. For the year ended December 31, 2006, Vanguard generated consolidated turnover of £275.0 million (€403.4 million) and consolidated operating profit of £29.8 million (€43.7 million), in each case determined in accordance with UK GAAP; and employed approximately 3,073 persons (based on average monthly full-time equivalent headcount).

Vanguard operates principally under the National Car Rental and Alamo Rent A Car brands through a network of company-owned, franchised and agency locations. Vanguard estimates that its National and Alamo brands contributed approximately 98% of its 2006 rental revenues. During 2006, not including the rental activities of franchisees and licensees, Vanguard had approximately 11.8 million rental days with an average paid fleet of 41,812 vehicles.

The following table sets forth a breakdown Vanguard's company-owned and franchised locations (including licensed locations) of the National Car Rental and Alamo Rent A Car brands at December 31, 2006.

	Company-Owned Locations[(1)]		Franchised Locations[(1)]	
	National	Alamo	National	Alamo
EMEA[(2)]	188	188	1,026	968

(1) Numbers represent total locations where a brand is offered for daily-use rental and are greater than numbers of individual physical locations. This is because both brands may be offered in one physical location.

(2) EMEA company-owned locations include 21 dual branded licensed locations operated under agency agreement.

National Car Rental

National enjoys a leading market position in the car rental market in the United Kingdom serving both corporate and leisure customers. In particular, in the United Kingdom, Vanguard has exclusive or preferred provider status relationships with corporate and replacement car services, offering a high level of service in exchange for a high volume of business at pre-negotiated contract rates.

Alamo Rent A Car

Alamo, a value-oriented brand, is targeted to customers who seek the best value for their rental experience and primarily serves value conscious tour customers in-bound from the United States or originating in Europe.

The National and Alamo brands accounted for 98%, or approximately £250.3 million (€367.1 million), of Vanguard's rental revenues in 2006.

Guy Salmon

Vanguard also operates the Guy Salmon brand in the United Kingdom. Guy Salmon is a prestige lifestyle brand targeted primarily towards corporate and leisure customers seeking luxury and performance vehicles. The Guy Salmon brand generated approximately 2%, or approximately £5.7 million (€8.4 million), of Vanguard's rental revenues during 2006.

Vanguard's fleet consists primarily of low mileage vehicles that are typically operated for less than twelve months. Vanguard's vehicles are generally returned to the manufacturer as part of a repurchase program or sold through various channels, including auctions. Vanguard acquires its rental vehicles through fleet purchase agreements negotiated annually with the manufacturers, normally on either a model year or a calendar year basis. In addition to annual contracts, Vanguard will purchase vehicles offered by manufacturers on a spot basis as manufacturers seek to achieve sales targets.

(2) Numbers represent total locations where a brand is offered for daily-use rental and are greater than numbers of individual physical locations. This is because both brands may be offered in one physical location.

Sales and marketing

In the United Kingdom, Vanguard primarily focuses its National brand sales and marketing activities on the corporate and replacement car service segments of the market. Vanguard principally acquires these accounts through a dedicated sales force. Customers include a significant number of the largest companies in the United Kingdom as well as numerous small business and mid-size organizations. In the United Kingdom, Vanguard rents service vans on a temporary, as-needed basis to police forces and other corporate customers. Vanguard also operates Guy Salmon, a luxury brand primarily dedicated to the U.K. market serving the car rental needs of its premium customers.

In continental Europe where Vanguard has company-owned operations, Vanguard primarily focuses its Alamo brand sales and marketing activities on local and international tour operators, car rental brokers and retail travel agencies, with access to outbound U.S. travelers. Further, Vanguard has launched local language websites in France, Germany, Switzerland, Finland, Norway, Sweden, Belgium, Czech Republic, Italy and Israel which are customized for each country. In the Middle East and Africa, Vanguard utilizes joint ventures and franchises to service those markets. No one customer is responsible for 10% or more of Vanguard's sales, and its top ten customers represented approximately 27% of Vanguard's total rental revenues for the year ended December 31, 2006.

Distribution channels

In Continental Europe, Vanguard has two call centers in the United Kingdom and Germany which handle voice reservations.

In the United Kingdom, Vanguard's primary source of bookings is through corporate accounts that award Vanguard an exclusive or preferred provider status in exchange for a high level of service, including drop-off and pick-up. In continental Europe, Vanguard offers customers the ability to make reservations online or via telephone. Vanguard has an integrated reservations system that links reservations made online via telephone, email or fax to its consolidated European reservation processing system.

Fleet management, supply and disposition

Vanguard's current fleet management strategy is to hold vehicles for not more than twelve months, with the average fleet age being approximately three and a half months. In the United Kingdom, Vanguard also maintains a fleet of vans, for which its fleet management strategy is to hold vehicles for twelve to thirty-six months. Vanguard uses a proprietary system to track its rental fleet on a real time basis, which Vanguard believes improves its utilization.

Vanguard has acquired vehicles primarily through manufacturer repurchase programs. In the year ended December 31, 2006, approximately 83% of Vanguard's fleet was covered by manufacturer repurchase programs.

Vanguard purchases vehicles for its rental fleet from a number of different manufacturers, including GM, Ford and Peugeot, under contracts that determine pricing and delivery of fleet vehicles, the duration of which are approximately one year. Vehicles manufactured by GM, Peugeot and Ford constituted approximately 40%, 21% and 17%, respectively, of its total 2006 calendar year rental fleet vehicle acquisitions. As of December 31, 2006, approximately 83% of its purchased revenue earning vehicles in the fleet were program vehicles. The remainder of its purchased revenue earning vehicles (approximately 12% of the fleet as of December 31, 2006) were non-program vehicles or otherwise not eligible for return under manufacturer repurchase programs. In addition, as of December 31, 2006 vehicles under operating leases constituted approximately 5% of Vanguard's fleet.

As of December 31, 2006, for the 2004 and 2005 model years, a negligible number of Vanguard's repurchase program vehicles were not returned to the manufacturer or dealer under the applicable repurchase program. Vehicles that upon disposal were not returned to the manufacturer include vehicles that were stolen, salvaged or ineligible for return under the program, as well as vehicles that were sold outside of the program when a value greater than the repurchase price available from the manufacturer could be realized.

Franchising and Licensing

With the exception of 376 company-owned locations in the United Kingdom, Germany and Switzerland, Vanguard operates primarily through a total of approximately 1,994 franchised and licensed locations. Some of the franchised and licensed locations are dual-branded with local or regional brands being operated by Vanguard's franchisees and licensees at such locations. Vanguard operates through a national level franchisee in each of France, Spain, Italy, Ireland and Portugal, as well as other territories under a multi-year franchise agreement with expiration dates ranging from November 2006 through March 2019.

In addition to these franchise agreements, Vanguard has agency agreements with a small number of agents in the United Kingdom, Germany, and Switzerland where Vanguard supplies vehicles for such agents to operate on Vanguard's behalf.

Employees

For the year ended December 31, 2006, Vanguard employed approximately 3,073 persons (based on average monthly full-time equivalent headcount). It also employs a substantial number of temporary workers and engages outside services, principally for the non-revenue movement of rental cars and equipment between rental locations and within its facilities.

Management

Vanguard has an experienced senior management team based in the UK including the Managing Director who has been with the company for over 35 years. The central management structure is comprised of:

- an executive team;
- an international franchising director; and
- an executive sales and marketing director for National and Alamo sales and marketing groups.

In addition to the central management function in the UK, there is local operational management in Germany and Switzerland. Support functions are provided by Vanguard UK.

Properties

Vanguard leases most of its locations. These locations include rental and sales offices and rental and service facilities located on or near airports and in central business districts in major cities and suburban areas. Vanguard operates through approximately 376 company-owned locations.

Litigation

Vanguard Rental (UK) Limited is party to an arbitration proceeding initiated in November 2006 by UK Car Rental Limited for breach of contract relating to the provision of various rental vehicles by Vanguard Rental (UK) Limited to UK Car Rental Limited. UK Car Rental Limited is seeking approximately £1,000,000 in damages. Vanguard Rental (UK) Limited is contesting the claim and has not made any provision for liability in its accounts. As at the date of this Offering Memorandum, no arbitration hearing has yet been scheduled and this claim is unresolved.

Corporate Information

Vanguard Car Rental EMEA Holdings Limited is a private limited company incorporated on October 2, 2003 under the laws of England and Wales. It has an issued share capital of £200, divided into 200 shares of £1 each. Its registered office is located at James House, 55 Welford Road, Leicester LE2 7AR, United Kingdom.

GOVERNMENTAL REGULATION AND ENVIRONMENTAL MATTERS

Throughout the world, the operations of the Europcar Network are subject to numerous types of governmental controls, including those relating to prices and advertising, privacy and data protection, currency controls, labor matters, charge card operations, insurance, environmental protection, and licensing. Compliance with these regulations, which may differ greatly from country to country, is generally managed on a local level at each of Europcar's operating subsidiaries.

Environmental

The environmental legal and regulatory requirements applicable to Europcar's operations relate primarily to (i) the operation and maintenance of cars, trucks and other vehicles, such as buses and vans; (ii) the operation of tanks for the storage of petroleum products, including gasoline, diesel fuel and used oil; (iii) the use, storage and handling of various hazardous substances, including vehicle fuels and lubricants; (iv) the generation, storage, transportation and disposal of waste materials, including used oil, vehicle wash sludge, waste water and other hazardous substances; and (v) the ownership and operation of real estate where Europcar's activities take place. Europcar has made, and will continue to make, expenditures to comply with applicable environmental laws and regulations.

The use of cars and other vehicles is subject to various governmental requirements designed to limit environmental damage, including those caused by emissions and noise. Generally, these requirements are met by the manufacturer, except in the case of maintenance and equipment failure requiring repair by Europcar.

Environmental legislation and regulations and related administrative policies have changed rapidly in recent years and have generally become more stringent. It is likely that governmental environmental requirements, or the enforcement thereof, will become even more stringent in the future and will impose increased operating costs. Europcar may also become subject to legal proceedings brought by government agencies or private parties with respect to environmental matters. Accordingly, while we believe that Europcar is in substantial compliance with applicable requirements of environmental laws, there can be no assurance that maintaining compliance with such laws will not become more costly in the future or that Europcar's future environmental compliance costs and liabilities will not be material to ECI's consolidated financial position, results of operations or cash flows.

Europcar has obtained ISO 14001 certification for its environmental management systems in Spain and Italy.

Additionally, each operating subsidiary in the ECI Corporate Countries has established a compliance program for its tanks that is intended to ensure that the tanks are properly registered with the jurisdiction in which the tanks are located and have been either replaced or upgraded to meet applicable leak detection and spill, overfill and corrosion protection requirements. However, there can be no assurance that these tank systems will at all times remain free from undetected leaks or that the use of these tanks will not result in significant spills.

Data Protection

Europcar and its operating subsidiaries, like other companies subject to European Union regulation, are subject to increasing regulation relating to customer privacy and data protection. In general, Europcar is limited in the uses to which it may put data that it collects about renters, including the circumstances in which it may communicate with them. In addition, Europcar is generally obligated to take reasonable steps to protect customer data while it is in Europcar's possession. Failure to do so could subject Europcar to substantial legal liability or seriously damage its reputation.

MANAGEMENT

The Issuer

The Issuer, Europcar Groupe S.A., was formed as a *société par actions simplifée* in March 2006 in connection with the acquisition of ECI. It was reorganized on April 25, 2006 and is now a *société anonyme* incorporated under the laws of France. As such the Issuer is managed by its Board of Directors ("*Conseil d'administration*").

EGSA owns 100% of the share capital of ECI and the Equity Investors own 100% of EGSA (other than certain single shares required by law to be held by the Directors).

EGSA Board of Directors

EGSA is governed by its Board of Directors, who are responsible for its strategy and the development and oversight of its business and operations. In accordance with EGSA's by-laws, the Board of Directors is presided over by its Chairman ("*Président*"). EGSA's day-to-day management is supervised by its CEO ("*Directeur général*").

The members of EGSA's Board of Directors and its CEO, their age, date of appointment and expiration of term consist of the following:

	Age	Position	Expiry of term
Xavier Marin	49	Chairman of EGSA and Member of the Executive Board of Eurazeo	2012
Salvatore Catania	53	CEO of EGSA, President of ECI	2012
Patrick Sayer	49	Chief Executive Officer of Eurazeo	2012
Bruno Keller	52	Member of Executive Board and Chief Operating Officer of Eurazeo	2012
Philippe Audouin	50	Chief Financial Officer of Eurazeo	2012
Philippe Renauld	36	Investment Director of Eurazeo	2012

Additional directors and executive officers may be appointed from time to time.

Limitations on Management's Powers

The Board of Directors has established procedures to monitor the business activities of EGSA's management, subject to limitations on the ability to delegate to executive officers certain identified decisions (notably in excess of specified thresholds) which remain subject to approval by the Board of Directors.

Committees of the Board of Directors

As of the date of this Offering Memorandum, EGSA has established an audit committee composed of Philippe Audouin, Xavier Marin and Philippe Renauld, a nomination and remuneration committee composed of Bruno Keller and Xavier Marin, and a strategic committee composed of Patrick Sayer, Xavier Marin and Salvatore Catania. In accordance with EGSA's bylaws, the Board of Directors may from time to time establish, staff and delegate tasks to additional committees that will assist it in its duties.

Any committees established by the Board will not remove any powers from the Board of Directors itself, which has sole legal decision-making power. However, in its respective areas of responsibility, each committee may issue proposals, recommendations, opinions and/or reports, as the case may be, to the Board of Directors.

ECI

ECI was formed in 1949 and became a S.A.S.U. (*société par actions simplifiée unipersonnelle*) under the laws of France on June 3, 2004. ECI is managed under the supervision and direction of its President with the assistance and support of the Executive Committee.

ECI Management

The President and Executive Committee supervise the daily management of ECI wide functions, with clearly defined responsibilities for each member.

As of the date of this Offering Memorandum, the Executive Committee is composed of a chief executive officer, chief financial officer and chief operating officer. Additional executive officers may be appointed.

The table below sets out, as of the date of this Offering Memorandum, the members of ECI's Senior Management and Executive Committee and its executive officers, their age and their management position in ECI.

	Age	Position	Expiry of Term
Salvatore Catania	53	President	2009
Gerhard Noack	57	Chief Financial Officer	indefinite
Rafael Girona	44	Chief Operating Officer	indefinite

Salvatore Catania

Mr. Salvatore Catania was the Chief Executive Officer of ECI from January 2003 to May 31, 2006 and was appointed President on May 31, 2006. His responsibilities include the coordination of the ECI Corporate Countries as well as Europcar's auditing, communications, fleet and human resources functions. Since 1974 when he joined ECI, and before being appointed as Chief Executive Officer, Mr. Catania has held various positions within Europcar in Italy. In particular, from 1993 to 1994, Mr. Catania served as General Manager of Europcar Lease Srl, then from 1995 to 2003, his responsibilities as General Manager were extended to cover Europcar's Italian entities. Mr. Catania's appointment as President is in effect until May 30, 2009.

Mr. Catania, an Italian national, was born in 1953. He holds a high school diploma in chemistry.

Gerhard Noack

Mr. Gerhard Noack has been the Chief Financial Officer of ECI since 1999 and his responsibilities include monitoring Europcar's accounting, finance, controlling, insurance, legal affairs and treasury functions. Additionally, Mr. Noack has served as the president of Ultramar Cars SL, Europcar's joint venture with TUI AG, since December 18, 2004. Before joining ECI, Mr. Noack held various positions at Preussag AG and Volkswagen in France, Germany and abroad. In particular, from 1989 to 1994, Mr. Noack served at Volkswagen Financial Services AG as head of the controlling and accounting department of the international group and from 1994 to 1998, Mr. Noack was Managing Director of Volkswagen Financial Services (France).

Mr. Noack, a German national, was born in 1949. He holds a Masters Degree in Economics from the University of Göttingen.

Rafael Girona

Mr. Rafael Girona has been the Chief Operating Officer of ECI since 2001 and its Chief Information Officer since 2005. His responsibilities include monitoring Europcar's operations, IT, international reservation and data center, procedures and global quality services. Since joining ECI in 1987, Mr. Girona has held positions with Europcar Spain and Europcar France. In particular, Mr. Girona was director of operations of Europcar France from 1996 to 2001. He has also held other positions such as controller and regional director with Europcar Spain and Europcar France.

Mr. Girona, a Spanish national, was born in 1962. He holds a diploma in Sciences and has a professional qualification in controlling, management, quality, sales and managerial skills for international business from Insead in 2001.

Compensation and Benefits of Europcar Management

In October 2006 we established an executive compensation plan that includes share and warrant schemes that link compensation to the equity value of EGSA. To that effect, the management of Europcar has invested in Eureka Participation SAS, a company created for that purpose and which holds 0.43% of the share capital of EGSA. We will periodically review our executive compensation programs to ensure that they are competitive.

PRINCIPAL SHAREHOLDER

Shareholding

As a *société anonyme,* each of the Issuer's directors must, in accordance with French law, hold at least one share in the Issuer. Additionally, under applicable French law, as a *société anonyme*, the Issuer must have at least seven shareholders. In addition to the Issuer's six directors, each of whom holds the legal minimum of one share in the Issuer, Eurazeo and ECIP Europcar SARL, along with certain members of ECI management through Eureka Participation SAS, hold the remaining 99.99% of the Issuer's shares. See "Europcar Group — The Acquisition of Europcar".

ECIP Europcar Sàrl is a special purpose vehicle incorporated under the laws of Luxembourg for the purpose of investing in EGSA. ECIP Europcar Sàrl is a vehicle through which Eurazeo has syndicated a portion of its investment in Europcar to certain co-investors including Eurazeo Co-Investment Partners SCA, Sicar and Eurazeo Co-Investment Partners B SCA, Sicar.

As of the date of this Offering Memorandum, Eurazeo, ECIP Europcar Sàrl and Eureka Participation SAS are the only Equity Investors in the shares of the Issuer.

Voting Rights

All the shares of the Issuer are shares of the same class. Each share confers the right to one vote at the shareholders' meetings.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Shareholder Agreement

As of the date of this Offering Memorandum, Eurazeo has entered into a shareholders' agreement with ECIP Europcar Sàrl (the "ECIP Agreement") and with Eureka Participation SAS (the "Eureka Participation Agreement").

The ECIP Agreement provides that investors in EGSA through the ECIP Europcar Sàrl vehicle will not sell their shares in EGSA before June 30, 2013, subject to certain drag-along rights of Eurazeo and tag-along rights of ECIP Europcar Sàrl. Eurazeo or ECIP Europcar Sàrl may transfer their shares prior to June 30, 2013 to their respective affiliates. After June 30, 2013, Eurazeo will have a right of first refusal over any EGSA shares which ECIP Europcar Sàrl proposes to sell to a third party, for cash consideration only. In the event of an initial public offering of the shares of EGSA or ECI, Eurazeo and ECIP Europcar Sàrl will be treated pro rata or *pari passu*, as appropriate, in any offering by selling shareholders.

The Eureka Participation Agreement sets out certain provisions relating to corporate governance, including relating to the composition of the board of directors of EGSA and prior approval of certain decisions made by the EGSA board of directors. The Eureka Participation Agreement provides that Eureka Participation SAS will not sell its shares in EGSA before December 31, 2013, subject to certain drag-along rights of Eurazeo and tag-along rights of Eureka Participation SAS. In the event of an initial public offering of the shares of EGSA or ECI, Eurazeo and Eureka Participation SAS will be treated *pari passu* in any offering by selling shareholders. If EGSA should sell any of its shares in ECI for cash, Eureka Participation SAS would be entitled to an amount proportional to its holding in EGSA. Finally, the Eureka Participation Agreement contains provisions regarding the corporate governance of Eureka Participation SAS, any transfer of shares in Eureka Participation SAS, non-competition and anti-dilution.

DESCRIPTION OF OTHER INDEBTEDNESS

Bridge Facility

On February 28, 2007, the Issuer entered into a high yield bridge facility agreement (the "Bridge Financing") with, amongst others, CALYON, BNP Paribas, Deutsche Bank AG, London Branch and Société Générale in connection with the Vanguard Acquisition. The Issuer has borrowed €255 million under the Bridge Financing. The proceeds of this Offering will be used to repay the Bridge Financing.

Senior Credit Facilities

BNP Paribas, CALYON, Deutsche Bank AG, London Branch and Société Générale (the "Lenders" or the "Senior Asset Lenders" as the case may be) and certain of their affiliates have provided Senior Credit Facilities, including a Senior Revolving Credit Facility and a Senior Asset Financing Loan under credit agreements dated May 31, 2006.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility consists of a senior secured revolving credit facility providing for loan advances ("Advances") denominated in euro, or such other currencies as may be agreed upon with the Lenders, in a total aggregate principal amount of €350 million outstanding at any one time. The purpose of the facility is to provide funding for (i) financing advances to be made by a borrower to an SPE to contribute to the financing of fleet acquisition, (ii) working capital and general corporate purposes of Europcar, (iii) payment to an SPE pursuant to any operating lease or to any lessor under any take out permitted under the Senior Asset Financing Loan (a "Permitted Take-Out"), and (iv) interest payments due by EGSA or any other obligor pursuant to the Senior Asset Financing Loan, the Senior Revolving Credit Facility and the Notes offered hereby, and (v) repayment of inter-company loans.

Advances

Advances under the Senior Revolving Credit Facility are available to EGSA as original borrower and to ECI, Europcar Holding S.A.S., Europcar Autovermietung GmbH, Europcar Intl SA und Co. OHG, Europcar IB, Europcar France S.A.S., Europcar S.A., Europcar UK Limited, Parcoto Services S.a.r.l., Europcar IB SA, Europcar Information Services G.E.I.E. and Europcar Italia SpA as acceding borrowers (each a "Borrower"); *provided, however*, that after a period of 18 months following May 31, 2006, borrowings by EGSA under the facility will be limited to €50 million. Advances under the Senior Revolving Credit Facility in excess of €300 million are subject to certain conditions precedent. In addition, other subsidiaries may accede to the facility in the future. Advances will be made in euro, U.S. dollars, UK pounds sterling or such other currencies requested by the Borrowers as are agreed by the Agent provided that such currency is available and freely convertible into euro in the relevant interbank market on the relevant dates of quotation and utilization.

Advances are available by the Lenders to the Borrowers from time to time continuing to a date that is one month prior to Maturity, by way of either (i) cash advances, (ii) bank guarantees, letter of credit or other documentary credit up to €100 million, or (iii) ancillary facilities of up to certain specified amounts.

Interest

The interest rates per annum applicable to Advances under the Senior Revolving Credit Facility are based on EURIBOR (or "LIBOR" for drawings in currencies other than euro), plus a borrowing margin. The margin is 1.75% with respect to an Advance to any Borrower other than EGSA (subject to a margin ratchet determined by a specified leverage test) and 2.25% with respect to any Advance to EGSA.

Maturity; Repayments

The Senior Revolving Credit Facility will mature in April 2013 (the "Maturity"). Each Advance must be repaid on the last day of the interest period relating thereto, or otherwise rolled-over. Each Advance repaid (except pursuant to a mandatory prepayment), will thereafter be available for redrawing until one month prior to Maturity. All Advances must be repaid at Maturity.

Mandatory Prepayment

Subject to certain exceptions, the Senior Revolving Credit Facility is expected to be subject to mandatory prepayment and cancellation in full:

- on a change of control; or
- following any listing on a recognized stock exchange of, or the public sale of the ordinary shares of EGSA, if (i) any person or persons (acting in concert) acquires or controls more than one third of the ordinary shares of EGSA, or if (ii) Eurazeo ceases to be the largest single shareholder of EGSA; or
- on a disposal of all or substantially all of the assets or business of Europcar taken as a whole (other than pursuant to any Permitted Take-Out financing).

Cleandown

EGSA is required to ensure that the aggregate amounts of all Advances (excluding documentary credits issued under the Senior Revolving Credit Facility) (net of cash or cash equivalents of Europcar except where such cash or cash equivalents are not freely and readily available to an obligor or not freely available to be upstreamed to an obligor, in either case, to prepay the Senior Revolving Credit Facility) do not exceed €100 million for a period of five successive days (i) for the first time during the period from May 31, 2006 to the date falling 18 months following May 31, 2006 and (ii) at least once in each 12 month period thereafter. Not less than three months may elapse between any two cleandown periods.

Description of Guarantees

Subject to agreed limitations, all obligors under the Senior Revolving Credit Facility (excluding Europcar Information Services G.E.I.E) have guaranteed the outstanding amounts due under the Senior Revolving Credit Facility from time to time. Guarantees have been granted by the Issuer, ECI, Europcar Holding S.A.S., Europcar France S.A.S., Parcoto Services S.a.r.l., Europcar International S.A. & Co OHG, Europcar Autovermietung GmbH, Europcar IB, Europcar S.A., Europcar Italia SpA and Europcar UK Limited and may be granted by others.

Termination

Undrawn amounts under the Senior Revolving Credit Facility may be cancelled by the Borrowers at any time in whole or in part on five business days notice. Cancellation in part must be for certain specified minimum amounts.

Security

The Senior Revolving Credit Facility is secured, subject to certain security consideration principles, by a first ranking or, if the asset is already pledged in favor of the Senior Asset Financing Loan described below, a second ranking security interest in some of Europcar's assets. Assets securing the Senior Revolving Credit Facility include, in particular, trademarks, subsidiaries' shares, receivables under the buy-back agreements with the car manufacturers and under the operating leases with the SPEs, VAT receivables and bank account and business assets.

The Senior Revolving Credit Facility is secured on an effective first ranking basis by the shares of ECI that secure the Floating Rate Notes on an effective second ranking basis.

Fees

The Borrower will pay (i) fees on the unused term loan commitments of the Lenders, (ii) letter of credit participation fees on the amount of the contingent liability and other documentary credit fees, and (iii) other customary fees in respect of the Senior Revolving Credit Facility (including arrangement fees, ticking fees and agency fees).

Ranking

The Senior Revolving Credit Facility will rank *pari passu* with the Senior Asset Financing Loan in right of payment but second to the Senior Asset Financing Loan in respect of certain security granted

to the Senior Asset Lenders, and will rank senior to the Notes and any other subordinated indebtedness of each Borrower.

The Senior Revolving Credit Facility will rank *pari passu* with the hedging transactions in right of payment and security interest.

Financial covenant

The ratio of cash flow to total debt service shall at no time be less than 1.10:1.

Covenants

Subject to agreed exceptions, materiality tests, grace periods and carve-outs, covenants include in particular (but are not limited to) (i) a negative pledge undertaking in respect of assets of Europcar, (ii) restrictions on the granting of loans by Europcar Group members, (iii) a limitation on financial indebtedness, (iv) a limitation on the granting of guarantees, (v) a restriction on the payment of dividends, (vi) restrictions on disposals of assets, (vii) restrictions on mergers and joint ventures, and (viii) limitations on permitted acquisitions and investments.

Events of Default

The Senior Revolving Credit Facility contains, subject to agreed exceptions, materiality tests, grace periods and carve-outs, customary events of default including non-payment of principal, interest or fees, violation of covenants, material inaccuracy of representations or warranties, cross default and cross acceleration to certain other material indebtedness, certain bankruptcy events, material invalidity of guarantees or security interest and material judgments, occurrence of a material adverse event and loss of the tax consolidation benefit for Europcar.

Consent Solicitation

Having received the Requisite Consents, we have amended the Indentures to increase the amount that can be borrowed under the Senior Revolving Credit Facility to up to €350 million.

Vanguard's Existing Fleet Financing

In connection with the vehicle financing needs of Vanguard's European operations, Vanguard Ltd, Vanguard Rental (UK) Limited ("Vanguard UK"), and other subsidiaries of Vanguard Rental (Holdings) Limited ("Vanguard Limited Group) entered into the following:

- a vehicle finance facility of up to £200 million to finance the purchase of vehicles under certain master lease agreements between Capital Bank plc ("Capital") and certain of its affiliates and Vanguard UK (the "Capital Facility"). The Capital Facility includes a guarantee facility pursuant to which Capital guarantees to Lombard Leasing GmbH and to RBS Deutschland Leasing GmbH the obligations of Vanguard Autovermietung GmbH & Co KG ("Vanguard Germany") under the German Facility described below;
- a vehicle finance facility of up to £150 million to finance the purchase of vehicles under certain master lease agreements between Lombard North Central plc ("Lombard"), and Vanguard UK (the "Lombard Facility");
- a vehicle finance facility of up to £20 million to finance the purchase of vehicles under a master lease agreement between Alliance and Leicester Commercial Finance Plc ("A&L"), and Vanguard UK (the "Alliance and Leicester Facility"); and
- a multi-tranche, multi-currency vehicle finance facility of up to (i) £40 million and (ii) €10 million from Fortis Lease UK Limited ("Fortis"), to finance the purchase of vehicles by Vanguard Holdings Ltd (the "Fortis Facility" and together with the Capital Facility, the Lombard Facility, and the Alliance and Leicester Facility, the "European Vehicle Finance Facilities").

Vanguard Germany entered into a vehicle sale and leaseback master agreement with a volume of up to €95 million, provided that €80 million may be outstanding at any one time, for the sale and leaseback of vehicles to be purchased from manufacturers under certain purchase agreements between RBS Deutschland Leasing GmbH and Vanguard Germany (the "German Facility").

Vanguard leases vehicles under operating lease facilities which require Vanguard to provide normal maintenance and liability coverage. These operating lease facilities are for four to thirteen months and are generally concluded with manufacturers or manufacturer finance companies. The largest of the operating lease facilities in place is with Daimler Chrysler Services in the United Kingdom. This lease is provided in connection with a replacement vehicle program with DaimlerChrysler, whereby Vanguard supplies short term replacement vehicles to Mercedes Benz customers.

In addition to paying interest on the outstanding principal from time to time under the European Vehicle Finance Facilities, Vanguard UK is required to pay certain fees on the unused portion of the applicable European Vehicle Finance Facilities.

The borrowers' obligations under each of the European Vehicle Finance Facilities are secured by first priority liens (i) on the proceeds of the sale of such vehicles and (ii) on the relevant bank accounts into which such proceeds are paid, along with first ranking liens on all or substantially all assets of Vanguard UK. The priority of the claims of the vehicle financiers are governed by an intercreditor agreement between the Vehicle Financiers, Bank of Scotland, and certain members of the Vanguard Ltd Group. In addition, Vanguard Car Rental EMEA Holdings Limited (as creditor) and certain members of the Vanguard Ltd Group (as debtors) have agreed to subordinate certain intercompany loans to the obligations owed to the vehicle financiers under the European Vehicle Finance Facilities and to Bank of Scotland under the European working capital facility made available by Bank of Scotland to, among others, Vanguard UK.

The Capital Facility contains affirmative and negative covenants customary to this type of agreement, including the periodic delivery of financial information and the continued availability of the working capital facility and the Lombard Facility. The Lombard Facility contains affirmative and negative covenants customary to this type of agreement, including restrictions on the creation of security interests over Vanguard UK's assets, periodic delivery of financial information and maintenance of certain financial performance targets. The Alliance and Leicester Facility contains affirmative and negative covenants customary to this type of agreement, including restrictions on the creation of security interests over Vanguard UK's assets and the periodic delivery of financial information. The Fortis Facility contains affirmative and negative covenants customary to this type of agreement.

Each of the European Vehicle Finance Facilities contains events of default customary for these types of agreements, including non-payment, breaches of representations and warranties and undertakings, and insolvency related events, including where appropriate, cure periods. The Capital Facility and the Lombard Facility can be cancelled at the election of the relevant lender upon an event of default (which includes certain change of control events). An event of default under the Alliance and Leicester Facility allows A&L to suspend, withdraw or terminate the Alliance and Leicester Facility. An event of default under the Fortis Facility allows Fortis to demand repayment of utilizations made thereunder.

On December 31, 2006, £311 million was outstanding under Vanguard's capital lease facilities. In connection with the Vanguard Acquisition, the Europcar Group assumed Vanguard's fleet financing arrangements.

Senior Asset Financing Loan

The Senior Asset Financing Loan provides for aggregate maximum borrowings, from time to time, of up to €2,600 million until a date 18 months after May 31, 2006 (the "Back Stop Date") and thereafter to €2,900 million. Advances may be denominated in euro or UK pounds sterling, as may be agreed to by the Borrowers and the Senior Asset Lenders. The UK pounds sterling tranche was cancelled in October 2006. Advances will be subject to the borrowing base limit to be calculated for each month. The purpose of the advances made available on May 31, 2006 was to refinance existing indebtedness of Europcar and to finance payment of fees and costs under the finance documents. The purpose of the advances made available after May 31, 2006 is to finance a portion of the purchase price of new vehicles, to finance VAT payables and costs related to the purchase of new vehicles and to refinance existing advances by way of roll-over advances. The Issuer is not an obligor under the Senior Asset Financing Loan.

Interest

The interest rates per annum applicable to advances under the Senior Asset Financing Loan will be based upon EURIBOR (or LIBOR for an Advance to be denominated in UK pounds sterling) for 1 month interest periods or an overnight rate for shorter periods in respect of intra-month advances (the "Interest Periods") plus the Margin and mandatory costs (if any). Interest is to be paid on the last day of each Interest Period.

Margin

The margin will be 0.85% per annum (the "Margin") subject to the Margin Step-Up. As from the Back-Stop Date (and in the event of the extension of the Senior Asset Financing Loan), the Margin will increase by 0.45% (the "Margin Step-Up"). The Default Margin will be 1% above the Margin (the "Default Margin").

Maturity

The Senior Asset Financing Loan will mature on the Back Stop Date, or, in the event of an extension of the Loan, on the settlement date (i.e. the fifteenth day of a calendar month) immediately preceding the fifth anniversary of May 31, 2006 (the "Final Maturity Date"). Funds were made available by the Senior Asset Lenders to the Borrowers on May 31, 2006 and thereafter until the Back Stop Date, or in the event of an extension of the Loan, the Final Maturity Date ("Availability Period").

Mandatory Prepayment

Until the earliest of (i) the date on which at least 80% of the eligible vehicles are owned by the Special Purpose Entities ("SPEs") or (ii) the Back Stop Date, prepayment of the Senior Asset Financing Loan in full will be mandatory in the following circumstances:

(a) upon a change of control; or

(b) in case of the disposal of all or substantially all of the assets of Europcar (and to the extent, for avoidance of doubt, that such disposal is not made in relation with a Permitted Take-Out).

Partial Prepayment

If ECI (i) ceases to own directly or indirectly, legally and beneficially at least 50.1% of the ordinary issued share capital of any obligor (other than an SPE) or of a subsidiary of it related to an SPE or (ii) ceases to own directly or indirectly, legally and beneficially at least 50.1% of the voting rights of any obligor (other than an SPE) or of a subsidiary of it related to an SPE or (iii) loses the right to appoint (directly or indirectly) the majority of directors of the board of directors (or equivalent corporate body) of any obligor (other than an SPE) or of a subsidiary of it related to an SPE, such obligor shall immediately prepay all Advances drawn by it and all sums advanced to it under the Senior Asset Financing Loan to be applied to the reduction and *pro tanto* cancellation of the Senior Asset Financing Loan.

Permitted Take-Out

Subject to applicable law, the proceeds of any Permitted Take-Out with respect to any Borrower will be applied to the prepayment of all advances plus accrued and unpaid interest and all other amounts due to the Finance Parties and remaining unpaid under the Senior Asset Financing Loan by such Borrower. After repaying its own advances, the Borrower may (to the extent legally feasible and without suffering any adverse change in its tax position or the tax position of Europcar) apply the excess proceeds of the Permitted Take-Out to the repayment of advances made available to other Borrowers.

Guarantees

Subject to agreed limitations, all obligors under the Senior Asset Financing Loan have guaranteed the outstanding amounts due under the Senior Asset Financing Loan from time to time. Guarantees have been granted by ECI, Europcar Holding S.A.S., Europcar France S.A.S., Parcoto Services S.a.r.l, Europcar International S.A. & Co OHG, Europcar GmbH Autovermietung, Europcar Intl Aluguer de Automoveis S.A., Europcar IB, Europcar S.A., Europcar Italia SpA and Europcar UK Limited. In

addition, in connection with the Senior Asset Financing Loan, ECI may agree to issue guarantees for certain vehicle rental lease obligations and special purpose financing undertakings of members of Europcar to special purpose entities.

Security

The Senior Asset Financing Loan and the guarantees thereunder are secured, subject to certain security consideration principles, by security interests in substantially all of the tangible and intangible assets of ECI and each borrower and each guarantor, including pledges of all the capital stock of all direct subsidiaries owned by ECI and each borrower and guarantor, assignment of receivables under the buy-back agreements with the car manufacturers, assignment of operating lease and intra-group receivables, assignment of VAT receivables and pledges over bank accounts and business assets.

Ranking

The Senior Asset Financing Loan ranks senior to the Senior Revolving Credit Facility and the hedging arrangements as far as the security interests are concerned and ahead of the Notes and any subordinated financing of each Borrower.

Covenants

Subject to agreed exceptions, materiality tests, grace periods and carve-outs, covenants include (among others) (i) a negative pledge undertaking in respect of assets of ECI, (ii) a restriction on the granting of loans by Europcar Group members, (iii) a limitation on financial indebtedness, (iv) a limitation on the granting of guarantees, (v) a restriction on the payment of dividends, (vi) restrictions on disposals of assets, (vii) restrictions on mergers and joint ventures, and (viii) a limitation on permitted acquisitions and investments. Some additional specific covenants relating to the vehicle fleet, the SPEs and the Permitted Take-Out financings will be included.

Events of Default

The Senior Asset Financing Loan contains, subject to agreed exceptions, materiality tests, grace periods and carve-outs, customary events of default including non-payment of principal, interest or fees, violation of covenants, material inaccuracy of representations or warranties, cross default and cross acceleration to certain other material indebtedness, certain bankruptcy events, material invalidity of guarantees or security interests, material judgments and change of control, occurrence of a material adverse event and loss of the tax consolidation benefit for Europcar.

Cancellation

Undrawn amounts under the Senior Asset Financing Loan may be cancelled at any time in whole or in part (but if in part in certain minimum amounts or the equivalent in available currencies) on prior notice to the facility agent on a given reporting date. The unutilized amount of the Senior Asset Financing Loan will be automatically cancelled at the end of the Availability Period.

Fees

The Borrower will pay (i) fees on the unused commitments of the Senior Asset Lenders under the Senior Asset Financing Loan, (ii) an additional commitment fee relating to the additional commitment amount between the Back-Stop Date and the Final Maturity Date, and (iii) other customary fees in respect of the Senior Asset Financing Loan specified in a fee letter executed between the sponsor and the lenders.

The Permitted Take-Out Securitization Program

The refinancing of the Senior Asset Financing Loan is expected to take the form of one or more asset-backed financings including a securitization of Europcar's fleets and/or receivables related thereto, and may occur at any time and from time to time. Having received the Requisite Consents, the amount of indebtedness which may be incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan has been increased to up to €4,000 million. The refinancings referred to herein constitute indebtedness permitted to be incurred under the Senior Asset Financing Loan.

Intercreditor Agreement

The Intercreditor Agreement provides for the subordination of the Notes to all existing and future Senior Credit Facility Indebtedness (as defined in "Description of the Notes — Certain Definitions") and the subordination of the Subsidiary Guarantees of the Floating Rate Notes to senior indebtedness of the applicable Subsidiary Guarantor as described under "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)". It also contains limitations on the taking of enforcement action in respect of the Notes or any Subsidiary Guarantee and provisions requiring the turnover to certain senior creditors of payments made in violation of its terms or pursuant to subordination recoveries. The terms of that subordination and those limitations are set out in more detail in "Description of the Notes — Subordination of the Notes" in relation to the Notes, and in "Description of the Notes — Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)" in relation to the Subsidiary Guarantees.

The Intercreditor Agreement also regulates the pledge over the shares of ECI granted in favor of the senior security agent for the benefit of creditors under the Senior Revolving Credit Facility Agreement (as described under "Description of the Notes — Subordination of the Notes") and in favor of the Trustee for the benefit of the Holders of the Floating Rate Notes (the "Share Pledge"). It provides that the Trustee will only be able to enforce the Share Pledge in the circumstances set out under "Description of the Notes — Subordination of the Notes — Enforcement Action". In addition, it provides that the Trustee will, in connection with certain enforcement actions, release the Share Pledge if:

(a) the Trustee confirms to the senior security agent that the release has been approved by Holders of Floating Rate Notes with an aggregate principal amount in excess of 50% of the principal amount of all of such Notes; or

(b) such shares are sold or otherwise disposed of pursuant to an Enforcement Action (as defined in the "Description of the Notes") taken by the senior security agent and:

  (1) the sale is made pursuant to a public auction;

  (2) on completion of such sale or disposal, the Issuer and each of its subsidiaries is simultaneously and unconditionally released from all of its obligations in respect of the Senior Revolving Credit Facility;

  (3) the proceeds from such sale or disposition are paid to the senior security agent to be applied in accordance with the application of recoveries set out below; and

  (4) the sale or disposal is made for cash or substantially for cash in compliance with all applicable laws, or

(c) such shares are sold or otherwise disposed of pursuant to an Enforcement Action taken by the senior security agent and the senior security agent applies for foreclosure (*attribution*) of such shares and:

  (1) upon foreclosure of the shares (the "Foreclosed Shares"), the senior security agent, acting on the instructions of the senior revolving facility agent under the Senior Revolving Credit Facility, sells or otherwise disposes of all (but not part) of the Foreclosed Shares either pursuant to a public auction or in another transaction in connection with which an internationally recognized investment bank, accounting firm, financial advisory firm or expert valuation firm selected by the senior security agent delivers to the Trustee an opinion that the sale price of the shares is fair from a financial point of view;

  (2) upon a sale of the Foreclosed Shares, the proceeds from such sale are applied in accordance with the order for application of recoveries set out below; and

  (3) the sale or disposal is made for cash (or substantially in cash) and in compliance with all applicable laws;

provided that, if, at the end of a period of four and one half months from the date on which the foreclosure of the Foreclosed Shares occurred, the senior security agent does not receive instructions from the representative of lenders under the Senior Revolving Credit Facility to sell or otherwise dispose of all of the Foreclosed Shares in accordance with sub-paragraph (1) above, it

shall (unless otherwise instructed by the Trustee) use all reasonable efforts to sell all (but not part) of the Foreclosed Shares in accordance with the procedure described in sub-paragraph (1) above.

In the event of any sale or disposal referred to above and in compliance with the Intercreditor Agreement, and while the sale or disposal may constitute a transfer of all or substantially all of the assets of the Issuer, the Trustee, the Security Agent for the Floating Rate Notes and Holders of the Floating Rate Notes will not (for the avoidance of doubt) have any recourse against any holders of Senior Credit Facility Indebtedness or any person acquiring any capital stock or assets pursuant to such sale or disposal with respect to any failure to comply with the terms of the covenant described in the "Description of the Notes — Certain Covenants — Merger and Consolidation" or any event of default that arises as a consequence of such failure.

The Intercreditor Agreement sets out an order for the application of proceeds of the enforcement of security over the shares in ECI and provides that such proceeds shall be applied in the following order and in each case pro rata to outstanding amounts owing:

- First, in payment of any amount paid by creditors under the Senior Revolving Credit Facility by way of "*soulte*" on any foreclosure in relation to the shares of ECI;
- Second, in payment of unpaid fees, costs and expenses (including interest on them recoverable under the share pledges over the shares of ECI) incurred by or on behalf of the senior security agent and its advisers and agents under such share pledge documents, and the remuneration of such persons and in payment of outstanding Trustee Amounts on a *pari passu* basis;
- Third, in payment of unpaid costs and expenses of creditors under the Senior Revolving Credit Facility in connection with such enforcement;
- Fourth, in payment of amounts unpaid and outstanding under the Senior Revolving Credit Facility, it being specified that, in case of a foreclosure ("*attribution*") which would be completed prior to the sale of the shares, the outstanding debt existing prior to the foreclosure will be deemed to remain existing and outstanding after completion of the foreclosure and notwithstanding the legal effect of the foreclosure on the existence of the debt;
- Fifth, in payment of unpaid costs and expenses of Holders of the Floating Rate Notes in connection with such enforcement;
- Sixth, in payment of any amounts unpaid and outstanding in respect of the Floating Rate Notes; and
- Seventh, in payment of the surplus to the Issuer or other persons entitled to payment.

DESCRIPTION OF THE NOTES

Europcar Group S.A. (the "Issuer") will issue (i) additional Senior Subordinated Secured Floating Rate Notes due 2013 (the "Additional Floating Rate Notes") under an indenture (the "Floating Rate Indenture") dated as of May 12, 2006 (the "Floating Rate Indenture") among the Issuer, The Bank of New York, as trustee (the "Trustee") and CALYON, as security agent (the "Security Agent") and (ii) additional 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Additional Fixed Rate Notes" and, together with the Additional Floating Rate Notes, the "Additional Notes") under an indenture dated as of May 12, 2006, (the "Fixed Rate Indenture" and, together with the Floating Rate Indenture, the "Indentures") between the Issuer and the Trustee. On May 12, 2006, the Issuer issued €300 million aggregate principal amount of its Senior Secured Floating Rate Notes due 2013 (the "Existing Floating Rate Notes") under the Floating Rate Indenture and €250 million aggregate principal amount of its 8.125% Senior Subordinated Unsecured Notes due 2014 (the "Existing Fixed Rate Notes" and, together with the Existing Floating Rate Notes, the "Existing Notes") under the Fixed Rate Indenture.

In this offering, the Issuer will issue Additional Floating Rate Notes in the aggregate principal amount of €125 million and Additional Fixed Rate Notes in the aggregate principal amount of €125 million. The Additional Notes offered hereby will constitute issuances of Additional Notes under their respective Indentures. Each Indenture also provides that the Issuer may issue an unlimited principal amount of further additional notes having identical terms and conditions to the Notes governed thereby that are the subject of this offering (the "*Future Additional Notes*"). The Issuer will only be permitted to issue Future Additional Notes if at the time of such issuance the Issuer is in compliance with the covenants contained in the applicable Indenture (including the covenant described below under "Certain Covenants — Limitation on Indebtedness").

Unless the context otherwise requires, in this "Description of the Notes", (i) references to "Floating Rate Notes" include the Existing Floating Rate Notes, the Additional Floating Rate Notes and any Future Additional Notes constituting Floating Rate Notes that are issued, (ii) references to "Fixed Rate Notes" include the Existing Fixed Rate Notes, the Additional Fixed Rate Notes and any Future Additional Notes constituting Fixed Rate Notes that are issued, and (iii) references to the "Notes" include the Existing Notes, the Additional Notes and any Future Additional Notes that are issued.

The Existing Notes were issued on May 12, 2006 (the date the Existing Notes were issued, the "Issue Date") in connection with the acquisition (the "Acquisition") by the Issuer of all of the outstanding shares of Europcar International S.A.S.U. (the "Target" and, together with its subsidiaries, the "Target Group"). The Additional Notes are being issued in connection with the acquisition of all of the outstanding shares of Vanguard Car Rental EMEA Holdings Limited ("Vanguard" and, together with its subsidiaries, the "Vanguard Group"). On April 27, 2007, the Issuer completed the Consent Solicitation and executed supplemental indentures reflecting the Proposed Amendments, which are reflected in this "Description of the Notes." References to the "Floating Rate Indenture", the "Fixed Rate Indenture" and the "Indentures" refer to those agreements as supplemented by the supplemental indentures. The Indentures have not been amended since April 27, 2007.

This "Description of the Notes" is intended to be a summary of the material provisions of the Notes (after giving effect to the Proposed Amendments), the Indentures (after giving effect to the Proposed Amendments) and the Security Documents (as defined below). The Indentures and the Security Documents, not this summary, define your rights as Holders, and therefore you should refer to the Indentures and the Security Documents for complete descriptions of the obligations of the Issuer, and your rights. Copies of the Indentures and the Security Documents are available upon request from the Issuer and, for so long as the Notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange (the "Euro MTF Market") and the rules of the Luxembourg Stock Exchange so require at the office of the Luxembourg Paying Agent.

You will find definitions of certain capitalized terms used in this Description of the Notes under the heading "Certain Definitions". For purposes of this Description of the Notes, references to the "Issuer", "we", "our" and "us" refer only to the Issuer and not to its Subsidiaries unless otherwise specified.

General

The Notes. The Notes:

- are general Senior Subordinated Indebtedness of the Issuer,
  - secured, in the case of the Floating Rate Notes, by an effective second-ranking security interest over the shares of Europcar International S.A.S.U. owned by the Issuer, and
  - unsecured, in the case of the Fixed Rate Notes;
- are subordinated in right of payment to all existing and future Senior Credit Facility Indebtedness of the Issuer (in a principal amount not to exceed €300 million);
- are effectively subordinated to all secured Indebtedness of the Issuer to the extent of the value of the assets securing such secured Indebtedness (other than to the extent such assets also secure the Notes on an equal and ratable or prior basis);
- are effectively subordinated to all Indebtedness and other liabilities (including Trade Payables) of each Subsidiary of the Issuer that is not a Subsidiary Guarantor;
- rank equally in right of payment with all existing and future Senior Subordinated Indebtedness of the Issuer (and the Notes rank equally with each other); and
- are senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer.

Principal, Maturity and Interest

Floating Rate Notes

The Issuer will issue €125,000,000 of Additional Floating Rate Notes in this offering. The Existing Floating Rate Notes, the Additional Floating Rates Notes and any Future Additional Notes constituting Floating Rate Notes will be treated as a single class for all purposes under the Floating Rate Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Floating Rate Notes will mature on May 15, 2013 and be payable at 100% of their face amount upon redemption at maturity. The Floating Rate Notes will bear interest at a rate per annum (the "Applicable Rate"), reset quarterly, equal to EURIBOR plus 3.50%, as determined by the calculation agent (the "Calculation Agent"), which will initially be the Trustee.

Interest on the Additional Floating Rate Notes will accrue from (and including) May 15, 2007 and is payable quarterly in arrears on February 15, May 15, August 15 and November 15, commencing on August 15, 2007 for the Additional Floating Rate Notes, to holders of record on the February 1, May 1, August 1 and November 1 immediately preceding the related interest payment date.

"EURIBOR", with respect to an Interest Period, is the rate (expressed as a percentage per annum) for deposits in euro for a three month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on the Telerate Page as of 11:00 a.m. Brussels time, on the Determination Date. If the Telerate Page does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone inter-bank market, as selected by the Calculation Agent, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone inter-bank market for deposits in a Representative Amount in euro for a three month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotation are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

"Determination Date", with respect to an Interest Period, will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"Euro-zone" means the region comprised of member states of the European Union that adopt the euro.

"Interest Period" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date.

"Representative Amount" means the greater of (1) €1,000,000 and (2) an amount that is representative for a single transaction in the relevant market at the relevant time.

"TARGET Settlement Day" means any day on which the Trans European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Telerate Page" means, the display page designated "Telerate Page 248" on Bridge's Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "Interest Amount"). The Interest Amount shall be calculated by applying the relevant rate to the principal amount of each Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Floating Rate Notes be higher than the maximum rate permitted by applicable law, provided, however, that the Calculation Agent shall be under no obligation to make such maximum rate determination.

If the due date for any payment in respect of any Floating Rate Note is not a Business Day at the place in which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Fixed Rate Notes

The Issuer will issue €125,000,000 of Additional Fixed Rate Notes in this offering. The Fixed Rate Notes, the Additional Fixed Rate Notes and any Future Additional Notes constituting Fixed Rate Notes will be treated as a single class for all purposes under the Fixed Rate Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Fixed Rate Notes will mature on May 15, 2014 and be payable at 100% of their face amount upon redemption at maturity. Interest on the Additional Fixed Rate Notes will accrue at the rate of 8.125% per annum from (and including) May 15, 2007 or, if interest has already been paid, from the date it was most recently paid. Interest will be payable in cash semi-annually in arrears on May 15 and November 15, commencing on November 15, 2007 for the Additional Fixed Rate Notes to the holder of record on the May 1 and November 1 immediately preceding the related interest payment date. Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If the due date for any payment in respect of any Fixed Rate Note is not a Business Day at the place in which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Subsidiary Guarantees

Floating Rate Notes

The Issuer's obligations under the Floating Rate Notes are guaranteed on an unsecured senior subordinated basis by each of:

- Europcar International SA & Co OHG (Germany);

- Europcar Autovermietung GmbH (Germany); and
- Europcar UK Limited (England and Wales).

As of and for the year ended December 31, 2006, these Subsidiary Guarantors accounted for 35.7% of total revenues, 38.5% of profit before tax and 24.7% of total assets of the Combined Group on a *pro forma* as adjusted basis.

The Subsidiary Guarantors have unconditionally guaranteed the Issuer's obligations under the Floating Rate Indenture and the Floating Rate Notes on a joint and several basis. Each Subsidiary Guarantee is an unsecured senior subordinated obligation of the applicable Subsidiary Guarantor, ranking junior in right of payment to any existing or future Senior Indebtedness of such Subsidiary Guarantor as described below under "— Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)", equally in right of payment to any existing or future Senior Subordinated Indebtedness of such Subsidiary Guarantor and senior in right of payment to all existing and future Indebtedness of such Subsidiary Guarantor that are, by their terms, subordinated in right of payment to its Subsidiary Guarantee. Each Subsidiary Guarantee is effectively subordinated to any existing and future secured Indebtedness of the applicable Subsidiary Guarantor to the extent of the value of the assets securing such Indebtedness.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited under relevant applicable laws (including laws relating to corporate benefit, capital preservation, financial assistance, fraudulent conveyance and transfers or transactions under value) and the granting of such Subsidiary Guarantees to the maximum amount payable such that such Subsidiary Guarantees shall not constitute a fraudulent conveyance, fraudulent transfer, voidable preference, a transaction under value or unlawful financial assistance or otherwise cause the Subsidiary Guarantor to be insolvent or in breach of applicable capital preservation rules under relevant law or such Subsidiary Guarantee to be void, unenforceable or ultra vires or cause the directors of such Subsidiary Guarantor to be in breach of applicable law for providing such Subsidiary Guarantee. See "Risk Factors — Risks Relating to the Notes — The Subsidiary Guarantees may be limited by applicable laws or subject to certain limitations or defences".

A Subsidiary Guarantor will be automatically and unconditionally released (and its Subsidiary Guarantee shall thereupon terminate and be discharged and be of no further force and effect):

(1) in connection with any sale or other disposition of such Subsidiary Guarantor (whether by merger, consolidation, the sale of all of its capital stock or the sale of all or substantially all of its assets (other than by way of lease)) if (a) the sale or other disposition complies with, and the proceeds of such sale or disposition are applied for the purposes permitted, by the Floating Rate Indenture and (b) such Subsidiary Guarantor is simultaneously and unconditionally released from its obligations with respect to the Senior Credit Facilities, the Senior Asset Financing Loan and hedging obligations with respect to the Transactions;

(2) upon legal or covenant defeasance as described below under "— Defeasance" or upon satisfaction and discharge of the Issuer's obligations under the Floating Rate Indenture as described below under "— Satisfaction and Discharge"; or

(3) in the event the Issuer designates the Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Floating Rate Indenture.

If a Subsidiary Guarantor is released from its obligations under a Subsidiary Guarantee at a time when the Notes are listed on the Euro MTF Market, and the rules of such stock exchange so require, the Issuer will notify the Luxembourg Stock Exchange of such release.

A Subsidiary Guarantor may consolidate with or merge into or sell its assets to the Issuer or another Subsidiary Guarantor, or may consolidate with or merge into or sell its assets to other Persons upon the terms and conditions set forth in the Indentures. See "— Certain Covenants — Merger and Consolidation".

All of the Issuer's Subsidiaries (including (i) members of the Target Group (including the Subsidiary Guarantors) and (ii) members of the Vanguard Group) will be "Restricted Subsidiaries", subject to the terms of the Notes, the Indentures and the Security Documents. In addition, under the circumstances described below under the definition of Unrestricted Subsidiaries, the Issuer will be

permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indentures.

Fixed Rate Notes

The Fixed Rate Notes are not guaranteed by any Subsidiaries of the Issuer.

Future Guarantors

Under certain circumstances in the future, certain Restricted Subsidiaries of the Issuer may guarantee the Notes. See "— Certain Covenants — Future Subsidiary Guarantees".

Ranking of the Notes

The Indebtedness evidenced by the Notes (a) is Senior Subordinated Indebtedness of the Issuer, secured, in the case of the Floating Rate Notes, by an effective second-ranking security interest over the shares of Europcar International S.A.S.U. owned by the Issuer, and unsecured, in the case of the Fixed Rate Notes, (b) is effectively subordinated to all secured Indebtedness of the Issuer to the extent of the value of the assets securing such secured Indebtedness (other than to the extent such assets also secure the Notes on an equal and ratable or prior basis), (c) is subordinated in right of payment, as set forth in the Indentures and the Intercreditor Agreement, to the payment when due of all existing and future Senior Credit Facility Indebtedness of the Issuer (in a principal amount not to exceed €300 million), (d) is effectively subordinated to all Indebtedness (including Trade Payables) of each Subsidiary of the Issuer that is not a Subsidiary Guarantor, (e) ranks equally in right of payment with all existing and future Senior Subordinated Indebtedness of the Issuer (and the Notes rank equally with each other) and (f) is senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer.

As of December 31, 2006, on a *pro forma* as adjusted basis, the Issuer will have the following Indebtedness outstanding:

(a) an estimated €82.0 million of Senior Credit Facility Indebtedness representing amounts borrowed or guaranteed under the Senior Credit Facilities by the Issuer; and

(b) no Senior Subordinated Indebtedness (other than the Notes) or Subordinated Indebtedness of the Issuer.

All the operations of the Issuer are conducted through its Subsidiaries, including the Vanguard Group. Claims of creditors of the Subsidiaries of the Issuer that are not Subsidiary Guarantors, including trade creditors, and claims of preferred shareholders (if any) of Subsidiaries of the Issuer that are not Subsidiary Guarantors will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer, including holders of the Notes. The Notes, therefore, are effectively subordinated to creditors (including trade creditors) and preferred shareholders (if any) of Subsidiaries of the Issuer that are not Subsidiary Guarantors. Although the Indentures limit the incurrence of Indebtedness (including preferred stock) by the Issuer and its Subsidiaries, such limitation is subject to a number of significant qualifications. See "— Certain Covenants — Limitation on Indebtedness" below.

As of December 31, 2006, on a *pro forma* as adjusted basis, the Issuer and its Subsidiaries (which includes the Vanguard Group) would have had outstanding total Indebtedness of approximately €3,416.6 million.

Although the Indentures contain limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries may Incur, under certain circumstances, the amount of such Indebtedness could be substantial and may rank senior to the Notes and/or constitute secured Indebtedness. See "— Certain Covenants — Limitation on Indebtedness" below.

Subordination of the Notes

Only Indebtedness of the Issuer that is Senior Credit Facility Indebtedness ranks senior to the Issuer's obligations with respect to the Notes. The Issuer's obligations with respect to the Notes rank equally in right of payment with all other Senior Subordinated Indebtedness of the Issuer.

Payment Blockage Provisions

The Intercreditor Agreement provides that, except as described below, until the date (the "Senior Discharge Date") on which all Senior Credit Facility Indebtedness has been fully discharged and all commitments of the creditors to the Issuer or the other obligors thereunder (or its successor(s)) under the documents governing such Senior Credit Facility Indebtedness have expired, the Issuer will not make to or for the account of any Holder, the Trustee or, in the case of the Floating Rate Notes, the Security Agent (or a person acting as a fiduciary for or on behalf of any such person), and neither any Holder nor the Trustee nor, in the case of the Floating Rate Notes, the Security Agent will receive, any payment or distribution of any kind whatsoever in respect or on account of any liabilities or obligations under or in respect of the Notes or the Indentures without the prior written consent of the Representative of Senior Credit Facility Indebtedness. These provisions will also prevent the Issuer from making any deposit pursuant to the provisions described below under "— Defeasance".

Notwithstanding the foregoing but subject to suspension of payments provisions summarized below:

(a) the Issuer may pay cash interest (including gross up amounts, if any, and default interest) on the due date for payment thereof in respect of the Notes;

(b) the Issuer may pay outstanding fees and expenses of, and amounts incurred by and/or payable to, the Trustee for its own account, including any monies payable to the Trustee personally pursuant to any indemnity given to the Trustee ("Trustee Amounts") and any other amounts on account of legal fees and taxes, accountancy fees, arrangement fees, underwriting fees, syndication fees, rating agency fees and all other fees, costs, taxes, indemnities and expenses incurred for the purposes of and/or in connection with the issuance of the Notes (but not in any case including any element of interest, premium or principal);

(c) the Issuer may make payments of principal on the Notes on their originally scheduled repayment date; and

(d) the Issuer may make payments of amounts (other than those described in paragraphs (a) to (c) above) payable under covenants (including, without limitation, asset disposals and change of control covenants), redemption payments (other than described in paragraphs (a) to (c) above) in respect of the Notes and other payments (other than described in paragraphs (a) to (c) above) required by the terms and conditions of the Notes to the extent expressly permitted under each of the documents which relate to Senior Credit Facility Indebtedness.

Prior to the Senior Discharge Date, no permitted payment listed above (other than in respect of Trustee Amounts) may be made without the prior written consent of the Representative of Senior Credit Facility Indebtedness:

(a) if any obligor under any Senior Credit Facility Indebtedness fails to pay on its due date any principal, interest, fees, commission or other similar amounts, for so long as such payment default is continuing; or

(b) if any event of default under any Senior Credit Facility Indebtedness (other than a payment default set out in clause (a) above) has occurred and is continuing (a "Senior Blockage Event") and the Trustee has received a notice from the Representative of such Senior Credit Facility Indebtedness specifying the relevant event of default and that permitted payments are suspended (each a "Payment Blockage Notice") until, in any such case, the earliest of:

  (i) the date falling 179 days after the date of receipt by the Trustee of the Payment Blockage Notice;

  (ii) the date on which the relevant Senior Blockage Event is no longer continuing or on which the relevant Representative cancels the Payment Blockage Notice delivered by it;

  (iii) the Senior Discharge Date; and

  (iv) subject to turnover requirements described below, the date on which a Holder, the Trustee or, in the case of the Floating Rate Notes, the Security Agent takes Enforcement Action permitted under "— Subordination of the Notes — Enforcement Action".

Only one Payment Blockage Notice (or similar notice, howsoever designated) may be served in any period of 360 consecutive days or in respect of the same event or circumstance and no Senior Blockage

Event that existed or was continuing on the date of delivery of a Payment Blockage Notice will be, or be made, the basis for a subsequent Senior Blockage Event.

Enforcement Action

Subject as set out below, the Intercreditor Agreement provides that, until the Senior Discharge Date, neither any Holder nor the Trustee nor, in the case of the Floating Rate Notes, the Security Agent may take any Enforcement Action in relation to the Notes without the prior written consent of the Representative of Senior Credit Facility Indebtedness.

The restrictions in the foregoing paragraph shall not apply to the Holders, the Trustee, and, in the case of the Floating Rate Notes, the Security Agent if:

(i) an Insolvency Event (other than a solvent winding-up, liquidation, dissolution, reorganization, administration or voluntary administration which is not a default under any Finance Document (as defined in the Intercreditor Agreement) in relation to the Issuer has occurred and for so long as it is continuing (provided such Insolvency Event is not the result of actions of any of the Holders, the Trustee or, in the case of the Floating Rate Notes, the Security Agent and provided Enforcement Action may only be taken against the entity in respect of which the Insolvency Event has occurred);

(ii) any Representative of Senior Credit Facility Indebtedness demands payment of or prematurely declares payable all or part of the Senior Credit Facility Indebtedness owed to the relevant senior creditors, except that in these circumstances the Trustee, in the case of the Floating Rate Notes, the Security Agent and the Holders may only exercise the rights set out in paragraph (a) or (c)(i) of the definition of Enforcement Action in relation to the entity against which such demand or declaration has been made;

(iii) an Event of Default under the Indentures (the "Relevant Default") has occurred (otherwise than solely pursuant to the cross-acceleration provision with respect to Senior Credit Facility Indebtedness) and:

(A) the Representative of Senior Credit Facility Indebtedness has received notice of that default from the Trustee in accordance with the Intercreditor Agreement;

(B) a period of not less than 179 days has passed from the date of receipt by the Representative of Senior Credit Facility Indebtedness of the relevant default notice (a "Standstill Period"); and

(iv) at the end of the relevant Standstill Period, the Relevant Default is continuing and has not been waived by the Trustee or the Holders in accordance with the Indentures; or

(v) holders of 66⅔% of Indebtedness under the Senior Credit Facility Indebtedness have consented to the Enforcement Action.

Prior to the Senior Discharge Date, the Representative of Senior Credit Facility Indebtedness will give notice to the Trustee if it takes any, or is instructed by the relevant creditors of Senior Credit Facility Indebtedness to take any, Enforcement Action as soon as practical after taking such action and shall, following the commencement of Enforcement Action, upon the request of the Trustee, confirm to the Trustee whether it is continuing to take an Enforcement Action and shall, if it ceases to take Enforcement Action, notify the Trustee that it has ceased to take Enforcement Action.

Each Holder, the Trustee and, in the case of the Floating Rate Notes, the Security Agent acknowledges and agrees that if the Representative of Senior Credit Facility Indebtedness is taking all reasonable efforts to implement Enforcement Action in respect of any encumbrance conferred on them, neither the Trustee nor, in the case of the Floating Rate Notes, the Security Agent nor any Holder will take any Enforcement Action against the assets which are the subject of such encumbrance and, if such assets are or include shares in a subsidiary of the entity which granted the relevant encumbrance, any of the subsidiaries of such entity, in any such case which would be reasonably likely to adversely affect such Enforcement Action or the amount of proceeds to be derived therefrom (for the avoidance of doubt the provisions described above concerning permitted Enforcement Action in relation to the Notes shall not prejudice any other rights of the Trustee, in the case of the Floating Rate Notes, the Security Agent and the Holders under the Intercreditor Agreement to take Enforcement Action permitted under the Intercreditor Agreement against any asset not subject to such

Enforcement Action or against any other entity (not described above) and the exercise of any such rights shall be deemed not to adversely affect such Enforcement Action or such amount of proceeds).

The Trustee, in the case of the Floating Rate Notes, the Security Agent and the Holders shall only take Enforcement Action upon, and in accordance with, the directions of Holders holding more than 50% of the aggregate principal amount of the Notes outstanding of the series making such direction; provided, in the case of the Trustee or the Security Agent, that it has received from the Holders an indemnity satisfactory to it.

The Trustee and, in the case of the Floating Rate Notes, the Security Agent and the Holders will have the right to take Enforcement Action in relation to a Relevant Default notwithstanding that at the end of the relevant Standstill Period or at any later time, another Standstill Period has commenced (or would have commenced) as a result of a further Event of Default under the applicable Indenture.

Turnover

If at any time on or before the Senior Discharge Date:

(i) the Trustee or, in the case of the Floating Rate Notes, the Security Agent or any Holder receives or recovers a payment or distribution of any kind whatsoever in respect or on account of any liabilities or obligations under the Indentures and the Notes which is prohibited by the subordination provisions described above or which is funded by a payment from any obligor or any of its subsidiaries which is prohibited by the terms of the Senior Credit Facility Indebtedness (if at the time any debt is owing or capable of arising, or any commitment to provide any debt is outstanding thereunder);

(ii) the Trustee or, in the case of the Floating Rate Notes, the Security Agent or any Holder receives or recovers proceeds pursuant to any Enforcement Action in respect of or on account of the Notes;

(iii) the Trustee or, in the case of the Floating Rate Notes, the Security Agent or any Holder receives or recovers an amount as a result of any member of the Target Group (other than, following the Senior Discharge Date, the Issuer (or its successor(s)) making any payment or distribution of any kind whatsoever in relation to the purchase or other acquisition of any liabilities or obligations under the Indentures or the Notes;

(iv) any liabilities or obligations under the Indentures or the Notes is discharged by set-off, combination of accounts or otherwise if the payment thereof would have been prohibited by the Intercreditor Agreement; or

(v) the Trustee, in the case of the Floating Rate Notes, the Security Agent or any Holder receives any distribution in cash or in kind in respect of any liabilities or obligations under the Indentures or the Notes which is made as a result of the occurrence of an Insolvency Event of any obligor but subject as provided in the Intercreditor Agreement in relation to ranking of encumbrances and application of proceeds of enforcement thereof as described therein),

(save, in the case of the Trustee or, in the case of the Floating Rate Notes, the Security Agent, for any amount received by the Trustee or the Security Agent and paid, directly or indirectly, to the Holders where at the time of such payment the Trustee or the Security Agent, as the case may be, has no actual knowledge that any or all such present or future receipts or recoveries fall within subparagraphs (i) through (v) above), the recipient or beneficiary of that payment, distribution, set-off or combination will promptly pay all amounts and distributions received to the security agent under the Senior Credit Facilities to be applied in accordance with the Intercreditor Agreement after deducting the costs, liabilities and expenses (if any) reasonably incurred in recovering or receiving that payment or distribution and, pending that payment, will hold those amounts and distributions for the account of the Security Agent.

Subordination on Insolvency

The Intercreditor Agreement provides that, upon the occurrence of an Insolvency Event in relation to the Issuer, claims against the Issuer in respect of the Notes will be subordinate in right of payment to the claims against the Issuer in respect of Senior Credit Facility Indebtedness.

Upon the occurrence of an Insolvency Event in relation to the Issuer, the security agent under the Senior Credit Facilities (prior to the Senior Discharge Date) is irrevocably authorized, pursuant to the Intercreditor Agreement, by the Holders, the Trustee and the Security Agent on their behalf to:

- demand, claim, enforce and prove for;
- file claims and proofs, give receipts and take all proceedings and do all things which the security agent under the Senior Credit Facilities considers reasonably necessary to recover; and
- receive distributions of any kind whatsoever in respect or on account of any Debt (as defined in the Intercreditor Agreement) due from the Issuer.

Indebtedness Due from the Issuer

If, for any reason whatsoever, the security agent under the Senior Credit Facilities is not entitled to take any such action for the recovery of any such Debt, the Holders, the Trustee and the Security Agent undertake to take any action and give any notices which such security agent reasonably requires from time to time.

By means of the subordination provisions described above, in the event of liquidation, receivership, reorganization or insolvency, creditors of the Issuer who are holders of Senior Credit Facility Indebtedness may recover more, ratably, than the Holders of the Notes or other holders of Senior Subordinated Indebtedness.

The following is a summary of the certain defined terms used above and defined in the Intercreditor Agreement.

"*Enforcement Action*" means:

(a) the acceleration of any Debt or any declaration that any Debt is prematurely due and payable or the making of demand for payment of any Debt after such debt has been made payable on demand;

(b) the designation by certain providers of hedging of an "Early Termination Date" under their hedge agreements or the making of a demand by certain providers of hedging for payment of all or any amount which would become payable in connection with the occurrence of an "Early Termination Date";

(c) (i) the making of any demand against any Obligor (as defined in the Intercreditor Agreement) in relation to any guarantee, indemnity or other assurance against loss in respect of any Debt, or

(ii) exercising any right to require any member of the Target Group to acquire any Debt (including exercising any put or call option against any member of the Target Group for the redemption or purchase of any Debt);

(d) the enforcement of any security document or any other encumbrance granted by any Obligor to secure any Debt or the sale or other disposal of any asset following foreclosure in respect of such asset;

(e) the exercise of any right of set-off against any Obligor in respect of any Debt due and payable but unpaid;

(f) the suing for, or the commencing or joining of any legal or arbitration proceedings against any Obligor to recover, any Debt; or

(g) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) which could reasonably be expected to lead to an Insolvency Event in relation to any Obligor;

provided that the following shall not constitute Enforcement Action:

(i) the taking of any action falling within paragraph (f) above necessary to preserve the validity and existence of claims, including the registration of such claims before any court or governmental authority;

(ii) the taking of any lawful actions against any creditor (or any agent, trustee or receiver acting on behalf of such creditor) to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security documentation;

(iii) bringing legal proceedings against any person (1) in connection with any securities violation or common law fraud or (2) to restrain any actual or putative breach of the Finance Documents (as defined in the Intercreditor Agreement) or for specific performance with no claim for damages;

(iv) demand being made for payment of any of the Senior Credit Facility Indebtedness as a result of it being unlawful for any holder thereof or agent thereunder to perform any obligation, or right granted to it, thereunder; or

(v) a Senior Creditor (as defined in the Intercreditor Agreement) making a demand or exercising a right as described in paragraph (c) or (e) above other than as a result of a default by an Obligor.

"*Insolvency Event*" means in relation to any Obligor:

(a) any resolution is passed or order made for the winding up, liquidation, dissolution, reorganization or administration (including any "redressement judiciaire" or "liquidation judiciaire" under articles L.631-1 et seq. of the French Commercial Code) of that Obligor;

(b) any composition, assignment, compulsory or voluntary arrangement or voluntary administration is made with all or any class of the creditors of that Obligor (including a "procedure de sauvegarde" under articles L.620-3 et seq. of the French Commercial Code) or there is any marshalling of that Obligor's material assets and liabilities;

(c) the appointment of any liquidator, receiver, administrator, compulsory manager or other similar officer (including any "administrateur judiciaire", "conciliateur" or "mandataire liquidateur") in respect of that Obligor or any material part of its assets;

(d) a petition for insolvency proceedings is filed in respect of that Obligor other than a frivolous or vexatious petition filed by a Person other than an Obligor or a member of the Group which is stayed or discharged within 21 days of that Obligor becoming aware of the same; or

(e) any analogous procedure or step is taken in any jurisdiction.

Ranking and Subordination of the Subsidiary Guarantees (Floating Rate Notes Only)

Each Subsidiary Guarantee described above is an unsecured senior subordinated obligation of the applicable Subsidiary Guarantor, ranking junior in right of payment to any existing or future Senior Indebtedness of such Subsidiary Guarantor as described below, equally in right of payment to any existing or future Senior Subordinated Indebtedness of such Subsidiary Guarantor and senior in right of payment to all existing and future Subordinated Indebtedness of such Subsidiary Guarantor. Each Subsidiary Guarantee is effectively subordinated to any existing and future secured Indebtedness of the applicable Subsidiary Guarantor to the extent of the value of the assets securing such Indebtedness.

Subordination provisions with respect to the Subsidiary Guarantors and their respective Subsidiary Guarantees under the Floating Rate Indenture and/or the Intercreditor Agreement are substantially similar to the analogous provisions applicable to the Issuer and the Notes described above under "Subordination of the Notes" relating to payment blockage, enforcement action, turnover and subordination on insolvency, except that, while in the case of the Notes, only Senior Credit Facility Indebtedness will rank senior to (and trigger restrictions or require consent with respect to such payment blockage, enforcement action, turnover and subordination upon insolvency provisions) the Issuer's obligations thereunder, in the case of a Subsidiary Guarantee, each of (a) Senior Credit Facility Indebtedness, (b) Indebtedness incurred under the Senior Asset Financing Loan (c) any Hedging Obligations with respect to the Transactions, (d) vehicle rental lease obligations owed to, or Special Purpose Financing Undertakings made to, Special Purpose Entities and (e) any other Senior Indebtedness of such Subsidiary Guarantor permitted to be incurred under the Floating Rate Indenture will rank senior to (and, in certain cases, trigger restrictions or require consents with respect to such payment blockage, enforcement action, turnover and subordination upon insolvency provisions) such Subsidiary Guarantor's obligations under its Subsidiary Guarantee, to the extent such Indebtedness (or the guarantee thereof) constitutes Indebtedness of such Subsidiary Guarantor.

Security

Floating Rate Notes

Share Pledge

On May 31, 2006, the Issuer, the Trustee and the Security Agent entered into a share pledge agreement (the "FRN Share Pledge" and, together with all other pledge agreements providing for the pledges described below pursuant to the terms of the Floating Rate Indenture, the "Security Documents") providing for a second-ranking pledge over the shares of Europcar International S.A.S.U. owned by the Issuer (the "Collateral") granted to the Trustee for the benefit of the Holders of Existing Floating Rate Notes pursuant to a "*nantissement de compte d'instruments financiers*" according to articles L. 431-4 et seq. of the French Monetary and Financial Code. The Issuer, the Trustee and the Security Agent will enter into an additional share pledge agreement to secure the obligations of the Issuer under the Additional Floating Rate Notes (such share pledge, together with the FRN Share Pledge, the "Share Pledge"). Pursuant to the Intercreditor Agreement, the Additional Floating Rate Notes will benefit from the Share Pledge equally and rateably with the Existing Notes. The Share Pledge secures parallel debt obligations owed to the Trustee (the "Parallel Debt") which will be in the same amount and payable at the same time as obligations of the Issuer under the Floating Rate Indenture in respect of the Floating Rate Notes (the "Principal Obligations"). The amount of the Parallel Debt has been increased in the same amount as the obligations under the Additional Floating Rate Notes. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. The Trustee shall not be permitted to assign, transfer or dispose of the Parallel Debt other than to a successor, as more particularly described in the Floating Rate Indenture.

The Share Pledge provides that, so long as no Event of Default of the type specified under clause (1) or (2) under "— Events of Default" has occurred which is continuing, unremedied or unwaived which will have been previously notified to the Issuer, the Issuer will be entitled to receive all cash dividends and other payments made upon or with respect to the shares pledged pursuant thereto and to exercise any rights pertaining to the shares. Subject to the Intercreditor Agreement, upon the occurrence and during the continuance of any Event of Default of the type specified under clause (1) or (2) under "— Events of Default", however:

- all rights of the Issuer to receive dividends and other payments made upon or with respect to the pledged shares will cease and such dividends and other payments will be paid to an account for the benefit of the Trustee for the Holders (or as otherwise required by the Intercreditor Agreement); and
- the Trustee will also be entitled to exercise all rights, actions and privileges granted by law to a secured creditor.

Subject to the Intercreditor Agreement, upon the occurrence and during the continuance of any Event of Default of the type specified under clause (1) or (2) under "— Events of Default" or a declaration of acceleration of additional Indebtedness (including Future Additional Notes constituting Floating Rate Notes) in accordance with the Floating Rate Indenture, the Trustee for the benefit of the Holders of the Floating Rate Notes may foreclose on, sell or otherwise dispose of the Collateral or any part thereof in accordance with the terms of the Share Pledge.

Subject to certain conditions, including compliance with the covenant described under "— Certain Covenants — Impairment of Security Interest", the Issuer is permitted to pledge the Collateral in limited circumstances in connection with future issuances of Floating Rate Notes in each case permitted under the Floating Rate Indenture. In addition to the release provisions described below, the Security Interest (as defined below) will cease to exist by operation of law or will be released upon the defeasance or discharge of the Notes as provided in "— Defeasance" or "— Satisfaction and Discharge", in each case in accordance with the terms and conditions of the Floating Rate Indenture.

Priority

The relative priority between (a) the lenders under the Senior Credit Facility Indebtedness and (b) the Trustee with respect to the security interest in the Collateral that is created by the Share Pledge and secures the Parallel Debt (the "Security Interest") and any other holders of Senior Subordinated Indebtedness of the Issuer from time to time secured by the Collateral is established by the terms of

the Intercreditor Agreement, the Indentures, the Share Pledge, and may be set forth in any Additional Intercreditor Agreements, any other security documents from time to time constituting Senior Subordinated Indebtedness secured by Collateral and the security documents relating to the Senior Credit Facilities, which provide that:

(i) the obligations under the Senior Credit Facilities secured by the Collateral are secured by an effective first-priority interest in the Collateral; and

(ii) the obligations in respect of the Parallel Debt and in respect of any other Senior Subordinated Indebtedness of the Issuer from time to time secured by the Collateral are secured by an effective second-priority interest in the Collateral.

Please see the section entitled "Description of Other Indebtedness — Intercreditor Agreement". In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "— Certain Covenants — Impairment of Security Interest".

Release of Security

The Share Pledge will be released in accordance with the Intercreditor Agreement. See "Description of Other Indebtedness — Intercreditor Agreement". The Trustee will agree to any release of the Share Pledge that is in accordance with the Floating Rate Indenture and/or the Intercreditor Agreement without requiring any Holder's consent.

In addition, the Intercreditor Agreement provides that the Security Agent will be authorized to release (and the Security Agent will, at the request of the Issuer, release) the security interest in the Collateral securing the Floating Rate Notes in connection with the granting of a security interest in the Collateral to secure new Indebtedness (where such Indebtedness and security interest are permitted by the Indenture, as certified to the Trustee in an Officers' Certificate by the Issuer). The Trustee will, immediately after such security interest is granted in respect of the new Indebtedness, re-take the released security interest securing the Floating Rate Notes; provided that (A) the release and re-taking of any security interest in the Collateral securing the Floating Rate Notes in accordance with the terms of this paragraph shall only be undertaken to the extent necessary, as determined in good faith by the Issuer and (B) the Issuer shall provide the Trustee with an opinion of counsel regarding the validity and enforceability of any security interest securing the Floating Rate Notes that is re-taken in accordance with the terms of this paragraph, which opinion may be subject to exceptions, limitations and exclusions determined by such counsel to be necessary or appropriate, including in light of applicable law.

Fixed Rate Notes

The Fixed Rate Notes are unsecured obligations of the Issuer.

Optional Redemption

Floating Rate Notes

Except as described below and under "— Redemption for Taxation Reasons", the Floating Rate Notes are not redeemable until May 15, 2007. On and after May 15, 2007, the Issuer may redeem all or, from time to time, a part of the Floating Rate Notes upon not less than 30 nor more than 60 days' notice at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on May 15 of the years set out below:

Year	Percentage
2007	102.00%
2008	101.00%
2009 and thereafter	100.00%

Fixed Rate Notes

Except as described below and under "Redemption for Taxation Reasons" the Fixed Rate Notes are not redeemable before May 15, 2010. Thereafter, the Issuer may redeem all or, from time to time, a part of the Fixed Rate Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof), plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on May 15 of the years set out below:

Year	Percentage
2010	104.063%
2011	102.031%
2012 and thereafter	100.000%

At any time prior to May 15, 2010, the Fixed Rate Notes may also be redeemed or purchased (by the Issuer or any other Person) in whole or, from time to time, in part, at the Issuer's option at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest, if any, to the date of redemption or purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). Such redemption or purchase may be made upon notice mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the date of redemption.

In addition, any time, or from time to time, on or prior to May 15, 2009, the Issuer may, at its option, use the Net Cash Proceeds of one or more Equity Offerings to redeem up to 35% of the principal amount of the Fixed Rate Notes issued under the Fixed Rate Indenture (including the principal amount of any Additional Notes or Future Additional Notes) at a redemption price of 108.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the right of the Holder of record on the relevant record date to receive interest due on the relevant interest payment date); provided that:

(1) at least 65% of the principal amount of Fixed Rate Notes (which includes Additional Notes or Future Additional Notes which are Fixed Rate Notes, if any) issued under the Fixed Rate Indenture remains outstanding immediately after any such redemption; and

(2) the Issuer makes such redemption not more than 90 days after the consummation of any such Equity Offering.

Selection and Notice of Redemption

In the event that the Issuer chooses to redeem less than all of the Notes, selection of the Notes for redemption will be made by the Trustee either:

(1) in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed; or

(2) on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No Notes of a principal amount of €50,000 or less shall be redeemed in part. If a partial redemption is made with the proceeds of an Equity Offering, the Trustee will select the Notes only on a pro rata basis or on as near to a pro rata basis as is practicable. Notice of redemption will be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, then the notice of redemption that relates to such Note must state the portion of the principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the date of redemption, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Issuer has deposited with the Paying Agent funds in satisfaction of the applicable redemption price. The Trustee will not be liable for selections made by it in accordance with this paragraph.

At least 30 days but not more than 60 days before a redemption date, the Issuer shall publish in a leading newspaper having general circulation in London (which is expected to be The Financial Times), in a leading newspaper having general circulation in Luxembourg and through the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency) and, so long as the Notes are

in global form, mail a notice thereof to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

For so long as the Notes are listed on the Euro MTF Market and the rules of such stock exchange shall so require, the Issuer will notify the Luxembourg Stock Exchange of any such notice. In addition, the Issuer will notify the Luxembourg Stock Exchange of the principal amount of the Notes outstanding following any partial redemption of the Notes.

Withholding Taxes

All payments made by the Issuer, any Subsidiary Guarantors or a successor of any of the foregoing (each, a "Payor") under, or with respect to, the Notes or any Subsidiary Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, fees, assessments or governmental charges of whatever nature (including penalties, interest and other liabilities related thereto) (collectively, "Taxes") imposed, levied, collected or assessed by or on behalf of (1) the Republic of France or any political subdivision or governmental authority thereof or therein having power to tax; (2) any jurisdiction from or through which payment on the Notes or any Subsidiary Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or (3) any other jurisdiction in which the Payor is organized, resident or engaged in business, or any political subdivision or governmental authority thereof or therein having the power to tax (each of paragraphs (1), (2) and (3), a "Relevant Taxing Jurisdiction") unless the withholding or deduction of such Taxes is then required by law.

If any deduction or withholding for, or on account of, any Taxes of any Relevant Taxing Jurisdiction will at any time be required by law from any payments made with respect to the Notes or under any Subsidiary Guarantees, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each Holder and beneficial owner of the Notes or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable with respect to:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the Holder (or beneficial owner of, or person ultimately entitled to obtain an interest in such Notes) and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Notes or the related Subsidiary Guarantee or the receipt of payments in respect thereof);

(b) any Taxes that would not have been imposed, payable or due if the Notes are held in definitive registered form ("Definitive Notes") and the presentation of Definitive Notes for payment had occurred within 30 days after the date such payment was due and payable or was provided for, whichever is later, except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period;

(c) any Taxes that are imposed or withheld by reason of the failure of the Holder or beneficial owner of a Note to comply, at our reasonable request, with certification, information or other reporting requirements concerning the nationality, residence or identity of the Holder or such beneficial owner if such compliance is required or imposed by a statute, treaty or regulation or administrative practice of the taxing jurisdiction as a precondition to exemption from all or part of such Tax;

(d) any Taxes that are payable otherwise than by deduction or withholding from payments on or in respect of any Note;

(e) any estate, inheritance, gift, sale, excise, transfer, personal property or similar tax, assessment or governmental charge; or

(f) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to the European Union Savings Tax Directive (the "EU Savings Tax Directive") on

the taxation of savings income which was adopted by the ECOFIN Council (the Council of EU Finance and Economic Ministers) on June 3, 2003, or any law implementing or complying with, or introduced to conform to, such EU Savings Tax Directive.

Also, such Additional Amounts will not be payable with respect to any payment of principal of (or premium, if any, on) or interest on such Note to any Holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note.

The Payor will (a) make any required withholding or deduction and (b) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to each Holder. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be supplied by the Payor and made available for inspection during ordinary business hours at the offices of the Trustee by the Holders upon request and will be made available during ordinary business hours at the offices of the Luxembourg Paying Agent if the Notes are then listed on the Euro MTF Market.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters.

The Payor will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in the Republic of France (or any political subdivision or taxing authority of any such jurisdiction) or any other jurisdiction in which the Payor or Paying Agent is located in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

The foregoing obligations will survive any termination, defeasance or discharge of the applicable Indenture and will apply mutatis mutandis to any jurisdiction in which any (1) successor Person to a Payor is organized or (2) Subsidiary of the Issuer which becomes a Subsidiary Guarantor after the date of the Indentures is organized, or any political subdivision or taxing authority or agency thereof or therein.

Whenever in the Indentures or in this description there is mentioned, in any context, (1) the payment of principal, premium, if any, or interest, (2) redemption prices or purchase prices in connection with the redemption or purchase of the Notes, or (3) any other amount payable under or with respect to any Note or Subsidiary Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, in whole but not in part, upon giving not less than 30 nor more than 60 days' notice to each Holder of the Notes with a copy to the Trustee (which notice will be irrevocable), at a price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date, together with all Additional Amounts, if any, which otherwise would be payable if, as a result of any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application regarding such laws, treaties, regulations or rulings, including a holding, judgment or order by a court of competent jurisdiction which becomes effective on or after the date hereof (a "Change in

Tax Law") the Issuer, with respect to the Notes, or a Subsidiary Guarantor, with respect to any Subsidiary Guarantee, is, or on the next interest payment date in respect of the Notes, would be, required to pay Additional Amounts in respect of any Note pursuant to the terms and conditions thereof which obligation cannot be avoided by the taking of reasonable measures available to it; provided, however, that (a) no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts were a payment in respect of the Notes or a Subsidiary Guarantee then due and payable and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Issuer will deliver to the Trustee (a) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) an Opinion of Counsel, such opinion being acceptable to the Trustee, qualified under the laws of the Relevant Taxing Jurisdiction to the effect that the conditions precedent to the right of the Issuer to redeem have occurred. Such notice, once delivered to the Trustee, will be irrevocable.

Change of Control

Upon the occurrence of a Change of Control, each Holder will have the right to require the Issuer to repurchase all or a portion (in a minimum amount of €50,000 and in integral multiples of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) pursuant to the offer described below and in accordance with the other procedures set out in the Indentures.

No later than the date that is 30 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder, with a copy to the Trustee:

(1) stating that a Change of Control has occurred and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control (including, but not limited to, applicable information with respect to pro forma historical income, cash flow and capitalization after giving effect to the Change of Control); and

(4) describing the procedures determined by the Issuer, consistent with the Indentures, that a Holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officers' Certificate stating the Notes or portions of Notes being purchased by the Issuer in the Change of Control Offer;

(4) deliver, or cause to be delivered, to the principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) deliver, or cause to be delivered, to the relevant Register for cancellation all Definitive Notes accepted for purchase by the Issuer.

If any Definitive Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount that is at least €50,000 and an integral multiple of €1,000 thereof.

For so long as the Notes are listed on the Euro MTF Market and the rules of such stock exchange shall so require, the Issuer will (i) notify the Luxembourg Stock Exchange that a Change of Control has occurred, (ii) provide a copy of any Change of Control Offer notice and the results of any such Change of Control Offer to the Euro MTF Market and (iii) notify the Euro MTF Market. In addition, the Issuer shall publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date in a leading newspaper having a general circulation in London (which is expected to be The Financial Times), in a leading newspaper having general circulation in Luxembourg and through the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency). Such announcement may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Except as described above with respect to a Change of Control, the Indentures do not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control or make such an acquisition more difficult.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times or otherwise in compliance with the requirements set forth in the applicable Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Senior Credit Facilities. In addition, certain events that may constitute a change of control under the Senior Credit Facilities and require a mandatory prepayment of Indebtedness thereunder may not constitute a Change of Control under the Indentures. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer.

If a Change of Control Offer is made, there can be no assurance that the Issuer will have available funds sufficient to pay the Change of Control purchase price for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Issuer is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Issuer expects that it would seek third party financing to the extent it does not have available funds to meet its purchase obligations. However, there can be no assurance that the Issuer would be able to obtain such financing.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of each Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes governed thereby.

The Issuer will comply with the requirements of any securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indentures, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the "Change of Control" provisions of the Indentures by virtue thereof.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that (x) on or prior to the Floating Rate Note Discharge Date, the Issuer or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and (y) following the Floating Rate Note Discharge Date, the Issuer or any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), in each case if on the date of the Incurrence of such Indebtedness, after giving effect thereto on a pro forma basis, the Corporate Consolidated Fixed Charge Coverage Ratio of the Issuer would have been greater than 2.0 to 1.0; provided, however, that no Subsidiary Guarantor or Restricted Subsidiary, as the case may be, may Incur Public Indebtedness (other than a Guarantee of Public Indebtedness of the Issuer to the extent permitted under clause (12) below or Acquired Indebtedness to the extent permitted under clause (13) below).

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Issuer or any Restricted Subsidiary Incurred pursuant to the Senior Credit Facilities (including but not limited to Indebtedness in respect of letters of credit or bankers' acceptances issued or created thereunder) in an aggregate principal amount at any time outstanding not to exceed €350 million, plus, in the case of any refinancing of the Senior Credit Facilities or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness of Restricted Subsidiaries of the Issuer incurred or permitted to be incurred with respect to an asset-backed, finance lease or similar fleet financing under the Senior Asset Financing Loan or the Permitted Take-Out Financing in an aggregate principal amount at any time outstanding not to exceed an amount equal to the greater of (x) €4,000 million and (y) the Borrowing Base;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary of the Issuer; provided, however, that:

   (a) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the obligor thereon; and

   (b) if the Issuer or a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Guarantor is the beneficiary of such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full of all obligations of the Issuer or such Subsidiary Guarantor, as the case may be, with respect to the Notes or the Subsidiary Guarantee, as the case may be;

(4) Indebtedness represented by the Notes (other than any Additional Notes or Future Additional Notes), the Subsidiary Guarantees or the Security Documents;

(5) any Indebtedness of the Issuer or any Restricted Subsidiary (other than the Indebtedness described in clauses (1), (2), (3), (7), (8), (9), (10), (11), (13), (14) and (15)) outstanding on the Issue Date;

(6) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (5) (other than any Refinancing Indebtedness incurred in connection with the Transactions) or this clause (6) or Incurred pursuant to the first paragraph of this covenant;

(7) Hedging Obligations entered into in the ordinary course of business for bona fide hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Issuer);

(8) Purchase Money Indebtedness and Indebtedness represented by Capitalized Lease Obligations in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) and then outstanding, will not exceed at any time outstanding €35 million;

(9) Indebtedness of the Issuer or any Restricted Subsidiary Incurred in respect of (a) workers' compensation claims, self-insurance obligations, performance, surety and similar bonds and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary of the Issuer Incurred in the ordinary course of business and (b) letters of credit, bankers' acceptances or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business;

(10) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for customary indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary of the Issuer; provided that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(11) Indebtedness of the Issuer or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(12) (A) Guarantees by any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Issuer or any Restricted Subsidiary (other than any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this covenant), or (B) without limiting the covenant described under "— Limitation on Liens", Indebtedness of the Issuer or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary (other than any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this covenant);

(13) Acquired Indebtedness (which may include Public Indebtedness) of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by and became a Restricted Subsidiary of the Issuer; provided, however, that at the time of such acquisition and after giving pro forma effect thereto, the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant;

(14) Subordinated Shareholder Funding Incurred by the Issuer; and

(15) additional Indebtedness of the Issuer and its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed the greater of (x) €60 million and (y) 2.0% of Consolidated Total Assets.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify such item of Indebtedness on the date of Incurrence and will only be required to include the amount and type of such Indebtedness in one of such clauses;

(2) all Indebtedness outstanding on the date of the Acquisition Closing Date under the Senior Credit Facilities shall be deemed initially Incurred on the Acquisition Closing Date under clause (1) of the second paragraph of this covenant and not the first paragraph of this covenant or clause (5) of the second paragraph of this covenant and all other Indebtedness Incurred in connection with the Transactions will be deemed Incurred pursuant to the second paragraph (other than clause (5) thereof) and not the first paragraph of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit are Incurred pursuant to the Senior Credit Facilities and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Capital Stock, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS; and

(7) Indebtedness permitted under this covenant may be permitted in part by one provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Capital Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

In addition, if at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this "Limitation on Indebtedness" covenant, the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable euro-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-dominated restriction shall be deemed not to have been exceeded so long as the principal amount in such foreign currency of such refinancing Indebtedness does not exceed the principal amount in such foreign currency of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Qualified Capital Stock of the Issuer; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary of the Issuer (and in the case of any such dividends payable by a Restricted Subsidiary that is not a Wholly Owned Subsidiary, to the other holders of common Capital Stock (or owners of an equivalent interest in the case of a Restricted Subsidiary that is an entity other than a corporation) on a no more than pro rata basis);

(2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Issuer or any Restricted Subsidiary or of any direct or indirect parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Qualified Capital Stock of the Issuer);

(3) make any principal payment on, or purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness of the Issuer or any Subsidiary Guarantor (other than the purchase, repurchase, defeasance, redemption, prepayment or other acquisition or retirement for value of such Indebtedness purchased in anticipation or in lieu of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of such purchase, repurchase, defeasance or other acquisition); or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition or retirement or Restricted Investment referred to the clauses (1) through (4) are referred to herein as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default or an Event of Default shall have occurred and be continuing or would occur as a result of such Restricted Payment; or

(2) the Issuer is not able to incur at least €1.00 of additional Indebtedness in compliance with the first paragraph under the "— Limitation on Indebtedness" covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(3) the aggregate amount of such Restricted Payments (including the proposed Restricted Payment) made subsequent to the Issue Date (the amount expended for such purposes, if other than in cash, being the Fair Market Value of such property) shall exceed the sum of (without duplication):

  (a) 50% of Consolidated Net Income for the period (treated as one accounting period) from April 1, 2006 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit); plus

  (b) 100% of the aggregate Net Cash Proceeds received by the Issuer from the issue or sale of its Qualified Capital Stock or other capital contributions subsequent to the Acquisition Closing Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Subsidiary of the Issuer or an employee stock ownership plan, option plan or similar trust to the extent in each case such sale is funded or guaranteed by the Issuer or any Restricted Subsidiary of the Issuer) or Subordinated Shareholder Funding, incurred subsequent to the Acquisition Closing Date; plus

  (c) the amount by which Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer is reduced on the Issuer's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to the Acquisition Closing Date of any Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer convertible or exchangeable for

Qualified Capital Stock of the Issuer (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Issuer upon such conversion or exchange); plus

(d) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries in any Person resulting from:

(i) repurchases or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such Restricted Investment to an unaffiliated purchaser, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Issuer or any Restricted Subsidiary of the Issuer; or

(ii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (d) was included in the calculation of the amount of Restricted Payments; provided, however, that no amount will be included under this clause (d) to the extent it is already included in Consolidated Net Income.

The provisions of the preceding paragraph will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock (including Disqualified Capital Stock) or Subordinated Indebtedness of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, Qualified Capital Stock of the Issuer (other than Qualified Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent in each case such sale is funded or guaranteed by the Issuer or any Restricted Subsidiary of the Issuer); provided, however, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale of Qualified Capital Stock will be excluded from clause (3)(b) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness that is permitted to be Incurred pursuant to the covenant described under "— Limitation on Indebtedness" and that in each case constitutes Refinancing Indebtedness; provided, however, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Capital Stock of the Issuer or a Restricted Subsidiary of the Issuer made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Capital Stock of the Issuer or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "— Limitation on Indebtedness" and that in each case constitutes Refinancing Indebtedness; provided, however; that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant; provided, however, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;

(5) so long as no Default or Event of Default has occurred and is continuing, the purchase, repurchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer or any Restricted Subsidiary of the Issuer or any direct or indirect parent of the Issuer held by any existing or former employees or management of the Issuer or any Subsidiary of the Issuer or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; provided that such purchases, repurchases, redemptions or other acquisitions pursuant to this clause will not exceed (x) (1) €10 million,

plus (2) €5 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (y) the Net Cash Proceeds received by the Issuer since the Issue Date from, or as a capital contribution from, the issuance or sale to Management Investors of Capital Stock of the Issuer or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer (including any options, warrants or other rights in respect thereof), provided, further, that (a) the amount of any such purchase, repurchase, redemption or other acquisition will be included in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds received under sub-clause (y) above will be excluded from clause (3)(b) of the preceding paragraph;

(6) so long as no Default or Event of Default has occurred and is continuing, the payment by the Issuer of dividends on the common stock or equity of the Issuer following a public offering of such common stock or equity in an amount not to exceed in any calendar year 6% of the aggregate gross cash proceeds received by the Issuer in or from such public offering; provided, further, that the amount of any payments will be included in subsequent calculations of the amount of Restricted Payments;

(7) management or consulting fees paid to a Permitted Holder or any Affiliate thereof not to exceed €7 million in any calendar year provided, however, that the amount of any such fees paid will be included in subsequent calculations of the amount of Restricted Payments;

(8) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; provided, however, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;

(9) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Indebtedness (i) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness in the event of a Change of Control in accordance with provisions no more favorable to the holders thereof than those provided in the "— Change of Control" covenant or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions no more favorable to the holders thereof than those provided in the "— Limitation on Sales of Assets and Subsidiary Stock" covenant; provided that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Issuer has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and provided, further, that such purchase, redemption or other acquisition will be excluded from subsequent calculations of the amount of Restricted Payments;

(10) any Restricted Payment pursuant to or in connection with the Transactions (including Restricted Payments made after the Acquisition Closing Date in connection with the refinancing of any Indebtedness incurred in connection with the Transactions) in an aggregate amount not to exceed €35 million; provided that the amount of any such Restricted Payments will be excluded in subsequent calculations of the amount of Restricted Payments; and

(11) Restricted Payments in an aggregate amount which, when taken together with all other Restricted Payments made pursuant to this clause (11) and then outstanding, will not exceed the greater of (x) €25 million and (y) 1% of Consolidated Total Assets; provided that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith whose resolution with respect thereto shall be delivered to the Trustee. Not later than the date of making any Restricted Payment, the Issuer shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the

calculations required by the "— Limitations on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the applicable Indenture.

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur, assume, permit or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the date of the Indentures or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness or other obligations (including trade payables) (such Lien, the "Initial Lien"), unless, contemporaneously with the Incurrence of such Initial Lien, effective provision is made to secure the Indebtedness due under the Indentures and the Notes or, in respect of Liens on any Subsidiary Guarantor's property or assets, such Subsidiary Guarantor's Subsidiary Guarantee, equally and ratably with (except (a) in the case of the Issuer, prior to, in the case of Initial Liens with respect to Indebtedness that is junior to the Notes and (b) in the case of a Subsidiary Guarantee, on a second-priority basis, in the case of Initial Liens with respect to Senior Indebtedness of such Subsidiary Guarantor and prior to, in the case of Liens with respect to Indebtedness that is junior to such Subsidiary Guarantee) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Limitation on Layering

The Issuer will not incur any Indebtedness if such Indebtedness is subordinate or junior in right of payment to any Senior Indebtedness of the Issuer unless such Indebtedness is *pari passu* with, or is contractually subordinated in right of payment to, the Notes. No Subsidiary Guarantor will incur any Indebtedness if such Indebtedness is subordinate or junior in right of payment to any Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is *pari passu* with, or its contractually subordinated in right of payment to, the Subsidiary Guarantee of such Subsidiary Guarantor.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Issuer to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any other Restricted Subsidiary of the Issuer;

(2) make loans or advances to the Issuer or any other Restricted Subsidiary of the Issuer; or

(3) transfer any of its property or assets to the Issuer or any other Restricted Subsidiary of the Issuer.

The preceding provisions will not prohibit:

(1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indentures or the Acquisition Closing Date or otherwise in connection with the Transactions, including, without limitation, the Senior Credit Facilities, the Senior Asset Financing Loan, the Indentures, the Notes, the Intercreditor Agreement, and Additional Intercreditor Agreements and the Security Documents as in effect on such date;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to Indebtedness Incurred by a Restricted Subsidiary on or before the date on which such Restricted Subsidiary was acquired by the Issuer (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Issuer in connection with or in anticipation or contemplation of the transaction) and outstanding on such date, provided, that any such encumbrance or restriction shall not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property so acquired;

(3) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement are no less favorable to the Holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph on the Issue Date and/or the Acquisition Closing Date or the date such Restricted Subsidiary became a Restricted Subsidiary, whichever is applicable;

(4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:

  (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;

  (b) contained in mortgages, pledges or other security agreements permitted under the Indentures securing Indebtedness of the Issuer or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

  (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) Purchase Money Obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations permitted under the applicable Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;

(6) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) net worth provisions in leases and other agreements entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(8) restrictions on the transfer of assets subject to any Lien permitted under the applicable Indenture imposed by the holder of such Lien;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order or required by any regulatory authorities; and

(10) pursuant to an agreement or instrument relating to Indebtedness of or a Financing Disposition by or to or in favor of any Special Purpose Entity.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the Fair Market Value (such Fair Market Value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer (and will be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of €20 million, in good faith by the Board of Directors, whose determination will be conclusive) (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;

(2) in the case of any Asset Disposition or any series of related Asset Dispositions having a fair market value of €20 million or more, at least 75% of the consideration from such Asset

Disposition received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary within 360 days of the receipt thereof either:

(a) to prepay, repay or purchase Indebtedness (other than any Disqualified Capital Stock or Subordinated Indebtedness) (in each case other than Indebtedness owed to the Issuer or an Affiliate of the Issuer); provided that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this sub clause (a), the Issuer or the relevant Restricted Subsidiary will permanently retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased;

(b) to invest in Replacement Assets; or

(c) any combination of (a) and (b);

provided that pending the final application of any such Net Available Cash in accordance with clause (a), (b) or (c) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds". On the 361st day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €25 million, the Issuer will be required to make an offer ("Asset Disposition Offer") to (a) all Holders and (b) to the extent required by the terms of other senior or pari passu Indebtedness ("Other Asset Disposition Indebtedness") that require the Issuer to make an offer to purchase Other Asset Disposition Indebtedness with the proceeds from any Asset Disposition, to all holders of Other Asset Disposition Indebtedness to purchase the maximum principal amount of Notes and any Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased in an amount equal to the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the applicable Indenture or the agreements governing Other Asset Disposition Indebtedness, as applicable, which in the case of the Notes will be in a minimum principal amount of €50,000 or an integral multiple of €1,000 thereof. To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indentures. If the aggregate principal amount of Notes surrendered by Holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. In connection with any such prepayment, repayment, redemption or purchase of Other Asset Disposition Indebtedness, the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in minimum amounts of €50,000 and integral multiples of €1,000 thereof. The Issuer will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, or the paying agent under any Other Asset Disposition Indebtedness, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuer for purchase, and, in the case of the Notes, the Issuer will promptly issue a new Note, and the Trustee, upon delivery of an Officers' Certificate from the Issuer will authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; provided that each such new Note will be in a principal amount of €50,000 or an integral multiple of €1,000. Any Note not so accepted will be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness (other than Subordinated Indebtedness) of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of a Subsidiary Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition, in which case the Issuer is deemed to have applied such deemed cash to indebtedness in accordance with paragraph 3(a) above; and

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are promptly converted by the Issuer or such Restricted Subsidiary into cash.

The Issuer will comply with the requirements of all applicable securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the applicable Indenture by virtue of any conflict.

The Issuer will not be required to make an Asset Disposition Offer if a third party makes the Asset Disposition Offer in the manner, at the times and otherwise in compliance with the requirements described in the applicable Indenture applicable to the Asset Disposition Offer and purchases the Asset Disposition Offer Amount of all Notes and Other Asset Disposition Indebtedness validly tendered and not withdrawn in response to the Asset Disposition Offer.

The ability of the Issuer to repurchase Notes in an Asset Disposition Offer may be limited by a number of factors, including that the Senior Credit Facilities may not at such time allow prepayment of Notes in amounts sufficient to permit the Issuer to meet its obligations in connection with the Asset Disposition Offer, and the ability of the Issuer to pay cash to the Holders of the Notes upon an Asset Disposition Offer may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available to the Issuer when necessary to make any necessary repurchases.

Limitations on Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or a series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (an "Affiliate Transaction") unless:

(1) the terms of such Affiliate Transaction are no less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction

at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate consideration in excess of €20 million, a majority of the Disinterested Directors (or, if there is only one, the Disinterested Director) have determined in good faith that the criteria set forth in clause (1) are satisfied and have otherwise approved the relevant Affiliate Transaction.

For the purposes of this paragraph, any Affiliate Transaction will be deemed to have satisfied the requirements set forth in this paragraph if (x) such Affiliate Transaction is approved by a majority of the Disinterested Directors (or, if there is only one, the Disinterested Director) or (y) in the event there are no Disinterested Directors, a fairness opinion is provided by an internationally recognized accounting, appraisal or investment banking firm with respect to such Affiliate Transaction.

The preceding paragraph will not apply to:

(1) any Restricted Payment (other than a Permitted Investment) permitted to be made pursuant to the covenant described under "— Limitation on Restricted Payments";

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock of the Issuer, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers and employees approved by the Board of Directors;

(3) loans or advances to employees, officers or directors in the ordinary course of business of the Issuer or any Restricted Subsidiary but in any event not to exceed €1.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;

(4) any transaction between the Issuer, any Restricted Subsidiary or any Special Purpose Entity;

(5) the Transactions, all transactions in connection therewith (including but not limited to the financing thereof), and all fees and expenses paid or payable in connection with the Transactions; and

(6) the performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any agreement to which the Issuer or any Restricted Subsidiary is a party on the Issue Date and/or the Acquisition Closing Date, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; provided, however, that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date and/or the Acquisition Closing Date will (a) comply with clauses (1) and (2) of the first paragraph of this covenant and (b) be permitted to the extent that its terms are not more disadvantageous to the Holders than the terms of the agreements in effect on the Issue Date and/or the Acquisition Closing Date.

Future Subsidiary Guarantors

If any Subsidiary of the Issuer that is not a Subsidiary Guarantor guarantees any Indebtedness of the Issuer under (a) the Senior Credit Facilities or (b) any other Indebtedness for borrowed money (any such guarantee, the "Triggering Indebtedness"), the Issuer will cause such Subsidiary:

(1) to become a Subsidiary Guarantor by Guaranteeing the Notes on a senior subordinated basis, as and to the extent provided in the applicable Indenture;

(2) to execute a supplemental indenture; and

(3) to deliver an Officers' Certificate and an Opinion of Counsel satisfactory to the Trustee, that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and constitutes a valid, binding and enforceable obligation of such Subsidiary.

In addition, the Issuer may at any time at its option designate a Restricted Subsidiary that is not a Subsidiary Guarantor as a Subsidiary Guarantor through the execution of a supplemental indenture and the delivery of an Opinion of Counsel in accordance with clause (3) above.

The Issuer will not be obligated to cause any Restricted Subsidiary to become a Subsidiary Guarantor if such Restricted Subsidiary is not a Significant Subsidiary and the Triggering Indebtedness is not Public Indebtedness. The Issuer will not be obliged to cause any Restricted Subsidiary to become a Subsidiary Guarantor if the Issuer determines that the provision by such Restricted Subsidiary of a Subsidiary Guarantee could reasonably be expected to give rise to or result in:

(1) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Issuer (including any reasonably available "whitewash" procedures or similar procedures that would be required in order to enable such Subsidiary Guarantee to be provided in accordance with applicable law);

(2) any liability (criminal, civil, administrative or other) for any of the officers, directors or shareholders of the Issuer, any Subsidiary thereof (including such Subsidiary Guarantor);

(3) any violation of the provisions of the Senior Credit Facilities, the Senior Asset Financing Loan or the Intercreditor Agreement (each as in effect on the Issue Date or as amended in accordance with the provisions thereof in effect on the Issue Date);

(4) any material risk of any such violation or liability; or

(5) any cost, expense, liability or obligation (including, without limitation, any Tax or any obligation to pay any Additional Amount) in excess of the cost to secure the guarantee giving rise to the obligation to Guarantee the Notes, other than routine and immaterial out-of-pocket expenses incurred in connection with (x) any governmental or regulatory filings required as a result of such Subsidiary Guarantee or (y) any "whitewash" procedures (or similar procedures that would be required in order to enable such Subsidiary Guarantees to be provided in accordance with applicable law) undertaken in connection with such Subsidiary Guarantee.

Subject to the Intercreditor Agreement and any Additional Intercreditor Agreements and the subordination provisions of the applicable Indenture, each Subsidiary Guarantor, as primary obligor and not merely as surety, will jointly and severally guarantee on an unsecured senior subordinated basis, the punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all monetary obligations of the Issuer under the applicable Indenture and the Notes, whether for principal of or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Subsidiary Guarantors being herein called the "Guaranteed Obligations").

The obligations of each Subsidiary Guarantor will be limited to the maximum amount that can, after giving effect to all other contingent and fixed liabilities of such Subsidiary Guarantor, be guaranteed by such Subsidiary Guarantor without rendering its Subsidiary Guarantee void, voidable or unenforceable under applicable law relating to fraudulent conveyance or fraudulent transfer or any other law affecting the rights of creditors generally or otherwise relating to the insolvency of debtors. Notwithstanding any other provisions of the applicable Indenture, each Subsidiary Guarantee shall be in such form and substance, and subject to such terms, conditions, limitations, qualifications and restrictions as may be necessary or appropriate (in the good faith determination of the Issuer, which determination shall be conclusive) by reason of or to comply with any applicable law, rule or regulation, including the law of any jurisdiction where the relevant Subsidiary Guarantor is organized or conducts business.

Each Subsidiary Guarantee shall be a continuing guarantee and shall (i) subject to the paragraphs below, remain in full force and effect until payment in full of the principal amount of all outstanding Notes (whether by payment at maturity, purchase, redemption, defeasance, retirement or other acquisition) and all other Guaranteed Obligations of the Subsidiary Guarantor then due and owing, (ii) be binding upon such Subsidiary Guarantor and (iii) inure to the benefit of and be enforceable by the Trustee, the Holders and their permitted successors, transferees and assigns.

The Guaranteed Obligations of each Subsidiary Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced or terminated the obligations of any Subsidiary Guarantor hereunder and under its Subsidiary Guarantee (whether such payment shall have been made by or on behalf of the Issuer or by or on behalf of a Subsidiary Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of the Issuer, any Subsidiary Guarantor or otherwise, all as though such payment had not been made.

Notwithstanding the paragraphs above, Subsidiary Guarantees will be subject to termination and discharge under the circumstances described below.

A Subsidiary Guarantor will automatically and unconditionally be released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and be of no further force or effect, (a) concurrently with any direct or indirect sale or disposition (by merger or otherwise) of such Subsidiary Guarantor or any interest therein in accordance with the terms of the applicable Indenture (including the covenant described under "— Limitation on Sales of Assets and Subsidiary Stock") by the Issuer or a Restricted Subsidiary (other than such a sale or disposition subject to any Intercreditor Agreement) following which such Subsidiary Guarantor is no longer a Restricted Subsidiary of the Issuer, (b) upon the merger or consolidation of such Subsidiary Guarantor with or into the Issuer or another Subsidiary Guarantor that is the surviving Person in such merger or consolidation, or upon the liquidation of such Subsidiary Guarantor following the transfer of all or substantially all of its assets to the Issuer or another Subsidiary Guarantor, or upon such Subsidiary Guarantor becoming the Issuer, (c) concurrently with such Subsidiary Guarantor becoming an Unrestricted Subsidiary, (d) upon legal or covenant defeasance of the Issuer's obligations, or satisfaction and discharge of the Indenture, (e) at any time that such Subsidiary Guarantor is released from all its monetary obligations under all Triggering Indebtedness (it being understood that a release subject to contingent reinstatement is still a release) or (f) subject to customary contingent reinstatement provisions, upon payment in full of the aggregate principal amount of all Notes then outstanding and all other applicable Guaranteed Obligations of such Subsidiary Guarantor then due and owing.

Upon any such occurrence specified above, the Trustee and, in the case of the Floating Rate Notes, the Security Agent, if applicable, shall at the expense of such Subsidiary execute any documents reasonably required in order to evidence such release, discharge and termination in respect of the applicable Subsidiary Guarantee.

Neither the Issuer nor any such Subsidiary Guarantor will be required to make a notation on the Notes to reflect any such Subsidiary Guarantee or any such release, termination or discharge.

Any Subsidiary Guarantee will be subordinated to all Senior Indebtedness of the applicable Subsidiary Guarantor (including any guarantee thereby constituting Senior Indebtedness) on terms similar to those applicable to the Notes (except as to the scope of Indebtedness to which such Subsidiary Guarantee is subordinated) or on such other terms as may, taken as a whole, be not materially less favorable to the Holders than the terms applicable to the relevant Subsidiary Guarantor's Triggering Indebtedness.

If a Restricted Subsidiary enters into a Guarantee at a time when the Notes are listed on the Euro MTF Market and the rules of such stock exchange shall so require, the Issuer will notify the Luxembourg Stock Exchange and deposit a copy of the relevant supplemental indenture with the Luxembourg Stock Exchange and the Luxembourg Paying Agent.

Impairment of Security Interest (Floating Rate Notes only)

The Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or omit to take any action which action or omission would, in the good faith determination of the Issuer, have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Holders of the Floating Rate Notes (it being understood that any release and re-taking described under "— Security — Release of Security" and the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral for the benefit of the Holders), and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Trustee, the other beneficiaries described in the Security Documents and any beneficiaries of Permitted Collateral Liens, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), except that the Issuer may incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the applicable Indenture or any Intercreditor Agreement; provided, however, that, except with respect to any discharge or release of the Collateral in accordance with the Floating Rate Indenture and any Intercreditor Agreement or the incurrence of Permitted Collateral Liens, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced if such action would be materially prejudicial to Holders, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either

(1) a solvency opinion, in form and substance satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the grantor of the security, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (2) an opinion of counsel, in form and substance satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that this covenant is complied with, the Trustee shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders of the Floating Rate Notes.

Reports

The Issuer will provide to the Trustee and the Holders and make available to potential investors:

(1) within 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2006, annual reports containing: (a) information with a level of detail that is substantially comparable to the sections in this Offering Memorandum entitled "Selected Consolidated Financial Information", "Business", "Management" and "Certain Relationships and Related Party Transactions;" (b) the Issuer's (or the Target's, if applicable) audited consolidated (i) balance sheets as of the end of the three most recent fiscal years and (ii) income statements and statements of cash flow for the three most recent fiscal years, in each case prepared in accordance with IFRS and including complete footnotes to such financial statements (including a footnote or other applicable disclosure with respect to guarantor and non-guarantor subsidiaries) and the report of the independent auditors on the financial statements; (c) an operating and financial review of the three most recent fiscal years, including a discussion of (i) the financial condition and results of operations of the Issuer (or the Target, if applicable) on a consolidated basis and any material changes between such two fiscal years, (ii) any material developments in the business of the Issuer (or the Target, if applicable) and its Restricted Subsidiaries and (iii) any financial developments and trends in the business in which the Issuer (or the Target, if applicable) and its Restricted Subsidiaries are engaged; (d) material risk factors relating to the business of the Issuer (or the Target, if applicable) and its Restricted Subsidiaries not previously disclosed; and (e) supplemental data showing "rental fleet" as classified on the Issuer's and/or Target's balance sheet on the last day of each month during the fourth fiscal quarter of such fiscal year;

(2) within 90 days after the end of the fiscal quarter ending June 30, 2006 of the Issuer (or Target, if applicable) and within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Issuer (or the Target, if applicable) commencing with the fiscal quarter ending September 30, 2006, quarterly reports containing: (a) the Issuer's (or the Target's, if applicable) unaudited condensed consolidated (i) balance sheet as of the end of such quarter and (ii) statements of income and cash flow for the quarterly and year to date periods ending on the most recent balance sheet date, and the comparable prior year periods, in each case prepared in accordance with IFRS, together with condensed footnote disclosure; (b) an operating and financial review of such periods including a discussion of (i) the financial condition and results of operations of the Issuer (or the Target, if applicable) on a consolidated basis and material changes between the current period and the period of the prior year, (ii) any material developments in the business of the Issuer (or the Target, if applicable) and its Restricted Subsidiaries, (iii) any financial developments and trends in the business in which the Issuer (or the Target, if applicable) and its Restricted Subsidiaries are engaged; (c) any material changes to the risk factors disclosed in the most recent annual report; and (d) supplemental data showing "rental fleet" as classified on the Issuer's and/or Target's balance sheet on the last day of each month during such fiscal quarter; and

(3) promptly from time to time after the occurrence of any of the events listed in (a) to (f) of this clause (3) information with respect to (a) any change in the independent accountants of the Issuer, the Target or any of their respective Restricted Subsidiaries, (b) resignation of any

member of the Board of Directors, (c) any material acquisition or disposal, (d) any material development in the business of the Issuer, the Target and their respective Restricted Subsidiaries, (e) any change in the fiscal year of the Issuer, the Target or their respective Restricted Subsidiaries, and (f) any information that the Issuer is required to make publicly available under the requirements of the Luxembourg Stock Exchange.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Issuer, then the annual and quarterly information required by the first two clauses of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of the Issuer.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

All financial statement information required under this covenant shall be prepared on a consistent basis in accordance with IFRS. In addition, all financial statement information and all reports required under this covenant shall be presented in the English language.

Contemporaneously with the provision of each report discussed above, the Issuer will also (a) file a press release through the newswire service of Bloomberg, or, if Bloomberg does not then operate, any similar agency, (b) post such report on the Issuer's website and (c), for so long as the Notes are listed on the Euro MTF Market and to the extent that the rules of the Luxembourg Stock Exchange so require, make the above information available through the offices of the Luxembourg Paying Agent.

Merger and Consolidation

The Issuer will not, in a single transaction or through a series of related transactions, consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized and existing under the laws of the Federal Republic of France or any other member state of the European Union on January 1, 2004, or any State of the United States or the District of Columbia and the Successor Issuer (if not the Issuer) will expressly assume by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes, the Indentures, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "— Limitation on Indebtedness";

(4) each Subsidiary Guarantor (unless it is the other party to the transaction above, in which case clause (1) shall apply) shall have confirmed by supplemental indenture that its Subsidiary Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes;

(5) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture; and

(6) there had been delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income or the Republic of France tax purposes as a result of such consolidation, merger, conveyance, transfer or lease and will be subject to U.S. federal income and French tax on the same amount and in the same manner and at the same times as would have been the case if such consolidation, merger, conveyance, transfer or lease had not occurred.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes, the Indentures, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents but, in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Notes.

Notwithstanding the preceding clause (3) (which does not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer or any wholly-owned Subsidiary of the Issuer and (b) the Issuer may consolidate or otherwise combine with or merge into an Affiliate solely for the purpose of incorporating or organizing the Issuer in another jurisdiction to realize tax benefits.

Limitation on Lines of Business

The Issuer will not, and will not permit its Restricted Subsidiaries to, engage in any business which is not a Permitted Business.

Additional Intercreditor Agreements

Each Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any Subsidiary Guarantor of any Indebtedness permitted pursuant to the covenant described under "— Limitation on Indebtedness" (and, in each case, such Indebtedness shall be (x) Senior Credit Facility Indebtedness, (y) Senior Indebtedness, Senior Subordinated Indebtedness or Subordinated Indebtedness of a Subsidiary Guarantor or (z) Senior Subordinated Indebtedness or Subordinated Indebtedness of the Issuer), the Issuer, the relevant Subsidiary Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") containing substantially the same terms as the Intercreditor Agreement (or terms more favorable to the Holders) including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as contemplated by the last paragraph under "Certain Covenants — Future Subsidiary Guarantors"), and in the case of the Floating Rate Notes, priority and release of the Collateral (or such other terms or with such changes as the Issuer may in good faith determine to be necessary or appropriate relating to the Collateral, in connection with the Incurrence of such Indebtedness, provided that such other terms are not materially more adverse to the Holders taken as a whole than the terms contained in the Intercreditor Agreement); provided, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the applicable Indenture or the Intercreditor Agreements without the consent of the Trustee. Pursuant to any such Additional Intercreditor Agreements, such other Indebtedness may constitute Senior Indebtedness, Senior Subordinated or Subordinated Indebtedness of the Issuer or a Subsidiary Guarantor to the extent such designation is permitted under the Indenture with respect to such Indebtedness.

Each Indenture also will provide that, at the direction of the Issuer and without the consent of Holders of the series affected, the Trustee shall at the expense of the Issuer from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement or any Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any Intercreditor Agreement or any Additional Intercreditor Agreement that may be

Incurred by the Issuer or any of its Subsidiaries that is subject to any Intercreditor Agreement or any Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes or any Subsidiary Guarantees, as applicable) to the extent such increase is permitted under the Indenture with respect to such Indebtedness, (3) add Subsidiary Guarantors to any Intercreditor Agreement or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes, or confirm and evidence the release, termination or discharge of any Subsidiary Guarantee or Lien (including the Collateral and the Security Documents) when such release, termination or discharge is provided for or permitted under the applicable Indenture, any Intercreditor Agreement or any Additional Intercreditor Agreement, (5) make provision for pledges of the Collateral securing Additional Notes or Future Additional Notes to rank pari passu with the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Issuer under any Intercreditor Agreement or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement or any Additional Intercreditor Agreement that would limit or terminate the benefits available to the holder of Senior Indebtedness of the Issuer or a Subsidiary Guarantor (or any Representative thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement, (8) conform the text of any Intercreditor Agreement or any Additional Intercreditor Agreement to any provision of this "Description of the Notes", or (9) make any other change of any Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. The Issuer shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "— Amendments and Waivers", and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the applicable Indenture or any Intercreditor Agreement or an Additional Intercreditor Agreement.

Each Indenture shall also provide that, in relation to any Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; provided, however, that such transaction would comply with the covenant described under "— Certain Covenants — Limitation on Restricted Payments". Each Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of each Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Trustee and, for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Euro MTF Market so require, at the offices of the Luxembourg Paying Agent.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of the applicable series for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the applicable Indenture or the Notes of the applicable series unless such consideration is offered to be paid and is paid to all Holders of that series that consent, waive or agree to amend in the time frame set out in the solicitation documents relating to such consent, waiver or agreement.

Listing

The Issuer will use commercially reasonable efforts to initially list and maintain the listing of the Notes on the Euro MTF Market or other international securities exchange for as long as the Notes are outstanding. However, if it should prove commercially impracticable to list the Notes on the Euro MTF Market due to listing requirements or other factors, the Issuer will list the Notes on another internationally recognized exchange.

Events of Default

The following events are defined in the Indentures as "Events of Default":

(1) the failure to pay interest on the applicable Notes when the same becomes due and payable and the default continues for a period of 30 days (whether or not such payment is prohibited by the subordination provisions of the applicable Indenture or any Intercreditor Agreement or Additional Intercreditor Agreement);

(2) the failure to pay the principal on the applicable Notes at their Stated Maturity, upon optional redemption, upon required purchase or otherwise (whether or not such payment is prohibited by the subordination provisions of the applicable Indenture or any Intercreditor Agreement or Additional Intercreditor Agreement);

(3) a default in the observance or performance of any other covenant or agreement contained in the applicable Notes, the applicable Indenture, any Intercreditor Agreement or Additional Intercreditor Agreement or, in the case of the Floating Rate Notes, the Security Documents, which default continues for a period of 60 days after the Issuer receives written notice specifying the default from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes of the affected series (except in the case of a default (x) with respect to the "— Merger and Consolidation" covenant, which will constitute an Event of Default with such notice requirement but without such passage of time requirement or (y) with respect to the "Change of Control" covenant, which will constitute an Event of Default with such notice requirement if such default continues for a period of 30 days);

(4) the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the stated principal amount of any Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer ("payment default"), or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Issuer or such Restricted Subsidiary of notice of any such acceleration) (the "cross acceleration provision") if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final stated maturity or which has been accelerated (in each case with respect to which the 20 day period described above has elapsed), aggregates €30 million or more at any time;

(5) one or more judgments in an aggregate amount in excess of €30 million shall have been rendered against the Issuer or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable (the "judgment default" provision);

(6) certain events of bankruptcy affecting the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the date of the Issuer's most recently available financial statements) would constitute a Significant Subsidiary) (the "bankruptcy provision");

(7) any Subsidiary Guarantee ceases to be in full force and effect or any Subsidiary Guarantee is declared to be null and void and unenforceable or any Subsidiary Guarantee is found to be invalid or any Subsidiary Guarantor denies its liability under its Subsidiary Guarantee (other than by reason of release of a Subsidiary Guarantor in accordance with the terms of the Indenture) (the "guarantee default provision"); or

(8) in the case of the Floating Rate Notes, any default by the Issuer in the performance of any of its obligations under the Security Documents (after the lapse of any applicable grace periods) or the Floating Rate Indenture which adversely affect the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or which adversely affects the condition of value of the Collateral, taken a whole, in any material respect, repudiation or disaffirmation by the Issuer, of any of its obligations under the Security Documents or the determination of a judicial proceedings that the Security Documents are unenforceable or invalid against the Issuer for any reason (the "security default provision").

If an Event of Default (other than an Event of Default specified in clause (6) above with respect to the Issuer) shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes of the affected series may (subject to the terms of the Intercreditor

Agreement or Additional Intercreditor Agreement) declare the principal of and accrued interest on all the Notes of such series to be due and payable by notice in writing to the Issuer and the Trustee specifying the respective Event of Default and that it is a "notice of acceleration" (the "Acceleration Notice"), and the same shall become immediately due and payable.

If an Event of Default specified in clause (6) above with respect to the Issuer occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Notes of the affected series shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Each Indenture will provide that, at any time after a declaration of acceleration with respect to the Notes of the affected series as described in the preceding paragraph, the Holders of a majority in principal amount of such Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;

(4) if the Issuer has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances; and

(5) in the event of the cure or waiver of an Event of Default of the type described in clause (6) of the description above of Events of Default, the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

The Holders of a majority in principal amount of the Notes of the affected series may waive any existing Default or Event of Default under the applicable Indenture, and its consequences, except a default in the payment of the principal of or interest on any Notes of the affected series.

The Issuer will deliver to the Trustee, on or before 120 days after the end of the Issuer's fiscal year, a certificate indicating whether the signing officers knows of any Default or Event of Default that occurred during the previous year, and whether the Issuer has complied with its obligations under the Indentures. In addition, the Issuer will be required to notify the Trustee of the occurrence and continuation of any Default or Event of Default within five business days after the Issuer becomes aware of the same.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, such Trustee is under no obligation to exercise any of its rights or powers under such Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity satisfactory to it. Subject to the provisions of the applicable Indenture and applicable law, the Holders of a majority in principal amount of the outstanding Notes of the affected series are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on such Trustee.

Under each Indenture, the Issuer is required to provide an Officers' Certificate to the Trustee promptly upon any such officer obtaining knowledge of any Default or Event of Default (provided that such officers shall provide such certification at least annually whether or not they know of any Default or Event of Default) that has occurred and, if applicable, describe such Default or Event of Default and the status thereof.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes and the Indentures ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under covenants described under "— Certain Covenants" (other than "— Merger and Consolidation"), the operation of the cross-default upon a

payment default, cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee default provision and the security default provision described under "Events of Default" above and the limitations contained in clause (3) under "— Certain Covenants — Merger and Consolidation" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) or (6) (with respect only to Significant Subsidiaries), (7) or (8) under "Events of Default" above or because of the failure of the Issuer to comply with clause (3) under the first paragraph of "— Certain Covenants — Merger and Consolidation" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee cash in euro or Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the applicable Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer to the effect that the Holders of the outstanding Notes of the relevant series will not recognize income, gain or loss for income tax purposes in such jurisdiction as a result of such defeasance and will be subject to income tax in such jurisdiction on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(3) an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions, following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, liquidation, reorganization, administration, moratorium, receivership or similar laws affecting creditors' rights generally under any applicable U.S. federal or state law or the laws of the jurisdiction of organization of the Issuer, and that the Trustee has a perfected security interest in such trust funds for the rateable benefit of the Holders;

(4) an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer or any Subsidiary Guarantor;

(5) an Officers' Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(6) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(7) the Issuer delivers to the Trustee all other documents or other information that the Trustee may require in connection with either defeasance option.

Satisfaction and Discharge

Each Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in the applicable Indenture) as to all outstanding Notes when:

(1) either:

(a) all the applicable Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all applicable Notes not theretofore delivered to the Trustee for cancellation (1) have become due and payable or (2) will become due and payable within one year, or are to be called for redemption within one year, under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds in euro or European Government obligations or a combination thereof in an amount sufficient to pay and discharge the entire Indebtedness on the applicable Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the applicable Notes to the date of maturity or redemption, as the case may be, together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Issuer has paid all other sums payable under the applicable Indenture by the Issuer; and

(3) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the applicable Indenture relating to the satisfaction and discharge of such Indenture have been complied with.

Amendments and Waivers

Subject to certain exceptions, the Indentures, the Notes, any Security Documents and any Subsidiary Guarantees and, in the case of the Floating Rate Notes, the Security Documents may be amended or supplemented with the consent of the Holders of a majority in principal amount of the Notes of the affected series then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, applicable Notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes of the affected series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for such Notes). However, without the consent of each Holder of an outstanding Note of the affected series, no amendment may, among other things:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased as described above under "— Optional Redemption", "— Redemption for Changes in Withholding Taxes", "— Change of Control", "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock" or any similar provision, whether through an amendment, supplement or waiver of provisions in the covenants, definitions or otherwise;

(5) make any Notes payable in a currency other than that stated in the Notes;

(6) impair the right of any Holder to receive payment of, premium, if any, principal of or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(7) make any change in the amendment or waiver provisions of the applicable Indenture which require each Holder's consent;

(8) make any change in the provisions of the applicable Indenture described under "Withholding Taxes" that adversely affects the rights of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(9) make any change in the subordination provisions of the applicable Indenture affecting the Holders of the Notes or any Subsidiary Guarantee in a manner adverse to the Holders;

(10) release any Subsidiary Guarantor from any of its obligations (or modify such obligations in any manner adverse to the Holders) under any Subsidiary Guarantee or the applicable Indenture, as applicable, except in accordance with the terms of the applicable Indenture and the Intercreditor Agreement (and any Additional Intercreditor Agreement); or

(11) release the Lien on the Collateral granted for the benefit of the Holders other than pursuant to the terms of the Security Documents, the Intercreditor Agreement (or any Additional Intercreditor Agreements), or as otherwise permitted by the Floating Rate Indenture.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Subsidiary Guarantors and the Trustee may amend the Indentures, the Notes, any Subsidiary Guarantee or, in the case of the Floating Rate Notes, any Security Document to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a successor corporation of the obligations of the Issuer or any Subsidiary Guarantor under the applicable Indenture, the applicable Notes, or, in the case of the Floating Rate Notes, and Security Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add Guarantees with respect to the Notes;

(5) secure or further secure the Notes or any Subsidiary Guarantees;

(6) add to the covenants of the Issuer or any Subsidiary Guarantor for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Subsidiary Guarantor;

(7) conform the text of the applicable Indenture to any provision of this "Description of the Notes";

(8) make any change that does not adversely affect the rights of any Holder; or

(9) evidence and provide for the acceptance and appointment under the applicable Indenture of a successor Trustee pursuant to the requirement thereof.

The consent of the Holders is not necessary under the Indentures to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Indentures by any Holder of Notes of the affected series given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

In determining whether the Holders of the requisite principal amount of Notes of the affected series have given any request, demand, authorization, consent, vote or waiver in connection with the applicable Indenture and the Notes, Notes owned by the Issuer or any Affiliate of the Issuer shall be disregarded and deemed not to be outstanding for these purposes, except that in determining whether the Trustee shall be protected in relying upon such request, demand, authorization, consent, vote or waiver, only Notes of the affected series which the Trustee knows to be so owned shall be so disregarded.

The Issuer will publish a notice of any material amendment, supplement or waiver in accordance with the provisions of the Indentures described under "— Notices", and for so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such amendment, supplement and waiver and

provide a supplement to this Offering Memorandum setting out reasonable details of such amendment, supplement and waiver.

Governing Law

The Indentures, the Notes and the Subsidiary Guarantees are be governed by, and construed in accordance with, the laws of the State of New York. The Issuer has submitted to the non-exclusive jurisdiction of and venue in any federal or state court in the Borough of Manhattan in the City of New York, County and State of New York, United States of America, in any suit or proceeding based on or arising out of or under or in connection with the Notes. The Security Documents and the Intercreditor Agreement are governed by the laws of the Republic of France. The Commercial Court (Tribunal de Commerce) of Paris has exclusive jurisdiction to settle any dispute arising out of or in connection with the Intercreditor Agreement and the Security Documents.

Concerning the Trustee

The Bank of New York is to be appointed as Trustee under the Indentures. Each Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the applicable Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs.

Each Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; provided, however, that if it acquires any conflicting interest it must either eliminate such conflict or resign.

Each Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

Each Indenture provides for the indemnification of the Trustee in connection with its actions under such Indenture.

Concerning the Paying Agent and Registrar

The Trustee will initially act as Paying Agent and Registrar for the Notes. The Bank of New York (Luxembourg) S.A. will initially act as Luxembourg Paying Agent with regard to the Notes (the "Luxembourg Paying Agent"). For so long as the Notes are listed on the Euro MTF Market the Issuer will maintain the Luxembourg Paying Agent. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Paying Agent or Registrar for the Notes. In the event that a Paying Agent is replaced, the Issuer will provide notice thereof in accordance with the procedures described under "Notices". In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to the EU Savings Tax Directive or any law implementing or complying with, or introduced in order to conform to, the EU Savings Tax Directive.

Concerning the Security Agent

CALYON will initially act as Security Agent under the Share Pledge on behalf of the Trustee and the Holders of the Floating Rate Notes. The Security Agent, acting in its capacity as such, shall have such duties with respect to the shares of Europcar International S.A.S.U. pledged pursuant to the Security Documents as are set forth in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Under certain circumstances, the Security Agent may have obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents that are in conflict with the interests of the Holders. In addition, CALYON also acts as security agent under the Senior Revolving Credit Facilities Agreement, the Senior Asset Financing Loan and the Hedging Obligations incurred in connection with the Transactions. The Security Agent will be under no obligation to exercise any rights or powers conferred under the Indenture or any of the Security Documents for the benefit of the Holders unless such Holders have

offered to the Security Agent indemnity or security satisfactory to the Security Agent against any loss, liability or expense.

Payments on the Notes

The Notes are in registered form and will be issued in minimum denominations of €50,000 or any amount in excess thereof which is a multiple of €1,000.

Principal of, premium, if any, and interest on the Notes held in global form will be payable, and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Trustee in London, England except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the Holders as such address appears in the applicable Note register. Payment of principal of, premium, if any, or interest, if any, on Notes in global form registered in the name of or held by the Common Depositary or its nominee will be made in immediately available funds to the Common Depositary or its nominee, as the case may be, as the registered holder of such Global Note. Upon the issuance of Definitive Notes, and for so long as the Notes are listed on the Euro MTF Market and the rules of such stock exchange so require, holders of the Notes will be able to receive principal and interest on the Notes at the office of the Luxembourg Paying Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the applicable Indenture. The Issuer will pay interest on the Notes to Persons who are registered Holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such Holders must surrender the Notes to a Paying Agent to collect principal payments. Initial settlement for the Notes will be made in euro.

Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds.

Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the applicable Indenture. The Registrar and the Trustee may require a holder of a Note, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Issuer, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the Issuer may require a Holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the applicable Indenture. The Issuer is not required to transfer or exchange any Note selected for redemption. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Ownership of interests in the Notes in global form and interests therein will be subject to restrictions on transfer and certification requirements summarized under "Notice to Investors".

The registered Holder of a Note will be treated as the owner of it for all purposes. See "Book-Entry, Delivery and Form".

Currency Indemnity and Calculation of Euro-denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, the Subsidiary Guarantees and the Indentures, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise, by any Holder or by the Trustee in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge of the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient under any Note or the Trustee, the Issuer will indemnify them against any loss sustained by such recipient as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be sufficient for the Holder or the Trustee to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Holder or the Trustee and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set out herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro-equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is incurred or made, as the case may be.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any Subsidiary Guarantor shall have any liability for any obligations of the Issuer or the Subsidiary Guarantors under the Notes, the Subsidiary Guarantees, the Indentures, the Intercreditor Agreement, any Additional Intercreditor Agreement or, in the case of the Floating Rate Notes, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indentures and the Notes, the Issuer and any Subsidiary Guarantors will in each Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States of America.

Enforceability of Judgments

Because substantially all of the assets of the Issuer and the Subsidiary Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or the Subsidiary Guarantors, including judgments with respect to the payment of principal, interest, or premium and any redemption price and any purchase price with respect to the Notes or the Subsidiary Guarantors, may not be collectable within the United States. See "Enforceability of Certain Civil Liabilities".

Prescription

Claims against the Issuer for payment of principal, interest and Additional Amounts, if any, on the Notes will become void unless presentment for payment is made (where so required herein) within, in the case of principal and Additional Amounts, if any, a period of ten years or, in the case of interest, a period of five years, in each case from the applicable original payment date therefor.

Notices

Notices regarding the Notes will be sent to a leading newspaper having general circulation in London (which is expected to be The Financial Times), to a leading newspaper having general circulation in Luxembourg and through the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency). Notices may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Additionally, in the event the Notes are in the form of Definitive Notes, notices will be sent, by first-class mail, with a copy to the Trustee, to each Holder at such Holder's address as it appears on the registration books of the registrar. If and so long as such Notes

are listed on any securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. If and so long as any Notes are represented by one or more Global Notes and ownership of Book-Entry Interests therein are shown on the records of Euroclear, Clearstream or any successor clearing agency appointed by the Common Depositary at the request of the Issuer, notices will be delivered to such clearing agency for communication to the owners of such Book-Entry Interests. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness:

(1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary;

(2) assumed in connection with the acquisition of assets from such Person; or

(3) of a Person at the time such Person merges with or into or consolidates with the Issuer or any Restricted Subsidiary,

in each case not Incurred by such Person in connection with or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Issuer or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger or consolidation.

"*Acquired Shares*" means the Shares that are purchased by the Issuer pursuant to the Acquisition.

"*Acquisition*" means the purchase by the Issuer of 100% of the Capital Stock of the Target.

"*Acquisition Agreement*" means the share sale and transfer agreement dated 15 March 2006 between Volkswagen AG and Legendre Holding 12 S.A.S. and relating to the purchase of Shares by the Issuer, as amended, supplemented, waived or otherwise modified from time to time.

"*Acquisition Closing Date*" means May 30, 2006, the date the Acquisition was consummated.

"*Acquisition Costs*" means all costs, fees and expenses (and taxes thereon) and all capital, stamp, documentary, registration or other taxes incurred by or on behalf of the Eurazeo Group, the Issuer or any member of the Europcar Group in connection with the Acquisition and all related transactions (including without limitation the financing thereon) and the Transactions.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"*Affiliate Transaction*" means any transaction or series of related transactions, including without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service, with, or for the benefit of, any of the Issuer's Affiliates.

"*Applicable Premium*" means with respect to a Fixed Rate Note at any redemption date prior to May 15, 2010, the greater of (i) 1.00% of the principal amount of such Fixed Rate Note and (ii) the excess of (A) the present value at such redemption date of (1) the redemption price of such Fixed Rate Note on May 15, 2010 (such redemption price being described under the second paragraph under "— Optional Redemption — Fixed Rate Notes" exclusive of any accrued and unpaid interest) plus (2) all required remaining scheduled interest payments due on such Fixed Rate Note through May 15, 2010 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (B) the principal amount of such Fixed Rate Note on such redemption date.

"*Asset Acquisition*" means:

(1) an Investment by the Issuer or any Restricted Subsidiary of the Issuer in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Issuer or any Restricted Subsidiary of the Issuer, or shall be merged with or into the Issuer or any Restricted Subsidiary of the Issuer; or

(2) the acquisition by the Issuer or any Restricted Subsidiary of the Issuer of the assets of any Person (other than a Restricted Subsidiary of the Issuer) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"*Asset Disposition*" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value, or series of related sales, issuances, conveyances, transfers, leases, assignments or any other transfers, by the Issuer or any of its Restricted Subsidiaries, including any Sale and Leaseback Transaction and any disposition by means of a merger, consolidation or similar transaction (each referred to for purposes of this definition as a "disposition") of:

(1) any Capital Stock of any Restricted Subsidiary of the Issuer (other than directors' qualifying shares or shares required by law to be held by a Person other than the Issuer or a Restricted Subsidiary); or

(2) any other property or assets of the Issuer or any Restricted Subsidiary of the Issuer other than in the ordinary course of business.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary, provided that in the case of a disposition by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, the Issuer directly or indirectly owns an equal or greater percentage of the Capital Stock of the transferee than of the transferor;

(2) the disposition of cash or Cash Equivalents in the ordinary course of business;

(3) a disposition of inventory (including Vehicles) in the ordinary course of business;

(4) a disposition of obsolete or worn out equipment or equipment that is no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and that is disposed of by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(5) transactions by the Issuer and its Restricted Subsidiaries permitted under "— Certain Covenants — Merger and Consolidation" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary of the Issuer to the Issuer or to a Wholly Owned Restricted Subsidiary of the Issuer;

(7) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "— Certain Covenants — Limitation on Restricted Payments" or that constitutes a Permitted Investment;

(8) dispositions by the Issuer and its Restricted Subsidiaries of assets in a single transaction or series of related transactions with an aggregate Fair Market Value of less than €1.0 million;

(9) dispositions constituting an Incurrence of a Permitted Lien (but not the sale or other disposition of the property subject to such Lien);

(10) dispositions by the Issuer and its Restricted Subsidiaries of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property;

(12) foreclosure, condemnation or similar action with respect to any property or other assets;

(13) any Financing Disposition or other disposition in connection with a Permitted Take-Out Financing; and

(14) any disposition in connection with the Transactions.

"*Attributable Indebtedness*" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in the sale and leaseback transaction including any period for which the lease has been extended or may, at the option of the lessor, be extended. The present value shall be calculated using a discount rate equal to the rate of interest implicit in the transaction, determined in accordance with IFRS.

"*Average Book Value*" means, at any date, the amount equal to (x) the sum of the respective book values of Rental Car Vehicles of the Issuer and/or the Target, as applicable, and its Restricted Subsidiaries determined on a consolidated basis as of the end of each of the most recent twelve fiscal months that have ended at or prior to such date, divided by (y) 12.

"*Average Interest Rate*" means, for any period, the amount equal to (x) the total interest expense of the Issuer and/or the Target, as applicable, and its Restricted Subsidiaries for such period (excluding any interest expense on any Indebtedness not directly or indirectly Incurred to finance or refinance the acquisition of, or secured by, Rental Car Vehicles and/or related rights and/or assets), divided by (y) the Average Principal Amount of Indebtedness of the Issuer and/or the Target and its Restricted Subsidiaries for such period (excluding any Indebtedness not directly or indirectly Incurred to finance or refinance the acquisition of, or secured, Rental Car Vehicles and/or related rights and/or assets), in each case determined on a consolidated basis.

"*Average Life*" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (2) the sum of all such payments.

"*Average Principal Amount*" means, for any period, the amount equal to (x) the sum of the respective aggregate outstanding principal amounts of the applicable Indebtedness as of the end of each of the most recent twelve fiscal months of the Issuer and/or the Target, as applicable, and its Restricted Subsidiaries determined on a consolidated basis, that have ended at or prior to the end of such period, divided by (y) 12.

"*Bankruptcy Law*" means Title 11, U.S. Code, or any similar U.S. Federal, state or non-U.S. law for the relief of debtors, including a "*redressement judiciaire*" under articles L.631-1 et seq. of the French Commercial Code and any "*liquidation judiciaire*" under articles L.640-1 et seq. of the French Commercial Code.

"*Board of Directors*" means, for any Person, the board of directors, supervisory board or other governing body of such Person or, if such Person is owned or managed by a single entity, the board of directors, supervisory board or other governing body of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such board, supervisory board or other governing body. Unless otherwise provided, "Board of Directors" means the Board of Directors of the Issuer. For purposes of the definition of the term "Change of Control", (x) "Board of Directors" does not include any committee of the board of directors, supervisory board or other governing body and (y) if the Issuer is managed by a single entity, "Board of Directors" means the board of directors, supervisory board or other governing body of such entity.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the company secretary or an assistant company secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Borrowing Base*" means, for any date of determination, an amount determined by multiplying (x) 0.95 times (y) the Average Book Value as of such date.

"*Bund Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue,

assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(1) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to May 15, 2010 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Fixed Rate Notes and of a maturity most nearly equal to the period from the redemption date to May 15, 2010; provided, however, that, if the period from such redemption date to May 15, 2010 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to May 15, 2010 is less than one year, a fixed maturity of one year shall be used;

(2) "Comparable German Bund Price" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(4) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3.30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in London, Paris, New York City or Luxembourg, and (in relation to any date for payment or purchase of euro) other than any other day on which Trans-European Automated Real-Time Gross settlement Express Transfer payment system is closed for settlement of payments in euro.

"*Capital Stock*" of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligation*" means, with respect to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under IFRS and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with IFRS.

"*Cash Equivalents*" means:

(1) debt securities denominated in euro, pounds sterling or U.S. dollars, as applicable, to be issued or directly and fully guaranteed or insured by the government of a Participating Member State as of January 1, 2004, the UK or the U.S., as applicable, where the debt securities have not more than twelve months to final maturity and are not convertible into any other form of security;

(2) debt securities denominated in euro, pounds sterling or U.S. dollars which have not more than twelve months to final maturity, are not convertible into any other form of security, are rated at least P-1 by Moody's or A-1 by Standard & Poor's and are not issued or guaranteed by the Issuer or any of its Subsidiaries;

(3) commercial paper denominated in euro, pounds sterling or U.S. dollars maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of P-1 from Moody's and A-1 from Standard & Poor's;

(4) any cash deposit or certificates of deposit denominated in euro, pounds sterling or U.S. dollars having (with respect to certificates of deposit) not more than twelve months to maturity issued by or held with a bank or financial institution incorporated or having a branch in a Participating Member State (on the Issue Date), in the United Kingdom or the United States, provided that the bank is rated at least P-1 by Moody's or A-1 by Standard & Poor's;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank or financial institution meeting the qualifications specified in clause (4) above; and

(6) investments in money market funds which invest substantially all their assets in securities of the types described in clauses (1) through (5) above.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) (a) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have "beneficial ownership" of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 33.3% of the total voting power of the Voting Stock of the Issuer (or its successor by merger, consolidation or purchase of all or substantially all of its assets), and (b) the Permitted Holders "beneficially own" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Issuer than the "person" or "group" referred to in sub-clause (a) above (or its successor by merger, consolidation or purchase of all or substantially all of its assets);

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Issuer (together with any new directors whose election to such board or whose nomination for election by the shareholders of the Issuer was approved by a vote of 66⅔% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved), cease for any reason to constitute a majority of such board of directors then in office;

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the property or assets of the Issuer and its Restricted Subsidiaries taken as a whole to any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than to one or more Permitted Holders; or

(4) the adoption by the shareholders of the Issuer of a plan or proposal for the liquidation or dissolution of the Issuer.

"*Commission*" means the U.S. Securities and Exchange Commission.

"*Commodity Hedging Agreements*" means in respect of a Person any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Common Stock*" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"*Consolidated Income Taxes*" means, with respect to any Person for any period, taxes imposed upon such Person or other payments required to be made by such Person by any governmental authority which taxes or other payments are calculated by reference to the income or profits of such Person or such Person and its Restricted Subsidiaries (to the extent such income or profits were included in computing Consolidated Net Income for such period), regardless of whether such taxes or payments are required to be remitted to any governmental authority.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries on a consolidated basis determined in accordance with IFRS; provided, however, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person (other than the Issuer) if such Person is not a Restricted Subsidiary, except that:

   (a) subject to the limitations contained in clauses (4), (5) and (6) below, the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (2) below); and

   (b) the Issuer's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Issuer or a Restricted Subsidiary;

(2) any net income (loss) of any Person acquired by the Issuer or a Subsidiary of the Issuer in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any net income of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer, except that:

   (a) subject to the limitations contained in clauses (4), (5) and (6) below, the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause); and

   (b) the Issuer's equity in a net loss of any such Restricted Subsidiary for such period will be included in determining such Consolidated Net Income;

(4) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of the Issuer or its consolidated Restricted Subsidiaries (including pursuant to any Sale and Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and treated as such under IFRS and any gain (loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(5) any extraordinary gain or loss; and

(6) the cumulative effect of a change in accounting principles.

"*Consolidated Total Assets*" means, as of any date of determination, total assets shown on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available.

"*Consolidated Vehicle Depreciation*" means, for any period, depreciation on all Rental Car Vehicles (after adjustments thereto), to the extent deducted in calculating Consolidated Net Income for such period.

"*Consolidated Vehicle Interest Expense*" means, for any period, (x) the sum of (a) the aggregate interest expense for such period on any Indebtedness of any Special Purpose Subsidiary that is a Restricted Subsidiary directly or indirectly Incurred to finance or refinance the acquisition of, or secured by, Rental Car Vehicles and/or related rights and/or assets plus (b) the aggregate interest expense for such period on other Indebtedness of the Issuer and its Restricted Subsidiaries that is attributable to the financing or refinancing of Rental Car Vehicles and/or any related rights and/or assets, as determined in good faith by the Chief Financial Officer or an authorized Officer of the Target and/or the Issuer (which determination shall be conclusive) plus (c) without duplication, the interest portion of any lease or rental expense payable to Special Purpose Entities or, (y) during the period ending on the date on which the financial statements for the last four fiscal quarters following the Acquisition Closing Date are available, or thereafter at the Issuer's option, an amount of the total

interest expense of the Issuer and its Restricted Subsidiaries for such period equal to (i) the Average Interest Rate for such period multiplied by (ii) the amount equal to 88.75% of the Average Book Value for such period of Rental Car Vehicles of the Issuer and its Restricted Subsidiaries and, without duplication, any Special Purpose Entities.

"*Corporate Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, (x) plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Corporate Consolidated Interest Expense and Special Purpose Financing Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense (excluding Consolidated Vehicle Depreciation);

(4) consolidated amortization expense or impairment charges recorded in accordance with IFRS; and

(5) other non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period not included in the calculation),

(y) *less* any non-cash items increasing Consolidated Net Income for such period.

Notwithstanding the preceding sentence, clauses (2) through (5) relating to amounts of a Restricted Subsidiary of a Person will be added to Consolidated Net Income to compute Corporate Consolidated EBITDA of such Person only to the extent (and in the same proportion) that the net income (loss) of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person and, to the extent the amounts set forth in clauses (2) through (5) are in excess of those necessary to offset a net loss of such Restricted Subsidiary or if such Restricted Subsidiary has net income for such period included in Consolidated Net Income, only if a corresponding amount would be permitted at the date of determination to be dividended to the Issuer by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its shareholders.

"*Corporate Consolidated Fixed Charge Coverage Ratio*" means, with respect to any Person, the ratio of Corporate Consolidated EBITDA of such Person during the period of the four full fiscal quarters (the "Four Quarter Period") ending prior to the date of the transaction giving rise to the need to calculate the Corporate Consolidated Fixed Charge Coverage Ratio for which financial statements are available (the "Transaction Date") to Corporate Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Corporate Consolidated EBITDA" and "Corporate Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to:

(1) the Incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any Incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the Incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and

(2) any asset sales or other dispositions or Asset Acquisitions (including, with out limitation, any Asset Acquisition giving rise to the need to make such calculation) as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) Incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Corporate Consolidated EBITDA attributable to the assets which are the subject of the Asset Acquisition or asset sale or other disposition during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the

Transaction Date, as if such asset sale or other disposition or Asset Acquisition (including the Incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If such Person or any of its Restricted Subsidiaries directly or indirectly Guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the Incurrence of such Guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly Incurred or otherwise assumed such Guaranteed Indebtedness.

Furthermore, in calculating "Corporate Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Corporate Consolidated Fixed Charge Coverage Ratio:"

(1) interest on outstanding Indebtedness determined on a fluctuating or floating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and

(2) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating or floating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

For the purposes of this definition, whenever pro forma effect is to be given to any Asset Acquisition, the amount of income or earnings relating thereto and the amount of Corporate Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer. In addition, any such pro forma calculation may include adjustments to reflect operating expense reductions from any acquisition or merger, which are considered in the good faith judgment of the Issuer as probable to be realized, as set out in an officers certificate.

If any Indebtedness is Incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculations will be computed based on (i) the average daily balance of such Indebtedness during such Four Quarter Period or (ii) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of calculation.

"*Corporate Consolidated Fixed Charges*" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Corporate Consolidated Interest Expense; plus

(2) the product of:

(a) the amount of all dividend payments on any series of Preferred Stock of such Person and, to the extent permitted under the applicable Indenture, its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock and other than dividends paid by a Restricted Subsidiary of such Person to such Person or to a Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period; and

(b) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated income tax rate of such Person, expressed as a decimal (as estimated in good faith by the principal financial officer of the Issuer).

"*Corporate Consolidated Interest Expense*" means, for any period, the total interest expense of the Issuer and its Restricted Subsidiaries on a consolidated basis in accordance with IFRS, whether paid or accrued, (x) plus, to the extent not included in such interest expense:

(1) interest expense attributable to Capitalized Lease Obligations and the interest portion of rent expense associated with Attributable Indebtedness in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease in accordance with IFRS and the interest component of any deferred payment obligations;

(2) amortization of debt discount and debt issuance cost;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(5) interest actually paid by the Issuer or any such Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person;

(6) costs associated with Hedging Obligations (including amortization of fees); provided, that if Hedging Obligations result in net benefits rather than costs, such benefits shall be credited to reduce Corporate Consolidated Interest Expense unless such net benefits are otherwise reflected in Consolidated Net Income under IFRS;

(7) the consolidated interest expense of the Issuer and its Restricted Subsidiaries that was capitalized during such period;

(8) all dividends paid or payable, in cash, Cash Equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of the Issuer or on Preferred Stock of its Restricted Subsidiaries payable to a party other than the Issuer or a Wholly Owned Subsidiary; and

(9) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any other Person in connection with Indebtedness Incurred by such plan or trust, and

(y) *less*, to the extent otherwise included in such interest expense referred to in clause (x) above, Consolidated Vehicle Interest Expense.

"*Currency Agreement*" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Issuer or any Restricted Subsidiary of the Issuer against fluctuations in currency values.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Disinterested Directors*" means, with respect to any Affiliate Transaction, one or more members of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Issuer, any Capital Stock or other debt or equity debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer, or any options, warrants or other rights in respect of any of the foregoing.

"*Disqualified Capital Stock*" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Capital Stock) pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Capital Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; provided, however, that any Capital Stock that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or a "change of control" occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Capital Stock if:

(x) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the terms applicable to the Notes; and

(y) any such requirement only becomes operative after compliance with such comparable provisions applicable to the Notes, including the purchase of any Note tendered pursuant thereto.

The amount of any Disqualified Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Capital Stock as if the Disqualified Capital Stock were redeemed, repaid or repurchased on the relevant date on which the amount of such Disqualified Capital is to be determined pursuant to the applicable Indenture; provided, however, that if such Disqualified Capital Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Capital Stock as reflected in the most recent financial statements of such Person.

"*Equity Offering*" means any offering of ordinary shares (or the equivalent thereof) or Preferred Stock (other than Disqualified Stock) of the Issuer.

"*Eurazeo*" or "*Eurazeo Group*" means collectively (i) Eurazeo, a *société anonyme à directoire et conseil de surveillance* incorporated under the laws of France; (ii) any subsidiary of Eurazeo, (iii) any investment fund or vehicle managed, sponsored or advised by Eurazeo or any of its subsidiaries or any successor thereto, or any successor to any such fund or vehicle; (iv) any Person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and (v) any of their respective successors in interest.

"*European Government Obligations*" means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any other country that is a member of the European Monetary Union on the date of the applicable Indenture, for the payment of which the fall faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agent or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in each case under the preceding clause (1) or (2), is not callable or redeemable at the option of the Issuer thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free, market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined by the Board of Directors of the Issuer acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of the Issuer delivered to the Trustee; provided that such determination shall be either (x) approved by a majority of Disinterested Directors or (y) based on an opinion or appraisal issued by an internationally recognized accounting, appraisal or investment banking firm if such Fair Market Value is estimated in good faith by the Board of Directors of the Issuer to exceed €10 million.

"*Financing Disposition*" means any sale, transfer, conveyance, lease or other disposition of, or creation or incurrence of any Lien on, property or assets by the Issuer or any Subsidiary hereof to or in favor of any Special Purpose Entity, or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets.

"*Floating Rate Note Discharge Date*" means the first date on which all of the obligations of the Issuer and the Subsidiary Guarantors with respect to the Floating Rate Notes and Subsidiary Guarantees thereof are discharged in full in accordance with the terms of the Floating Rate Indenture, the Intercreditor Agreement and, to the extent applicable, any Additional Intercreditor Agreement.

"*Government Obligations*" means European Government Obligations and U.S. Government Obligations.

"*Group*" means the Issuer and its Subsidiaries.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" or "*Noteholder*" means the registered holder of any Note.

"*IFRS*" means the International Financial Reporting Standards adopted by the International Accounting Standards Board and its predecessors, consistently applied, in effect as of the Issue Date.

"*Incur*" means to issue, create, assume, enter into any guarantee of, incur or otherwise become liable for, directly or indirectly; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms "Incurred" and "Incurrence" shall have correlative meanings.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) the principal component of all obligations of such Person in respect of letters of credit, performance and surety bonds, bankers' acceptances or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property, all conditional sales obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 120 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(5) Capitalized Lease Obligations and all Attributable Indebtedness of such Person;

(6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Capital Stock or, with respect to any Subsidiary, any Preferred Stock;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided however, that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;

(8) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Parallel Debt or any "parallel debt" obligations created in connection with a Lien created to secure other indebtedness permitted to be incurred under the Indentures.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. The amount of Indebtedness issued or sold at a discount will be the accreted value at such date.

"*Independent Financial Advisor*" means a firm (1) which does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in the Issuer; and (2) which, in the judgment of the Board of Directors of the Issuer, is otherwise independent and qualified to perform the task for which it is to be engaged.

"*Intercreditor Agreement*" means the Intercreditor Agreement, dated on or about the Acquisition Closing Date among the Issuer, the Target, the lenders under the Senior Asset Financing Loan, the lenders under the Senior Revolving Credit Facilities Agreement, the Security Agent, the hedging counterparties named therein, the Trustee and the other parties thereto, as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indentures.

"*Interest Rate Agreement*" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect loan or other extension of credit (including, without limitation, a guarantee or similar arrangement), advances or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. "Investment" shall exclude extensions of trade credit by the Issuer and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Issuer or such Restricted Subsidiary, as the case may be. If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Common Stock of such Restricted Subsidiary not sold or disposed of. The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

"*Issue Date*" means the date of original issuance of the Existing Notes.

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to grant any security interest).

"*Management Investors*" means the officers, directors, employees and other members of the Issuer or any of its Subsidiaries, or family members or relatives thereof, or trusts, partnerships or limited liability companies for the benefit of the foregoing, or any of their heirs, executors, successors or legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting and investment banking fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*" with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of legal fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Officer*" means, (a) with respect to the Issuer or any other obligor upon the Notes, the Chairman of the Board, the President, the *Gérant*, the Chief Executive Officer, the Chief Financial Officer, any Vice President, the Controller, the Treasurer or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "Officer" for the purposes of the applicable Indenture by the Board of Directors.

"*Officers' Certificate*" means a certificate signed by two Officers.

"*Opinion of Counsel*" means a written opinion, in form and substance satisfactory to the Trustee, from legal counsel who is acceptable to the Trustee.

"*Participating Member State*" means each state so described in any European Monetary Union legislation.

"*Permitted Business*" means any business in which the Issuer and/or the Target Group are engaged in on the Issue Date or any business activity that is a reasonable extension, development or expansion thereof or ancillary or complementary to such business.

"*Permitted Collateral Liens*" means Liens on the Collateral (a) securing Senior Credit Facilities to the extent permitted to be Incurred in compliance with clause (1) of the second paragraph of the "— Limitation on Indebtedness" covenant, (b) securing the Floating Rate Notes (including any Additional Notes or Future Additional Notes) issued pursuant to the Floating Rate Indenture (and any Guarantees thereof), (c) securing other Senior Subordinated Indebtedness of the Issuer incurred in compliance with the "— Limitation on Indebtedness" covenant in an aggregate amount at any one time outstanding not to exceed €50 million, or (d) that are statutory Liens arising by operation of law;

provided, that such Lien either (x) ranks equal to all other Liens on the Collateral securing Senior Indebtedness of the Issuer, if the Lien secured Senior Indebtedness, (y) equal to all other Liens on such Collateral securing Indebtedness of the Issuer ranking equally to the Floating Rate Notes or (z) otherwise junior to the Liens securing the Floating Rate Notes (or any Guarantee thereof).

"*Permitted Holder*" means any of the following: (1) prior to the consummation of the Transactions, Volkswagen AG, (2) the Eurazeo Group, (3) any entity formed for the purpose of investing in Capital Stock of the Issuer that is owned and controlled by any of the Permitted Holders, or (4) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of the Issuer. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the applicable Indenture, together with its Affiliates, shall thereafter constitute Permitted Holders.

"*Permitted Investment*" means, with respect to the Issuer or any of its Restricted Subsidiaries, an Investment by the Issuer or any Restricted Subsidiary:

(1) in a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that the primary business of such Restricted Subsidiary is a Permitted Business;

(2) in the Issuer; provided, however, that any Indebtedness evidencing an Investment in the Issuer and held by a Restricted Subsidiary of the Issuer that is not a Subsidiary Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Issuer's obligations under the Notes and the applicable Indenture;

(3) in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary; provided, however, that such Person's primary business is a Permitted Business;

(4) in cash and Cash Equivalents;

(5) in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(6) in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(7) in loans or advances to employees made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary not in excess of €1 million at any one time outstanding and made in compliance with applicable laws;

(8) in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(9) made as a result of the receipt of non-cash consideration from an Asset Disposition that was made pursuant to and in compliance with "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock";

(10) in existence on the Issue Date;

(11) in Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "— Certain Covenants — Limitation on Indebtedness";

(12) in Guarantees permitted to be Incurred in accordance with "— Certain Covenants — Limitation on Indebtedness";

(13) acquired by the Issuer or any Restricted Subsidiary in exchange for the issuance of Qualified Capital Stock of the Issuer;

(14) any Investment made in connection with the Transactions;

(15) Investments in the joint venture established with TUI, with respect to the car rental business in Baleares, Spain in an aggregate amount outstanding at any one time not to exceed €30 million; and

(16) other Investments (including Investments in joint ventures) which, when taken together with all other Investments pursuant to this clause (16) and then outstanding will not exceed 1% of Consolidated Total Assets (with the Fair Market Value of such Investment being measured at the time made and without giving effect to subsequent changes in value).

"*Permitted Liens*" means, with respect to the Issuer and the its Restricted Subsidiaries:

(1) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Issuer or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to IFRS;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by IFRS shall have been made in respect thereof;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(4) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(5) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(6) any interest or title of a lessor under any Capitalized Lease Obligation; provided that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;

(7) Liens securing Purchase Money Indebtedness incurred in the ordinary course of business; provided, however, that (a) such Purchase Money Indebtedness shall not exceed the purchase price or other cost of such property or equipment and shall not be secured by any property or equipment of the Issuer or any Restricted Subsidiary of the Issuer other than the property and equipment so acquired and (b) the Lien securing such Purchase Money Indebtedness shall be created within 90 days of such acquisition;

(8) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(9) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(10) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Issuer or any of its Restricted Subsidiaries, including rights of offset and set-off;

(11) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the applicable Indenture, secured by a Lien on the same property securing such Hedging Obligation;

(12) Liens securing Acquired Indebtedness incurred in accordance with the "— Limitation on Indebtedness" covenant; provided that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Issuer or a Restricted Subsidiary of the Issuer and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Issuer or a Restricted Subsidiary of the Issuer; and

(b) such Liens are limited to all or a part of the same property or assets of the Issuer or its Restricted Subsidiaries that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer, and

are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by the Issuer or a Restricted Subsidiary of the Issuer;

(13) Liens securing Indebtedness incurred in compliance with clauses (1) and (2) of the second paragraph of "— Certain Covenants — Limitation on Indebtedness";

(14) Liens securing the Notes;

(15) Liens securing Indebtedness or other obligations of any Special Purpose Entity;

(16) Liens on assets of a Restricted Subsidiary of the Issuer that is not a Subsidiary Guarantor to secure Indebtedness of such Restricted Subsidiary that is otherwise permitted under the applicable Indenture;

(17) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary course of business of the Issuer and its Restricted Subsidiaries;

(18) banker's Liens, rights of setoff and similar Liens with respect to cash and Cash Equivalents on deposit in one or more bank accounts in the ordinary course of business;

(19) Liens arising from U.S. Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(20) Liens existing on the Issue Date;

(21) Permitted Collateral Liens;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of custom duties in connection with the importation of goods;

(23) Liens securing the escrowed funds deposited in accordance with the Escrow Agreement; and

(24) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured (other than Refinancing Indebtedness incurred in connection with the Transactions), provided that any such Lien is limited to all or part of the same property or assets that secured the Indebtedness being refinanced.

"*Permitted Take-Out Financing*" means any asset-backed financing occurring on or after the Acquisition Closing Date for the purpose of refinancing or replacing the Senior Asset Financing Loan, and permitted under the Senior Asset Financing Loan and the Senior Revolving Credit Facility.

"*Person*" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Public Indebtedness*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities (other than any such Indebtedness incurred under the Senior Asset Financing

Loan or any refinancing thereof under customary arrangements for these types of facilities) issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Preferred Stock*" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemption or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness of the Issuer and its Restricted Subsidiaries incurred in the normal course of business for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of property or equipment.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock.

"*Refinance*" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to Refinance any Indebtedness existing on the date of the Indentures or Incurred in compliance with the applicable Indenture, including Indebtedness that Refinances Refinancing Indebtedness, provided, however, that:

(1) (a) if the Stated Maturity of the Indebtedness being Refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced or (b) if the Stated Maturity of the Indebtedness being Refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and fees Incurred in connection therewith); and

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantor's Subsidiary Guarantee, such Refinancing Indebtedness is subordinated in right of payment to the Notes or such Subsidiary Guarantee at least to the same extent as such Indebtedness being Refinanced;

provided, further, however, that Refinancing Indebtedness shall not include (A) Indebtedness of a Subsidiary that Refinances Indebtedness of the Issuer, (B) Indebtedness of a Subsidiary Guarantor that Refinances Indebtedness of a non-Guarantor Restricted Subsidiary or (C) Indebtedness of the Issuer or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary. Refinancing Indebtedness of a Restricted Subsidiary shall not be permitted to constitute Public Indebtedness unless the Indebtedness being Refinanced is Public Indebtedness of a Restricted Subsidiary.

"*Rental Car Vehicles*" means all passenger Vehicles owned by or leased to the Issuer or a Restricted Subsidiary that are classified as "rental fleet" in the consolidated financial statements of the Issuer and/or the Target, as applicable.

"*Replacement Assets*" means properties and assets that will be used in the business of the Issuer and its Restricted Subsidiaries as existing on the Issue Date or in a Permitted Business, which replace properties and assets that were the subject of an Asset Disposition.

"*Representative*" means any trustee, agent or representative (if any) for the Senior Credit Facility Indebtedness.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of any Person means any Subsidiary of such Person (including Special Purpose Subsidiaries) which at the time of determination is not an Unrestricted Subsidiary.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Issuer or a Restricted Subsidiary of any property, whether owned by the Issuer or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such Property.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"*Security Agent*" means CALYON in its capacity as security agent for the Trustee and the Holders of the Floating Rate Notes or any successor thereto appointed in accordance with the Floating Rate Indenture.

"*Senior Asset Financing Loan*" means the five year senior secured committed revolving bridge to asset financing facility dated on or around the Acquisition Closing Date and made available to members of the Target Group and others in an original amount of up to €2,900 million as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time.

"*Senior Credit Facilities*" means the collective reference to the Senior Revolving Credit Facilities Agreement, any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Revolving Credit Facilities Agreement or one or more other credit agreements, indentures or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "Senior Credit Facilities" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Senior Credit Facility Indebtedness*" means with respect of the Issuer, Indebtedness under the Senior Credit Facilities, including any Guarantee of Indebtedness by the Issuer thereunder; provided that the aggregate principal amount of Senior Credit Facility Indebtedness incurred by the Issuer as a borrower or guarantor under the Senior Credit Facilities shall not, solely for purposes of this definition, exceed €300 million outstanding at any time. In addition, certain expenses of the Issuer relating to the administration of the Senior Credit Facilities and the Notes (including Trustee Amounts) may be deemed from time to time to constitute Senior Credit Facility Indebtedness.

"*Senior Indebtedness*" means, with respect to the Issuer or a Subsidiary Guarantor, all obligations of the Issuer or such Subsidiary Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, without duplication, consisting of principal of and premium, if any, accrued and unpaid interest on, and fees and other amounts relating to, all Indebtedness of the Issuer or such Subsidiary Guarantor, unless the instrument under which such Indebtedness is Incurred expressly provides that it is on parity with or subordinated in right of payment to the Notes or, in respect of such Subsidiary Guarantor, its Subsidiary Guarantee, including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or such Subsidiary Guarantor, regardless of whether post-filing interest is allowed in such proceeding.

Notwithstanding anything to the contrary in the preceding paragraph, Senior Indebtedness will not include:

(1) any Indebtedness Incurred in violation of the applicable Indenture;

(2) any obligations of the Issuer to a Subsidiary or of a Subsidiary Guarantor to the Issuer or another Subsidiary;

(3) any liability for national, local, or other taxes owed or owing by the Issuer or a Subsidiary Guarantor;

(4) any accounts payable or other liability to trade creditors (other than vehicle rental lease obligations owed to, or a Special Purpose Financing Undertakings made to, Special Purpose Entities, which shall be deemed to constitute "Senior Indebtedness") arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

(5) in the case of the Issuer, Indebtedness not constituting Senior Credit Facility Indebtedness; or

(6) any Capital Stock.

"*Senior Revolving Credit Facility Indebtedness*" means with respect to the Issuer, Indebtedness incurred under and in accordance with the Senior Revolving Credit Facilities Agreement, including any Guarantee of Indebtedness by the Issuer thereunder.

"*Senior Revolving Credit Facilities Agreement*" means the Senior Revolving Facility Agreement dated on or about the Acquisition Closing Date among the Issuer as parent, original guarantor and original borrower, CALYON, BNP Paribas, Deutsche Bank AG, London Branch and Société Générale as mandated lead arrangers and underwriters, CALYON as agent and security agent and the lenders named therein.

"*Senior Subsidiary Indebtedness*" means (x) with respect to any Subsidiary Guarantor, Senior Indebtedness of such Subsidiary Guarantor, and (y) with respect to any Restricted Subsidiary that is not a Subsidiary Guarantor, any Indebtedness of such Restricted Subsidiary other than Indebtedness thereof that is expressly subordinated in right of payment to any other Indebtedness of such Restricted Subsidiary.

"*Senior Subordinated Indebtedness*" means, with respect to the Issuer or any Subsidiary Guarantor (x) the Notes (in the case of the Issuer) or the Subsidiary Guarantee (in the case of such Subsidiary Guarantor) and (y) any other Indebtedness of such Person that is not Senior Indebtedness of such Person and ranks pari passu with the Notes or such Subsidiary Guarantee, as the case may be.

"*Shares*" means the issued shares in the capital of the Target at any time.

"*Significant Subsidiary*", with respect to any Person, means any Restricted Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set out in Rule 1.02(w) of Regulation S-X under the Exchange Act. For purposes of "— Certain Covenants — Future Subsidiary Guarantors" only, such determination shall be made by a substituting 5% for 10% in such Rule.

"*Special Purpose Entity*" means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets, and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles, and/or related rights (including under leases, manufacturer warranties and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets).

"*Special Purpose Financing*" means any financing or refinancing of assets consisting of or including Receivables and/or Vehicles of the Issuer or any Restricted Subsidiary that have been purchased by a Special Purpose Entity or made subject to a Lien in a Financing Disposition.

"*Special Purpose Financing Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Special Purpose Financing.

"*Special Purpose Financing Undertakings*" means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Issuer or any of its Restricted Subsidiaries in connection with a Special Purpose Financing or a Financing Disposition; provided that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes or (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodity Hedging Agreements entered into by the Issuer or any Restricted Subsidiary, in respect of any Special Purpose Financing or

Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Issuer or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

"*Special Purpose Subsidiary*" means a Subsidiary of the Issuer that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles, and/or related rights (including under leases, manufacturer warranties and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and (y) any business or activities incidental or related to such business, and (b) is designated as a "Special Purpose Subsidiary" by the Board of Directors.

"*Standard & Poor's*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Stated Maturity*" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest, respectively, is due and payable, and, when used with respect to any other indebtedness, means the date specified in the instrument governing such indebtedness as the fixed date on which the principal of such indebtedness, or any installment of interest thereon, is due and payable.

"*Subordinated Indebtedness*" means Indebtedness of the Issuer or any Subsidiary Guarantor that is subordinated or junior in right of payment to the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by a parent or shareholder entity, or any Affiliate of a parent or shareholder entity, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding, provided that such Subordinated Shareholder Funding (i) does not mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Capital Stock (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition), (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes, (iii) does not accelerate and has no right to declare a default or event of default or take any enforcement action, in each case prior to the first anniversary of the maturity of the Notes, (iv) is not secured by any asset of the Issuer or a Restricted Subsidiary, (v) does not contain any covenants (financial or otherwise) other than a covenant to pay the Subordinated Shareholder Funding when due and (vi) is junior in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Issuer.

"*Subsidiary*", with respect to any Person, means:

(1) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person; or

(2) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"*Subsidiary Guarantee*" means a Guarantee by a Subsidiary Guarantor of the Issuer's obligations with respect to the Notes and under the applicable Indenture.

"*Subsidiary Guarantor*" means any person that executes the applicable Indenture or who in the future executes a supplemental indenture in which such person agrees to be bound by the terms of the applicable Indenture as a Subsidiary Guarantor.

"*Target*" means Europcar International S.A.S.U., and any successor in interest thereto.

"*Target Group*" means the Target and its subsidiaries from time to time.

"*Trade Payables*" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"*Transactions*" means, collectively, any or all of the following:

(a) the entry into of the Indentures, the Notes, the Intercreditor Agreement and, in the case of the Floating Rate Notes, the Security Documents, the carrying out of the transactions contemplated thereby and the incurrence of Indebtedness thereunder and the other transactions contemplated thereby;

(b) the entry into of the Senior Revolving Credit Facilities Agreement, the incurrence of Indebtedness thereunder and the other transactions contemplated thereby;

(c) the establishment of the Senior Asset Financing Loan, the incurrence of Indebtedness thereunder and the other transactions contemplated thereby;

(d) the completion of the Acquisition and all direct or indirect related distributions or payments of the purchase price in respect of the Shares acquired in the Acquisition or shares of the Target acquired from stock option holders of the Target prior to or after the Issue Date;

(e) any transactions necessary or expedient to effect the formation of one or more Special Purpose Subsidiaries on or about the Acquisition Closing Date;

(f) any transactions between the Eurazeo Group, on the one hand, and the Issuer, on the other hand, in connection with the financing of the Acquisition as contemplated by the Acquisition Agreement, including any equity contribution on or about the Acquisition Closing Date;

(g) intra-group Hedging Transactions with respect to currency exposure relating to Notes and loans made under the Senior Credit Facilities;

(h) the repayment of certain existing Indebtedness of the Target Group, as contemplated by this offering memorandum; and

(i) all transactions relating to any of the foregoing (including, without limitation, payment of fees and expenses related to any of the foregoing, including without limitation Acquisition Costs).

"*Unrestricted Subsidiary*" of any Person means:

(1) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of any Person may designate any Subsidiary, including any newly acquired or newly formed Subsidiary, to be an Unrestricted Subsidiary unless that Subsidiary owns any Capital Stock of, or owns or holds any Lien on any of the property of, any other Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated.

Notwithstanding the foregoing:

(1) the Issuer must certify to the Trustee that this designation complies with the "— Limitation on Restricted Payments" covenant; and

(2) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, Incur any Indebtedness pursuant to which the lender has recourse to any assets of the Issuer or any of its Restricted Subsidiaries.

The Board of Directors of any Person may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if:

(1) immediately after giving effect to this designation, the Issuer can incur at least €1.00 of additional Indebtedness, other than Permitted Indebtedness, in compliance with the "— Limitation on Indebtedness" covenant; and

(2) immediately before and immediately after giving effect to this designation, no Default or Event of Default shall have occurred and be continuing.

Any designation by the Board of Directors shall be evidenced by promptly filing with the Trustee a copy of the Board Resolution giving effect to the designation and an Officers' Certificate certifying that the designation complied with the foregoing provisions.

"*U.S. Government Obligation*" means (x) any security that is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under the preceding clause (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation that is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation that is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

"*Vehicles*" means vehicles owned or operated by, or leased or rented to or by, the Issuer or any of its Subsidiaries, including automobiles, trucks, tractors, trailers, vans, sport utility vehicles, buses, campers, motor homes, motorcycles and other motor vehicles.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (1) the then outstanding aggregate principal amount of such Indebtedness into (2) the sum of the total of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly Owned Restricted Subsidiary*" of any Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary of such Person.

"*Wholly Owned Subsidiary*" of any Person means any Subsidiary of such Person of which all the outstanding Capital Stock (other than in the case of a foreign Subsidiary, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person.

BOOK-ENTRY, DELIVERY AND FORM

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "Rule 144A Global Notes"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited with a common depositary, and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "Restricted Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Unrestricted Book-Entry Interests" and, together with, the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the legal owners or Holders of the Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, or their respective nominees, will be considered the sole holder(s) of the Global Notes for all purposes under the respective indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights as Holders of the Notes under the respective Indenture. Neither we nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of €50,000 principal amount or less may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by the Issuer to the common depositary or its nominee for Euroclear and Clearstream. The common depositary or its nominee will distribute such payments to participants in accordance with their procedures. Payments of all such amounts will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made by any applicable law or regulation or otherwise as described under "Description of the Notes — Withholding Taxes" then, to the extent described under "Description of the Notes — Withholding Taxes" such Additional Amounts will be paid as may be

necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. Under the terms of each Indenture, we and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the legal owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of our or the Trustee's agents has or will have any responsibility or liability for:

(1) any aspect of the records of Euroclear or Clearstream or of any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

(2) Euroclear or Clearstream or any participant or indirect participant; or

(3) the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for definitive registered Notes ("Definitive Registered Notes") in certificated form, and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the relevant Indenture.

The Global Notes will bear a legend to the effect set forth in "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Transfer of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Unrestricted Book-Entry Interests will be

limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A. Unrestricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Restricted Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of each Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes only:

(1) if either Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and a successor is not appointed by the Issuer within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the relevant Indenture;

(3) at any time if we, in our sole discretion, determine that all the Global Notes should be exchanged for Definitive Registered Notes; or

(4) if we are required under the terms of the relevant Indenture to exchange all or part of a Global Note for Definitive Registered Notes, including upon an Event of Default under such Indenture.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The following summaries of those operations and procedures are provided solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor any Initial Purchaser is responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream participants, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through Euroclear or Clearstream

systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Trustee's Powers

In considering the interests of the Holders of the Notes, while title to the Notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to, and rely on, any information provided to it by that clearing system as to the identity (either individually or by category) of its accountholders with entitlements to Notes and may consider such interests as if such accountholders were the Holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the relevant Indenture against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in such Indenture to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder, as if they were themselves the Holders of the Notes in such principal amounts.

TAX CONSIDERATIONS

Circular 230 Disclosure

To ensure compliance with Treasury Department Circular 230, each holder of a Note is hereby notified that: (A) the following summary of U.S. federal income tax issues is not intended or written to be relied upon, and it cannot be relied upon, by a holder for the purpose of avoiding penalties that may be imposed on such holder under the U.S. Internal Revenue Code; (B) the summary is written to support the promotion or marketing (within the meaning of Circular 230) of the Notes; and (C) a holder of a Note should seek advice based on its particular circumstances from an independent tax advisor.

Certain U.S. Federal Income Tax Considerations

The following is a general discussion of the material U.S. federal income tax ("USFIT") considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchase the Notes pursuant to this offering at the initial price and hold the Notes as capital assets. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion is for general information only and does not address all of the USFIT considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, traders or dealers in securities or currencies, U.S. expatriates, persons subject to the alternative minimum tax, persons who hold the Notes as part of a straddle, hedge, conversion or integrated transaction or persons that have a "functional currency" other than the U.S. dollar). This discussion does not address any U.S. state or local tax considerations or any U.S. federal estate or gift tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that is, for USFIT purposes, (i) a citizen or individual resident of the United States, (ii) a corporation or other entity treated as a corporation for USFIT purposes that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to USFIT regardless of its source or (iv) a trust (A) with respect to which a court within the United States is able to exercise primary supervision over its administration and with respect to which one or more U.S. persons has the authority to control all of its substantial decisions or (B) that is an electing trust treated as a domestic trust. If a partnership holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status and activities of the partnership and the partner. Prospective investors that are partnerships for USFIT purposes should consult their own tax advisors regarding the USFIT considerations to them and their partners of purchasing, owning and disposing of the Notes.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE USFIT CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE APPLICABILITY OF U.S. STATE AND LOCAL TAX LAWS OR NON-U.S. TAX LAWS.

Characterization of the Notes

We intend to take the position that the Notes will be characterized as debt for USFIT purposes, and by acquiring a Note, each Holder agrees to take the same position. Prospective investors should note that there is no bright line test for characterizing an instrument as debt or equity for USFIT purposes. There can be no assurance that the Internal Revenue Service (the "IRS") will not contend, and that a court will not ultimately hold, that the Notes are equity of the Issuer. This discussion assumes that the Notes are treated as debt for USFIT purposes.

Special Mandatory Redemption, Optional Redemption and Change of Control — Contingency Payment Debt Instrument Rules

In certain circumstances (see "Description of Notes — Optional Redemption" and "Description of Notes — Change of Control"), we may be obligated to pay a Noteholder a premium over the principal

amount on the Notes. Under the applicable Treasury regulations addressing "contingent payment debt instruments" ("CPDIs"), the possibility that any payment of premium over the stated principal will be made will not affect the amount or timing of income a U.S. Holder will include in its gross income for USFIT purposes if, as of the date the Notes were issued, the possibility of such additional payment was remote or the potential amount of such premium was incidental, in each case within the meaning of the CPDI rules. We believe that the possibility that we will pay a premium is remote or that the potential amount of such premium is incidental (in either case within the meaning of the CPDI rules) at the time we issue the Notes, and, therefore, the Notes should not be treated as CPDIs. Consequently, the possibility that we might pay a premium should not affect the amount or timing of income a U.S. Holder will recognize on the Notes for USFIT purposes. Our determination, however, is not binding on the IRS, and if the Notes were treated as CPDIs, a U.S. Holder might be required to accrue income on the Notes in an amount that may exceed the stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of a Note, and to recognize foreign currency exchange gain or loss with respect to such income. The discussion below assumes that our determination that the contingency is remote or incidental is correct. ***U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof.***

Stated Interest

Interest on the Notes, including any Additional Amounts, will be taxable to a U.S. Holder as ordinary income at the time it accrues or is received, in accordance with such U.S. Holder's method of accounting for USFIT purposes.

A U.S. Holder that uses the cash method of accounting determines its interest income by translating the amount of euros received as an interest payment on the Note into U.S. dollars at the spot rate on the date of receipt. Please see discussion below on "Foreign Currency Considerations" with respect to the foreign exchange consequences of interest payments made in euros.

A U.S. Holder that uses the accrual method of accounting generally is required to determine its interest income by using one of the following two methods. Under the first method, the interest accrued on the Notes is translated into U.S. dollars at the average exchange rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the relevant taxable year). The average exchange rate for an accrual period (or partial period) is the simple average of the spot rates for each business day of such period or other average exchange rate for that period reasonably derived and consistently applied by the U.S. Holder. Under the second method, the U.S. Holder can make an election (which must be applied consistently to all debt instruments held by such U.S. Holder from year to year and may not be revoked without the consent of the IRS) to accrue interest on the Note in U.S. dollars at the spot rate on the last day of an interest accrual period (or, in the case of an accrual period that spans two taxable years, the last day of the relevant taxable year), or, if the last day of an accrual period is within five business days of receipt of the interest payment, the spot rate on the date of receipt. Under either method, an accrual basis U.S. Holder generally will recognize foreign currency exchange gain or loss, as the case may be, on the receipt of a euro interest payment to the extent that the exchange rate on the date such interest payment is received differs from the exchange rate applicable to the accrual of such interest payment. This foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States. See discussion below under "Foreign Currency Considerations".

Interest income on the Notes will constitute foreign source income and generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income" for foreign tax credit purposes. The rules relating to foreign tax credits are extremely complex, and ***U.S. Holders should consult their own tax advisors with regard to these rules in light of their own particular situations***.

Amortisable Bond Premium

A U.S. Holder that purchases an Additional Note in this offering for an amount in excess of its principal amount will be considered for USFIT purposes to have purchased such Additional Note with amortisable premium. Such a U.S. Holder generally may elect to amortise the premium over the then remaining term of the Note on a constant yield method as an offset to the interest that such U.S. Holder otherwise would include in gross income under its regular tax accounting method. If such

U.S. Holder does not elect to amortise bond premium, that premium will decrease the gain or increase the loss such U.S. Holder would otherwise recognise on disposition of the Note.

Sale, Retirement or Disposition of the Notes

For USFIT purposes, a U.S. Holder generally will recognize gain or loss upon a sale, retirement or disposition of a Note in an amount equal to the difference, if any, between the amount realized on such sale, retirement or disposition (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in the Note. The U.S. Holder's adjusted tax basis in a Note generally will equal the price paid for the Note, reduced by any principal payments on the Note. Generally, gain or loss upon the sale, exchange, or retirement of a Note will be treated as United States source income and as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. For tax years beginning before January 1, 2011, non-corporate taxpayers will enjoy reduced maximum rates on long-term capital gain (generally 15%), and generally will be subject to USFIT at ordinary rates on short term capital gains. The deductibility of capital losses is subject to certain limitations. ***Prospective investors should consult their own tax advisors concerning such limitations.***

Foreign Currency Considerations

A U.S. Holder's initial tax basis in a Note, and the amount of any subsequent adjustment to its basis therein, generally will be the U.S. dollar value of the euro purchase price of the Note, determined at the spot rate on the date of the U.S. Holder's purchase. If the Note is treated as traded on an established securities market for USFIT purposes, a cash basis or electing accrual basis taxpayer will determine the U.S. dollar value of the cost of the Note at the spot rate on the settlement date of the purchase. A U.S. Holder that purchases a Note with euros it already owns generally will recognize ordinary income or loss on those euros at the time of the Note purchase in an amount equal to the difference, if any, between its U.S. dollar basis in the euros and the U.S. dollar value of the euros on the date of the Note purchase.

If the U.S. Holder receives euros on the sale, retirement or disposition of a Note, the amount realized by the U.S. Holder generally will be based on the U.S. dollar value of the euros received (other than amounts representing accrued and unpaid interest), determined at the spot rate in effect on the date of the sale, retirement or disposition (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the sale, retirement or disposition if the Note is treated as traded on an established securities market for USFIT purposes). If an accrual method taxpayer makes such an election, the election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

To the extent that any such gain or loss recognized upon the sale, retirement or disposition of a Note with respect to the principal amount thereof is attributable to changes in the currency exchange rates between the dates of purchase and disposition of the Note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement dates of such purchase and disposition if the Note is treated as traded on an established securities market for USFIT purposes), such gain or loss generally will be treated as foreign currency exchange gain or loss that is ordinary in character. The source of such gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the U.S. Holder on whose books the Note is properly reflected. However, such foreign currency exchange gain or loss (together with any foreign currency exchange gain or loss with respect to any amounts representing accrued and unpaid interest) will be taken into account only to the extent of the total gain or loss realized on the transaction.

A U.S. Holder's tax basis in euros received as an interest payment or from a sale, retirement or disposition of a Note generally will be equal to the U.S. dollar value of euros on the date of receipt. Any gain or loss realized by the U.S. Holder on any subsequent sale or disposition of such euros generally will be treated for USFIT purposes as ordinary income or loss from sources within the United States.

Reportable Transaction Reporting

Under Treasury regulation 1.6011-4, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach IRS Form 8886 (Reportable Transaction Disclosure Statement) to their U.S. tax return. U.S. Holders should consult their own tax advisors as to the possible obligation

to file IRS Form 8886 with respect to the purchase, ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of euros received as interest or as proceeds from the sale, retirement or disposition of the Notes.

Backup Withholding and Information Reporting

Interest payments on the Notes to, and proceeds from the sale, retirement or disposition of the Notes received by, a U.S. Holder may be subject to U.S. information reporting and/or backup withholding, unless the U.S. Holder is a corporation or otherwise establishes a basis for exemption. A credit can be claimed against the USFIT liability of the U.S. Holder for any amount withheld under the backup withholding rules and any excess amount is refundable, in each case, if the required information is provided to the IRS.

Certain French Tax Considerations

The following is a summary of certain French tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial Holder of the Notes that is not a French resident for French tax purposes and that does not hold the Notes in connection with a permanent establishment or a fixed base in France (such holder, a "Non-French Holder"). This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change or to different interpretation. This summary is for general information only and does not address all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

The Notes being offered pursuant to this Offering Memorandum are characterized as *obligations* (bonds) under French commercial law. Pursuant to Article 131 *quater* of the French tax code *(Code général des impôts,* or "CGI"), interest paid on bonds that are deemed to be issued outside France are entitled to an exemption from deduction or withholding of tax at the source.

Pursuant to revenue ruling 5 I-11-98 dated October 6, 1998, as the Notes are denominated in euros, they will be deemed to be issued outside France for the purposes of Article 131 *quater* of the CGI. Accordingly, a Non-French Holder will not be subject to deduction or withholding of tax in respect of interest paid on the Notes.

A Non-French Holder will generally not be subject to deduction or withholding of tax imposed by France in respect of gains realized on the sale, exchange or other disposition of the Notes. In addition, transfers of the Notes will not be subject to any stamp duty or other taxes imposed in France.

European Union Directive on the Taxation of Savings Income

EC Council Directive 2003/48/EC on the taxation of savings income was adopted on June 3, 2003 by the EU Council (the "EU Savings Directive"). The EU Savings Directive is applicable to interest payments made as from July 1, 2005. Under the EU Savings Directive, each member state of the European Union will be required to provide the tax authorities of other member states, *inter alia*, with details of payments of interest within the meaning of the EU Savings Directive (interests, products, premiums or other debt income) made by a paying agent established in the first member state to or for the benefit of an individual resident in that other member state. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the EU Savings Directive, for the benefit of individuals.

The EU Savings Directive was implemented into French law by the Amended Finance Laws for 2003, by the Decree no. 2005-330 dated April 6, 2005 (section 242 *ter* of the French Tax code ("FTC")) and by the Decree no. 2005-132 dated February 15, 2005 (sections 49 I *ter*, 40 I *quater*, 49 I *quinquies*, 49 I *sexies* of annex II to the FTC). These provisions impose an obligation on paying agents based in France to report certain information to the French tax authorities regarding interest payments made to beneficial owners domiciled in another member state, including among other matters the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

CERTAIN ERISA CONSIDERATIONS

Circular 230 Disclosure

To ensure compliance with Treasury Department Circular 230, each holder of a Note is hereby notified that: (A) the following summary of U.S. federal income tax issues is not intended or written to be relied upon, and it cannot be relied upon, by a holder for the purpose of avoiding penalties that may be imposed on such holder under the U.S. Internal Revenue Code; (B) the summary is written to support the promotion or marketing (within the meaning of Circular 230) of the Notes; and (C) a holder of a Note should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of material considerations arising under the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the prohibited transaction provisions of Section 4975 of the Code that may be relevant to a prospective purchaser of the Notes that is an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of part 4 of subtitle B of Title I of ERISA, or other plans and arrangements, including individual retirement accounts and annuities, and Keogh plans subject to section 4975 of the Code, and certain collective investment funds and insurance company general or separate accounts in which such plans, accounts, or arrangements are invested, or an entity whose underlying assets include plan assets of any such plan by reason of a plan's investment in such entity (collectively, "Plans"). The discussion does not purport to address all aspects of ERISA or Code Section 4975 or other laws or regulations that may be relevant to particular Plans or other employee benefit plans in light of their particular circumstances. *Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt Prohibited Transactions, prior to making an investment in the Notes, prospective investors that are Plans and other employee benefit plans subject to similar laws or regulations should consult with their legal advisors concerning the impact of ERISA, the Code and such laws or regulations on such an investment with respect to their specific circumstances.*

This discussion is based on the current provisions of ERISA and the Code, existing and currently proposed regulations under ERISA and the Code, the legislative history of ERISA and the Code, existing administrative rulings of the United States Department of Labor ("DOL") and reported judicial decisions. No assurance can be given that legislative, judicial, or administrative changes will not affect the accuracy of any statements herein with respect to transactions entered into or contemplated prior to the effective date of such changes.

General

Investments by Plans covered by ERISA are subject to general fiduciary requirements pursuant to ERISA, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that a Plan's investments be made in accordance with the Plan's governing documents. A fiduciary (as defined in Section 3(21)(A) of ERISA) of such a Plan who proposes to cause such a Plan to purchase Notes should determine whether, under the general fiduciary standards of ERISA or other applicable law, an investment in the Notes is appropriate for such Plan. In determining whether a particular investment is appropriate for such a Plan, fiduciaries of a Plan are required by DOL regulations to give appropriate consideration to (among other things) the role that the investment plays in the Plan's portfolio, taking into consideration (i) whether the investment is designed reasonably to further the Plan's purpose, (ii) an examination of the risk and return factors, (iii) the portfolio's composition with regard to diversification, (iv) the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the Plan and (v) the projected return of the total portfolio relative to the Plan's funding objectives. Before investing the assets of such a Plan in the Notes, a fiduciary should determine whether such an investment is consistent with the foregoing regulations and its fiduciary responsibilities, including any specific restrictions to which such fiduciary may be subject.

Prohibited Transaction Rules

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions ("Prohibited Transactions") involving the assets of a Plan and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to Plans, unless an exemption is available. For example, fiduciaries and service providers of Plans are "parties in interest" and "disqualified persons" of those Plans for purposes of the Prohibited Transaction rules.

A party in interest or a disqualified person who engages in a Prohibited Transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code, and, unless an exemption applies, the transaction may have to be rescinded. Code Section 4975 imposes excise taxes, and, in some cases, a civil penalty may be assessed pursuant to Section 502(i) of ERISA on parties in interest or disqualified persons that engage in non-exempt Prohibited Transactions. Furthermore, a fiduciary that permits a Plan to engage in a transaction that the fiduciary knows or should know is a Prohibited Transaction may be liable to the Plan for any losses realized by the Plan or any profits realized by the fiduciary in the transaction. Consequently, a fiduciary considering a purchase of Notes on behalf of, or with the assets of, a Plan should consider whether such an investment might constitute or give rise to a Prohibited Transaction under ERISA or the Code.

If the Notes are acquired by a Plan with respect to which the Issuer or an Initial Purchaser or any of the respective affiliates of either is a party in interest or a disqualified person (other than sponsor of, or investment advisor with respect to such Plan, as discussed below), such acquisition could give rise to a Prohibited Transaction unless a specific exemption applies. Certain exemptions from the Prohibited Transaction rules may apply depending on the type of Plan fiduciary making the decision to acquire the Notes and the circumstances under which the decision is made. Among these exemptions, each of which contains several conditions which must be satisfied before exemption applies, are the statutory exemption for certain transactions between Plans and non-fiduciary service providers as described in Section 408(b)(17) of ERISA and Code Section 4975(d)(20), and Prohibited Transaction Exemption ("PTE") 96-23 (relating to transactions directed by an "in house" professional asset manager ("INHAM")); PTE 95-60 (relating to transactions involving insurance company general accounts); PTE 91-38 (relating to investments by bank collective investment funds); PTE 84-14 (amended effective August 23, 2005) (relating to transactions effected by qualified professional asset managers ("QPAM")); and PTE 90-1 (relating to investments involving insurance company pooled separate accounts). However, there is no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Each of the Issuer and the Initial Purchasers, or their respective affiliates, may be the sponsor of or investment adviser with respect to one or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, the purchase of such Notes using the assets of a Plan over which any of such parties has investment authority might be deemed to be a violation of the Prohibited Transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased using the assets of any Plan if any of the Issuer or the Initial Purchasers or their respective affiliates has investment authority with respect to such assets.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while generally not subject to the requirements of ERISA or Section 4975 of the Code, may be subject to federal, state, local, non-U.S. or other laws or regulations that contain provisions that are similar to the fiduciary responsibility and Prohibited Transaction provisions of ERISA or Section 4975 of the Code ("Similar Laws").

Review by Plan Fiduciaries

As a result of the foregoing, the Notes, and any interest therein, may not be purchased or held by any Plan, any employee benefit plan subject to Similar Laws, or any person investing assets of either unless the purchase, holding or disposition of the Notes would not constitute a non-exempt Prohibited Transaction under ERISA and/or the Code or a violation of any applicable Similar Law.

EACH PURCHASER, HOLDER AND TRANSFEREE OF THE NOTES OR ANY INTEREST THEREIN WILL BE DEEMED TO HAVE REPRESENTED AND AGREED BY ITS PURCHASE AND HOLDING THEREOF THAT (A) EITHER (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY SUCH NOTE OR INTEREST THEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A PLAN OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO PURCHASE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY PLAN OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THE NOTES OR ANY INTEREST THEREIN DOES NOT

AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAWS); AND (B) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT IS DEEMED TO REPRESENT AND AGREE WITH RESPECT TO ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTES TO THE SAME EFFECT AS THE PURCHASER'S REPRESENTATION AND AGREEMENT SET FORTH IN THIS SENTENCE.

THE ISSUER, THE INITIAL PURCHASERS, THE REGISTRAR AND THE TRANSFER AND PRINCIPAL PAYING AGENT SHALL BE ENTITLED TO RELY CONCLUSIVELY UPON THE REPRESENTATIONS AND AGREEMENTS DESCRIBED HEREIN BY PURCHASERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY.

The sale of any Notes, or any interest therein, to a Plan or a governmental, church or non-US. plan that is subject to Similar Laws is in no respect a representation by the Issuer or the Initial Purchaser, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the Prohibited Transaction Exemptions described above, or any other Prohibited Transaction Exemption, would apply to such an investment by such plan in general or any particular such plan; or that such an investment is appropriate for such plan generally or any particular such plan.

PLAN OF DISTRIBUTION

The Issuer, the Subsidiary Guarantors and the Initial Purchasers entered into a purchase agreement, dated May 4, 2007 with respect to the Additional Notes. The Initial Purchasers have agreed to purchase, and the Issuer has agreed to sell, all of the Additional Notes pursuant to the terms of the purchase agreement.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase and accept delivery of the Additional Notes offered hereby are subject to certain conditions precedent. The Initial Purchasers are obligated to purchase and accept delivery of all the Additional Notes if any are purchased.

The purchase price for the Additional Notes will be the initial offering price set forth on the cover page of this Offering Memorandum less an Initial Purchasers' discount. The Initial Purchasers propose to offer the Additional Notes at the initial offering price. After the Additional Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms.

The Additional Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Additional Notes (1) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and (2) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In connection with sales outside the United States, the Initial Purchasers agree that they will not offer, sell or deliver the Additional Notes to, or for the account or benefit of, U.S. persons (1) as part of the initial distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering or the date the Additional Notes were originally issued. Each Initial Purchaser will send to each dealer to whom it sells such Additional Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Additional Notes within the United States by a dealer or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Additional Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering of the Additional Notes, an offer or sale of such Additional Notes within the United States by a dealer that is not participating in the offering of the Additional Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Persons who purchase Additional Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

In connection with the offering of the Additional Notes, Deutsche Bank AG, London Branch or its affiliates may purchase and sell Notes in the open market. These transactions may include short sales, over-allotments, stabilizing transactions and purchases to cover positions created by short sales or over-allotments. Short sales involve the sale by Deutsche Bank AG, London Branch or its affiliates of a greater number of Notes than they are required to purchase in the offering of the Additional Notes. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering of the Additional Notes is in progress.

These activities by Deutsche Bank AG, London Branch or its affiliates may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. There is no obligation on Deutsche Bank AG, London Branch or its affiliates to conduct these activities. If these activities are commenced, they may be discontinued by Deutsche Bank AG, London Branch or its affiliates at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

Each Initial Purchaser has also agreed that (a)(i) it is a qualified investor (with the meaning of section 86(7) of the Financial Services and Markets Act 2000) (the "FSMA") and (ii) it has not offered or sold and will not offer to sell any Notes except to persons who are qualified investors or otherwise in circumstances which do not require a prospectus to be made available to the public in the United Kingdom within the meaning of section 85(1) of the FSMA; (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Additional Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantors; and (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, by us or the Initial Purchasers that would permit a public offering of the Additional Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Europcar Group or the Additional Notes in any jurisdiction where action for the purpose is required. Accordingly, the Additional Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Additional Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Additional Notes, the distribution of this Offering Memorandum and resales of the Additional Notes.

This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Additional Notes are not being offered, directly or indirectly, to the public in France and this Offering Memorandum has not been and will not be distributed to the public in France. Offers, sales and distributions of the Additional Notes in France will be made only to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 of the *Code monétaire et financier*, on the condition that (i) this Offering Memorandum shall not be circulated or reproduced (in whole or in part) by such qualified investors, (ii) such investors act for their own account and (iii) they undertake not to transfer the Additional Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2 and L.621-8 of the *Code monétaire et financier*).

Please see the section entitled "Notice to Investors".

The Issuer and the Subsidiary Guarantors will agree to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Additional Notes.

The Issuer has applied, through its listing agent, to have the Additional Notes admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange. Neither the Initial Purchasers nor the Issuer can assume that the Additional Notes will be approved for admission to trading and listing or will remain admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange.

In addition, the Issuer has agreed that it will not, and will procure that members of Europcar Group do not, subject to certain exceptions, offer or sell any debt securities issued or guaranteed by it (other than the Additional Notes or any further additional Notes) that are substantially similar to the Notes without the prior consent of the Initial Purchasers for a period of 180 days from the date of this Offering Memorandum.

Delivery of the Additional Notes will be made against payment therefor on or about the fourth New York business day following the date of pricing of the Additional Notes (such settlement being

referred to as "T+4"). Under Rule 15(c)6-1 under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Additional Notes on the date of pricing will be required, by virtue of the fact that the Additional Notes will initially settle in T+4, to specify an alternate settlement cycle at the time of such trade to prevent failed settlement. Purchasers of the Additional Notes who wish to trade the Additional Notes on the date of pricing should consult their own advisors.

The Initial Purchasers and their respective affiliates have from time to time performed certain investment banking and/or other financial services the Issuer, ECI, and their respective affiliates or former affiliates for which they received customary fees and reimbursement of expenses. The Initial Purchasers served in a similar capacity in connection with the issuance of the Existing Notes, and Deutsche Bank AG, London Branch served as solicitation manager and Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A. served as tabulation agents in connection with the Consent Solicitation. The Initial Purchasers and their respective affiliates may in the future provide investment banking or other financial services to us or our affiliates for which they will receive customary fees. In addition, each of the Initial Purchasers are lenders under our Senior Revolving Credit Facility and the Senior Asset Financing Loan. Each of the Initial Purchasers are lenders under the Bridge Financing. The net proceeds of this Offering will be used to repay the Bridge Financing.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Additional Notes offered hereby.

The Issuer has not registered and will not register the Additional Notes or the Subsidiary Guarantees under the U.S. Securities Act and, therefore, the Notes and the Subsidiary Guarantees may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is offering and selling the Additional Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers", commonly referred to as "QIBs", as defined and in compliance with Rule 144A; and
- outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S.

We use the terms "offshore transaction", "U.S. person" and "United States" with the meanings given to them in Regulation S.

If you purchase Notes, you will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes and the Subsidiary Guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws and that the Additional Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other state securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not our "affiliate" (as defined in Rule 144A), you are not acting on our behalf and you are either:

  (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

  (b) not a "U.S. person" as defined in Regulation S or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are not purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Subsidiary Guarantors or the Initial Purchasers or any person representing them has made any representation to you with respect to the Europcar Group or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that none of the Initial Purchasers or any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning the Europcar Group and the Notes as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a 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 U.S. Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell these Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing these Notes, and each subsequent holder of these Notes by its acceptance thereof

will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the U.S. Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us;

(b) pursuant to a registration statement which has been declared effective under the U.S. Securities Act;

(c) for so long as these Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;

subject in each of the foregoing cases to any requirements of law that the disposition of your property or the property of your investor account or accounts be at all times within your or their control and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that we, the Trustee and the Registrar reserve the right prior to any offer, sale or other transfer pursuant to clause (d) prior to the end of the 40-day distribution compliance period within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and /or other information satisfactory to us, the Trustee and the Registrar.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF, THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WERE THE OWNERS OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO EUROPCAR GROUPE SA OR ANY SUBSIDIARY THEREOF (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE

TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE OR TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE OR AN APPLICABLE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACKUP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN WITHIN THE MEANING OF SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW OR AN ENTITY THE UNDERLYING ASSETS OF WHICH ARE CONSIDERED TO INCLUDE THE ASSETS OF SUCH EMPLOYEE BENEFIT PLANS OR PLANS IF THE ACQUISITION, HOLDING OR DISPOSITION OF THE NOTE WILL CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION OR VIOLATION UNDER SUCH LAWS.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTES REPRESENTED HEREBY) EACH BENEFICIAL OWNER HEREOF IS DEEMED TO REPRESENT AND AGREE (I) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED ("CODE"), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS") OR (B) THE PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DO NOT AND WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAWS); AND (II) IT WILL

NOT SELL OR OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT IS DEEMED TO REPRESENT AND AGREE WITH RESPECT TO ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE TO THE SAME EFFECT AS THE BENEFICIAL OWNER'S REPRESENTATION AND AGREEMENT SET FORTH IN THIS SENTENCE."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to Holders of these Notes.

(5) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

(a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance period" (as defined below), you shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "distribution compliance period" means the 40-day period following the issue date for the Notes.

(9) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution".

ERISA

(I) Either (A) you are not, and are not acting on behalf of (and for so long as you hold the Notes or any interest therein you will not be, and will not be acting on behalf of) an employee benefit plan (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the United States Internal Revenue Code of 1986, as amended ("Code"), applies, or any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's or plan's investment in such entity, or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. laws or regulations that are similar to the fiduciary responsbility or prohibited transaction provisions of ERISA and/or Section 4975 of the Code ("Similar Laws"), and no part of the assets to be used by you to purchase or hold such Notes or any interest therein constitutes the assets of any such employee benefit plan or plan, or (B) your purchase, holding and disposition of such Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any Similar Laws); and (II) you will not sell or otherwise transfer a Note or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase, holding and disposition of such Notes.

INDEPENDENT AUDITORS

The non-consolidated separate financial statements of the Issuer as of and for the period ended December 31, 2006, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Audit, statutory auditor, as stated in their report appearing herein.

The special purpose consolidated financial statements of ECI and its car rental subsidiaries as of and for the years ended December 31, 2005, included in this Offering Memorandum, have been jointly audited by PricewaterhouseCoopers Audit and Moore Stephens SYC, the two statutory auditors of ECI, as stated in their report appearing herein. The second statutory auditor of ECI resigned on September 15, 2006 as only one auditor is legally required. The special purpose consolidated financial statements of ECI and its car rental subsidiaries as of and for the years ended December 31, 2006, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Audit, the sole statutory auditor of ECI commencing in 2006, as stated in their report appearing herein.

The financial statements of Vanguard as of and for the year ended December 31, 2006 (which include financial information as of and for the year ended December 31, 2005), included in this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, as stated in their report appearing herein.

LEGAL MATTERS

Certain matters as to U.S. federal, New York State and French law in connection with this offering will be passed upon for the Issuer by Gide Loyrette Nouel and for the Initial Purchasers by White & Case LLP.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of the Additional Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, ECI and the Issuer will, during any period in which the Issuer is not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to Gerhard Noack, Chief Financial Officer of ECI.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

The Issuer is a *société anonyme* incorporated under the laws of the Republic of France, and ECI is *société par actions simplifiée unipersonnelle* incorporated under the laws of the Republic of France. The executive officers of the Issuer, of ECI and of the Subsidiary Guarantors, are, and will continue to be, non-residents of the United States and substantially all of the assets of such companies and such persons are located outside the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments against them outside of the United States, including judgments of the U.S. courts predicated upon the civil liability provisions of the U.S. securities laws.

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (i.e., non-*ex parte*) proceedings if the civil court is

satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, whether the dispute is clearly connected to the U.S.) and the French courts did not have exclusive jurisdiction over the matter;
- the court that rendered such judgment has applied a law which would have been considered appropriate under French rules of international conflicts of laws;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French public policy. In an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Our French counsel has also advised us that according to articles 14 and 15 of the French Civil Code, in the event that a party brings an action outside France against a French national (either a company or an individual), the latter may refuse to be brought before non-French courts and require the complainant to bring his action in France; in addition, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. The French national may waive its rights to refuse to be brought before a non-French court or to bring an action before a French court against a non-French defendant.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to have the Additional Notes admitted to the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

Incorporation by reference

The following documents with respect to the Subsidiary Guarantors are incorporated by reference in, and form part of, this Offering Memorandum:

(i) The statutory audited non-consolidated financial statements of Europcar International SA & Co OHG as at, and for the years ended, December 31, 2005, December 31, 2004 and December 31, 2003, and the auditors' reports of PwC Deutsche Revision thereon.

(ii) The statutory audited non-consolidated financial statements of Europcar Autovermietung GmbH as at, and for the years ended, December 31, 2005, December 31, 2004 and December 31, 2003, and the auditors' reports of PwC Deutsche Revision thereon.

(iii) The statutory audited non-consolidated financial statements of Europcar UK Limited as at, and for the years ended, December 31, 2005, December 31, 2004 and December 31, 2003, and the auditors' reports of PricewaterhouseCoopers LLP thereon.

All documents incorporated herein by reference are available for collection free of charge from the office of the Luxembourg Paying Agent.

Luxembourg listing information

Copies of the following documents are available free of charge during usual business hours at the principal executive offices of the Issuer, as well as at the registered offices of the Luxembourg Paying Agent for so long as the notes are admitted to the Official List of the Luxembourg Stock Exchange:

(i) the *statuts* (by-laws) of the Issuer;

(ii) the *statuts* (by-laws) of ECI;

(iii) the financial statements included in this Offering Memorandum;

(iv) the most recent audited non-consolidated and consolidated financial statements of the Issuer, ECI and each Subsidiary Guarantor;

(v) any interim financial statements or accounts of the Issuer, to the extent available;

(vi) the following documents:

  (a) the Indentures governing the Notes;

  (b) the Intercreditor Agreement;

  (c) the Subsidiary Guarantees;

  (d) the Share Pledge;

(vii) the Purchase Agreement relating to the Additional Notes; and

(viii) the incorporation documents of the Subsidiary Guarantors.

Each Subsidiary Guarantor prepares non-consolidated, audited statutory annual accounts. No Subsidiary Guarantor prepares interim accounts. ECI has prepared special purpose audited consolidated annual accounts through the year ending December 31, 2006. Starting with the year ending December 31, 2006, ECI will no longer prepare consolidated accounts, but EGSA will prepare consolidated annual accounts. ECI does not prepare interim accounts. In connection with the issuance of the Notes, the Issuer prepares unaudited quarterly financial statements.

For so long as the Notes are admitted to the Official List of the Luxembourg Stock Exchange, the Issuer will notify the Luxembourg Stock Exchange in the event of a change in the Luxembourg Paying Agent or Transfer Agent for the Notes. We have appointed The Bank of New York (Luxembourg) S.A. as Luxembourg Paying Agent and The Bank of New York as Principal Paying Agent to make payments on, and effect transfers of, the Notes. The Issuer reserves the right to vary such appointment.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Additional Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream. The Additional Notes have been accorded the following temporary common codes and international securities identification numbers (ISINs):

- for the Additional Fixed Rate Notes sold pursuant to Regulation S the common code is 029986207 and the ISIN is XS0299862077;
- for the Additional Fixed Rate Notes sold pursuant to Rule 144A the common code is 029986282 and the ISIN is XS0299862820;
- for the Additional Floating Rate Notes sold pursuant to Regulation S the common code is 029986517 and the ISIN is XS0299865179; and
- for the Additional Floating Rate Notes sold pursuant to Rule 144A the common code is 029986592 and the ISIN is XS0299865922.

Following the completion of the 40-day distribution compliance period within the meaning of Regulation S, the Additional Notes will trade under the common codes and ISINs assigned to, and will be fully fungible with, the Existing Notes as set out below:

- for the Fixed Rate Notes sold pursuant to Regulation S the common code is 025414411 and the ISIN is XS0254144115;
- for the Fixed Rate Notes sold pursuant to Rule 144A the common code is 025414608 and the ISIN is XS0254146086;
- for the Floating Rate Notes sold pursuant to Regulation S the common code is 025414748 and the ISIN is XS0254147480; and
- for the Floating Rate Notes sold pursuant to Rule 144A the common code is 025414772 and the ISIN is XS0254147720.

Legal Information

The Issuer, Europcar Groupe S.A., was formed in connection with the ECI Acquisition and originally incorporated as a *société par actions simplifiée* on March 9, 2006. It was transformed on April 25, 2006 and is now a *société anonyme* incorporated under the laws of the Republic of France, with a share capital of €778,384,620. The Issuer's share capital consists of 77,838,462 registered shares of one class with a par value of €10 each. The Issuer's legal and commercial name is Europcar Groupe S.A. Its executive office is registered at 5/6 place des Frères Montgolfier, 78280 Guyancourt, France and it is registered with the *Registre du commerce et des sociétés* of Versailles under number 489 099 903. It is a wholly-owned (other than a small number of qualifying shares) subsidiary of the Equity Investors. The Issuer owns 100% of ECI's share capital.

ECI was originally incorporated on July 13, 1949, with a duration of 99 years, and was transformed into a *société par actions simplifiée unipersonnelle* on June 3, 2004. ECI is organized under the laws of the Republic of France. ECI's legal and commercial name is Europcar International S.A.S.U. ECI is registered with the *Registre du commerce et des sociétés* of Versailles under number 542 065 305. Its registered office is located at 3, avenue du Centre, 78280 Guyancourt, France. ECI's telephone number is +33 (0) 1 30 44 90 00.

Subsidiary Guarantor Information

The following table sets forth a list of the Subsidiary Guarantors, each of which is wholly owned, their respective name, date of incorporation, address of registered office, company number and primary activities:

Name	Date of Incorporation	Address of Registered Office	Company Number	Primary Activities
Europcar International SA & Co OHG	October 26, 1988	Tangstedter Landstrasse 81 22415 Hamburg	HRA 83002 Hamburg	Holding company
Europcar Autovermietung GmbH	September 16, 1969	Tangstedter Landstrasse 81 22415 Hamburg	HRB 42081 Hamburg	Short term car rental business
Europcar UK Limited	March 30, 1966	Europcar House Aldenham Road Bushey Watford, Hertfordshire WD23 2QQ	875561	Short term car rental business

Europcar International SA & Co OHG

Europcar International SA & Co OHG is a German general commercial partnership (*Offene Handelsgesellschaft*) formed under the German commercial code (*Handelsgesetzbuch*). As at March 31, 2007 it had an issued share capital of €56.2 million divided into 2 partnership interests, a 99% partnership interest held by ECI and a 1% partnership interest held by Europcar France S.A.S., and reserves of €80.9 million. For the financial year ended December 31, 2006 its profit arising out of ordinary activities, after tax, was €17.7 million.

Europcar International SA & Co OHG, as a general partnership, is managed by its partners, Europcar International S.A.S.U. and Europcar France S.A.

Europcar Autovermietung GmbH

Europcar Autovermietung GmbH is a German limited liability company (*Gesellschaft mit beschränkter Haftung* or *GmbH*) formed under the German limited liability companies act (*GmbH-Gesetz*). As at March 31, 2007 it had an issued share capital of €32.7 million consisting of an undivided equity interest wholly owned by Europcar International SA & Co OHG, and reserves of €29.2 million. For the financial year ended December 31, 2006 its profit (losses) arising out of ordinary activities, after tax, was €1.1 million and it received dividends of €9,000 in respect of shares held.

Mr. Philippe Guyot has been managing director (*Geschäftsführer*) of Europcar Autovermietung GmbH since April 2000. Since joining Europcar Germany in 1996 Philippe Guyot has held positions with responsibilities for finance, controlling and IT. From 1984 to 1996 he held various leading positions at Dillinger Hütte AG, Saarland, a subsidiary of the international steel company Usinor.

Mr. Guyot was born in 1958. He holds a degree in economics from the *Institut Supérieur du Commerce* in Paris and is a graduate of the Insead Executive Program in Fontainebleau.

Europcar UK Limited

Europcar UK Limited is an English limited liability company formed under the Companies Act 1948 under the name Godfrey Davis (Car Hire) Limited. As at March 31, 2007 it had an issued share capital of UK£24.9 million divided into 24.9 million shares with a nominal value of UK£1 each and reserves of UK£8.3 million. Europcar UK Limited is indirectly wholly-owned by ECI. For the financial year ended December 31, 2006 its profit arising out of ordinary activities, after tax, was UK£6.5 million and it received dividends of GBP 6,000 in respect of shares held.

Europcar UK Limited has 2 directors, Mr. Rafael Girona (see "Management — ECI — ECI Management") and Mrs. Marie Barry.

Mrs. Marie Barry has been the managing director of Europcar UK Limited since March 2003. Mrs. Barry joined Europcar in February 2001 as human resources director and became the assistant general manager in January 2002. Prior to joining Europcar Mrs. Barry held the position of human

resources director at Inchcape Motors (a large automotive solutions provider) and at the Grosvenor House Hotel in London.

Mrs. Barry holds a degree in Business Management and is a chartered member of the Institute of Personnel Development.

Auditors

The non-consolidated separate financial statements of the Issuer as of and for the period ended December 31, 2006, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Audit, statutory auditor, as stated in their report appearing herein.

The special purpose consolidated financial statements of ECI and its car rental subsidiaries as of and for the years ended December 31, 2005, included in this Offering Memorandum, have been jointly audited by PricewaterhouseCoopers Audit and Moore Stephens SYC, the two statutory auditors of ECI, as stated in their report appearing herein. The second statutory auditor of ECI resigned on September 15, 2006 as only one auditor is legally required. The special purpose consolidated financial statements of ECI and its car rental subsidiaries as of and for the years ended December 31, 2006, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Audit, the sole statutory auditor of ECI commencing in 2006, as stated in their report appearing herein.

Because the Issuer was formed on March 9, 2006, no financial statements for the year ended December 31, 2005 in respect of the Issuer are available.

The financial statements of Vanguard as of and for the year ended December 31, 2006 (which include financial information as of and for the year ended December 31, 2005), included in this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, as stated in their report appearing herein.

Corporate Authorization

The issue of the Additional Notes was decided pursuant to a resolution of the board of directors of the Issuer dated April 27, 2007, taken after having two independent appraisers carry out a verification of the assets and liabilities (*vérification de l'actif et du passif*) in accordance with article L.228-39 of the *Code de commerce*.

The grant of security in respect of the Additional Notes was authorized by an extraordinary general meeting of the shareholders of the Issuer held on April 23, 2007.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the Issuer's, any Subsidiary Guarantor's or Vanguard's financial position or prospects since December 31, 2006.

Litigation

Except as disclosed in this Offering Memorandum, neither the Issuer nor any of the Subsidiary Guarantors nor Vanguard is involved in, and have no knowledge of any threatened litigation, administrative proceedings or arbitration which would have a material adverse impact on its results of operations or financial condition.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND U.S. GAAP

Our financial information included herein is prepared in accordance with IFRS as adopted by the European Union and not as issued by IASB which might be material to the financial information herein. Such financial information has not been prepared and presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the Securities and Exchange Commission ("SEC Rules and Regulations"). IFRS as adopted by the European Union (referred to as IFRS in this section), differs in certain respects from U.S. GAAP. As a result, the financial information included in this Offering Memorandum may differ substantially from financial information prepared in accordance with U.S. GAAP and those rules and regulations. It is not practicable for us to prepare and present our financial statements in accordance with U.S. GAAP and SEC Rules and Regulations in connection with this offering. In making an investment decision, investors must rely upon their own examination of Europcar's and ECI's financial position, operations and cash flows, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and of how those differences might affect the financial information presented herein.

The following is a summary of certain differences between IFRS and U.S. GAAP as of the dates of our financial statements included in this Offering Memorandum. Europcar is responsible for preparing the summary below. Potential investors should not take this summary to be an exhaustive list of all differences between IFRS and U.S. GAAP. The following discussion does not purport to identify all disclosures, presentation or classification differences that would affect the manner in which transactions, events, or results are presented in the consolidated financial statements or notes thereto. Neither EGSA nor ECI have prepared a complete reconciliation of its consolidated financial statements and related footnotes disclosures between IFRS and U.S. GAAP and has not quantified such differences. Had EGSA or ECI undertaken any such quantification or preparation or reconciliation, other potentially significant accounting and disclosure differences may have come to our attention which are not identified below. Accordingly, Europcar can provide no assurance that the identified differences in the summary below represent all of the principal differences relating to the Europcar Group's or ECI's financial position, operations and cash flows. Further, no attempt has been made to identify future differences between IFRS and U.S. GAAP as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Regulatory bodies that promulgate IFRS and U.S. GAAP have significant projects ongoing that could affect future comparisons such as this one. Future developments or changes in either IFRS or U.S. GAAP may give rise to additional differences between IFRS and U.S. GAAP, which could have a significant impact on the Europcar Group.

Consolidation

IFRS follows a principles based view of consolidation. Under IFRS consolidation is based upon the principles of control. When control is not evident, IFRS bases consolidation on the division of risks and rewards. IFRS states that an investment should be consolidated if it has the following characteristics:

- the investment conducts its activities on behalf of the investor;
- the investor has decision making power over the investment;
- the investor has the right to obtain the majority voting power in the investment; or
- the investor has the majority of the risks and rewards in the investment.

Under U.S. GAAP consolidation is based upon two models: the voting interest model and the variable interest model. Under the voting interest model, companies consolidate based upon their voting interest in investments. Under the variable interest model, variable interest entities ("VIEs") in which a parent does not have a controlling voting interest but, as the primary beneficiary of that entity, absorbs the majority of the VIEs' expected losses or residual returns, must also be consolidated.

Subsidiaries that are acquired for re-sale within one year can be excluded from consolidation under IFRS. Subsidiaries held for sale and, accordingly, not consolidated must be classified as held for sale in accordance with IFRS 5 "Non-current Assets held for Sale and Discontinued Operations", and must be recognized at fair value less costs to sell. Under U.S. GAAP, investors must consolidate all investments that they control regardless of their intent to sell the investment.

Business Combinations

Under IFRS any goodwill arising from business combinations before October 1, 1995 was written-off against reserves. Under U.S. GAAP, such goodwill would have been required to be capitalized and amortized until December 31, 2001 through profit and loss over the estimated useful lives between 20 and 40 years. Subsequently, any remaining unamortized goodwill balances would be tested at least annually for impairment.

Under IFRS, if part of the purchase consideration is contingent on a future event an estimate of the amount must be included as part of the cost as the date of the acquisition where it is probable that it will be paid and it can be reliably measured. Any revision to the estimate is subsequently adjusted against goodwill. Under U.S. GAAP, contingent purchase considerations are generally excluded from the initial purchase price. The additional cost is not recognized until the contingency is resolved or the amount is determinable beyond a reasonable doubt. Any additional revision to the estimate is recognized as an adjustment to goodwill.

Under IFRS, the acquiree's contingent liabilities must be recognized separately at the acquisition date as part of allocating the cost, provided their fair values can be measured reliably. Under U.S. GAAP, pre-acquisition contingencies are included in the allocation of the purchase price if their fair value can be determined during the allocation period. If the fair value cannot be determined, the contingent liability must be included if it is probable and reasonably estimable.

Under IFRS, liabilities for termination or reducing the activities of the acquiree are only recognized as liabilities on acquisition when the acquiree has, at the acquisition date, an existing liability for restructuring recognized. Any liabilities arising as a result of decisions made by the acquirer are dealt with as post-acquisition costs. Under U.S. GAAP, such liabilities related to restructuring of the acquiree are recognized as a liability in the purchase price allocation of the acquirer, if as of the acquisition date, management, having the appropriate level of authority, began assessing and formulating a plan to exit an activity of the acquiring entity. The plan must be completed in detail as soon as possible, but no more than one year after the consummation date, and management must communicate the termination or relocation arrangements to the employees of the acquired company.

Until 2004, IFRS required that the excess of fair value of net assets acquired over the acquisition costs be recognized as negative goodwill. This negative goodwill was subsequently taken into income either (1) in the periods when future losses occurred to the extent that the negative goodwill related to expectations of future losses or (2) on a systematic basis over the remaining weighted-average useful life of the acquired assets for amounts of negative goodwill that did not exceed the fair values of acquired identifiable non-monetary assets or (3) immediately for amounts of negative goodwill that exceeded the fair values of acquired non-monetary assets. Effective January 1, 2004, upon adoption of IFRS 3, negative goodwill resulting from business combinations is to be immediately recognized in income. Furthermore, according to the standards transition rules, any existing negative goodwill was to be derecognized with a corresponding adjustment to the opening balance of retained earnings. Under U.S. GAAP, the excess of fair value of net assets over the acquisition costs is allocated on a pro-rata basis to reduce the carrying amounts of certain acquired non-financial assets, with any excess recognized as an extraordinary gain.

In a step acquisition the acquiree's identifiable assets, liabilities and contingent liabilities are remeasured to fair value at the date of the business combination. Each significant transaction is treated separately for the purpose of determining the cost of the acquisition and the amount of goodwill. Any existing goodwill is not remeasured. The adjustment to any previously held interests of the acquirer in the acquiree's identified assets, liabilities and contingent liabilities is treated as a revaluation. Under U.S. GAAP any previous interest in the acquirer's net assets is not restated.

Minority Interest

Under IFRS, the measurement of minority interest is based on the minority's proportion of the net fair values of acquired assets, liabilities and contingent liabilities assumed. Further, under IFRS, minority interest is presented within equity. Under U.S. GAAP, minority interest is generally recorded at historical book value and presented outside of equity, between liabilities and equity.

Goodwill

Under IFRS, goodwill was amortized until December 31, 2003 on a systematic basis over its estimated useful lives generally not to exceed twenty years, subject to impairment reviews in the event facts and circumstances indicate that the recorded value of the assets may not be recoverable. Effective January 1, 2004, goodwill is no longer amortized but, instead, is tested for impairment annually, or more frequently based upon facts and circumstances. Under IFRS, goodwill resulting from a business combination needs to be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. The carrying amount of a cash-generating unit, or group of cash generating units, including goodwill allocated, is then compared with the recoverable amount, defined as the higher of fair value less cost to sell or the value in use. If the carrying amount exceeds the recoverable amount, an impairment charge is recorded to reduce the carrying amount of the cash-generating unit (group of units) to its recoverable amount. The impairment charge is recognized to first reduce the carrying amount of goodwill allocated to the cash-generating unit (group of units) under review to zero. In a second step, the carrying amount of the remaining individual assets of the cash-generating unit (group of units) are reduced on a pro rata basis, however, not below the higher of their fair values less costs to sell, their values in use or zero.

Under U.S. GAAP, goodwill amortization ceased effective January 1, 2002. Subsequently, goodwill was required to be tested for impairment annually at a reporting unit level, or more frequently based upon facts and circumstances. Under U.S. GAAP, the goodwill impairment test involves a two-step approach. In step one, the fair value and carrying amount of a reporting unit including goodwill are compared. If the fair value of the reporting unit is less than its book value, step two is to be performed. In step two, the goodwill impairment amount is measured as the excess of its carrying amount over its implied fair value (i.e., fair value of the reporting unit minus fair value of individual identifiable assets and liabilities).

Capitalization of Interest On Property, Plant and Equipment

In accordance with the benchmark alternatives under IFRS, interest costs are recognized as an expense in the period in which they are incurred. Under U.S. GAAP, interest costs incurred on qualifying assets must be capitalized and amortized over the useful life of the assets.

Financing of Fixed Assets

Under IFRS, any profit or loss should be recognized immediately, if a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value. If the sale price is below fair value, any profit or loss should be recognized immediately except that, if the loss is compensated by future lease payments at below market price, it should be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the period for which the asset is expected to be used.

Under U.S. GAAP, sale and leaseback transactions with continuing involvement in sold properties are accounted for as a financing. Accordingly, the seller-lessee continues to depreciate the asset as if the transaction had not occurred and the sales proceeds are recognized as a financing obligation which is amortized via the effective interest method based upon lease payments due under the "lease". When the prohibited form of continuing involvement no longer exists, the sale is recognized and the related asset and obligation are removed with any difference recognized as a gain. Gains of the seller lessee are generally deferred and amortized over the lease term if the leaseback is classified as an operating lease, or in proportion to the amortization of leased asset if leaseback is classified as a capital lease. Losses of the seller lessee are recognized immediately when the fair value of the asset is less than its carrying amount.

Leasing

IFRS distinguishes between finance leases and operating leases, however classification as a finance lease is more principles-based rather than rules-based and does not provide any quantitative tests. A finance lease exists if the agreement substantially transfers all the risks and rewards associated with the ownership of the asset to the lessee. Under U.S. GAAP, the indicators for the classification of a lease agreement as a capital lease are more specific than the criteria under IFRS for the classification of an agreement as a finance lease.

Under IFRS, rental fleet covered by contractually guaranteed repurchase programs is accounted for as an operating lease. Under U.S. GAAP, such rental fleet is accounted for as tangible fixed assets.

Vehicles covered by a buy-back agreement

We have decided to consider that all our vehicles were covered by a buy-back agreement because this is the most appropriate assumption in determining the proper accounting treatment under IAS 17 (Leases). However, the Group retains all the risks and rewards for a portion of its car fleet which management estimates does not exceed 10%. Additionally, vehicles accounted for as finance leases in the United Kingdom were deemed to be operating leases under IFRS. Vehicles subject to manufacturer buy-back agreements are accounted for as operating leases (lessee accounting). The difference between the initial payment and the final re-purchase price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charge. A separate buy-back agreement receivable is recognized for the final re-purchase price based.

According to U.S. GAAP our whole buy-back and purchased fleet would be classified as fixed assets (revenue earning equipment). It is likely that such a reclassification would not have any impact either on equity or on the profit and loss statement as the fleet would also be depreciated over its utilization period taking residual values into account.

Securitization

Under IFRS, securitization programs such as the one established by Europcar in 2004 are not derecognized. The accounting treatment may be different under U.S. GAAP.

Asset Impairment

Under IFRS, impairments on long-lived assets are recognized when the recoverable amount of an asset is less than its carrying amount. An asset's recoverable amount is the higher of its net selling price and its value in use. Under U.S. GAAP, a two-step model is used. The first step is a comparison of an asset's carrying amount with the sum of its undiscounted cash flows. Only if the undiscounted cash flows are less than the asset's carrying amount is an impairment indicated. The impairment loss is measured as the difference between the asset's carrying amount and its fair value.

Under IFRS, an impairment loss recognized for an asset in prior years should be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset (except goodwill) should be increased to its recoverable amount. That increase is a reversal of an impairment loss. Under U.S. GAAP such reversals are prohibited.

Inventories

IFRS and U.S. GAAP require that inventories be valued at the lower of cost or market. Under IFRS, market is defined as net realizable value. Under U.S. GAAP, market is defined as current replacement cost, except that market should not exceed net realizable value and it should not be less than the net realizable value reduced by an allowance for an approximate normal profit margin. Under IFRS, reversal of write-downs are required if certain criteria are met. Such reversals of write-downs are prohibited under U.S. GAAP.

Pension Provisions

IFRS and U.S. GAAP have similar fundamental approaches to accounting for employee benefit plans. The net obligation in respect of defined benefit pension plans and similar obligations is calculated using the projected unit credit method. Differences, however, can arise due to a number of differences in the details of the relevant standards, especially in respect of the additional minimum liability, the recognition of prior service costs and the amortization of actuarial gains and losses.

Under U.S. GAAP, if the accumulated benefit obligation exceeds the fair value of plan assets, an additional minimum liability that is at least equal to the unfunded accumulated benefit obligation, is recorded. Also, under U.S. GAAP, an equal amount is capitalized as an intangible asset up to the amount of any unrecognized net transition obligation plus the unrecognized prior service costs, with the remainder charged against shareholders' equity as a component of other comprehensive income. Under

IFRS, there are no such requirements for the immediate recognition of an additional minimum pension liability.

Under IFRS, the vested portion of past service cost, which is the increase in the present value of the obligation due to changes in the benefit entitlement that is allocated to prior periods' service, is recognized immediately in full. Under U.S. GAAP, both the vested and the unvested portions are amortized on a straight-line basis over the average future service lives of the active participants.

Under U.S. GAAP, actuarial gains and losses are recognized as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of the projected benefit obligation at that date (before deducting plan assets) or 10% of the fair value of any plan assets at that date. In accordance with IFRS actuarial gains and losses may be recognized even if they fall within the aforementioned limits.

Under IFRS, net pension assets are limited to the lower of (a) the asset resulting from applying the standard, and (b) the net total of any unrecognized actuarial losses and past service costs and the present value of any available funds from the plan or reduction in future contributions to the plan. This concept of an asset limitation does not exist under U.S. GAAP.

Other Accruals

Under IFRS, an accrual should be recognized when an enterprise has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Under U.S. GAAP, a contingent loss must be accrued if the contingency is probable and can be reasonably estimated. SFAS No. 5 uses the term probable to describe a future event in which the outcome is likely to occur. Accordingly, under U.S. GAAP, a higher recognition threshold is applied.

Under IFRS, if there is a range of possible outflows of resources with each amount within that range being equally probable to occur, the expected value method is used to determine the amount to be recorded. U.S. GAAP requires the lowest amount within that range to be recorded.

Provisions under IFRS are discounted to their present value if the effect of discounting is significant. Under U.S. GAAP, provisions are generally not discounted unless specifically required or when stringent criteria are met.

Guarantees

Under IFRS, a guarantor recognizes a provision when an enterprise has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate of the obligation can be made. Under U.S. GAAP, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

Discontinued Operations

There were no discontinued operations within the rental business of Europcar since 2003 (the first financial year for which information is presented in this Offering Memorandum) but the following is a general discussion of differences between IFRS and U.S. GAAP regarding discontinued operations. Until the mandatory application of IFRS 5 only the pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operation had to be shown on the face of the income statement. Additionally, IFRS required that the measurement rules contained in other standards (e.g., on impairment and provisions) needed to be followed for discontinuing operations.

Under U.S. GAAP, the results from operations of discontinued components less applicable income taxes and the gain or loss on disposal are presented as a separate line item after income from continuing operation in the income statement. U.S. GAAP contains requirements for the measurement of discontinued operations, especially in respect of the measurement of long-lived assets that are classified as held for sale. Under U.S. GAAP, long-lived assets that are classified as held for sale are not depreciated while IFRS, prior to the adoption of IFRS 5, required that such assets continued to be depreciated.

The company adopted IFRS 5 effective January 1, 2005. IFRS 5 was issued to increase convergence in the accounting for discontinued operations between IFRS and U.S. GAAP. However, certain differences were not eliminated. For example, under U.S. GAAP, a discontinued operations is defined as a component of an entity that either has been disposed of or is classified as held for sale and (1) the operations and cash flows of the component have been (or will be) eliminated from ongoing operations of the entity as a result of the disposal transaction and (2) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. The concept of continued involvement does not exist under IFRS 5 as such resulting in more stringent requirements for a disposal to be considered as discontinued operation under U.S. GAAP.

Revenue Recognition

IFRS focuses on the transfer of significant risk and rewards and the probability that the economic benefits associated with the transaction will flow to the entity and that the revenue and costs can be measured reliably. Under U.S. GAAP, revenue recognition is, in principle, similar to IAS. However there are four key criteria that must be present in order to recognize revenue under U.S. GAAP. These four criteria are (a) the seller's price to the buyer is fixed or determinable, (b) collectibility of payment is reasonably assured, (c) there must be persuasive evidence that an arrangement exists and (d) delivery must have occurred or services must have been rendered.

Deferred taxes

Generally, both IFRS and U.S. GAAP follow the liability method to account for deferred taxes. As such, deferred tax assets and liabilities need to be recorded for all temporary differences between the tax basis and the carrying amount recorded in the consolidated financial statements that reverse in future periods.

IFRS requires recognition of the effects of a change in tax laws or rates when the change is "substantially" enacted. Thus, recognition may precede actual enactment. U.S. GAAP requires recognition of the effects of a change in tax laws or rates upon the actual enactment date.

Under IFRS, a deferred tax liability for taxable temporary differences associated with investments in subsidiaries, branches and associates is not recognized to the extent that (a) the parent, investor or venturer is able to control the timing of the reversal of the temporary difference, and (b) the temporary difference will not reverse in the foreseeable future. Under U.S. GAAP, a deferred tax liability for such taxable temporary differences is generally recognized by domestic subsidiaries only.

IFRS requires that deferred tax assets initially be recognized when it is probable, defined as more likely than not, that taxable profits will be available against which the deferred tax asset can be utilized. Furthermore, the carrying amount of a deferred tax asset is reduced subsequently to the extent that it is no longer probable that sufficient taxable profits will be available to utilize the deferred tax asset.

Under U.S. GAAP, a deferred tax asset is initially recognized in full but is then reduced by a valuation allowance if it is more likely than not that some portion, or all, of the deferred tax asset will not be realized.

IFRS also prohibits the recognition of deferred taxes for temporary differences relating to non taxable government grants. U.S. GAAP requires recognition of deferred taxes for temporary differences related to non taxable government grants.

IFRS requires deferred tax assets and liabilities to be classified as non-current. Under U.S. GAAP, however, the classification of deferred tax assets and liabilities as current and non-current is determined by the classification of the underlying asset or liability to which the temporary difference relates.

Foreign Currency Translation

Under IFRS (IAS 21 The Effects of Changes in Foreign Exchange Rates), when financial statements are translated into a presentation currency other than the functional currency, equity (excluding the current year's profit or loss) is retranslated at the closing rate at each balance sheet date.

Under U.S. GAAP SFAS 52 Foreign Currency Translation, when financial statements are translated into a reporting currency other than functional currency, equity is not retranslated at the closing rate at each balance sheet date.

Debt issuance cost

Under both U.S. GAAP and IFRS, debt is carried at amortized cost using the effective interest method. However, under U.S. GAAP (APB 21 Interest on Receivables and Payables), unamortized debt issuance costs are generally presented as a deferred charge separate from the debt instrument, while under IFRS (IAS 39 Financial Instruments: Recognition and Measurement) a net presentation is mandatory.

Derivative instruments

Under both IFRS and U.S. GAAP, derivative instruments are required to be recorded in the balance sheet as an asset or liability measured at fair value and changes in fair value are required to be recognized currently in earnings, unless specific hedge accounting criteria are met. However there are differences in the definition of a derivative, in the criteria that must be met under IFRS and U.S. GAAP for hedge accounting to be applied and in how the changes in fair values are recorded in specific instances.

INDEX TO FINANCIAL STATEMENTS

	Page
Audited Special Purpose Consolidated Financial Statements of Europcar International S.A.S.U. for the year ended December 31, 2006	
Auditor's report	F-3
Remark to the historical data	F-5
Consolidated balance sheet as at December 31, 2006 and December 31, 2005	F-6
Consolidated income statement for the years ended December 31, 2006 and 2005	F-7
Consolidated statement of changes in recognised income and expenses for the years ended December 31, 2006 and 2005	F-8
Consolidated statement of cash flows for the years ended December 31, 2006 and 2005	F-9
Notes to the consolidated financial statements	F-10
Significant accounting policies	F-12
Audited Special Purpose Consolidated Financial Statements of Europcar International S.A.S.U. for the year ended December 31, 2005	
Auditor's report	F-48
Remark to the historical data	F-49
Consolidated balance sheet as at December 31, 2005 and December 31, 2004	F-50
Consolidated income statement for the years ended December 31, 2005 and 2004	F-51
Consolidated statement of cash flows for the years ended December 31, 2005 and 2004	F-52
Consolidated statement of changes in recognised income and expenses for the years ended December 31, 2005 and 2004	F-53
Significant accounting policies	F-54
Notes to the consolidated financial statements	F-63
Separate Financial statements of Europcar Groupe S.A. for the period ended December 31, 2006	
Auditor's report	F-85
Balance sheet as at December 31, 2006	F-88
Separate income statement for the period ended December 31, 2006	F-89
Separate statement of cash flows for the period ended December 31, 2006	F-90
Separate statement of changes in recognized income and expenses for the period ended December 31, 2006	F-90
Notes to the financial statements	F-91
Significant accounting policies	F-92
Audited Consolidated Financial Statements of Vanguard Car Rental EMEA Holdings Limited for the year ended December 31, 2006	
Directors and advisors for the year ended 31 December 2006	F-108
Directors' report for the year ended 31 December 2006	F-109
Independent auditors' report to the shareholders of Vanguard Rental EMEA Holdings Limited	F-113
Consolidated profit and loss account for the year ended 31 December 2006	F-114
Consolidated statement of total recognised gains and losses for the year ended 31 December 2006	F-115

	Page
Consolidated balance sheet as at 31 December 2006	F-116
Company balance sheet as at 31 December 2006	F-117
Consolidated cash flow statement as at 31 December 2006	F-118
Notes to the financial statements for the year ended 31 December 2006	F-119

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To the President of
Europcar International S.A.S.U.
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78 881 Saint-Quentin-en-Yvelines

Europcar International S.A.S.U. and its vehicle rental subsidiaries
Period of 12 months ended 31 December 2006

On your request and in our capacity as Statutory Auditor of Europcar International SASU, we have audited the accompanying special purpose consolidated financial statements of Europcar International SASU and its vehicle rental subsidiaries (thereafter "the special purpose consolidated group of rental companies") established in accordance with the rules described in the preliminary note "Remark to the Historical Data" to the special purpose consolidated financial statements for the period of 12 months ended December 31, 2006.

These special purpose consolidated financial statements are the responsibility of the President. Our responsibility, based on our audit, is to express an opinion on these special purpose consolidated financial statements.

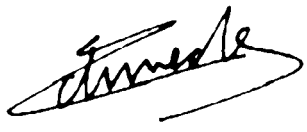
We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the special purpose consolidated financial statements of Europcar International SASU and its vehicle rental subsidiaries, present fairly, in all material respects, the financial position of the special purpose consolidated group of vehicle rental companies at 31 December 2006, and the results of their operations for the year then ended, in accordance with the rules described in the preliminary note "Remark to the Historical Data" and note 2 "Basis of preparation" to the special purpose consolidated financial statements, which states in particular how the Group has applied the IFRSs as adopted for use in the European Union.

Neuilly-sur-Seine, 28 March 2007

The Statutory Auditor

PricewaterhouseCoopers Audit SA



Stéphane Schwedes

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Europcar International S.A.S.U. and its vehicle rental subsidiaries

"ECI Group"

Special purpose consolidated financial statements for the year ended 31 December 2006

Remark to the Historical Data

Purpose of presenting financial statements

The consolidated financial statements as presented herein have been prepared to provide financial information to our Trustee, the Holders and potential investors of the notes issued by Europcar Groupe S.A. the parent company of Europcar International S.A.S.U. and for comparison and not in response to any legal obligation. Europcar International S.A.S.U. (referred to as "ECI", "the company", "the entity") is exempt from any such obligation by virtue of the consolidation established by the ultimate shareholder Eurazeo S.A.

Capital market transaction

On May 31, 2006 Eurazeo a French investment fund acquired, through Europcar Groupe S.A. (formerly Legendre Holding 14 S.A.S.), a subsidiary formed for such purpose, 100% of the share capital of ECI from Volkswagen AG. The acquisition of ECI had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's consolidated debt of €1.8 billion as at December 31, 2005, including a €115 million payment made to Volkswagen AG.

Assumptions on the historical data

Following the capital markets transaction, Europcar International S.A.S.U. and its French subsidiaries have closed their fiscal year as at and on 30 June 2006 allowing the group to integrate and benefit from Group tax relief under the new group structure with Europcar Groupe S.A. as parent company.

The historical financial data presented for the year ended 31 December 2006 and year ended 31 December 2005 was established under the assumption that:

1. The financial year end of Europcar International S.A.S.U. and its subsidiaries is the 31 December 2006, and therefore these financial statements cover twelve calendar months of operation corresponding to two fiscal years of six months each.
2. Only Europcar International S.A.S.U. and its rental business are in operation and consequently, the following two companies have not been fully consolidated as at 31 December 2005 and 31 December 2006, since they were sold to other Volkswagen Group (former shareholder of Europcar International S.A.S.U) companies prior to the share sale and transfer agreement to Eurazeo S.A.
   - Groupe Volkswagen France S.A. and its subsidiaries, a 100% subsidiary of ECI which is the importer of Volkswagen Cars in France was sold on 13 January 2006 for a book value of €13,000 thousand.
   - Selbstfahrer Union GmbH, a 100% subsidiary of Europcar International S.A. and Co. OHG a German subsidiary of ECI was sold on 21 February 2006 for a value of €22,676 thousand. The group registered a profit of €1,174 thousand.

The company presented the two subsidiaries under 'equity investments' as of 31 December 2005, in accordance with the basis of preparation of these accounts.

A dividend declared and paid out to ECI by Groupe Volkswagen France S.A. in 2005 for an amount of €148,000 thousand was recognised directly in retained earnings on 31 December 2005. This dividend was fully repaid to Volkswagen AG prior to the acquisition of ECI by Europcar Groupe SA (see consolidated statement of changes in equity and consolidated statement of cash flows).

Acquisition of subsidiaries

In June 2006 the Group has acquired all of the shares in Keddy N.V. and the remaining 50% shares in Ultramar Cars S.L. through its German subsidiary Europcar Autovermietung GmbH, (see note 5).

Consolidated balance sheet

As at 31 December	Note	2006	2005
		In thousands of euros	
Assets			
Property, plant and equipment	*14*	74,011	67,753
Intangible assets	*15*	34,995	14,725
Other investments	*16*	7,326	43,146
Deferred tax assets	*17*	23,687	21,891
Total non-current assets		140,019	147,515
Inventories	*18*	10,328	13,111
Other investments	*16*	15,914	854
Income tax receivable		22,000	34,157
Rental fleet	*19*	2,168,195	2,175,709
Trade and other receivables	*20*	883,573	775,161
Cash and cash equivalents	*21*	224,183	48,704
Total current assets		3,324,193	3,047,696
Total assets		3,464,212	3,195,211
Equity			
Share capital	*22*	110,000	110,000
Share premium	*22*	212	212
Reserves	*22*	10,849	9,833
Retained earnings	*22*	253,909	354,782
Total equity attributable to the equity holders of the company		374,970	474,827
Minority interest		24	(7)
Total equity		374,994	474,820
Liabilities			
Borrowings	*24*	4,776	173,116
Derivatives	*28*	139	—
Employee benefits	*25*	62,690	56,569
Provisions	*26*	759	746
Deferred tax liabilities	*17*	11,328	2,906
Total non-current liabilities		79,692	233,337
Borrowings	*24*	2,156,260	1,523,269
Income tax payable		14,528	25,803
Trade and other liabilities	*27*	795,237	904,715
Provisions	*26*	43,501	33,267
Total current liabilities		3,009,526	2,487,054
Total liabilities		3,089,218	2,720,391
Total equity and liabilities		3,464,212	3,195,211

Consolidated income statement

For the year ended 31 December	Note	2006	2005
		In thousands of euros	
Revenue	*6*	**1,468,737**	**1,279,464**
Fleet holding costs	*7*	(347,381)	(279,166)
Fleet, rental and revenue related costs	*8*	(515,449)	(462,609)
Personnel costs	*9*	(250,595)	(234,188)
Network and Headquarter overheads	*10*	(195,153)	(183,365)
Depreciation, amortisation and impairment charges	*14, 15*	(15,730)	(13,415)
Other income	*11*	29,164	39,700
Operating profit		**173,593**	**146,421**
Financial income	*12*	12,606	3,730
Financial expenses	*12*	(100,067)	(49,128)
Net financing costs		**(87,461)**	**(45,398)**
Profit before tax		**86,132**	**101,023**
Income tax expense	*13*	(35,709)	(30,566)
Profit for the period		**50,423**	**70,457**
Attributable to:			
Equity holders of the company		50,392	71,007
Minority interest		31	(550)
Profit for the period		**50,423**	**70,457**
Basic earnings per share (euro)	*23*	0.46	0.65
Diluted earnings per share (euro)	*23*	0.46	0.65

Consolidated statement of recognised income and expense

For the year ended 31 December	2006	2005
	In thousands of euro	
Exchange difference on translation of foreign operations	1,016	818
Defined benefit plan actuarial gains (losses)	(983)	(10,182)
Income tax on income and expense recognised directly in equity	381	4,042
Net earnings recognised directly in equity	414	(5,322)
Profit recognised in the income statement	50,423	70,457
Total recognised earnings for the period	50,837	65,135
Attributable to:		
Equity holders of the Company	50,806	65,685
Minority interest	31	(550)

Consolidated statement of cash flows[2]

For the year ended 31 December	Note	2006	2005
		In thousands of euro	
Result before tax		**86,132**	**101,023**
Depreciation and impairment loss on Property, Plant & Equip.	*14*	13,117	11,840
Amortisation exp. and Impairment loss on intangible assets	*15*	2,613	1,575
(Reversal of) impairment loss		(833)	—
Result on disposal of PPE and intangible assets		79	424
Derivatives		138	—
Gain/(Loss) on mergers		—	310
Total net interests costs		90,810	48,338
Gain on sale of financial instruments		(8,247)	—
Change in fair value of financial instruments		—	(1,866)
Dividends received		(404)	(1,864)
Depreciation of financial assets		500	—
Result on disposal of financial assets		(1,174)	—
Other items		6,742	—
Gain/(loss) on foreign exchange difference		(766)	790
Financing cost	*12*	**87,461**	**45,398**
Operating profit before ch. in working cap. & provisions		**188,707**	**161,360**
Changes in inventories		2,935	(23)
Changes in rental fleet		86,312	(420,450)
Changes in trade and other receivable		(88,018)	(65,001)
Changes in liabilities (excl. borrowings)		(118,510)	221,673
Changes in provisions and employee benefits		14,514	6,379
Cash generated from the operations		**85,940**	**(96,062)**
Dividends received		404	148,000
Interest paid		(100,919)	(49,051)
Income taxes paid		(27,635)	(65,783)
Net cash-flows from operating activitites		**(42,210)**	**(62,896)**
Other investments		(18,162)	(21,715)
Acquisitions of tangible and intangible assets	*14, 15*	(25,399)	(28,280)
Proceeds from disposal of fixed assets		2,413	3,760
Proceeds from disposal of financial assets		10,162	—
Acquisition of subsidiary, net of cash acquired	*5*	(27,070)	—
Disposal of subsidiary, net of cash disposed of	*16*	36,834	—
Interest received		2,384	3,702
Dividend payment	*22*	(148,000)	—
Net cash-flows from investing activities		**(166,839)**	**(42,533)**
Proceeds from issuance of secured and unsecured notes[1]		—	126,685
Change in borrowings dedicated to fleet financing		384,528	2,661
Net cash flows from financing activities		**384,528**	**129,346**
Cash and cash equivalent at Closing		224,183	48,704
Cash and cash equivalent at Opening		48,704	24,787
Net increase (decrease) in cash and cash equivalent	*21*	**175,479**	**23,917**

(1) Change in borrowings dedicated to fleet financing are reported on a net basis since they relate to buy-back agreements with a short term maturity.

(2) Alternative summary presentation.

Statement of Cash Flows Data		
Operating cash before changes in rental fleet and working capital	188.7	161.4
Changes in inventories, and trade and other receivables	(85.1)	(65.0)
Changes in liabilities (excluding borrowings) and in provisions and employee benefits	(104.0)	228.1
Cash generated from operations (excluding changes in rental fleet)	(0.4)	324.4
Net cash from operating activities (excluding changes in rental fleet)	(128.5)	361.3
Changes in rental fleet	86.3	(420.5)
Other net changes from investing activities	(166.8)	(46.2)
Net cash from investing activities (including changes in rental fleet)	(80.5)	(466.7)
Net cash from financing activities	384.5	129.3
Net increase (decrease) in cash and cash equivalents	175.5	23.9

Notes to the financial statements

		Page
1	Reporting entity	F-11
2	Basis of preparation	F-11
3	Significant accounting policies	F-12
4	Segment reporting	F-22
5	Acquisition of subsidiaries	F-23
6	Revenue	F-24
7	Fleet holding costs	F-24
8	Fleet, rental and revenue related costs	F-24
9	Personnel expenses	F-24
10	Network and HQ overheads	F-25
11	Other (expenses)/income — net	F-25
12	Net financing costs	F-25
13	Income tax expense in the income statement	F-26
14	Property, plant and equipment	F-26
15	Intangible assets	F-28
16	Other investments	F-29
17	Deferred tax assets and liabilities	F-30
18	Inventories	F-31
19	Rental fleet	F-32
20	Trade and other receivables	F-32
21	Cash and cash equivalents	F-33
22	Capital and reserves	F-33
23	Earnings per share	F-35
24	Loans and borrowings	F-35
25	Employee benefits	F-36
26	Provisions	F-38
27	Trade and other liabilities	F-39
28	Financial instruments	F-39
29	Operating leases	F-41
30	Capital commitment	F-41
31	Contingencies	F-41
32	Related parties	F-42
33	Group entities	F-44
34	Accounting estimates and judgements	F-45
35	Subsequent events	F-46

1. Reporting entity

Europcar International S.A.S.U. (the "company") is domiciled in France. The consolidated financial statements of the company as at and for the year ended 31 December 2006 and 31 December 2005 comprise the company Europcar International S.A.S.U. ("ECI") and its vehicle rental subsidiaries (together referred to as either the "Group" or the "ECI Group"), and the Group's interest in associates and jointly controlled entities of its rental business.

On 31 May 2006, all the shares of the company were acquired by Europcar Groupe S.A. This company is directly or indirectly owned by Eurazeo S.A. at 31 December 2006.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union except for certain companies that are not related to the car rental business which have not been consolidated.

The financial statements were approved by the Board of Directors on 15 March 2007.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through profit and loss are measured at fair value

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency and the Group's presentation currency. All financial information presented in euro has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 — goodwill
- Note 17 — utilisation of tax losses
- Note 19 — accounting for an arrangement containing a lease
- Note 25 — measurement of defined benefit obligations
- Note 26 and 31 — provisions and contingencies
- Note 28 — valuation of financial instruments

3. Significant accounting policies

Certain comparative amounts in the cashflow statement and borrowings have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Since only the rental business of the Europcar Group is presented, Groupe Volkswagen France S.A. and its subsidiaries (a 100% subsidiary of ECI that is the importer of Volkswagen Group cars in France) and Selbstfahrer Union GmbH (a 100% subsidiary of ECI and Co. OHG, the German holding company, which finances a number of dealerships of the Volkswagen Group companies) have not been consolidated in 2006 and 2005. Related financial income is recognized directly in retained earnings. Groupe Volkswagen France S.A. and Selbstfahrer Union GmbH have been sold to Volkswagen AG in January and February 2006, respectively.

Under IFRS these subsidiaries would have been presented as 'assets held for sale' as per 31 December 2005 and presented as discontinued operations in the comparative income statement for the year ended 2005.

Certain subsidiaries whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated. They are recognised in the consolidated financial statements at the lower of cost or fair value (see note 16).

(ii) Associates

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Joint ventures whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated. They are recognised in the consolidated financial statements at the lower of cost or fair value.

Under IFRS all subsidiaries, joint ventures would have been (proportionally) consolidated, despite the fact of dormant business, or low in volume.

(iv) Special purpose entities

Special purpose entities ("SPE") are consolidated, when the relationship between the Group and the SPE indicates that the SPE is in substance controlled by the Group. SPEs are entities which are created to accomplish a narrow and well-defined objective.

Special purpose entities whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated (see note 33).

Under IFRS all SPE would have been consolidated, despite the fact of dormant business, or low in volume.

(v) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date, while equity is translated at historical rates. The revenues and expenses of foreign operations are translated to euro at weighted average rates.

(c) Financial instruments

Financial instruments are contracts that give rise to a financial asset in one company and a financial liability or in an equity instrument in another. The "regular" purchase or sale of financial instruments is accounted for on the settlement date — that is, on the date on which the asset is delivered.

Certain instruments used by the Group on the basis of commercial criteria to manage interest rate changes, but not meeting the strict criteria of IAS 39, are classified as "financial assets or liabilities held for trading purposes" in IAS 39 terms. Financial instruments are accounted for in the balance sheet at "amortised cost" or at "fair value".

The "amortised cost" of a financial asset or liability is the amount:

- at which a financial asset or liability is valued when first recognised
- minus any repayments
- minus any write-down for impairment or uncollectability
- plus or minus the cumulative spread of any difference between the original amount and the amount repayable at maturity (premium), distributed using the effective interest method rather than the straight line method over the term of the financial asset or liability.

The "fair value" generally corresponds to the market value. If no active market exists, the fair value is determined using financial mathematics methods, such as by discounting the future cash flows at the market interest rate or by confirmations from the banks which handle the transactions.

Financial assets at fair value through profit or loss

This category includes financial instruments held for trading which are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement in the period incurred. Instruments which do not qualify for hedge accounting under IAS 39 are included within this category.

Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments, which arise from the lending of money, or supply of goods or services. It also includes purchased loans and receivables that are not quoted in an active market.

Examples of loans and receivables include:

- loans of non-current financial assets;
- receivables from financing business;
- short-term other receivables and assets.

Loans and receivables are stated at amortised cost. In relation to short-term receivables and payables, the amortised costs generally correspond to the nominal or repayment amount.

Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for all of those financial assets that do not fit the criteria of the other categories as set forth above or that are designated as available-for-sale.

This category includes equity securities as well as investment in unconsolidated companies (see notes 16 and 28).

Financial instruments classified as "available-for-sale" are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such a debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Available-for-sale equity investments (e.g. investments in unconsolidated companies) that do not have a quoted market price in an active market and whose fair value cannot be reliably estimated by alternative valuation methods, such as discounted cash flow model, are measured at cost, less any accumulated impairment losses.

Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest-rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as speculative instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss to fair value on remeasurement is recognised immediately in profit or loss.

The fair value of interest-rate swaps are the estimated amounts that the Group would receive or pay to terminate the swaps at the balance sheet date, taking into account current interest rates and foreign currency exchange rates respectively and the current creditworthiness of the swap counterparties.

(d) Borrowing costs

Borrowing costs are recognised over the period of the borrowing facility. As nearly all borrowings are short term in 2006 they are actually recognised as an expense in the period in which they are incurred.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy j).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases, as disclosed in note 14. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy j). The property held under finance leases and leased out under operating lease is classified as investment property and stated at the cost model that is cost less any accumulated depreciation and any impairment losses. Lease payments are accounted for as described in accounting policy (p).

(iii) Vehicles covered by a manufacturer buy-back agreements

Vehicles subject to manufacturer buy-back agreements are recognised as current assets since these arrangements are accounted for as operating leases (lessee accounting). The difference between the initial payment and the final buy-back price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charge. A separate buy-back agreement receivable is recognised for the final re-purchase price.

Vehicles "at risk" i.e., vehicles not covered by a buy-back agreement, are also recognised as current assets following the accounting treatment set out above (see note 19).

(iv) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred. The cost of repairs and interest on borrowings are recorded as current expenses.

(v) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings . . . . . 25 to 50 years
- Technical equipment and machinery . . . . . 6 to 12 years
- Other equipment and office equipment, including special tools . . . . . 3 to 15 years

The residual value, if not insignificant, is reassessed annually. The useful life is reviewed annually. With respect to risk vehicles, the Group must make assumptions as to the residual value of the vehicle in order to ascertain the appropriate amount of "buy-back agreement receivable" and "prepaid vehicle operating lease charge" to be recorded on the balance sheet in accordance with the accounting treatment set forth in note e(iii) above.

(f) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy j).

(ii) Other intangible assets

Other intangible assets that are acquired by the Group (e.g., primarily software) are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy j).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Trademarks . . . . . 10 years
- Lease rights . . . . . 10 years
- Software and operating systems . . . . . 3 years

(g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy n).

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy h) and deferred tax assets (see accounting policy u), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy j(i)).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available — for-sale is not reversed through profit or loss. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Equity

(i) Share capital and Share premium

The subscribed capital of Europcar International S.A.S.U. is denominated in euro. Share capital consists of 110,000,000 ordinary shares with a notional amount of one euro each. Share premium arises from past capital increases.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(l) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and

redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, adjusted for any unrecognised past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on bonds with a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises actuarial gains and losses outside profit and loss through a statement of change in equity entitled "statement of recognised income and expense" in the period in which they occur. This method is applied to all of the applicable gains or losses in the Group's post-employment benefit plans even if they do not exceed 10% of the greater of future benefits and the fair value of plan assets.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on bonds with a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations.

(n) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provision is made for the estimated value of uninsured losses from both known and incurred but not reported third party claims on an actuarially determined basis. Where these claims are expected to be settled over a longer period of time, the provision made represents the present value of the expenditures expected to be required to settle the obligation. Payments made to insurance agents in order to settle future claims are held as an insurance prepayment within receivables. Any excess of this prepayment over the estimated liabilities is subject to an assessment of recoverability, and provision is made as appropriate.

Provision on vehicle buy-back and reconditioning costs is recognised over the holding period of the vehicles.

(o) Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

(p) Revenue

Revenue from the rental services rendered is recognised in the income statement when the as services are rendered.

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental, and fees receivable from the Europcar franchise network, net of discounts and excluding inter-company sales, value added and sales taxes.

Revenue from services rendered is recognised in profit or loss proportionally over the period the vehicles are rented out based on the terms of the rental or leasing contract. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total service to be provided by reference.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the associated costs.

(q) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight line basis in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(r) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividend income, foreign exchange gains and losses, and gains and losses on interest rate instruments that are recognised in the income statement (see accounting policy d).

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established and presented as other income within operating result. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based

on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(u) Forthcoming IFRSs

The management has reviewed the new accounting pronouncements effective 1 January 2007. The adoption of the new pronouncements does not have any significant impact on the Group's income statement and financial position.

(v) Current effective IFRSs

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 6, Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment;
- IFRIC 4, Determining whether an Arrangement contains a Lease; and
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods that the Group has not early adopted:

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments — where the identifiable consideration received is less than the fair value of the equity instruments issued — to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts; and
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply

IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Group's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional Currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a Currency of a hyperinflationary economy as its functional Currency, IFRIC 7 is not relevant to the Group's operations; and
- IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, IFRIC 9 is not relevant to the Group's operations.

4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Business segments

The Group is organised on a worldwide basis into one business segment: vehicle rental activity.

Geographical segments

The Group operates in five principal countries: Germany, France, Italy, Spain and UK.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers (i.e., where the rental takes place). Segment assets are based on the geographical location of the assets.

Segment revenue and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

	Germany		France		Italy		Spain		UK		Other countries		Unallocated		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	In thousands of euro															
Revenue from customers	515,558	468,325	303,177	258,596	222,377	197,823	177,589	150,589	138,914	111,304	93,742	72,720	17,380	20,107	1,468,737	1,279,464
Segment assets	1,198,008	1,335,870	687,577	590,054	478,431	472,755	296,754	265,787	301,012	255,217	135,142	163,301	367,289	112,227	3,464,212	3,195,211
Capital expenditure	3,634	3,152	4,887	2,506	1,348	4,855	1,415	1,293	3,800	2,278	662	122	9,653	14,074	25,399	28,280

5. Acquisition of subsidiaries

In June 2006 the company acquired two subsidiaries, Ultramar Cars S.L. (with the additional 50% purchased in 2006, Europcar now owns 100%) on 30 June 2006 and Keddy N.V. on 28 June 2006 (100% of shares) for a total of €25,156 thousand. The acquisition of these companies is considered to be part of the Group's ordinary course of business.

Ultramar Cars S.L. is a Spanish entity established in the Balearic Islands in order for Europcar to promote its services in this area. Keddy N.V. is a Belgian rental company primarily catering to trade clients (rental to long term leasing firms awaiting new vehicles, replacement vehicles, and corporate clients). In the six months to 31 December 2006, Ultramar Cars S.L. and Keddy N.V. reported a pre tax loss of €425 thousand. If both acquisitions had occurred on 1 January 2006, Management estimates the contribution to consolidated revenue would have been €42,586 thousand and the contribution to consolidated loss for the period would have been €786 thousand for the period ended 31 December 2006.

Details of net assets acquired and goodwill are as follows:

	In thousands of euro
Purchase consideration:	
Cash paid	25,037
Direct costs relating to the acquisition	119
Total purchase consideration	25,156
Net assets acquired	(9,912)
Adjustment of Ultramar share portion previously owned	833
Goodwill	16,077

The acquisitions had the following aggregated effect on the group's assets and liabilities:

	Provisional fair value on acquisition
	In thousands of euro
Property, plant and equipment	3,172
Intangible assets	100
Deferred tax asset	515
Rental fleet	78,805
Inventories	152
Receivables	21,855
Cash and cash equivalents	1,186
Employee benefits	(1,407)
Provisions	(21)
Deferred tax liability	(34)
Trade payables and loans	(14,786)
Loans	(79,275)
Income tax payable	(349)
Net assets acquired at book values	9,913
Purchase consideration settled in cash	25,156
Cash and cash equivalents in subsidiary acquired	(1,186)
Cash outflow on acquisition	23,970

The identifiable assets and liabilities are determined only provisionally, and therefore goodwill has been accounted for using provisional values. The carrying amounts on acquisition date are nearly the same. Management is confident that any adjustment to those provisional values will be recognised within twelve months of the acquisition date as allowed by IFRS 3.

6. Revenue

	2006	2005
	In thousands of euro	
Car and Van rentals	1,434,737	1,240,264
Other rental revenue	8,800	11,200
Revenue from Franchisees	25,200	28,000
	1,468,737	1,279,464

7. Fleet holding costs

Fleet holding costs include all fixed vehicle costs such as costs related to car manufacturer's agreements, fleet related taxes and costs linked to the purchase or sale of vehicles.

	2006	2005
	In thousands of euro	
Costs related to manufacturers agreements[1]	(244,275)	(188,022)
Purchase and sales related costs[2]	(79,664)	(61,488)
Taxes on vehicles	(23,442)	(29,656)
	(347,381)	(279,166)

(1) Costs related to manufacturer agreements mainly consist of operating lease expenses in connection with vehicles covered by buy-back agreements (see Significant Accounting Policies (e) iii)).

(2) Purchase and sales related costs include the cost of vehicles accessories and costs relating to the integration of new vehicles and the disposal of used cars.

8. Fleet, rental and revenue related costs

This line groups all rental or revenue related costs including activity related fleet costs such as repairs, vehicle maintenance and insurance.

	2006	2005
	In thousands of euro	
Fleet related costs[1]	(261,905)	(239,464)
Revenue related costs[2]	(166,459)	(144,220)
Rental related costs[3]	(87,085)	(78,925)
	(515,449)	(462,609)

(1) Fleet related costs mainly consist of insurance, repairing, maintenance and reconditioning costs as well as costs incurred in respect of damaged and stolen cars.

(2) Revenue related costs include agent fees, travel agency commissions and airport concession fees as well as bad debt losses.

(3) Rental related costs include vehicle transportation, washing and booking costs as well as petrol costs net of petrol charges to customers.

9. Personnel expenses

	2006	2005
	In thousands of euro	
Wages and salaries	(188,625)	(176,517)
Social security contributions	(48,467)	(45,744)
Post employment benefit cost	(7,712)	(3,228)
Other items	(5,791)	(8,699)
	(250,595)	(234,188)

10. Network and headquarter overheads

Overhead costs include costs for rental locations, headquarters at country and holding level, Information Technologies, marketing and sales.

	2006	2005
	In thousands of euro	
Network costs[1]	(67,241)	(64,883)
IT costs	(45,593)	(43,178)
Headquarters costs[2]	(51,254)	(44,567)
Sales and marketing costs	(31,065)	(30,737)
	(195,153)	(183,365)

(1) Network costs include costs for rental of premises and network overheads.

(2) Headquarters costs consist of rental charges, travel expenses and auditing and consulting fees at country and holding level.

11. Other income

This line includes net income related to some commercial agreements, other income from franchisees (comprising mainly collection and reservation fees), releases of provisions and other non-recurring items.

	Note	2006	2005
		In thousands of euro	
Other income from franchisees		11,000	8,300
Contractual income		6,100	6,700
Release of provisions	*26*	3,930	4,858
Release of accruals		6,106	13,542
Other items		2,028	6,300
		29,164	39,700

12. Net financing costs

	Note	2006	2005
		In thousands of euro	
Interest income		4,359	1,801
Gain on fair value hedging instruments	*28*	8,247	1,929
Financial income		12,606	3,730
Interest due to banks		(42,389)	(31,146)
Interest due to affiliated companies	*32*	(7,252)	(14,433)
Other interest related to fleet financing		(45,528)	(2,469)
Other items		(4,898)	(1,080)
Financial expense		(100,067)	(49,128)
Net financing costs		(87,461)	(45,398)

13. Income tax expense in the income statement

	Note	2006	2005
		In thousands of euro	
Current tax (expense)/income			
Current period		(28,221)	(30,791)
		(28,221)	(30,791)
Deferred tax expense			
Origination and reversal of temporary differences		(10,743)	348
(Charge) / Benefit of tax losses recognised		3,255	(123)
	17	(7,488)	225
Total income tax expense in income statement		(35,709)	(30,566)

	2006	2006	2005	2005
		In thousands of euro		
Reconciliation of effective tax rate				
Profit for the period		50,423		70,457
Total income tax expense		35,709		30,566
Profit before tax		86,132		101,023
Income tax using the domestic corporation tax rate	34.43%	(29,655)	34.93%	(35,287)
Effect of tax rates in foreign jurisdictions	1.33%	(1,147)	0.96%	970
Non-taxable income	-4.07%	3,501	-3.22%	3,251
Non-deductible expenses	3.23%	(2,781)	7.93%	(8,007)
Temporary differences without deferred taxes	-0.55%	473	-3.30%	3,330
Effect of tax losses utilised	-3.15%	2,717	-5.33%	5,389
Taxes from different periods	1.23%	(1,057)	1.50%	(1,511)
Elimination of group tax allocation (France only)	7.16%	(6,167)	—	—
Other	1.85%	(1,593)	-3.21%	3,239
	41.46%	(35,709)	30.26%	(30,566)

The group accounts for income tax expense as if no consolidation tax group has taken place. The tax benefit resulting from loss carried forward is accounted for at Europcar Groupe S.A. level, the parent company of ECI. Therefore the tax benefit appears as a reconciling item in the reconciliation of effective tax rate above.

14. Property, plant and equipment

	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
			In thousands of euro		
Cost					
Balance at 1 January 2005	33,781	5,046	110,519	4,583	153,929
Acquisitions through business combinations	245				245
Other additions	759	594	11,523	14,218	27,094
Disposals	(445)	(627)	(4,636)	(2,861)	(8,569)
Transfers	—	—	3,837	(4,371)	(534)
Effect of movements in foreign exchange		—	275	—	275
Balance at 31 December 2005	34,340	5,013	121,518	11,569	172,440

	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
	In thousands of euro				
Balance at 1 January 2006	34,340	5,013	121,518	11,569	172,440
Acquisitions through business combinations	3,090	462	1,454	—	5,006
Other additions	1,719	246	9,263	9,407	20,635
Disposals	(378)	(31)	(4,743)	(730)	(5,882)
Transfers	(234)	26	11,985	(13,797)	(2,020)
Effect of movements in foreign exchange	7	—	282	—	289
Balance at 31 December 2006	38,544	5,716	139,759	6,449	190,468
Depreciation					
Balance at 1 January 2005	(13,723)	(3,585)	(79,994)	—	(97,302)
Increase through business combination	—	—	(218)	—	(218)
Depreciation charge for the year	(749)	(304)	(10,787)	—	(11,840)
Disposals	421	528	3 980	—	4,929
Transfers					—
Effect of movements in foreign exchange	(11)	—	(245)	—	(256)
Balance at 31 December 2005	(14,062)	(3,361)	(87,264)	—	(104,687)
Balance at 1 January 2006	(14,062)	(3,361)	(87,264)	—	(104,687)
Increase through business combination	(576)	(363)	(895)	—	(1,834)
Depreciation charge for the year	(829)	(353)	(11,935)	—	(13,117)
Disposals	13	22	3,307	—	3,342
Transfers	(1)	1	60	—	60
Effect of movements in foreign exchange	(7)	—	(214)	—	(221)
Balance at 31 December 2006	(15,462)	(4,054)	(96,941)	—	(116,457)
Carrying amounts					
At 1 January 2005	20,058	1,461	30,525	4,583	56,627
At 31 December 2005	20,278	1,652	34,254	11,569	67,753
At 31 December 2006	23,082	1,662	42,818	6,449	74,011

Leased plant and machinery

The Group leases buildings and other equipment under a number of finance lease agreements. At 31 December 2006, the net carrying amount of leased buildings and other equipment was €2,247 thousand (2005: €1,648 thousand) and €2,075 thousand (2005: €143 thousand) respectively.

For assets other than rental fleet leased under operating leases, payments reflected in the income statement totalling €32,520 thousand (2005: €33,630 thousand) were made in 2006.

Security

The total amount of property, plant and equipment is subject to security for the senior asset financing loan, as discussed in note 24.

15. Intangible assets

	Trademark	Goodwill	Lease rights	Software, operating systems	Total
	In thousands of euro				
Cost					
Balance at 1 January 2005	224	10,074	544	58,642	69,484
Acquisitions through business combinations	—	5,415	—	45	5,460
Other additions	345	—	63	778	1,186
Disposals	(606)	(1,146)	(23)	(3,957)	(5,732)
Transfers	238	(238)	—	544	544
Effect on movement in foreign exch.	—	(26)	—	—	(26)
Balance at 31 December 2005	201	14,079	584	56,052	70,916
Balance at 1 January 2006	201	14,079	584	56,052	70,916
Acquisitions through business combinations	—	16,077	—	101	16,178
Other additions	—	3,074	77	1,613	4,764
Disposals	—	—	—	(316)	(316)
Transfers	—	2	—	2,020	2,022
Effect on movement in foreign exchange	—	68	—	—	68
Balance at 31 December 2006	201	33,300	661	59,470	93,632
Amortisation & impairment losses					
Balance at 1 January 2005	(74)	(4,332)	(138)	(55,217)	(59,761)
Acquisition through business combination	—	—	—	(45)	(45)
Amortisation for the year	—	—	(61)	(1,514)	(1,575)
Impairment charge	—	—	—	—	—
Release on disposal	605	1,099	23	3,463	5,190
Transfers	(583)	583			—
Balance at 31 December 2005	(52)	(2,650)	(176)	(53,313)	(56,191)
Balance at 1 January 2006	(52)	(2,650)	(176)	(53,313)	(56,191)
Acquisition through business combination					
Amortisation for the year	—	—	(68)	(2,132)	(2,200)
Impairment charge		(413)	—		(413)
Release on disposal	—	—	—	228	228
Effect on movement in foreign exch.	—	—	—	(61)	(61)
Balance at 31 December 2006	(52)	(3,063)	(244)	(55,278)	(58,637)
Carrying amounts					
At 1 January 2005	150	5,742	406	3,425	9,723
At 31 December 2005	149	11,429	408	2,739	14,725
At 31 December 2006	149	30,237	417	4,192	34,995

Goodwill arises from the past acquisition of franchisees in the normal course of the Group's business and from acquisitions of subsidiaries as disclosed in note 6. The acquisition of goodwill for an amount of €3,074 is the result of the acquisition of French and UK franchisees for €1,854 thousand and €1,220 thousand respectively.

Impairment loss

Pursuant to IAS 36, "Impairment of assets" the Group has performed its annual impairment test and has recorded an impairment loss amounting to €413 thousand relating to the French franchisees.

The franchisee's impairment test is based on fair value less costs to sell. In the past year competing businesses in the same sector and of generally similar size have been bought and sold by companies in the industry. The sales prices for these franchised businesses have been used to derive a price / turnover's ratio (35%) which has been applied to the turnover of the unit to determine the recoverable amount.

Security

The total amount of intangible assets is subject to security for the senior asset financing loan, as discussed in note 24.

16. Other investments

	Note	2006	2005
		In thousands of euro	
Non-current investments			
Equity securities available-for-sale	*30, 31*	4,149	40,209
Deposits		3,078	2,828
Loans		99	109
		7,326	43,146
Current investments			
Loans		15,914	854

	2006	Change in perimeter	Divestures	Additions	2005
			In thousands of euro		
Selbstfahrer Union GmbH	—	—	(22,676)	3,100	19,576
GVF (VW France)	—	—	(13,000)	—	13,000
Ultramar[3]	—	(6,501)	—	3,001	3,500
Monaco Auto Location	929	—	—	—	929
UK affiliates[1]	3,163	—	—	16	3,147
Other[2]	57	—	—	—	57
	4,149	(6,501)	(35,676)	6,117	40,209

(1) Dormant UK companies are fully owned by the Group (BCR Holdings Ltd., Europcar Chauffeurdrive UK Ltd, Godfrey Davis (Car Hire) Ltd, Rovard Facilities Ltd).

(2) Other companies include ECIR Travel Services S.R.L, Nolauto Genova Systems S.R.L, Europcar Inc, Vehitel 2000 France S.A.S. and Vehitel 2000 S.N.C.

(3) Refer to note 5. As of December 2005, ECI owed 50% of Ultramar. The remaining 50% of Ultramar's share capital has been acquired in 2006. Since then, Ultrmar is fully consolidated.

17. Deferred tax assets and liabilities

Recognised deferred tax asset and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
			In thousands of euro			
Property, plant and equipment	5	5	(72)	(123)	(67)	(118)
Intangible assets	55	140	(33)	—	22	140
Rental fleet	2,309	1,044	(20,085)	(2,684)	(17,776)	(1,640)
Investments in subsidiaries	2	2	—	—	2	2
Other financial assets		—	—	—	—	—
Receivables and other assets	4,613	2,920	—	—	4,613	2,920
Prepaid and deferred charges		—	(1,738)	(1,614)	(1,738)	(1,614)
Employee benefits	10,313	8,276	—	—	10,313	8,276
Deferred income		—	(285)	(491)	(285)	(491)
Provisions	2,134	3,093	—	(130)	2,134	2,963
Other liabilities	2,514	3,701	(295)	—	2,219	3,701
Financial instruments	48	—	—	—	48	
Tax loss carry-forwards	12,874	4,846	—	—	12,874	4,846
Tax (assets) / liabilities	34,867	24,027	(22,508)	(5,042)	12,359	18,985
Set off of tax	(11,180)	(2,136)	11,180	2,136	—	—
Net tax (assets) / liabilities	23,687	21,891	(11,328)	(2,906)	12,359	18,985

Deferred tax assets have not been recognised in respect of the following items:

	2006	2005
	In thousands of euro	
Temporary differences without deferred taxes	5,244	9,533
Capital losses in France	—	48,534
Operating losses in the United Kingdom (£'000)	32,918	42,193
Capital losses in the United Kingdom (£'000)	—	16,200

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised in the UK up to £3,751 thousands only because potentially insufficient profitability on the rental business in the U.K..

Movement in temporary differences during the year

	Balance 1 Jan 05	Acquired in business combination	Recognised in income	Recognised in equity	Translation reserve	Balance 31 Dec 05
	In thousands of euro					
Property, plant and equipment	(71)	—	(47)	—	—	(118)
Intangible assets	3,366	—	(3,226)	—	—	140
Rental fleet	(4,569)	—	2,905	—	24	(1,640)
Investments in subsidiaries	2	—	—	—	—	2
Receivables and other assets	1,859	—	1,061	—	—	2,920
Prepaid and deferred charges	(1,849)	—	235	—	—	(1,614)
Employee benefits	4,113	—	121	4,042		8,276
Deferred income	(650)	—	159	—	—	(491)
Provisions	3,468	—	(505)	—	—	2,963
Other liabilities	4,056	—	(355)	—	—	3,701
Financial instruments		—				—
Tax loss carry-forwards	4,969	—	(123)	—	—	4,846
	14,694	—	225	4,042	24	18,985

	Balance 1 Jan 06	Acquired in business combination	Recognised in income	Recognised in equity	Translation reserve	Balance 31 Dec 06
	In thousands of euro					
Property, plant and equipment	(118)		52	—	—	(66)
Intangible assets	140	(25)	(94)	—	—	22
Rental fleet	(1,640)	(9)	(16,126)	—	—	(17,776)
Investments in subsidiaries	2		—	—	—	2
Receivables and other assets	2,920		1,693	—	—	4,613
Prepaid and deferred charges	(1,614)		(125)	—	—	(1,738)
Employee benefits	8,276	454	1,200	381	—	10,313
Deferred income	(491)		206	—	—	(285)
Provisions	2,963		(828)	—	—	2,134
Other liabilities	3,701		(1,481)	—	—	2,219
Financial instruments	—		48	—	—	48
Tax loss carry-forwards	4,846	61	7,967	—	—	12,874
	18,985	481	(7,488)	381	—	12,359

18. Inventories

No material restrictions of title or right of use exist in respect of the inventories listed below:

	2006	2005
	In thousands of euro	
Consumables	1,478	1,091
Oil and fuel	8,197	7,986
Vehicles	188	3,568
Spare parts	292	261
Other items	173	205
	10,328	13,111

Inventories are stated at the lower of cost or net realisable value. Inventories have been written down by €47 thousand in 2006 (2005: €455 thousand).

19. Rental fleet

Vehicles covered by a buy-back agreement

The majority of the vehicles leased by the Group are subject to manufacturer buy-back agreements. Management estimates that over 90% of the vehicles purchased are returned to the original manufacturer. They are therefore, accounted for as operating leases (lessee accounting) because this is the most appropriate assumption in determining the proper accounting treatment under IAS 17 Leases.

These vehicles are not recognised as non-current assets since the respective arrangements are accounted for as operating leases (lessee accounting) and typically run for a period of less than 12 months. Lease payments under operating leases are recognised as expenses in the income statement on a straight-line basis over the lease term. None of the leases include contingent rentals.

The difference between the initial payment and the final re-purchase price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charges. A separate buy-back agreement receivable is recognised for the final re-purchase price.

During the year ended 31 December 2006, €248,126 thousand was recognised as an expense in the income statement in respect of operating leases (2005: €197,878 thousand). Current assets related to non-cancellable operating leases can be broken-down as follows:

	2006	2005
	In thousands of euro	
Prepaid vehicle operating lease charge	76,369	102,980
Vehicle buy-back agreement receivables	2,091,826	2,072,729
	2,168,195	2,175,709

Rental fleet as a percentage of revenue decreased as compared to the prior year as a result of the growing portion of fleet vehicles financed through operating leases. Furthermore, the 2005 closing balance included an excess of fleet resulting from purchases made prior to 2005 year-end to benefit from favourable trading conditions offered by certain manufacturers.

Vehicle buy-back agreement receivables are shown net of impairment losses amounting to €13,188 thousand (2005 €19,175 thousand) in respect of damage and stolen vehicles.

20. Trade and other receivables

The fair values of the trade receivables correspond to the nominal value. All trade receivables fall due within one year.

	Note	2006	2005
		In thousands of euro	
Trade receivables	*32*	706,341	604,859
Interest receivables		545	149
Other tax receivables		103,080	58,513
Claims from insurance		23,390	16,540
Prepayments		32,978	28,412
Other receivables		17,239	66,688
		883,573	775,161

At 31 December 2006 trade receivables are shown net of an allowance for doubtful debts of €34,917 thousand (2005: € 15,591 thousand), arising from the risk of default.

Security

Fleet receivables assigned under buy-back agreements with car manufacturers are secured as part of security consideration principles for the senior asset financing loan (note 24).

21. Cash and cash equivalents

Details of cash and cash equivalents:

	2006	2005
	In thousands of euro	
Cash-in-hand and at banks	216,683	48,704
Marketable securities	7,500	—
Cash and cash equivalents in the statement of cash flows	224,183	48,704

22. Capital and reserves

Share capital and share premium

The subscribed capital of Europcar International S.A.S.U is denominated in EUR. The subscribed capital is composed of 110,000,000 ordinary shares with a nominal value of 1 euro and totals €110,000 thousand. Share premium arises from past capital increases.

Shareholders are entitled to receive dividends as declared on a timely basis and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

	Attributable to equity holders of the company										
					Retained Earnings						
	Share Capital	Share premium	Legal reserve	Translation reserve	Consolidated reserves	Retained earnings from actuarial	Deferred tax on actuarial	Total Retained earnings	Total	Minority interest	Total equity
	In thousands of euro										
Balance at 1 January 2005	110,000	212	11,000	(1,985)	141,915	—	—	141,915	261,142	543	261,685
Profit for the period	—	—	—	—	71,007	—	—	71,007	71,007	(550)	70,457
Prior year adjustment	—	—	—	—		—	—	—	—		—
Dividend received[1]	—	—	—	—	148,000	—	—	148,000	148,000	—	148,000
Exchange differences	—	—	—	818	—	—	—	—	818	—	818
Actuarial results on DBO[2]	—	—	—	—	—	(10,182)	4,042	(6,140)	(6,140)	—	(6,140)
Balance at 31 December 2005	110,000	212	11,000	(1,167)	360,922	(10,182)	4,042	354,782	474,827	(7)	474,820
Balance at 1 January 2006	110,000	212	11,000	(1,167)	360,922	(10,182)	4,042	354,782	474,827	(7)	474,820
Acquisition of entities	—	—	—	—	(2,663)	—	—	(2,663)	(2,663)	—	(2,663)
Profit for the period	—	—	—	—	50,392	—	—	50,392	50,392	31	50,423
Dividend paid[3]	—	—	—	—	(148,000)	—	—	(148,000)	(148,000)	—	(148,000)
Exchange differences	—	—	—	1,016	—	—	—	—	1,016	—	1,016
Actuarial results on DBO[2]	—	—	—	—	—	(983)	381	(602)	(602)	—	(602)
Balance at 31 December 2006	110,000	212	11,000	(151)	260,651	(11,165)	4,423	253,909	374,970	24	374,994

(1) Dividend received from one Groupe Volkswagen France in 2005 and fully repaid to Volkswagen AG in 2006

(2) Recognition of actuarial result on defined benefits obligation, according to IAS 8 as detailed in note 25.

(3) Dividends paid to equity holders during 2006 amounts to €1.35 per ordinary share.

23. Earnings per share

The calculation of basic and diluted earnings per share was based on the profit attributable to ordinary shareholders of €50,392 thousand in 2006 (2005: €71,007 thousand) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2006 of 110,000,000 (2005: 110,000,000), calculated as follows:

	2006	2005
	In thousands of euro	
Profit attributable to ordinary shareholders	50,392	71,007
Weighted average number of ordinary shares at 31 December ('000)	110,000	110,000
Basic and diluted earnings per share (euro)	0.46	0.65

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest risk, see note 28.

	Note	2006	2005
Non-current liabilities			
Unsecured credit lines dedicated to fleet financing	*32*	—	146,526
Unsecured bank loans		—	21,750
Unsecured loans from associates		3,211	3,145
Finance lease liabilities		1,565	1,695
		4,776	173,116
Current liabilities			
Secured notes issued		—	264,165
Unsecured credit lines dedicated to fleet financing	*32*	—	465,224
Finance lease liabilities		129,335	83,108
Senior asset financing lines dedicated to fleet financing		1,972,527	—
Unsecured bank loans		54,398	710,772
		2,156,260	1,523,269

Unsecured loans from associates

Unsecured loans from associates relate to amounts due to UK non-consolidated companies, they are unsecured, interest free and have no repayment schedule.

Former Securitisation programme

The securitisation agreements (refered to Secured notes issued as of December 2005) used to finance the short term car rental activity has been temporarily halted on 31 May 2006 and is in course of restructuring.

Senior Asset financing credit lines dedicated to fleet purchases

As from June 2006, the Group is financing the purchase of vehicles through Senior Asset Financing Loan. This financing carries an interest rate of EURIBOR (one month) plus bank margin.

Security

The Senior Asset Financing Loan and the guarantees are secured, subject to certain security consideration principles, by security interests in substantially all of the tangible and intangible assets of ECI and each borrower and each guarantor, including pledges of all the capital stock of all direct subsidiaries owned by ECI and each borrower and guarantor, assignment of receivables under the

buy-back agreements with the car manufacturers, assignment of operating lease and intra-group receivables, assignment of VAT receivables and pledges over bank accounts and business assets.

Fair value

Considering the maturity of the debts and their respective interest rates, management has concluded that the fair value of the financial liabilities approximates their respective carrying value. As a consequence, management has not deemed necessary to report the fair value of the respective financial instruments at 31 December 2006 and 31 December 2005.

Borrowings are payable as follows:

	Unsecured credit lines dedicated to fleet financing 2006	Senior asset financing lines dedicated to fleet financing 2006	Unsecured loans from associates 2006	Unsecured bank loan 2006	Secured notes issued 2006	Finance lease liabilities 2006	Total 2006
				In thousands of euro			
Less than one year	—	1,972,527	—	54,398	—	129,335	2,156,260
Between one and five years	—	—	—	—	—	537	537
More than five years	—	—	3,211	—	—	1,028	4,239
	—	1,972,527	3,211	54,398	—	130,900	2,161,036
	2005	2005	2005	2005	2005	2005	2005
				In thousands of euro			
Less than one year	465,224	—	—	710,772	264,165	83,108	1,523,269
Between one and five years	146,526	—	—	21,750	—	567	168,843
More than five years	—	—	3,145	—	—	1,128	4,273
	611,750	—	3,145	732,522	264,165	84,803	1,696,385

25. Employee benefits

Provisions for pension and similar obligations

Provisions for post-employment benefits are established for benefits payable in the form of retirement, invalidity and dependents' benefits. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees. Group companies provide post-employment benefits under defined contribution plans and defined benefit plans. In addition to Group's supplementary plans, the Group makes contributions to state or private pension schemes based on legal or contractual requirements or on a voluntary basis. Once the contributions have been paid, no further obligations exist for the Group.

Similarly, under supplementary defined contribution plans, once contributions have been made, current contributions are recognised as pension expenditure in the respective year and no further obligations exist for the company.

The pension provisions for defined benefit plans are determined according to IAS 19 Employee Benefits in keeping with the actuarially accepted Projected Unit Credit Method. The valuation incorporates assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains/losses arise from census changes and changes in actual trends (e.g. in income and pension increases) relative to the assumptions on which calculations were based.

Liability for defined benefit obligations

The Group makes contributions to defined benefit plans that provides pension benefits for some of the Group's employees upon retirement.

Amounts recognized in the balance sheet

	2006	2005
	In thousands of euro	
Present value of unfunded obligations	(59,745)	(56,569)
Present value of funded or partially funded obligation	(4,075)	—
Total present value of obligation	(63,820)	(56,569)
Fair value of plan assets (see below)	1,130	—
Recognised liability for defined benefit obligation	(62,690)	(56,569)

Movements in Defined Benefit Obligations

	Note	2006	2005
		In thousands of euro	
Defined benefit obligations as per 1 January		(56,569)	(44,391)
Benefit Payments		1,444	1,232
Current sevice cost and interest (see below)[1]		(7,712)	(3,228)
Actuarial gains and losses (see below)	*22*	(983)	(10,182)
Defined benefit obligations as per 31 December		(63,820)	(56,569)

(1) Including current service costs, interest cost and excluding actuarial gain / loss

Movement in plan asset

	2006	2005
	In thousands of euro	
Fair value of plan assets as per 1 January	—	—
Contribution paid into plan	1,191	—
Benefits paid by the plan	(85)	—
Expected return on plan assets	24	—
Actuarial (losses) gains recognised in equity	—	—
Fair value of plan assets as per 31 December	1,130	—

Plan asset

	2006	2005
	In %	
Equity	—	n/a
Debt	100,0%	n/a
Other	—	n/a

All of the plan assets are allocated to the French employees.

Expense recognised in the income statement

	Note	2006	2005
		In thousands of euro	
Current service costs		5,299	980
Interest on obligation		2,437	2,248
Expected return on plan assets		(24)	—
	9	7,712	3,228

The expense is fully recognised in Personnel costs as disclosed in note 10.

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2006	2005
	In thousands of euro	
Discount rate	4,50%	4,25%
Expected rate of salary increase	2,00%	2,00%
Expected rate of pension increase	1,00%	1,00%
Expected return on plan assets	4,00%	n/a

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each territory.

Actuarial gains and losses recognised directly in equity (net of deferred tax)

	2006	2005
	In thousands of euro	
Cumulative amount at 1 January	(6,140)	—
Recognised during the year	(602)	(6,140)
Cumulative amount at 31 December	(6,742)	(6,140)

26. Provisions

	Provision for warranties	Personnel costs	Litigation costs	Reconditioning provisions	Other provisions	Total
			In thousands of euro			
Balance at 1 January 2005	1,031	1,442	10,638	13,808	2,711	29,630
Acquired in business combination	—	—	—	—	—	—
Provisions made during the year	1,084	557	4,295	24,408	728	31,073
Provisions used during the year	(1,031)	(1,192)	(1,613)	(17,455)	(633)	(21,923)
Reversal during the year	—	(250)	(2,252)	(2,355)	—	(4,858)
Effect of foreign exchange	—		17	—	75	92
Balance at 31 December 2005	1,084	557	11,085	18,406	2,881	34,013
Non-current	—		585	—	161	746
Current	1,084	557	10,500	18,406	2,720	33,267
	1,084	557	11,085	18,406	2,881	34,013

	Provision for warranties	Personnel costs	Litigation costs	Reconditioning provisions	Other provisions	Total
			In thousands of euro			
Balance at 1 January 2006	1,084	557	11,085	18,406	2,881	34,013
Acquired in business combination	—	—	—	—	21	21
Provisions made during the year	1,108		3,762	35,035	12,319	52,224
Provisions used during the year	(1,084)	(557)	(4,572)	(31,311)	(627)	(38,151)
Reversal during the year	—		(3,466)	(287)	(177)	(3,930)
Effect of foreign exchange	—	—	12	36	35	83
Balance at 31 December 2006	1,108	—	6,821	21,879	14,452	44,260
Non-current	—		747	—	12	759
Current	1,108	—	6,074	21,879	14,440	43,501
	1,108	—	6,821	21,879	14,452	44,260

Litigation costs

The litigation costs include litigation with Franchisees, employee disputes and accident claims. During the year ended 31 December 2006 two Franchisees have taken legal action against Europcar. Management is defending the case vigorously and the amounts are based on the advice of its legal department. Similarly a former Franchisee has dropped the pending case, and management decided that the provision should be reversed as the obligation is now remote.

Reconditioning provisions

The provision for reconditioning relates to costs to be incurred for the present fleet at the end of the buy back agreement period.

Other provisions

The other provisions primarily consist of tax audit performed in 2006 by French authorities that resulted in a claim of €11,600 thousand, not related to income tax.

27. Trade and other liabilities

The details of the Group's payable liabilities are presented in the following table. Fair values approximate book value as discussed in note 29. All trade and other liabilities fall due within one year.

	Note	2006	2005
		In thousands of euro	
Trade payables, including to affiliates	*32*	662,164	810,366
Other tax payable		72,313	31,943
Deposits and deferred income		14,285	11,627
Other accrued expenses		46,475	50,779
		795,237	904,715

Other accrued expenses primarily consist of accrued salaries and social security contributions.

28. Financial instruments

Exposure to credit and interest rate risks arises in the normal course of the Group's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates. The Group does not enter into derivative financial instruments for any purpose other than managing exposure. All hedging operations are either centrally coordinated or carried out by Group Treasury.

Hedging policy and financial derivatives

In conducting its business operations the Group is exposed to fluctuations in prices and interest rates. Corporate policy is to eliminate or limit such risk by means of hedging.

Price risk

The international business operations of the Group expose it to fluctuations in interest rates on the international capital markets and price fluctuation of fuel.

Partners in these financial transactions are top-class national and international banks, whose credit worthiness is continually assessed by the leading rating agencies.

Interest rate risk

An interest rate risk — that is, possible fluctuations in future cash flows resulting from changes in market interest rates — is posed primarily in respect of medium — and long-term debt. The interest rate limiting instruments entered into include swap and cap contracts. The Group uses different instruments depending on market conditions. If financial resources are passed on to subsidiaries within the Group, such resources are structured congruent to their refinancing.

The Group uses variable rate debt to finance its operations. The Group maintains both committed and uncommitted credit facilities and credit lines with its Parent Company depending in the Group's financing needs. The Group is exposed to changes in interest rates and has established the policy of limiting the exposure to variability in interest rates through interest-rate cap and swap agreements. The notional amounts of the agreements are disclosed in the schedule below.

Interest Cap agreements

The Group's interest rate cap agreements are measured at fair value at 31 December 2006 and 31 December 2005 with changes recognised in the income statement. Interest rate cap agreements do not qualify for hedge accounting.

Interest swap agreements

In April 2006, the Group entered into an interest rate swap as part of its hedging policy. The swap agreement is denominated in euro and has a variable notional amount. The agreement stipulates that the Group pays a fixed interest rate of 3.993% in exchange of floating rate (Euribor 1-month). The maturity date of the swap agreement is 31 December 2010. The Group did not qualify for cash flow hedge accounting and therefore recognises the change in fair value through earnings.

The derivative instruments are summarised as follows:

Contract	Notional Amount	Transaction Date	Maturity Date	Fair value 31 Dec 2006	Fair value 31 Dec 2005
			(in thousands of euros)		
Swap	600	14-Oct-05	14-Oct-10	sold	1,912
Swap	variable	17-Apr-06	31-Dec-10	(139)	—
Cap	100	28-Jan-04	30-Jan-07	—	3

Market risk

A market risk is posed when price changes on the financial markets positively or negatively affect the value of financial instruments.

Liquidity risk

A liquidity risk forecast with a fixed planning horizon, unused lines of credit and globally available tap issue programmes provide the Group with access to liquidity.

Risk of default

The theoretical maximum risk of default in respect of the primary financial instruments corresponds to the value of all receivables less the liabilities payable to the same debtors. It is considered that the value adjustment for bad and doubtful receivables covers the effect of the actual risk involved. The risk of default arising from financial assets involves the risk of defaulting by a contract partner, and therefore as a maximum amounts to the positive fair values relating to each

contracting party. Since transactions are only entered into with top-class trading partners, and the risk management system imposes trading limits per partner, the actual risk of default is carefully controlled.

Cash flow risk from financial instruments

The cash flow risk is limited by a flexible interest rate hedging strategy.

Estimation of Fair Values

The fair values of derivative instruments have been estimated based on quotes provided by brokers.

For interest-bearing loans and borrowings with a remaining life of less than one year, the carrying amount approximates fair value. Otherwise the fair value is calculated based on discounted expected future principal and interest cash flows.

For receivable / payable with a remaining life of less than one year, the carrying amount approximates fair value. The estimated fair value reflects changes in interest rates. Otherwise the fair value is calculated based on discounted expected future principal and interest cash flows.

29. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2006	2005
	In thousands of euro	
Less than one year	28,250	45,071
Between one and five years	28,035	24,608
More than five years	5,064	925
	61,349	70,604

The Group leases a limited number of fixtures and properties under operating leases. The leases typically run for a period of 5-9 years or less, with an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year ended 31 December 2006, €32,520 thousand was recognised as an expense in the income statement in respect of operating leases other than rental fleet related (2005: €33,630thousand).

30. Capital commitment

During the year ended 31 December 2006, the Group entered into contracts to purchase vehicles. As at 31 December 2006, the outstanding commitments for the following: purchase property, plant and equipment for €1,406 thousand, intangible assets including software for €572 thousand and vehicles for €742,057 thousand.

31. Contingencies

Neither Europcar International S.A.S.U nor any of its Group companies is party to any current or foreseeable legal or arbitration proceedings that may have a material effect on the economic position of the Group or has had such an effect within the last two years. Appropriate provisions are made by the Group for any financial burdens arising from other legal or arbitration proceedings pending, unless adequate insurance repayments are expected.

The Group has provided unsecured guarantees to certain third parties within the normal course of business. As at 31 December 2006, the company had €43,613 thousand as guarantees with suppliers. Other contingent liabilities amount to €14,159 thousand.

32. Related parties

Related parties under the terms of IAS 24 are parties which the reporting enterprise has the ability to control or exercise significant influence over, or parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted at standard market terms. Several members of the Management and the Board of Directors of the Company are members of supervisory with whom Europcar International has relations in the normal course of its business activities. All transactions with the said companies are conducted at standard market terms.

At 31 December 2005, the direct Parent of the Group was Volkswagen AG. On 31 May 2006 (“transaction date”), Eurazeo acquired, through Europcar Groupe S.A., a subsidiary formed for such purpose, 100% of the share capital of ECI from Volkswagen AG. Up to the transaction date, the Group had a related party relationship with Volkswagen AG and other affiliates directors, executive officers and other non-consolidated subsidiaries. The related-party transactions with Volkswagen AG primarily consisted of financing, purchase and rental of vehicle activities. Subsequent to the transaction date, the Group had a related-party relationship with Eurazeo limited to management services provided by Eurazeo and billed directly to Europcar Groupe S.A.

Transactions with related parties controlled by Volkswagen AG, the Parent of ECI (up to 31 May 2006)

Financing

The Group’s activity was partly financed by related parties through committed and uncommitted unsecured credit lines. The loan facilities payable were renewed every year and bore interest floating rates. The detail of the loan payable and related interest cost as at 31 December is as follows:

	Note	2006	2005
		In thousands of euro	
Non-current liabilities			
Unsecured credit lines dedicated to fleet financing	*24*	—	146,526
Current liabilities			
Unsecured credit lines dedicated to fleet financing	*24*	—	465,224
Of which interest payable	*24*	—	*1,621*
		—	611,750

Total interest paid to related parties during the period ended 31 May 2006 amount to €7,252 thousand (year ended 2005: €14,433 thousand) as indicated in note 12.

Vehicle purchase

The Group entered into various fleet purchase agreements with related parties where it is stipulated that the manufacturer has the obligation to re-repurchase the vehicle, typically within the 12 months following the initial purchase date. The manufacturer’s obligation is accounted for as a prepaid vehicle operating lease charges.

Expenses related to purchase agreements are recognised on a straight-line basis over the lease term in the income statement.

The number and amount of vehicles purchased from former related parties as disclosed below is presented net of discounts.

	2006	2005
Number of vehicles purchased	41,994	74,844
Purchased value of vehicles, net of discounts (€’000)	718,204	1,204,697
Number of vehicles re-purchased	27,172	71,919
Repurchase value of vehicles under buy-back agreements (€’000)	424,106	1,056,469

Rental activities

The Group also has numerous corporate rental agreements (as a renter) with related parties, which are accounted for like any other rental transaction. The related income statement balances are as follows:

	2006	2005
	In thousands of euro	
Revenue	—	22,933

Combined balance sheet positions

The balance-sheet positions at 31 December 2006 with related parties with respect to the vehicle renting, purchasing and selling activities are presented below. The trade payable primarily consists of purchasing of vehicles and the trade receivable represents the balance due from related parties with respect to the combination of renting and selling activities.

	Note	2006	2005
		In thousands of euro	
Trade receivable from related parties	*20*	—	71,873
Trade payable to related parties	*27*	—	236,518

Up to the transaction date, several members of the Management and the Board of Directors of the Company were members of supervisory boards and/or management boards of other companies within the Volkswagen Group with which the Company has relations in the normal course of its business activities. All transactions with the said parties were conducted at standard market terms.

Transactions with related parties controlled by Eurazeo S.A., the ultimate Parent of ECI as of 31 May 2006 onwards.

Management services

The Group has been recharged by its direct parent company (Europcar Groupe S.A.) for management fees provided by the ultimate Group's owner, Eurazeo S.A. The nature of the management fees can be broken down as follow:

	2006	2005
	In thousands of euro	
Management fees (Headquarter costs)	1,583	—
Other items	(131)	—
Total	1,452	—

The Group did not have any amount receivable or payable to Eurazeo S.A. as of 31 December 2006 with respect to the management services as described above.

The amount receivable or payable to Europcar Groupe S.A. as at 31 December 2006 is described below:

	Note	2006	2005
		In thousands of euro	
Trade receivable from related parties	*20*	194	—
Trade payable to related parties	*27*	2,388	—

Transactions with non-consolidated parties

Transactions with key management personnel

In addition to their salaries, the Europcar Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf.

33. Group entities

Consolidated affiliates — Car rental business

Consolidated affiliates	Country of incorporation	Conso. Method	Ownership interest 2006	Ownership interest 2005
Europcar Groupe S.A.	France	Full	100%	100%
Europcar International S.A.S.U.	France	Full	100%	100%
Europcar Holding S.A.S.	France	Full	100%	100%
Europcar Information Services GEIE	France	Full	100%	100%
Europcar International SA & Co OHG	Germany	Full	100%	100%
Europcar Autovermietung GmbH	Germany	Full	100%	100%
InterRent Immobilien GmbH	Germany	Full	100%	100%
Europcar France S.A.S.	France	Full	100%	100%
Parcoto Services S.a.r.l	France	Full	100%	100%
Europcar Italia S.p.A.	Italy	Full	100%	100%
Europcar U.K. Ltd.	UK	Full	100%	100%
Europcar Int'l Aluguer de Auto. S.A.	Portugal	Full	100%	100%
Europcar IB S.A.	Spain	Full	100%	100%
Europcar S.A.	Belgium	Full	100%	100%
Delta Service Auto S.A.	France	Full	100%	100%
SecuritiFleet GmbH	Germany	Full	5%	5%
SecuritiFleet SAS	France	Full	5%	5%
SecuritiFleet SL	Spain	Full	4%	4%
SecuritiFleet SrL	Italy	Full	6%	6%
Ultramar Car Rental[1]	Spain	Full	100%	50%
Keddy NV[1]	Belgium	Full	100%	—

(1) Consolidated in 2006

Unconsolidated affiliates stated at the lower of cost or fair value

	Country of incorporation	Ownership interest 2006	Ownership interest 2005	Equity	Total Balance Sheet	Revenue
					In thousands	
BCR Holdings Ltd.	UK	100%	100%	£1,014	£1,014	£0
Europcar Chauffeurdrive UK Ltd	UK	100%	100%	£(263)	£(263)	£0
Europcar Inc.	US	100%	100%	$15	$15	$0
Godfrey Davis (Car Hire) Ltd	UK	100%	100%	£583	£583	£0
Inter-Rent Ltd	Ireland	100%	100%	€0	€0	€0
Rovard Facilities Ltd	UK	100%	100%	£2,478	£2,478	£0
Vehitel 2000 France S.A.S.	France	20%	20%	€86	€237	€592
Vehitel 2000 S.N.C.	France	33%	33%	€90	€229	€497
Monaco Auto Location S.A.M	France	100%	100%	€1,403	€3,574	€1,265

Consolidated Special purpose entities

In 2004, the Group entered into securitisation agreements in cooperation with a commercial bank to finance the short term car rental activity of its subsidiaries located in France, Italy, Spain and Germany. The purpose of the program was to diversify the sources of financing by issuing commercial papers. The program is financed by a revolving agreement granted by the bank "CAYLON". As part of this securitisation program, each of the subsidiaries listed above incorporated a SPE ("Securitifleet"). Each subsidiary owns 4% to 6% of its capital, but in substance they are controlled by the local Europcar companies.

Unconsolidated Special purpose entities

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal and Belgium subscribe to an insurance policy toward an AIG affiliated entity, which reinsures such risks with Euroguard, a captive insurance and reinsurance entity located at Gibraltar. The Group owns only one unit of Euroguard and the Europcar International share of Euroguard's total assets amounts to £23,496 thousand (2005: £18,193 thousand). Europcar International is entitled to $2,168 thousand of Euroguard's profit of the year (2005: £209 thousand). Hereafter is a summary of the financial statements for the Europcar International cell for Euroguard as at 31 December 2006. These financial statements have been prepared in accordance with UK GAAP.

Balance sheet

	2006 GBP	2005 GBP
	In thousands	
Investments — other financial investments	20,552	16,132
Debtors	2,795	1,986
Prepayments and accrued income	150	76
Total Assets	23,496	18,193
Equity shareholders' funds	(504)	(2,672)
Technical provisions	26,883	23,029
Creditors	875	1 663
Loss Deposit Fund	(3,758)	(3,826)
Total liabilities and shareholder Equity	23,496	18,193

Investment and financial assets consist of 20 different securities representing a total value of £18,106 thousand at 31 December 2006 equally invested in lines denominated in EUR (56%) and in GBP (46%) with maturity dates ranging from Feb-07 to July-11. Other financial assets include a total deposit of £2,444 thousand paid out with respect to EUR and GBP call contracts.

Debtors are fully derived from insurance operations and consist of pure retention premium receivables.

Income statement

	2006 GBP	2005 GBP
	In thousands	
Earned premiums, net of reinsurance	11 760	9 762
Change in the provision for claims	(10 242)	(10 071)
Net underwriting income	1 518	(309)
Investment income	584	475
Fees	(-)	(3)
Net operating expenses	67	46
Retained profit for the period	2 168	209

34. Accounting estimates and judgements

Management has assessed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 15 contains information about the assumptions and their risk factors relating to goodwill impairment. In note 28, a detailed analysis is given regarding the interest-rate exposure of the Group and risks in relation to interest-rate movements.

Vehicles covered by a buy-back agreement

The Group considers that all its vehicles were covered by a buy-back agreement because this is the most appropriate assumption in determining the proper accounting treatment under IAS 17 *Leases*. However, the Group retains all the risks and rewards for a portion of its car fleet which management estimates does not exceed 10%. Additionally, vehicles accounted for as finance leases in the United Kingdom were deemed to be operating leases under IFRSs.

Vehicles subject to manufacturer buy-back agreements are accounted for as operating leases (lessee accounting). The difference between the initial payment and the final re-purchase price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charges. A separate buy-back agreement receivable is recognised for the final re-purchase price based.

35. Subsequent events

At 31 December 2006, Europcar Group was in process of acquiring the shares of Vanguard Car Rental EMEA Holdings via its 100% owned subsidiary, Europcar UK Ltd. The acquisition was effective 28 February 2007. The group is unable to disclose the carrying amounts of the acquiree's assets, liabilities and contingent liabilities considering the timing of the acquisition.

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Europcar International S.A.S.U.
3, avenue du centre
78881 Saint Quentin en Yvelines

Europcar International S.A.S.U. and its vehicle rental subsidiaries
Fiscal year ended 31 December 2005

On your request and in our capacity as Statutory Auditors of Europcar International S.A.S.U., we have audited the special purpose consolidated financial statements of Europcar International S.A.S.U. and its vehicle rental subsidiaries established in accordance with the rules described in the preliminary note to the special purpose consolidated financial statements for the fiscal year ended 31 December 2005.

These special purpose consolidated financial statements are the responsibility of the President. Our responsibility, based on our audit, is to express an opinion on these special purpose consolidated financial statements.

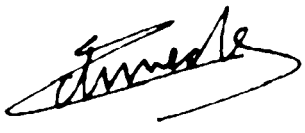
We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the special purpose consolidated financial statements of Europcar International SASU and its vehicle rental subsidiaries, present fairly, in all material respects, the financial position of the special purpose consolidated group of vehicle rental companies at 31 December 2005, and the results of their operations for the year then ended, in accordance with the rules described in the preliminary Note to the special purpose consolidated financial statements, which states in particular how the Group has applied the IFRSs as adopted for use in the European Union.

Neuilly-sur-Seine, 22 February 2006

The Statutory Auditors

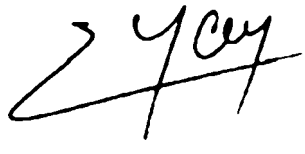
PricewaterhouseCoopers Audit



Stéphane Schwedes

Edouard Sattler

MOORE STEPHENS SYC



Serge Yablonsky

Remark to the Historical Data

The historical financial data have been established under the assumption that only Europcar International S.A.S.U. (referred to as "ECI") and its vehicle rental subsidiaries (together with ECI referred to as either the "Group" or "Europcar Group") undertake a potential capital markets transaction.

Therefore, the Europcar Group's consolidated financial statements presented herein have been prepared solely for the purpose of a potential capital markets transaction and not in response to any legal obligation. Europcar is exempt from any such obligation by virtue of the consolidation established by Volkswagen AG (ultimate parent level) during the periods presented.

To effect the presentation of the rental business of the Europcar Group, the following two companies, which were sold to other Volkswagen Group companies in the first quarter of 2006, have not been fully consolidated in either year presented:

- Groupe Volkswagen France S.A. and its subsidiaries, a 100% subsidiary of ECI which is the importer of Volkswagen Group cars in France was sold on January 13, 2006;
- Selbstfahrer Union GmbH, a 100% subsidiary of ECI S.A. and Co. OHG, our German holding company, which finances a number of dealerships of the Volkswagen Group companies, was sold on February 21, 2006.

The historical financial data includes, therefore, the companies mentioned above as other investments valued at historical acquisition costs (see note 13).

The consolidated financial statements of Europcar Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As discussed above, certain companies that are not related to the car rental business have been divested and have not been consolidated (see notes 30, 31 and 32).

The main impacts of accounting for Groupe Volkswagen France S.A, its subsidiaries and Selbstfahrer Union GmbH as other investments on the Europcar Group's consolidated financial statements are set out below:

- The income tax benefit (€30,043 thousand) arising from the effect of the integration of Groupe Volkswagen France S.A. and its subsidiaries within the French tax consolidation group of Europcar was paid out to Volkswagen AG in a form of a dividend amounting to €30,000 thousand during 2004 (see *consolidated statement of cash flows*).
- A dividend declared and paid out to ECI by Groupe Volkswagen France S.A. in 2005 for an amount of €148,000 thousand was recognised directly in retained earnings on 31 December 2005. This dividend will be fully repaid to Volkswagen AG prior to a potential capital markets transaction (see *consolidated statement of changes in equity and consolidated statement of cash flows*)
- A net dividend arising from the difference between the dividend declared by Groupe Volkswagen France S.A. in 2003 (€102,000 thousand paid out to ECI in 2004) and the part of such amount (95% or €96,900 thousand) declared by ECI (and paid out to Volkswagen Beteiligungs GmbH in 2004) was recognised directly in retained earnings on 31 December 2003 (see *consolidated statement of cash flows*).
- SUG capital increases of €10,200 thousand in 2005 and €750 thousand in 2004 were fully subscribed by ECI S.A. und Co. OHG, our German Holding company. The amount of other investments recorded in the Group balance sheet increased accordingly. The related impact on cash flows was a cash-out in the amount of €10,200 thousand in 2005 and an additional cash out in the amount of €750 thousand in 2004.
- A tax benefit was recognised in 2005 for an amount of €3,530 thousand due to the inclusion of Groupe Volkswagen France S.A. and its subsidiaries in the French tax consolidation group. The tax losses reported by some subsidiaries resulted in a lower consolidated effective tax rate as indicated in the note 9.

A detailed discussion of these impacts on the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flow are explained as footnotes to the relevant statement or in the corresponding notes to the financial statements, where applicable.

Consolidated balance sheet

As at 31 December 2005 and 31 December 2004	Note	2005	2004[1]
		In thousands of euro	
Assets			
Property, plant and equipment	*11*	67,753	56,627
Intangible assets	*12*	14,725	9,723
Other investments	*13*	43,146	30,971
Deferred tax assets	*14*	21,891	20,700
Total non-current assets		147,515	118,021
Inventories	*15*	13,111	13,088
Other investments	*13*	854	831
Income tax receivable	*10*	34,157	13,831
Rental fleet	*16*	2,175,709	1,755,260
Trade and other receivables	*17*	775,161	705,412
Cash and cash equivalents	*18*	48,704	24,787
Total current assets		3,047,696	2,513,209
Total assets	*1*	3,195,211	2,631,230
Equity			
Share capital	*19*	110,000	110,000
Share premium	*19*	212	212
Reserves	*0*	9,833	9,015
Retained earnings	*0*	354,782	141,915
Total equity attributable to equity holders of the Company		474,827	261,142
Minority interest		(7)	543
Total equity		474,820	261,685
Liabilities			
Borrowings	*21*	173,116	152,801
Employee benefits	*22*	56,569	44,391
Provisions	*23*	746	870
Deferred tax liabilities	*14*	2,906	6,006
Total non-current liabilities		233,337	204,068
Borrowings	*21*	1,523,269	1,414,162
Income tax payable	*10*	25,803	40,467
Trade and other payables	*24*	904,715	682,088
Provisions	*23*	33,267	28,760
Total current liabilities		2,487,054	2,165,477
Total liabilities		2,720,391	2,369,545
Total equity and liabilities		3,195,211	2,631,230

(1) Total equity is lower by €573,000 and Liabilities (for) Employee Benefits are greater by €951,000 compared to the Consolidated Balance Sheet as at 31 December 2004 and 31 December 2003. Deferred tax assets and total assets are lower by €378,000 compared to the Consolidated Balance Sheet as at 31 December 2004 and 31 December 2003. See note 22 (Employee benefits).

Consolidated income statement

For the years ended 31 December 2005 and 31 December 2004	Note	2005	2004
		In thousands of euro	
Revenue	*1, 2*	**1,279,464**	**1,174,093**
Fleet holding costs	*3*	(279,166)	(243,071)
Fleet, rental and revenue related costs	*4*	(462,609)	(426,222)
Personnel costs	*5*	(234,188)	(213,428)
Network and Headquarters overheads	*6*	(183,365)	(178,008)
Depreciation, amortisation and impairment losses	*11, 12*	(13,415)	(17,994)
Other income — net	*7*	39,700	28,475
Operating profit		**146,421**	**123,845**
Financial income	*8*	3,730	1,537
Financial expenses	*8*	(49,128)	(41,515)
Net financing costs		**(45,398)**	**(39,978)**
Profit before tax		**101,023**	**83,867**
Income tax expense	*9*	(30,566)	(30,511)
Profit for the period		**70,457**	**53,356**
Attributable to:			
Equity holders of the Company		71,007	52,995
Minority interest		(550)	361
Profit for the period		70,457	53,356
Basic earnings per share (euro)	*20*	0,65	0,48
Diluted earnings per share (euro)	*20*	0,65	0,48

Consolidated statement of cash flows

For the years ended 31 December 2005 and 31 December 2004	Note	2005	2004
		In thousands of euro	
Cash flows from operating activities			
Profit before taxation		101,023	83,867
Adjustments for:			
Depreciation of property, plant and equipment	*11, 12*	11,840	15,079
Amortisation expenses and impairment loss on goodwill	*12*	1,575	2,915
Foreign exchange loss / (gain)		790	(2,023)
Loss / (gain) on disposal of fixed assets		424	385
Loss on mergers	*12, 13*	310	—
Net financing costs	*8*	45,398	39,978
Operating Cash before changes in working capital and provisions		161,360	140,201
Changes in inventories	*15*	(23)	(2,110)
Changes in rental fleet	*16*	(420,450)	(328,969)
Changes in trade and other receivables		(65,001)	20,364
Changes in liabilities (exc. Borrowings)		221,673	119,314
Changes in provisions and employee benefit		6,379	5,809
Cash generated from operations		(96,062)	(45,391)
Interest paid		(49,051)	(45,646)
Interest received		3,702	1,484
Income taxes paid[1]		(65,783)	31,344
Dividend paid[1]		—	(30,000)
Dividend received[2]		148,000	5,100
Net cash from operating activities		(59,194)	(83,109)
Cash flows from investing activities			
Acquisition of intangible and tangible assets	*1, 11, 12*	(28,280)	(21,572)
Other investments[3]	*13*	(21,715)	(5,069)
Proceeds from disposal of fixed assets		3,760	6,187
Net cash from investing activities		(46,235)	(20,454)
Cash flows from financing activities			
Changes in loans and credit lines[4]		2,661	(30,191)
Proceeds from notes	*21, 25*	126,685	137,481
Net cash from financing activities		129,346	107,290
Net increase / (decrease) in cash and cash equivalents		23,917	3,727
Cash and cash equivalents at 1 January	*18*	24,787	21,060
Cash and cash equivalents at 31 December	*18*	48,704	24,787

(1) The dividend paid out to Volkswagen AG in 2004 is the consequence of the income tax benefit (€30,043 thousand) received by Europcar Group through the integration of Groupe Volkswagen France S.A. within its French tax consolidation perimeter.

(2) The amount in 2004 corresponds to the difference between the dividend received from Groupe Volkswagen France S.A. (€102,000 thousand) that has been directly recorded in retained earnings and the part of such amount (95%) paid out by ECI to Volkswagen AG (€96,900 thousand). The dividend received in 2005 for €148,000 will be fully repaid to the Group's parent company prior to a potential capital market transaction.

(3) The amount in 2005 includes €10,200 thousand paid out to SUG due to a subscription to a capital increase and €10,446 thousand following the acquisitions of franchisees in France and in the UK for €8,026 thousand and €2,420 thousand, respectively. Subsequent to the acquisitions, the Group merged with all of these franchisees during the year 2005, except with "Monaco Auto Location" which remains in "other investments" at year-end for a value of €931 thousand (refer to note 13).

(4) Cash flows arising from loans and credit lines are reported on a net basis since they relate to buy-back agreements with a short term maturity.

Consolidated statement of change in recognised income and expenses

For the years ended 31 December 2005 and 31 December 2004	Note	2005	2004
		In thousands of euro	
Amounts recognised in equity for pension plans			
Actuarial gains / (losses)		(10 182)	(951)
Tax effect		4 042	378
Net amount recognised		(6 140)	(573)
Exchange difference on translation of foreign operations		818	(2 045)
Net earnings recognised directly in equity		(5 322)	(2 618)
Net earnings recognised in the income statement		70 457	53 356
Total recognised earnings for the period		65 135	50 738
Attributable to:			
Equity holders of the Company		65 685	50 377
Minority interest		(550)	361
Effect of change in accounting principle			
Actuarial result on DBO		—	(951)
Deferred tax		—	378

Significant accounting policies

Europcar International S.A.S.U. (the "Company") is a company domiciled at 3, avenue du Centre 78881 St-Quentin-en-Yvelines (near Paris). The consolidated financial statements of the Company for the years ended 31 December 2005 and 31 December 2004 comprise the Company and its vehicle rental subsidiaries (together referred to as either the "Group" or "Europcar Group") and the Group's interest in associates and jointly controlled entities of its rental business.

During 2004, Europcar International legal form changed from S.A. ("Société anonyme") to S.A.S.U. (Société par actions simplifiée unipersonnelle").

The financial statements were authorised for issue by the President of the company on 15 February 2006.

(a) Statement of compliance

The consolidated financial statements of Europcar Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. However, certain companies that are not related to the car rental business and have been divested, have not been consolidated (see notes 30, 31 and 32).

(b) Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Since only the rental business of the Europcar Group is presented, Groupe Volkswagen France S.A. and its subsidiaries (a 100% subsidiary of ECI that is the importer of Volkswagen Group cars in France) and Selbstfahrer Union GmbH (a 100% subsidiary of ECI and Co. OHG, our German holding company, which finances a number of dealerships of the Volkswagen Group companies) have not been

fully consolidated in both years, since Groupe Volkswagen France S.A. has been sold to Volkswagen AG as of January 13, 2006 and Selbstfahrer Union GmbH as of February 21, 2006.

Subsidiaries whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated. They are recognised in the consolidated financial statements at the lower of cost or fair value (see note 30).

(ii) Associates

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Joint ventures whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated. They are recognised in the consolidated financial statements at the lower of cost or fair value.

(iv) Special purpose entities

Special purpose entities ("SPE") are consolidated, when the relationship between the Group and the SPE indicates that the SPE is in substance controlled by the Group. SPEs are entities which are created to accomplish a narrow and well-defined objective.

Special purpose entities whose business is dormant or low in volume, and that are of only minor importance in determining a true picture of the net assets, financial position and earnings performance of the car rental business of the Group, are not consolidated (see note 30).

(v) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet

date, while equity is translated at historical rates. The revenues and expenses of foreign operations are translated to euro at weighted average rates.

(e) Financial instruments

Financial instruments are contracts that give rise to a financial asset in one company and a financial liability or in an equity instrument in another. The "regular" purchase or sale of financial instruments is accounted for on the settlement date — that is, on the date on which the asset is delivered. IAS 39 subdivides financial assets into the following categories: "Financial assets at fair value through profit or loss"; "held-to-maturity investments"; "loans and receivables"; and "available-for-sale financial assets".

However, the Group does not have any "held-to-maturity investments".

Certain hedging instruments used by the Group on the basis of commercial criteria to hedge against interest rate changes, but not meeting the strict criteria of IAS 39, are classified as "financial assets or liabilities held for trading purposes" in IAS 39 terms. They include interest limiting instruments, options or portfolio hedges. Financial instruments are accounted for in the balance sheet at "amortised cost" or at "fair value".

The "amortised cost" of a financial asset or liability is the amount:

- at which a financial asset or liability is valued when first recognised
- minus any repayments
- minus any write-down for impairment or uncollectability
- plus or minus the cumulative spread of any difference between the original amount and the amount repayable at maturity (premium), distributed using the effective interest method rather than the straight line method over the term of the financial asset or liability.

The "fair value" generally corresponds to the market value. If no active market exists, the fair value can be determined using financial mathematics methods, such as by discounting the future cash flows at the market interest rate or using recognised option price models, and checked by confirmations from the banks which handle the transactions.

Financial assets at fair value through profit or loss

This category includes:

- Financial assets held for trading (i.e., any financial assets held to generate short-term profits or that is part of a portfolio of financial instruments that are managed together for that purpose, mainly equity investments);
- All derivatives with fair value favourable to the entity other than those designated as hedging instruments; and
- Any financial assets that are designated by the entity at the time of initial recognition as measured at fair value through profit or loss.

Designation of instruments at fair value through profit or loss is permitted for any instrument, except equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably.

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement in the period incurred.

Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments, which arise from the lending of money, or supply of goods or services. It also includes purchased loans and receivables that are not quoted in an active market.

Examples of loans and receivables include:

- purchased loans, including those acquired;
- loans of non-current financial assets;
- receivables from financing business;
- trade receivables;
- short-term other receivables and assets.

Loans and receivables are stated at amortised cost less impairment losses. In relation to short-term receivables and payables, the amortised costs generally correspond to the nominal or repayment amount.

Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for all of those financial assets that do not fit the criteria of the other categories as set forth above or that are designated as available-for-sale.

This category includes all debt (including unlisted debt securities) and equity securities as well as investment in unconsolidated companies (see notes 13 and 30).

Financial instruments classified as "available-for-sale" are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such a debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Available-for-sale equity investments (e.g. investments in unconsolidated companies) that do not have a quoted market price in an active market and whose fair value cannot be reliably estimated by alternative valuation methods, such as discounted cash flow model, are measured at cost, less any accumulated impairment losses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest-rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss to fair value on remeasurement is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest-rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Hedging

Europcar Group companies deploy derivative financial instruments to hedge the risk of change in the carrying amount of selected balance sheet items and future cash flows.

(i) Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the income statement. The

hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(f) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy l).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy l). The property held under finance leases and leased out under operating lease is classified as investment property and stated at the cost model that is cost less any accumulated depreciation and any impairment losses. Lease payments are accounted for as described in accounting policy (s).

(iii) Vehicles covered by a manufacturer buy-back agreements

Vehicles subject to manufacturer buy-back agreements are recognised as current assets since these arrangements are accounted for as operating leases (lessee accounting). The difference between the initial payment and the final buy-back price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charge. A separate buy-back agreement receivable is recognised for the final re-purchase price (see note 31). Significant accounting policies.

Vehicles "at risk" i.e., vehicles not covered by a buy-back agreement, are also recognised as current assets following the accounting treatment set out above (see note 31).

(iv) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred. The cost of repairs and interest on borrowings are recorded as current expenses.

(v) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• Buildings	25 to 50 years
• Technical equipment and machinery	6 to 12 years
• Other equipment and office equipment, including special tools	3 to 15 years

The residual value, if not insignificant, is reassessed annually.

With respect to risk vehicles, the Group must make assumptions as to the residual value of the vehicle in order to ascertain the appropriate amount of "buy-back agreement receivable" and "prepaid vehicle operating lease charge" to be recorded on the balance sheet in accordance with the accounting treatment set forth in note g(iii) above.

(h) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy l).

(ii) Other intangible assets

Other intangible assets that are acquired by the Group (e.g., primarily software) are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy l).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• trademarks	10 years
• lease rights	10 years
• software and operating systems	3 years

(i) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy l).

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy j) and deferred tax assets (see accounting policy u), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy l (i)).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Equity

(i) Share capital and Share premium

The subscribed capital of Europcar International S.A.S.U. is denominated in euro. Share capital consists of 110,000,000 ordinary shares with a notional amount of one euro each. Share premium arises from past capital increases.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(n) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AAA credit-rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Effective 1 January 2005, the Group changed its accounting policy to provide reliable and more relevant information about the Group's benefit obligation and to adopt a faster recognition of the related actuarial gains or losses.

According to the former accounting policy, actuarial gains or losses were recognised in the income statement over the expected average remaining working lives of the employees participating in the plan, to the extent that gains or losses exceeded 10% of the greater of the present value of the projected benefits and the fair value of plan assets. Otherwise, the actuarial gains or losses were not recognised.

Starting 1 January 2005, the Group recognises actuarial gains and losses outside profit and loss through a statement of change in equity entitled "statement of recognised income and expense" in the period in which they occur. This method is applied to all of the applicable gains or losses in the Group's post-employment benefit plans even if they do not exceed 10% of the greater of future benefits and the fair value of plan assets. See accounting principle (w) for application of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AAA-credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(p) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(q) Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

(r) Revenue

Revenue from the services rendered is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental, and fees receivable from the Europcar franchise network, net of discounts and excluding inter-company sales, value added and sales taxes.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total service to be provided by reference.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(t) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy e).

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(u) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(w) Accounting policies, changes in the accounting estimates and errors

The change in the accounting policy presented in the section (o) ii relating to IAS 19, *Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures* constitutes a change in accounting policy by anticipation of the revision to IAS 19 as adopted by the European Union on November 8th, 2005. As a consequence, the Group applies the disclosure requirements set forth in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which involves a restatement of the prior year Group's accounts. The Group discloses in the note 22 the nature of the change in accounting policy, the reason why the new accounting policy provides more relevant information, the amount of the adjustments for each financial statement line item in the current and prior periods presented and the impact on the basic and diluted earnings per share in the note 20.

New accounting pronouncements not yet adopted

The management has reviewed the new accounting pronouncements effective January 1st, 2006. The adoption of the new pronouncements does not have any significant impact on the Group's income statement and financial position.

Notes to the consolidated financial statements

		Page
0.	Consolidated statement of change in equity	F-64
1.	Segment reporting	F-64
2.	Revenue	F-65
3.	Fleet holding costs	F-65
4.	Fleet, rental and revenue related costs	F-65
5.	Personnel costs	F-66
6.	Network and HQ overheads	F-66
7.	Other income — net	F-66
8.	Net financing costs	F-66
9.	Income tax expense	F-67
10.	Current tax assets and liabilities	F-67
11.	Property, plant and equipment	F-68
12.	Intangible assets	F-69
13.	Other investments	F-70
14.	Deferred tax assets and liabilities	F-71
15.	Inventories	F-72
16.	Rental fleet	F-72
17.	Trade and other receivables	F-73
18.	Cash and cash equivalents	F-73
19.	Capital and reserves	F-74
20.	Earnings per share	F-74
21.	Borrowings	F-74
22.	Employee benefits	F-75
23.	Provisions	F-77
24.	Trade and other payables	F-78
25.	Financial instruments	F-78
26.	Operating leases	F-80
27.	Capital commitments	F-80
28.	Contingencies	F-80
29.	Related parties	F-81
30.	Group entities	F-83
31.	Accounting estimates and judgements	F-84
32.	Subsequent events	F-84

0. Consolidated statement of changes in equity for the years ended 31 December 2005

	Attributable to equity holders of the Company							
	Share capital	Share premium	Legal reserve	Translation reserve	Retained earnings	Total	Minority interest[1]	Total equity
	In thousands of euro							
Balance at 1 January 2004	110,000	212	716	215	129,777	240,920	27	240,947
Profit for the period	—	—	—	—	52,995	52,995	361	53,356
Exchange differences on translating foreign operations	—	—	—	(2,200)	—	(2,200)	155	(2,045)
Dividends to shareholders[2]	—	—	—	—	(30,000)	(30,000)	—	(30,000)
Actuarial results on defined benefit obligation[4]	—	—	—	—	(573)	(573)	—	(573)
Profit allocation	—	—	10,284	—	(10,284)	—	—	—
Balance at 31 December 2004	110,000	212	11,000	(1,985)	141,915	261,142	543	261,685
Balance at 1 January 2005	110,000	212	11,000	(1,985)	141,915	261,142	543	261,685
Profit for the period	—	—	—	—	71,007	71,007	(550)	70,457
Dividend received[3]					148,000	148,000		148,000
Exchange differences on translating foreign operations	—	—	—	818	—	818	—	818
Actuarial results on defined benefit obligation[4]	—	—	—	—	(6,140)	(6,140)	—	(6,140)
Balance at 31 December 2005	110,000	212	11,000	(1,167)	354,782	474,827	(7)	474,820

(1) Minority interest arises from the full consolidation of SecuritiFleet entities as part of the Group securitisation program (see notes 25 & 30). The net loss of 2005 is primarily attributable to income tax expense allocated to SecuritiFleet entities

(2) Dividends recognised as distributions to equity holders during 2004 amounts to €0.27 per ordinary share

(3) This dividend will be fully repaid to the Group's parent company prior to a potential capital markets transaction.

(4) Recognition of actuarial result on defined benefits obligation, according to IAS 8 as detailed in note 22.

1. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Business segments

The Group is organised on a worldwide basis into one business segment: car rental activity.

Geographical segments

The Group operates in four principal countries, Germany, France, Italy and Spain.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers (i.e., where the rental takes place). Segment assets are based on the geographical location of the assets.

Segment revenue and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

	Germany		France		Italy		Spain		Other countries		Unallocated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	In thousands of euro											
Revenue from external customers	468,325	432,529	258,596	229,756	197,823	183,364	150,589	133,937	184,024	180,166	20,107	14,341
Segment assets	1,335,870	1,053,376	590,054	505,889	472,755	442,930	265,787	211,596	418,518	354,826	112,227	62,613
Capital expenditure	3,152	5,575	2,506	2,405	4,855	1,693	1,293	671	2,400	1,773	14,074	9,455

2. Revenue

Revenue from services rendered is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue includes vehicle rental income, fees from the provision of services incidental to vehicle rental, and fees receivable from the Europcar franchise network, net of discounts and excluding inter-company sales, value added and sales taxes.

3. Fleet holding costs

Fleet holding costs include all fixed vehicle costs such as costs related to car manufacturers agreements, fleet related taxes and costs linked to the purchase or sale of vehicles.

	2005	2004
	In thousands of euro	
Costs related to manufacturers agreements[1]	(188,022)	(166,013)
Purchase and sales related costs[2]	(61,488)	(53,656)
Taxes on vehicles	(29,656)	(23,402)
	(279,166)	(243,071)

(1) Costs related to manufacturer agreements mainly consist of operating lease expenses in connection with vehicles covered by buy-back agreements (see Significant Accounting Policies (g) iii)).

(2) Purchase and sales related costs include the cost of vehicles accessories and costs relating to the integration of new vehicles and the disposal of used cars.

4. Fleet, rental and revenue related costs

This line groups all rental or revenue related costs including activity related fleet costs such as repairs, vehicle maintenance and insurance.

	2005	2004
	In thousands of euro	
Fleet related costs[1]	(239,464)	(209,305)
Revenue related costs[2]	(144,220)	(146,229)
Rental related costs[3]	(78,925)	(70,688)
	(462,609)	(426,222)

(1) Fleet related costs mainly consist of insurance, repairing, maintenance and reconditioning costs as well as costs incurred in respect of damaged and stolen cars.

(2) Revenue related costs include agent fees, travel agency commissions and airport concession fees as well as bad debt losses.

(3) Rental related costs include vehicle transportation, washing and booking costs as well as petrol costs net of petrol charges to customers.

5. Personnel costs

	Note	2005	2004
		In thousands of euro	
Wages and salaries		(176,517)	(159,077)
Social security contributions		(45,744)	(40,338)
Contributions to defined contribution plans	*22*	(4,800)	(4,147)
Increase in liability for defined benefit plans	*22*	(3,228)	(3,308)
Other items		(3,899)	(6,558)
		(234,188)	(213,428)

6. Network and headquarters overheads

Overhead costs include costs for rental locations, headquarters at country and holding level, Information Technologies, marketing and sales.

	2005	2004
	In thousands of euro	
Network costs[1]	(64,883)	(55,495)
IT costs	(43,178)	(48,317)
Headquarters costs[2]	(44,567)	(42,894)
Sales and marketing costs	(30,737)	(31,302)
	(183,365)	(178,008)

(1) Network costs include costs for rental of premises and network overheads.

(2) Headquarters costs consist of rental charges, travel expenses and auditing and consulting fees at country and holding level.

7. Other income — net

This line includes net income related to some commercial agreements, other income from franchisees (comprising mainly collection and reservation fees), releases of provisions and other non-recurring items.

	Note	2005	2004
		In thousands of euro	
Other income from franchisees		8,300	8,600
Contractual income		6,700	6,100
Release of provisions	*23*	4,858	2,218
Release of accruals		13,542	3,382
Other items		6,300	8,175
		39,700	28,475

8. Net financing costs

	Note	2005	2004
		In thousands of euro	
Interest income		1,801	1,537
Gain on fair value hedging instruments	*25*	1,929	—
Financial income		3,730	1,537
Interest due to banks		(31,146)	(20,745)
Interest due to affiliated companies	*29*	(14,433)	(17,426)
Other interest related to fleet financing		(2,469)	(2,485)
Other items		(1,080)	(859)
Financial expense		(49,128)	(41,515)
Net financing costs		(45,398)	(39,978)

9. Income tax expense

Recognised in the income statement

	Note	2005	2004
		In thousands of euro	
Current tax (expense) / income		(30,791)	(27,590)
Deferred tax expense			
Origination and reversal of temporary differences		348	(8,722)
(Charge) / Benefit of tax losses recognised		(123)	5,801
	14	225	(2,921)
Total income tax expense in income statement		(30,566)	(30,511)

Reconciliation of effective tax rate

	2005	2005	2004	2004
		In thousands of euro		
Profit before tax		101,023		83,867
Income tax using the domestic corporation tax rate	34.93%	(35,287)	35.43%	(29,714)
Effect of tax rates in foreign jurisdictions	0.96%	(970)	0.62%	(523)
Non-taxable income	(3.22)%	3,251	(4.29)%	3,600
Non-deductible expenses	7.93%	(8,007)	8.31%	(6,970)
Temporary differences without deferred taxes	(3.30)%	3,330	(3.16)%	2,650
Taxes from different periods	1.50%	(1,511)	0.04%	(37)
Effect of tax losses utilised[1]	(5.33)%	5,389	1.40%	(1,172)
Other	(3.21)%	3,239	(1.97)%	1,655
	30.26%	(30,566)	36.38%	(30,511)

(1) Including tax benefit attributable to GVF and its subsidiaries in 2005.

10. Current tax assets and liabilities

The current tax receivable of €34,157 thousand (2004: €13,831 thousand) represents the amount of income taxes recoverable in respect of current and prior periods that exceed payments. The current tax payable of €25,803 thousand (2004: €40,467 thousand) represents the amount of income taxes payable in respect of the taxable profit for the period net of down payments made.

Tax consolidation agreements exist in Germany, France and in the United Kingdom. In 2003, as part of the French tax consolidation agreement, all available French tax group losses were offset against the tax Group result. Therefore, there are no further tax group losses to be carried forward at the French tax group level as of 31 December 2005. However, the United Kingdom tax group reported a loss carried forward at 31 December 2005 for an amount of £48,886 thousand.

A foreign subsidiary was notified on February 1st 2006 a true-up adjustment of withholding tax for a total amount of €5,600 thousand with regards to operating activities carried out between 1999 and 2002. The Group believes that it will likely manage this tax litigation without any additional payment and therefore did not record any provision.

11. Property, plant and equipment

	Land and buildings	Technical equipment	Other equipment[1]	Fixed assets in progress[2]	Total
	In thousands of euro				
Cost					
Balance at 1 January 2004	36,393	4,921	97,541	5,487	144,342
Acquisitions through business combinations	—	—	—	—	—
Other acquisitions	1,391	242	8,431	9,584	19,648
Disposals	(4,003)	(117)	(3,363)	(1,051)	(8,534)
Transfers	—	—	7,952	(9,437)	(1,485)
Effect of movements in foreign exchange	—	—	(42)	—	(42)
Balance at 31 December 2004	33,781	5,046	110,519	4,583	153,929
Balance at 1 January 2005	33,781	5,046	110,519	4,583	153,929
Acquisitions through business combinations	245	—	—	—	245
Other acquisitions	759	594	11,523	14,218	27,094
Disposals	(445)	(627)	(4,636)	(2,861)	(8,569)
Transfers	—	—	3,837	(4,371)	(534)
Effect of movements in foreign exchange	275	275			
Balance at 31 December 2005	34,340	5,013	121,518	11,569	172,440
Depreciation					
Balance at 1 January 2004	(13,396)	(3,312)	(69,098)	—	(85,806)
Depreciation charge for the year	(689)	(298)	(14,092)	—	(15,079)
Disposals	362	25	2,802	—	3,189
Transfers	—	—	379	—	379
Effect of movements in foreign exchange	—	—	15	—	15
Balance at 31 December 2004	(13,723)	(3,585)	(79,994)	—	(97,302)
Balance at 1 January 2005	(13,723)	(3,585)	(79,994)	—	(97,302)
Increase through business combination	—	—	(218)	—	(218)
Depreciation charge for the year	(749)	(304)	(10,787)	—	(11,840)
Disposals	421	528	3,980	—	4,929
Transfers	—	—	—	—	—
Effect of movements in foreign exchange	(11)	—	(245)	—	(256)
Balance at 31 December 2005	(14,062)	(3,361)	(87,264)	—	(104,687)
Carrying amounts					
At 1 January 2004	22,997	1,609	28,443	5,487	58,536
At 31 December 2004	20,058	1,461	30,525	4,583	56,627
At 1 January 2005	20,058	1,461	30,525	4,583	56,627
At 31 December 2005	20,278	1,652	34,254	11,569	67,753

(1) Other equipment includes hardware, fixtures and fittings, furnishings and other equipment.

(2) Fixed assets in progress primarily relate to hardware and software equipments acquired as part of the creation of a new IT center which was still in progress at year-end.

Leased plant and machinery

The Group leases buildings and other equipment under a number of finance lease agreements. At 31 December 2005, the net carrying amount of leased buildings and other equipment was €1,648 thousand (2004: € 1,798 thousand) and €143 thousand (2004: €1,000 thousand) respectively.

For assets other than rental fleet leased under operating leases, payments reflected in the income statement totalling €33,630 thousand (2004: €14,072 thousand) were made in 2005.

12. Intangible assets

	Trademarks	Goodwill	Lease rights	Intangible assets in progress	Software, operating systems	Total
			In thousands of euro			
Cost						
Balance at 1 January 2004	209	16,432	544	401	57,228	74,814
Acquisitions	15	680	—	—	1,229	1,924
Acquisitions through business combinations	—	—	—	—	—	—
Disposals	—	(7,038)	—	—	(1,701)	(8,739)
Transfers	—	—	—	(401)	1,886	1,485
Balance at 31 December 2004	224	10,074	544	—	58,642	69,484
Balance at 1 January 2005	224	10,074	544	—	58,642	69,484
Acquisitions	345		63	—	778	1,186
Acquisitions through business combinations	—	5,415	—	—	45	5,460
Disposals	(606)	(1,146)	(23)	—	(3,957)	(5,732)
Transfers	238	(238)	—	—	544	544
Effect on movement in foreign exchange		(26)	—			(26)
Balance at 31 December 2005	201	14,079	584	—	56,052	70,916
Amortisation and impairment losses						
Balance at 1 January 2004	(46)	(9,326)	(82)	—	(54,524)	(63,978)
Amortisation for the year	(28)	—	(56)	—	(1,720)	(1,804)
Impairment charge	—	(1,111)	—	—	—	(1,111)
Release on disposal	—	6,105	—	—	1,406	7,511
Transfers	—	—	—	—	(379)	(379)
Balance at 31 December 2004	(74)	(4,332)	(138)	—	(55,217)	(59,761)
Balance at 1 January 2005	(74)	(4,332)	(138)	—	(55,217)	(59,761)
Acquisition through business combination		—	—	—	(45)	(45)
Amortisation for the year	—	—	(61)	—	(1,514)	(1,575)
Impairment charge	—	—	—	—	—	—
Release on disposal	605	1,099	23	—	3,463	5,190
Transfers	(583)	583	—	—	—	—
Balance at 31 December 2005	(52)	(2,650)	(176)	—	(53,313)	(56,191)
Carrying amounts						
At 1 January 2004	163	7,106	462	401	2,704	10,836
At 31 December 2004	150	5,742	406	—	3,425	9,723
At 1 January 2005	150	5,742	406	—	3,425	9,723
At 31 December 2005	149	11,429	408	—	2,739	14,725

Goodwill arises from the past acquisitions of franchisees in the normal course of the Group's business. The acquisition of goodwill for an amount of €5,415 thousand in 2005 is the result of the mergers with French and UK franchisees for €2,995 thousand and €2,420 thousand respectively (see note 13).

Impairment loss

In accordance with the requirements of IAS 36, "Impairment of assets", the goodwill was tested for impairment purposes at the end of 2004 and 2005.

In 2004, the Group assessed the recoverable amount of goodwill. Based on this assessment, the carrying amount of goodwill relating to franchisee territories purchased by the Group in the past was written down by € 1,111 thousand. No impairment loss was recognized in 2005 following the impairment test performed at year end.

The franchisee's impairment test is based on fair value less costs to sell. In the past year competing businesses in the same sector and of generally similar size have been bought and sold by companies in the industry. The sales prices for these franchised businesses have been used to derive a price / turnover's ratio (35%) which has been applied to the turnover of the unit to determine the recoverable amount.

13. Other investments

	Note	2005	2004
		In thousands of euro	
Non-current investments			
Equity securities available-for-sale[1]	*30, 31*	40,209	29,109
Deposits		2,828	1,502
Loans		109	360
		43,146	30,971
Current investments			
Loans		854	831

Changes in equity securities available-for-sale in 2005 are disclosed as follows:

	2005	Divestures	Additions	2004
		In thousands of euro		
Selbstfahrer Union GmbH[1]	19,576	—	10,200	9,376
GVF (VW France)	13,000	—	—	13,000
Ultramar	3,500	—	—	3,500
Monaco Auto Location	929	—	929	—
UK affiliates[2]	3,147	—	89	3,058
Antibes Auto Location[3]	—	(1,179)	1,179	—
Locauvar[3]	—	(5,185)	5,185	—
Soproloc[3]	—	(732)	732	—
Other[4]	57	(143)	25	175
	40,209	(7,239)	18,339	29,109

(1) The "equity securities available-for-sale" related to Selbstfahrer Union GmbH increased to €19,576 thousand as at 31 December 2005 (€9,376 thousand as at 31 December 2004) following the capital increase of €10,200 thousand in 2005, as indicated in the cash-flow statement. This capital increase was fully subscribed by ECI S.A. und Co. OHG, our German holding company.

(2) Dormant UK companies are fully owned by the Group (BCR Holdings Ltd., Europcar Chauffeurdrive UK Ltd, Godfrey Davis (Car Hire) Ltd, Rovard Facilities Ltd).

(3) The Group acquired 100% of these companies on 1st April 2005 and merged with the same entities at 31st December 2005.

(4) Other companies include ECIR Travel Services S.R.L, Nolauto Genova Systems S.R.L, Europcar Inc, Groupe Volkswagen France Grundstücks GmbH, Vehitel 2000 France S.A.S. and Vehitel 2000 S.N.C.

14. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2005	2004	2005	2004	2005	2004
	In thousands of euro					
Property, plant and equipment	5	5	(123)	(76)	(118)	(71)
Intangible assets	140	3,366	—	—	140	3,366
Rental fleet	1,044	889	(2,684)	(5,458)	(1,640)	(4,569)
Investments in subsidiaries	2	2	—	—	2	2
Other financial assets	—	—	—	—	—	—
Receivables and other assets	2,920	2,019	—	(160)	2,920	1,859
Prepaid and deferred charges	—	—	(1,614)	(1,849)	(1,614)	(1,849)
Employee benefits	8,276	4,113	—	—	8,276	4,113
Deferred income	—	—	(491)	(650)	(491)	(650)
Provisions	3,093	3,651	(130)	(183)	2,963	3,468
Other liabilities	3,701	4,056	—	—	3,701	4,056
Tax loss carry-forwards	4,846	4,969	—	—	4,846	4,969
Tax (assets) / liabilities	24,027	23 070	(5,042)	(8,376)	18,985	14,694
Set off of tax	(2,136)	(2,370)	2,136	2,370	—	—
Net tax (assets) / liabilities	21,891	20,700	2,906	(6,006)	18,985	14,694

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2005	2004
	In thousands of euro	
Temporary differences without deferred taxes	9,533	7,481
Capital tax losses in France	48,534	67,280
Operating losses in the United Kingdom (£'000)	42,193	59,206
Capital losses in the United Kingdom (£'000)	16,200	—

The deductible temporary differences do not expire under current tax legislation. The capital tax losses in France amounting to €48,534 thousand at 31 December 2005 will expire in 2006.

Deferred tax assets have been recognised in the UK up to £2,008 thousands only because of potentially insufficient profitability of the rental business in the UK.

Deferred tax assets have not been recognised in respect of the capital tax losses because it is not probable that future taxable long term capital profit will be available neither in France nor in the UK against which the Group can utilise the benefits there from.

Movement in temporary differences during the year

	Balance 1 Jan 04	Recognised in income	Recognised in equity	Translation reserve	Balance 31 Dec 04
	In thousands of euro				
Property, plant and equipment	(140)	69	—	—	(71)
Intangible assets	25	3,341	—	—	3,366
Rental fleet	1,473	(6,046)	—	4	(4,569)
Investments in subsidiaries	1,082	(1,080)	—	—	2
Other financial assets	837	(837)	—	—	—
Receivables and other assets	2,482	(623)	—	—	1,859
Prepaid and deferred charges	(1,116)	(733)	—	—	(1,849)
Employee benefits	3,697	38	378	—	4,113
Deferred income	(809)	159	—	—	(650)
Provisions	2,252	1,216	—	—	3,468
Other liabilities	3,189	867	—	—	4,056
Tax loss carry-forwards	4,261	708	—	—	4,969
	17,233	(2,921)	378	4	14,694

	Balance 1 Jan 05	Recognised in income	Recognised equity in	Translation reserve	Balance 31 Dec 05
	In thousands of euro				
Property, plant and equipment	(71)	(47)	—	—	(118)
Intangible assets	3,366	(3,226)	—	—	140
Rental fleet	(4,569)	2,905	—	24	(1,640)
Investments in subsidiaries	2	—	—	—	2
Other financial assets	—	—	—	—	—
Receivables and other assets	1,859	1,061	—	—	2,920
Prepaid and deferred charges	(1,849)	235	—	—	(1,614)
Employee benefits	4,113	121	4,042	—	8,276
Deferred income	(650)	159	—	—	(491)
Provisions	3,468	(505)	—	—	2,963
Other liabilities	4,056	(355)	—	—	3,701
Tax loss carry-forwards	4,969	(123)	—	—	4,846
	14,694	225	4,042	24	18,985

15. Inventories

No material restrictions of title or right of use exist in respect of the inventories listed below:

	2005	2004
	In thousands of euro	
Consumables	1,091	1,206
Oil and fuel	7,986	6,649
Spare parts	261	387
Vehicles	3,568	2,126
Other items	205	2,720
	13,111	13,088

Inventories are stated at the lower of cost or net realisable value. Inventories have been written down by €455 thousand in 2005 (2004: €204 thousand). There are no inventories subject to retention title clauses.

16. Rental fleet

The majority of the vehicles leased by the Group are subject to manufacturer buy-back agreements. These vehicles are not recognised as non-current assets since the respective arrangements are accounted for as operating leases (lessee accounting) and typically run for a period of less than

12 months. Lease payments under operating leases are recognised as expenses in the income statement on a straight-line basis over the lease term. None of the leases include contingent rentals.

The difference between the initial payment and the final re-purchase price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charges. A separate buy-back agreement receivable is recognised for the final re-purchase price.

During the year ended 31 December 2005, €197,878 thousand was recognised as an expense in the income statement in respect of operating leases (2004: €166,013 thousand). A part of the rental fleet represents the guarantee under the Group securitisation programme as further discussed in note 25.

Current assets related to non-cancellable operating leases can be broken-down as follows:

	Note	2005	2004
		In thousands of euro	
Prepaid vehicle operating lease charge		102,980	79,467
Vehicle buy-back agreement receivables	*31*	2,072,729	1,675,793
		2,175,709	1,755,260

Vehicle buy-back agreement receivables are shown net of impairment losses amounting to €19,175 thousand recognised in the current year (2004: €10,261 thousand) in respect of the damaged and stolen cars.

17. Trade and other receivables

The fair values of the trade receivables correspond to the nominal values. All trade receivables fall due within one year. As of December 31, 2005, €71,873 thousand (previous year €47,424 thousand) are due from other Volkswagen Group companies.

	Note	2005	2004
		In thousands of euro	
Trade receivables	*29*	604,859	554,483
Interest receivables		149	121
Other tax receivables		58,513	56,662
Claims from insurance		16,540	15,138
Prepayments		28,412	23,567
Other receivables		66,688	55,441
		775,161	705,412

Trade receivables are shown net of provision for impairment amounting to €15,591 thousand at year ended 31 December 2005 (€19,078 thousand at year ended 31 December 2004), arising from the risk of default.

No material restrictions of title or right of use exist in respect of "Trade and other receivables". Short-term other receivables are primarily non-interest-bearing.

18. Cash and cash equivalents

Detail of cash and cash equivalents:

	2005	2004
	In thousands of euro	
Bank balances	46,727	22,639
Cash in hand	1,977	2,148
Cash and cash equivalents in the statement of cash flows	48,704	24,787

19. Capital and reserves

Share capital and share premium

The subscribed capital of Europcar International S.A.S.U is denominated in EUR. The subscribed capital is composed of 110,000,000 ordinary shares with a nominal value of 1 euro and totals €110,000 thousand. Share premium arises from past capital increases.

Shareholders are entitled to receive dividends as declared on a timely basis and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

20. Earnings per share

The calculation of basic and diluted earnings per share was based on the profit attributable to ordinary shareholders of €71,007 thousand in 2005 (2004: €52,995 thousand) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2005 of 110,000,000 (2004: 110,000,000), calculated as follows:

Basic and diluted earnings per share

	2005	2004
	In thousands of euro	
Profit attributable to ordinary shareholders	71,007	52,995
Weighted average number of ordinary shares at 31 December ("000)	110,000	110,000
Basic and diluted earnings per share (euro)	0.65	0.48

The change in accounting principle as disclosed in note 22 did not have any impact on the basic and diluted revenue per share.

21. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest risk, see note 25.

	Note	2005	2004
		In thousands of euro	
Non-current liabilities			
Unsecured credit lines dedicated to fleet financing	*29*	149,671	149,584
Unsecured bank loan		21,750	1,334
Finance lease liabilities		1,695	1,883
		173,116	152,801
Current liabilities			
Secured notes issued	*25*	264,165	137,481
Unsecured credit lines dedicated to fleet financing	*29*	465,224	382,401
of which interest payable		1,621	987
Unsecured bank loans		793,880	894,280
of which interest payable		3,230	3,787
		1,523,269	1,414,162

The increase of financial indebtedness toward other parties is primarily due to the incurrence of debt toward the capital market, by means of secured notes, resulting from a securitisation programme that started in second half of 2004. As further discussed in the note 25, the purchases of securitised receivable through Special Purpose Entities ("SPE") in four participating countries are financed through the issuance of secured notes which had a reporting value of €264,165 thousand at 31 December 2005 (2004: €137,481 thousand). Payments in respect of the notes are backed by the

manufacturer's buy-back guarantees on fleet vehicles. See note 25 for additional information regarding the financing plan and the fair value estimates.

In addition to the secured notes, the Group's activity is primarily financed by international and local banks and, to a lesser extent, by affiliated entities through committed and uncommitted unsecured credit lines. The credit lines payable to affiliated entities are renewed every year and have interest floating rates. The financing costs recognised in the income statement with respect to financing from affiliated entities and unsecured bank loans are disclosed in footnote 8.

Primarily all unsecured bank loans bear floating interest rates and are denominated in the same currency as the Group's functional currency (Euro).

Considering the maturity of the debts and their respective interest rates, management has concluded that the fair value of the financial liabilities would not be significantly different than their respective carrying value. As a consequence, management has not deemed necessary to report the fair value of the respective financial instruments at 31 December 2005 and 31 December 2004.

Borrowings are payable as follows:

	Unsecured credit lines dedicated to fleet financing[1]	Unsecured bank loan	Secured notes issued	Finance lease liabilities	Total
	2005	2005	2005	2005	2005
			In thousands of euro		
Less than one year	465,224	793,880	264,165		1,523,269
Between one and five years	146,525	21,750	—	567	168,842
More than five years	3,146	—	—	1,128	4,274
	614,895	815,630	264,165	1,695	1,696,385
	2004	2004	2004	2004	2004
Less than one year	382,401	894,280	137,481	—	1,414,162
Between one and five years	146,525	—	—	601	147,126
More than five years	3,059	1,334	—	1,282	5,675
	531,985	895,614	137,481	1,883	1,566,963

(1) Also see note 29. Related Parties.

22. Employee benefits

Provisions for pension and similar obligations

Provisions for post-employment benefits are established for benefits payable in the form of retirement, invalidity and dependents' benefits. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees. Group companies provide post-employment benefits under defined contribution plans and defined benefit plans. In addition to Group's supplementary plans, the Group makes contributions to state or private pension schemes based on legal or contractual requirements or on a voluntary basis. Once the contributions have been paid, no further obligations exist for the Group.

Similarly, under supplementary defined contribution plans, once contributions have been made, current contributions are recognised as pension expenditure in the respective year and no further obligations exist for the company.

The pension provisions for defined benefit plans are determined according to IAS 19 *Employee Benefits* in keeping with the actuarially accepted Projected Unit Credit Method. The valuation incorporates assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains/losses arise from census changes and changes in actual trends (e.g. in income and pension increases) relative to the assumptions on which calculations were based.

Liability for defined benefit obligations

The Group makes contributions to one defined benefit plan that provides pension benefits for some of the Group's employees upon retirement.

Movements in the Defined Benefit Obligation

	2005	2004
	In thousands of euro	
Defined Benefit Obligation at beginning of year	(44,391)	(41,151)
Current Service Costs	(980)	(975)
Interest Cost	(2,248)	(2,333)
Benefit Payments	1,232	1 132
Actuarial gains and losses	(10,182)	(1,064)
Defined Benefit Obligation at year-end	(56,569)	(44,391)

Movements in the net liability for Defined Benefit Obligations recognised in the balance sheet

	Note	2005	2004
		In thousands of euro	
Net liability for defined benefit obligations at 1 January		(44,391)	(41,264)
Benefit Payments		1,232	1,132
Expense recognised in the income statement[1]	*5*	(3,228)	(3,308)
Actuarial gains and losses[2]		(10,182)	(951)
Net liability for defined benefit obligations at 31 December		(56,569)	(44,391)

(1) Including current service costs, interest cost and excluding actuarial gain / loss

(2) As per change in accounting policy disclosed in accounting principles (w).

Expense recognised in the income statement

	Note	2005	2004
		In thousands of euro	
Current service costs	*5*	980	975
Interest on obligation	*5*	2,248	2,333
		3,228	3,308

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2005	2004
	In thousands of euro	
Discount rate	4,25%	5,75%
Expected rate of salary increase	2,00%	1,75%
Expected rate of pension increase	1,00%	1,00%

Change in accounting policy

As explained in the accounting policy (o) ii and in accordance with IAS 19-93, actuarial gains and losses are no more recognised earnings over the expected average remaining working lives of the employees but are recognised in equity effective 31 December of each year.

The impacts of the change in accounting policy are summarised as follows:

	2005		2004	
	New Method	New method	Former method	Change
	In thousands of euro (+ debit / -credit)			
Equity	10,182[1]	951	—	951
Earnings	3,228[2]	3,308[2]	3,308	—[3]
Group's obligation	(56,569)	(44,391)	(43,440)	(951)
Deferred taxes	(4,042)[1]	(378)	—	(378)

(1) Or €6,140 thousand net of tax as per the consolidated statement of change in equity.

(2) Consist of interest on obligation and service costs as indicated earlier.

(3) No change in earnings in 2004 since the actuarial loss is below the 10% corridor-rule as described in the accounting policy.

Contributions under defined contribution plans

The Group also made contributions to employee defined contribution plans in a total amount of €4,800 thousand and €4,147 thousand for the years 2005 and 2004, respectively.

23. Provisions

	Provision for warranties	Personnel costs	Litigation costs[1]	Reconditioning provisions[2]	Other provisions	Total
	In thousands of euro					
Balance at 1 January 2004	1,365	—	9,377	12,004	3,251	25,997
Provisions made during the year	—	1,442	5,009	16,935	1,576	24,962
Provisions used during the year	(334)	—	(2,861)	(13,872)	(2,043)	(19,110)
Provisions reversed during the year	—	—	(887)	(1,259)	(72)	(2,218)
Effect of foreign exchange	—	—	—	—	(1)	(1)
Balance at 31 December 2004	1,031	1,442	10,638	13,808	2,711	29,630
Non-current	—	—	645	—	225	870
Current	1,031	1 442	9,993	13,808	2,486	28,760
	1,031	1,442	10,638	13,808	2,711	29,630
Balance at 1 January 2005	1,031	1,442	10,638	13,808	2,711	29,630
Provisions made during the year	1,084	557	4,295	24,408	728	31,073
Provisions used during the year	(1,031)	(1,192)	(1,613)	(17,455)	(633)	(21,923)
Provisions reversed during the year	—	(250)	(2,252)	(2,355)	—	(4,858)
Effect of foreign exchange	—	—	17	—	75	92
Balance at 31 December 2005	1,084	557	11,085	18,406	2,881	34,013
Non-current	—	—	585	—	161	746
Current	1,084	557	10,500	18,406	2,720	33,267
	1,084	557	11,085	18,406	2,881	34,013

(1) Litigation costs relate to franchisee and employee disputes, as well as accidents.

(2) Reconditioning provisions relate to costs to be incurred in reconditioning cars at the end of the buy-back agreement period.

24. Trade and other payables

The details of the Group's payable liabilities are presented in the following table. Fair values match the recognised book values as discussed in note 25.

	Note	2005	2004
		In thousands of euro	
Trade payables, including to affiliates	*29*	810,366	595,125
Other tax payable		31,943	31,598
Deposits		10,448	11,017
Deferred income		1,179	737
Other accrued expenses		50,779	43,611
		904,715	682,088

Other accrued expenses primarily consist of accrued salaries (€35,005 and €29,749 thousand for 2005 and 2004, respectively) and social security contributions (€12,657 and €10,592 thousand for 2005 and 2004, respectively).

25. Financial instruments

Exposure to credit and interest rate risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in interest rates. The Group does not enter into derivative financial instruments for any purpose other than hedging. All hedging operations are either centrally coordinated or carried out by Group Treasury.

Hedging policy and financial derivatives

In conducting its business operations the Group is exposed to fluctuations in prices and interest rates. Corporate policy is to eliminate or limit such risk by means of hedging.

Price risk

The international business operations of the Group expose it to fluctuations in interest rates on the international capital markets.

Partners in these financial transactions are top-class national and international banks, whose credit worthiness is continually assessed by the leading rating agencies.

Interest rate risk

An interest rate risk — that is, possible fluctuations in value of a financial instrument resulting from changes in market interest rates — is posed primarily in respect of medium — and long-term fixed-interest receivables and payables. The interest-rate hedges and interest rate limiting instruments entered into include interest rate Cap contracts. The Group uses different instruments depending on market conditions. If financial resources are passed on to subsidiaries within the Group, such resources are structured congruent to their refinancing.

The Group uses variable rate debt to finance its operations. The Group maintains both committed and uncommitted credit facilities and credit lines with its Parent Company depending in the Group's financing needs. The Group is exposed to changes in interest rates and has established the policy of limiting the exposure to variability in interest rates through interest-rate cap and swap agreements. The notional amounts of the agreements are disclosed in the schedule below.

Interest Cap agreements

The Group's interest rate cap agreements are measured at fair value at 31 December 2005 and 31 December 2004 with changes recognised in the income statement. Interest rate cap agreements do not qualify for hedge accounting. Notes to the consolidated financial statements

Interest swap agreements

In October 2005, the Group entered into an interest rate swap as part of its hedging policy. The swap agreement is denominated in euro and has a notional amount of €600,000 thousand. The agreement stipulates that the Group pays a fixed interest rate (3.425%) in exchange of floating rate (Euribor 3-months) to the extent that the floating rate is lower than 2.00% or higher than 3.425%. If the Euribor 3-months is outside the range agreed upon, then the Group pays floating interest rate on the other leg of the swap. The maturity date of the swap agreement is 14 October 2010. The Group did not qualify for cash flow hedge accounting and therefore recognises the change in fair value through earnings.

The derivative instruments are summarised as follows:

Contract	Notional Amount	Transaction Date	Maturity Date	Fair value 31 Dec 2005	Fair value 31 Dec 2004
			In thousands of euro		
Swap	600,000	14-Oct-05	14-Oct-10	1,912	—
Cap 1	100,000	28-Aug-02	28-Aug-05	—	—
Cap 2	100,000	05-Sep-02	05-Sep-05	—	—
Cap 3	100,000	28-Jan-04	30-Jan-07	3	48
Cap 4	100,000	27-Aug-02	29-Aug-05	—	1
Cap 5	100,000	05-Sep-02	05-Sep-05	—	—

Securitisation

In 2004, the Group entered into securitisation agreements in cooperation with Calyon to finance the short term car rental activity of its subsidiaries located in France, Italy, Spain and Germany. The purpose of the program is to diversify the sources of financing by issuing commercial papers. The program is financed by a revolving financing agreement granted by Calyon.

As part of the securitisation program, each of the subsidiaries listed above incorporated a SPE ("SecuritiFleet") that is locally managed and limited to the sale / purchase of cars and to contracting fleet operating leases.

To fund the revolving credit facility, another vehicle was created to act as a pivotal financing centre. This vehicle purchases the receivables to the local SPE's SecuritiFleet under the revolving credit facility and funds the purchase price by issuing Senior Notes and Mezzanine Notes, equivalent rated AA and BBB, respectively. The Group has control over the SPEs and the financing centre and consequently includes them fully in the Group's consolidated accounts. The remaining life of the liabilities arising from the issuance of the notes is less than twelve months. Therefore the carrying amount of €264,165 thousand at 31 December 2005 (2004: € 137,481 thousand) as disclosed in the note 21 is deemed to reflect the fair value of such liabilities.

Market risk

A market risk is posed when price changes on the financial markets positively or negatively affect the value of financial instruments.

Liquidity risk

A liquidity risk forecast with a fixed planning horizon, unused lines of credit and globally available tap issue programmes provide the Group with access to liquidity.

Risk of default

The theoretical maximum risk of default in respect of the primary financial instruments corresponds to the value of all receivables less the liabilities payable to the same debtors. It is considered that the value adjustment for bad and doubtful receivables covers the effect of the actual risk involved. The risk of default arising from financial assets involves the risk of defaulting by a contract partner, and therefore as a maximum amounts to the positive fair values relating to each

contracting party. Since transactions are only entered into with top-class trading partners, and the risk management system imposes trading limits per partner, the actual risk of default is carefully controlled.

Cash flow risk from financial instruments

The cash flow risk is limited by a flexible interest rate hedging strategy.

Estimation of Fair Values

The fair values of derivative instruments have been estimated based on quotes provided by brokers.

For interest-bearing loans and borrowings with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Otherwise the fair value is calculated based on discounted expected future principal and interest cash flows.

For receivable / payable with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. The estimated fair value reflects changes in interest rates.

26. Operating leases

Leases as lessee

Non-cancellable operating lease rentals other than rental fleet-related (see note 16) are payable as follows:

	2005	2004
	In thousands of euro	
Less than one year	45,071	16,877
Between one and five years	24,608	906
More than five years	925	—
	70,604	17,783

The Group leases a limited number of fixtures and properties under operating leases. The leases typically run for a period of 5-9 years or less, with an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year ended 31 December 2005, €33,630 thousand was recognised as an expense in the income statement in respect of operating leases other than rental fleet related (2004: €14,072 thousand).

27. Capital commitments

During the year ended 31 December 2005, the Group entered into contracts to purchase vehicles. As at 31 December 2005, the outstanding commitments amounted to €1,327,152 thousand (2004: €505,999 thousand).

28. Contingencies

Neither Europcar International S.A.S.U nor any of its Group companies is party to any current or foreseeable legal or arbitration proceedings that may have a material effect on the economic position of the Group or has had such an effect within the last two years. Appropriate provisions are made by the Group for any financial burdens arising from other legal or arbitration proceedings pending, unless adequate insurance repayments are expected.

The Group has provided unsecured guarantees to certain third parties within the normal course of business (including guarantees provided to vehicle suppliers).

	2005	2004
	In thousands of euro	
Contingent liabilities		
Liability Bank guarantee from Europcar GmbH on behalf of Europcar International S.A. und Co. OHG	79,100	110,000
Future minimum lease payments to be paid	237 975	115,642
Contractual financial guarantees	37,268	42,935
Liabilities from credit guarantees	43,084	41,176

29. Related parties

Related parties under the terms of IAS 24 are parties which the reporting enterprise has the ability to control or exercise significant influence over, or parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted at standard market terms. Several members of the Management and the Board of Directors of the Company are members of supervisory boards and/or management boards of other companies within the Volkswagen Group with whom Europcar International has relations in the normal course of its business activities. All transactions with the said companies are conducted at standard market terms.

At 31 December 2004, the Group's parent company was Volkswagen Beteiligungs GmbH. In October 2005, the parent merged with Volkswagen AG which became the direct Parent of the Group. The Group has a related party relationship with its Parent and other affiliates directors, executive officers and other non-consolidated subsidiaries. The transactions between related parties as defined above primarily consist of financing, purchase and rental of vehicle activities.

Transactions with related parties controlled by Volkswagen AG, the Parent of ECI

Financing

The Group's activity is partly financed by its Parent through committed and uncommitted unsecured credit lines. The loan facilities payable are renewed every year and bear interest floating rates. The detail of the loan payable and related interest cost is as follows:

	Note	2005	2004
		In thousands of euro	
Non-current liabilities			
Unsecured credit lines dedicated to fleet financing	*21*	149,671	149,584
Current liabilities			
Unsecured credit lines dedicated to fleet financing	*21*	465,224	382,401
of which interest payable	*21*	*1,621*	987
		614,895	531,985

Total interest paid to related parties during the year amount to € 14,433 thousand (2004: €17,426 thousand) as indicated in note 8.

Vehicle purchase

The Group entered into various fleet purchase agreements with related parties where it is stipulated that the manufacturer has the obligation to re-repurchase the vehicle, typically within the 12 months following the initial purchase date. The manufacturer's obligation is accounted for as a prepaid vehicle operating lease charges.

Expenses related to purchase agreements are recognised on a straight-line basis over the lease term in the income statement.

The number and amount of vehicles purchased from related parties as disclosed below is presented net of discounts.

	2005	2004
Number of vehicles purchased	74,844	71,071
Purchased value of vehicles, net of discounts (€"000)	1,204,697	1,139,119
Number of vehicles re-purchased	71,919	69,359
Repurchase value of vehicles under buy-back agreements (€"000)	1,056,469	968,710

Rental activities

The Group also has numerous corporate rental agreements (as a renter) with related parties, which are accounted for like any other rental transaction. The related income statement balances are as follows:

	2005	2004
	In thousands of euro	
Revenue	22,933	26,582

Combined balance sheet positions

The balance-sheet positions at 31 December 2005 with related parties with respect to the vehicle renting, purchasing and selling activities are presented below. The trade payable primarily consists of purchasing of vehicles and the trade receivable represents the balance due from related parties with respect to the combination of renting and selling activities.

	Note	2005	2004
		In thousands of euro	
Trade receivable from related parties	*17*	71,873	47,424
Trade payable to related parties	*24*	(236,518)	(188,026)

Transactions with non-consolidated parties

Transactions with key management personnel

In addition to their salaries, the Europcar Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf.

Several members of the Management and the Board of Directors of the Company are members of supervisory boards and/or management boards of other companies within the Volkswagen Group with which the Company has relations in the normal course of its business activities. All transactions with the said parties are conducted at standard market terms.

Other related party transactions

Europcar invested in 2004 in a joint venture with TUI tourism operator: Ultramar Car Rental, Spanish entity established in the Balearic Islands in order for Europcar to promote its operating activities in this area.

30. Group entities

Consolidated affiliates — Car rental business

	Country of incorporation	Consolidation method	Ownership interest 2005	Ownership interest 2004
Europcar International S.A.S.U.	France	Full	100%	100%
Europcar Holding S.A.S.	France	Full	100%	100%
Europcar Information Services GEIE	France	Full	100%	100%
Europcar International SA & Co OHG	Germany	Full	100%	100%
Europcar Autovermietung GmbH	Germany	Full	100%	100%
InterRent Immobilien GmbH	Germany	Full	100%	100%
Europcar France S.A.S.	France	Full	100%	100%
Parcoto Services S.a.r.l	France	Full	100%	100%
Europcar Italia S.p.A.	Italy	Full	100%	100%
Europcar U.K. Ltd.	United Kingdom	Full	100%	100%
Europcar Internacional Aluguer de Automoveis S.A.	Portugal	Full	100%	100%
Europcar IB S.A.	Spain	Full	100%	100%
Europcar S.A.	Belgium	Full	100%	100%
Delta Service Auto S.A.	France	Full	100%	96%
SecuritiFleet GmbH	Germany	Full	5%	5%
SecuritiFleet SAS	France	Full	5%	5%
SecuritiFleet SL	Spain	Full	4%	4%
SecuritiFleet SrL	Italy	Full	6%	6%

Unconsolidated affiliates stated at the lower of cost or fair value

	Country of incorporation	Ownership interest 2005	Ownership interest 2004
BCR Holdings Ltd.	United Kingdom	100%	100%
ECIR Travel Services S.R.L.	Italy	—	100%
Europcar Chauffeurdrive UK Ltd	United Kingdom	100%	100%
Europcar Inc.	United States	100%	100%
Godfrey Davis (Car Hire) Ltd	United Kingdom	100%	100%
Inter-Rent Ltd	Ireland	100%	100%
Nolauto Genova Systems — N.G.S. S.R.L.	Italy	0%	2,5%
Rovard Facilities Ltd	United Kingdom	100%	100%
Ultramar Car Rental	Spain	50%	50%
Vehitel 2000 France S.A.S.	France	20%	20%
Vehitel 2000 S.N.C.	France	33%	33%
Groupe Volkswagen France Grundstücks GmbH	Germany	100%	—
Monaco Auto Location S.A.M	Monaco	100%	—
Groupe Volkswagen France S.A.[1]	France	100%	100%
Villers Service Center S.A.S.[1][2]	France	100%	100%
Bugatti Automobiles SAS[1][2]	France	100%	100%
Picardie Auto Services S.A.S.[1][2]	France	100%	100%
Selbstfahrer Union GmbH[1]	Germany	100%	100%

(1) These entities have not been consolidated in both years, since they have been sold to other Volkswagen Group companies in January 2006 prior to a potential capital markets transaction. (See remark to the historical data).

(2) These entities are Group Volkswagen France S.A. fully owned subsidiaries.

Unconsolidated Special purpose entities

	Country of incorporation	Ownership interest 2005	Ownership interest 2004
Euroguard / Europcar Unit[2]	Gibraltar	0%	0%

(2) The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal and Belgium subscribe to an insurance policy toward an AIG affiliated entity, which reinsures such risks with Euroguard, a captive insurance and reinsurance entity located at Gibraltar. The Group owns only one unit of Euroguard.

31. Accounting estimates and judgements

Management has assessed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 12 contains information about the assumptions and their risk factors relating to goodwill impairment. In note, a 25 detailed analysis is given regarding the interest-rate exposure of the Group and risks in relation to interest-rate movements.

Vehicles covered by a buy-back agreement

The Group has decided to consider that all its vehicles were covered by a buy-back agreement because this is the most appropriate assumption in determining the proper accounting treatment under IAS 17 *Leases*. However, the Group retains all the risks and rewards for a portion of its car fleet which management estimates does not exceed 10%. Additionally, vehicles accounted for as finance leases in the United Kingdom were deemed to be operating leases under IFRSs.

Vehicles subject to manufacturer buy-back agreements are accounted for as operating leases (lessee accounting). The difference between the initial payment and the final re-purchase price (the obligation of the manufacturer) is considered as a prepaid vehicle operating lease charges. A separate buy-back agreement receivable is recognised for the final re-purchase price based.

Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below.

Investments in unconsolidated companies

ECI holds 100% interest in both Group Volkswagen France S.A. (GVF) and its subsidiaries. Those subsidiaries are not consolidated since they have been sold to the other Volkswagen Group companies on January 13, 2006, prior to a potential capital markets transaction, and do not have the same core business as Europcar Group.

In 2003, ECI decided to use the inactive and non-consolidated affiliate of ECI S.A. und Co. OHG, Germany (Selbstfahrer Union GmbH or "SUG") to buy the land and buildings of certain VW-car-dealers. The investment in real estate in 2003 amounted to €9,200 thousand. SUG bought additional real estate for the amounts of €1,800 and €12,400 thousand in 2004 and 2005, respectively. This affiliate is not consolidated since it has been sold to other Volkswagen Group companies on February 21, 2006.

32. Subsequent events

The Europcar Group completed the divestiture of Groupe Volkswagen France S.A. and its subsidiaries on January 13, 2006 and of the Selbstfahrer Union GmbH on February 21, 2006.

There were no other significant events up to 21 February 2006.

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Europcar Groupe S.A. Separate Financial Statements
Period ended 31 December 2006

On your request and in our capacity as Statutory Auditor of Europcar Groupe S.A., we have audited the accompanying separate financial statements of Europcar Groupe S.A. which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Europcar Groupe S.A. as of 31 December 2006, and the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Neuilly-sur-Seine, 28 March 2007

The Statutory Auditor

PricewaterhouseCoopers Audit

Stéphane Schwedes

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Europcar Groupe S.A.

Separate financial statements for the period ended 31 December 2006

Europcar Groupe S.A. separate financial statements

Remark to the Historical Data

On 31 May 2006, Eurazeo a French investment fund acquired, through Europcar Groupe S.A., or "EGSA", (formerly Legendre Holding 14 S.A.S.), a subsidiary formed for such purpose, 100% of the share capital of Europcar International S.A.S.U. ("ECI") from Volkswagen AG. The acquisition of ECI had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's debt of €1.8 billion as at 31 December 2005, including a €115 million payment made to Volkswagen AG.

Subsequent to the acquisition, Eurazeo entered into a syndication agreement with co-investors who hold 12.07% of the share capital of EGSA as a result of this transaction. On 23 October 2006, EGSA issued convertible securities representing 0.43% of its share capital. These convertible securities have been fully subscribed by management.

EGSA's separate financial statements presented herein have been prepared solely for the purpose of an issuance of High Yield bonds and not in response to any legal obligation. EGSA is exempt from any such obligation, from a strictly legal point of view and not according to IFRS, by virtue of the consolidation established by Eurazeo (ultimate parent level).

Separate balance sheet

As at 31 December	Notes	2006
		In thousands of euros
Assets		
Intangible assets	*4*	25,000
Other investment	*5*	1,256,693
Deferred tax assets	*6*	21,721
Total non-current assets		**1,303,414**
Income tax receivable		4,144
Trade and other receivables	*7*	11,281
Cash and cash equivalents	*8*	5,241
Total current assets		**20,666**
Total assets		**1,324,080**
Equity		
Share capital	*9*	778,385
Share premium	*9*	3,216
Retained earnings	*9*	(18,140)
Total equity attributable to the equity holders of the company		**763,461**
Total equity		**763,461**
Liabilities		
Borrowings	*10*	532,709
Employee benefits	*11*	325
Deferred tax liabilities	*6*	8,324
Total non-current liabilities		**541,358**
Borrowings	*10*	9,605
Income tax payable		1,335
Trade and other liabilities	*12*	8,321
Total current liabilities		**24,517**
Total liabilities		**560,619**
Total equity and liabilities		**1,324,080**

Separate income statement

For the period ended 31 December 2006	Notes	2006
		In thousands of euros
Revenue		**597**
Personnel costs	*13*	(4,921)
Network and Headquarter overheads		(2,570)
Other income	*14*	1,583
Operating profit		**(5,311)**
Financial income	*15*	591
Financial expenses	*15*	(32,703)
Net financing costs		**(32,112)**
Loss before tax		(37,423)
Income tax	*16*	19,288
Loss for the period		**(18,135)**

Separate statement of cash flows

For the period ended 31 December	Notes	2006
		In thousands of euro
Loss before tax		**(37,423)**
Total net interests costs		32,112
Other items		24
Financing Cost		***32,137***
Operating profit before changes in working capital and provisions		***(5,287)***
Changes in Trade and other receivable	*7*	(11,280)
Changes in liabilities (excluding borrowings)	*12*	8,321
Changes in Provisions and Employee benefits		325
Cash generated from the operations		***(7,921)***
Interest paid (received)		(32,703)
Income taxes paid		3,084
Net cash-flows from operating activities		**(37,540)**
Acquisitions of tangible and intangible assets	*4*	(25,000)
Acquisition of subsidiary, net of cash acquired	*5*	(1,256,693)
Interest received		591
Net Cash-flows from investing activities		**(1,281,102)**
Proceeds from issue of share capital	*9*	781,601
Proceeds from issuance of secured and unsecured notes	*10*	555,256
Payment of transaction costs		(24,973)
Other financing		12,000
Net Cash flows from financing activities		**1,323,884**
Cash and cash equivalent at Closing	*8*	5,241
Cash and cash equivalent at Opening		—
Net increase in cash and cash equivalent		**5,241**

Separate statement of change in recognised income and expenses

For the period ended 31 December	2006
	In thousands of euro
Defined benefit plan actuarial gains (losses)	(7)
Income tax on income and expense recognised directly in equity	2
Net earnings recognised directly in equity	(5)
Profit recognised in the income statement	(18,135)
Total recognised earnings for the period	(18,140)

Europcar Groupe S.A. separate financial statements
Notes to the financial statements

Contents

		Page			Page
1	Reporting entity	F-92	**11**	Employee benefits	F-101
2	Statement of compliance	F-92	**12**	Trade and other liabilities	F-102
3	Significant accounting policies	F-92	**13**	Personal costs	F-103
4	Intangible assets	F-97	**14**	Other income	F-103
5	Acquisition of subsidiaries	F-98	**15**	Net financing costs	F-103
6	Deferred taxes	F-98	**16**	Income tax	F-103
7	Trade and other receivables	F-99	**17**	Related parties	F-104
8	Cash and cash equivalent	F-99	**18**	Contingent liabilities	F-105
9	Capital and reserves	F-99	**19**	Accounting estimates and judgements	F-105
10	Interest-bearing notes and borrowings	F-100	**20**	Subsequent events	F-105

1. Reporting Entity

Europcar Groupe S.A. (the "company", "the entity") was incorporated on 9 March 2006 with an initial share capital of 235,000€ and transformed on 25 April 2006 into a French "*société anonyme*". At the balance sheet date, the shares of the company were 88% directly or indirectly owned by Eurazeo S.A. The company is domiciled at "Place des Frères Montgolfier" — 78881 St-Quentin-en-Yvelines, France.

On 31 May 2006, the company increased its share capital to 775,000,000€ and acquired the share capital of Europcar International S.A.S.U. (or "ECI")

The Company does not prepare compulsory consolidated financial statements as it benefits from the exemption disclosed in note (2). The company decided to prepare separate financial statements according to IAS 27 and the investments in subsidiaries are accounted for at cost.

This financial information was authorised for issue by the board of Directors on 5 March 2007.

2. Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The company is exempt from preparing consolidated financial statements as its parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

These consolidated financial statements are available at: Eurazeo S.A. — 32, rue de Monceau — 75008 Paris, France.

3. Significant accounting policies

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 19.

The accounting policies set out below have been applied in preparing these financial statements.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet

date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

(b) Financial instruments

Financial instruments are contracts that give rise to a financial asset in one company and a financial liability or in an equity instrument in another. The "regular" purchase or sale of financial instruments is accounted for on the settlement date — that is, on the date on which the asset is delivered.

Certain instruments used by the Group on the basis of commercial criteria to manage interest rate changes, but not meeting the strict criteria of IAS 39, are classified as "financial assets or liabilities held for trading purposes" in IAS 39 terms. Financial instruments are accounted for in the balance sheet at "amortised cost" or at "fair value".

The "amortised cost" of a financial asset or liability is the amount:

- at which a financial asset or liability is valued when first recognised
- minus any repayments
- minus any write-down for impairment or uncollectability
- plus or minus the cumulative spread of any difference between the original amount and the amount repayable at maturity (premium), distributed using the effective interest method rather than the straight line method over the term of the financial asset or liability.

The "fair value" generally corresponds to the market value. If no active market exists, the fair value is determined using financial mathematics methods, such as by discounting the future cash flows at the market interest rate or by confirmations from the banks which handle the transactions.

Financial assets at fair value through profit or loss

This category includes financial instruments held for trading which are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement in the period incurred. Instruments which do not qualify for hedge accounting under IAS 39 are included within this category.

Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments, which arise from the lending of money, or supply of goods or services. It also includes purchased loans and receivables that are not quoted in an active market.

Examples of loans and receivables include:

- purchased loans, including those acquired;
- loans of non-current financial assets;
- receivables from financing business;
- trade receivables;
- short-term other receivables and assets.

Loans and receivables are stated at amortised cost less impairment losses. In relation to short-term receivables and payables, the amortised costs generally correspond to the nominal or repayment amount.

Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for all of those financial assets that do not fit the criteria of the other categories as set forth above or that are designated as available-for-sale.

This category includes all equity securities as well as investment in companies (see note 5).

Financial instruments classified as "available-for-sale" are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably estimated by alternative valuation methods, such as discounted cash flow model, are measured at cost, less any accumulated impairment losses.

Derivative financial instruments

The entity uses derivative financial instruments to hedge its exposure to interest-rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss to fair value on remeasurement is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest-rate swaps is the estimated amount that the Entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(c) Borrowing costs

Borrowing costs are recognised over the period of the borrowing facility.

(d) Intangible assets

(i) Intangible assets

Intangible assets primarily consist of acquired trademark stated at cost less any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(e) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy l).

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Impairment

The carrying amounts of the Entity's assets, other and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy l (i)).

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available — for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Equity

(i) Share capital and Share premium

The subscribed capital of Europcar Groupe S.A. is denominated in euro. Share capital consists of 77,838,000 ordinary shares with a notional amount of 10 euro each. Share premium arises from capital increases.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(i) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(j) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, adjusted for any unrecognised past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on bonds with a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises actuarial gains and losses outside profit and loss through a statement of change in equity entitled "statement of recognised income and expense" in the period in which they occur. This method is applied to all of the applicable gains or losses in the Group's post-employment benefit plans even if they do not exceed 10% of the greater of future benefits and the fair value of plan assets.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on bonds with a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations.

(k) Provisions

A provision is recognised in the balance sheet when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(l) Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

(m) Revenue

Revenue recognized by EGSA primarily consists of fees invoiced to franchisees for long-term rental activities.

(n) Other income

Other income comprise of management fees payable by ECI under an arrangement entered between EGSA in consideration for consultancy services provided by the management of Eurazeo.

(o) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy e).

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(p) Income tax

Current tax

Current tax expense for the periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Deferred tax

The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the estimated average annual effective income tax rate for the periods presented.

The primary components of the entity's recognised deferred tax assets include temporary differences related to Intangible assets, rental fleet, receivables and other assets, employee benefits, provisions and other items, and the value of tax loss carry-forwards recognised.

The primary components of the entity's deferred tax liabilities include temporary differences related to rental fleet, property plant and equipment, prepaid and deferred charges, deferred income and provisions.

4. Intangible assets

Acquisitions and disposals

The entity bought over from the former Europcar International S.A.S.U. shareholder the brand name Europcar Lease with a carrying amount of €25,000 thousands. The brand name Europcar Lease is pledged as a guarantee under the entities subsidiaries financing programme. Trademark is stated at cost less any accumulated impairment losses. There was no impairment loss recognised as of 31 December 2006.

There was no disposal of intangible assets recorded during the period.

5. Acquisition of subsidiaries

On 31 May 2006, the entity acquired 100% of the share capital of Europcar International S.A.S.U. The acquisition of ECI had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI's debt of €1.8 billion as at 31 December, 2005, including a €115 million payment made to Volkswagen AG. The investment held in ECI S.A.S.U. is reported at cost and the consolidated data of ECI as at 31 December 2006 (Rental-business only) can be summarized as follows:

Subsidiary	Capital Share	Equity[2]	% of ownership	Shares gross value	Shares net value	Revenue	Profit
				In thousands of euro			
ECI S.A.S.U.[1] . . .	110,000	374,970	100%	1,256,693	1,256,693	1,468,737	50,423

(1) ECI is headquartered in Guyancourt, France

(2) Total equity attributable to EGSA

The loans and borrowings within the Europcar Group (Europcar Groupe SA, ECI S.A.S.U. and its vehicle rental subsidiaries) are secured, subject to certain security principles, by security interests in substantially all of the financial, the tangible and intangible assets of the company.

6. Deferred taxes

Deferred tax expense arises from the origination and reversal of temporary differences, the effects of changes in tax rates and the benefit of tax losses recognised. The primary component of deferred tax expense for the six months ended 31 December 2006 is related to an increase in deferred tax liabilities as disclosed below.

Recognised deferred tax asset and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2006	Liabilities 2006	Net 2006
		In thousands of euro	
Employee benefits	108	—	108
Other liabilities	—	(8,324)	(8,324)
Tax loss carry-forwards	21,613	—	21,613
Tax (assets) / liabilities	21,721	(8,324)	13,397
Net tax (assets) / liabilities	**21,721**	**(8,324)**	**13,397**

The tax loss was caused by fees linked to the purchase of ECI and its financing. The related deferred tax asset is planned to be used through profits to be generated in the next few years by the operations of the French companies of the ECI group.

7. Trade and other receivables

The fair values of the trade receivables correspond to the nominal value. All trade receivables fall due within one year.

	Note	2006
		In thousands of euro
Trade receivables		121
Receivables from subsidiaries	*17*	2,388
Other tax receivables		6,946
Prepayments		1,826
Total		**11,281**

There was no bad debt reserve as at 31 December 2006 and the receivables from subsidiaries and other related parties are disclosed in note 17.

8. Cash and cash equivalent

Cash and cash equivalent consist of cash in hands and cash at banks.

9. Capital and reserves

Reconciliation of movement in capital reserves

	Attributable to equity holders of the Company								
	Share Capital	Share premium	Legal reserve	Translation reserve	Consolidated reserves	Retained earnings from actuarial	Deferred tax on actuarial	Retained earnings	Total
	In thousands of euro								
Balance as at 9 March 2006	**235**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**235**
Issue of share capital	778,150	3,216	—	—	—	—	—	—	**781,366**
Profit for the period	—	—	—	—	—	—	—	(18,135)	**(18,135)**
Dividend paid	—	—	—	—	—	—	—	—	**—**
Actuarial results on defined benefit obligation[1]	—	—	—	—	—	(7)	2	—	**(5)**
Balance as at 31 December 2006	**778,385**	**3,216**	**—**	**—**	**—**	**(7)**	**2**	**(18,135)**	**763,461**

(1) Recognition of actuarial result on defined benefits obligation, according to IAS 19 as detailed in note 11.

Share capital and share premium

The subscribed capital of Europcar Groupe S.A. is denominated in euro. The subscribed capital is composed of 77,838,462 ordinary shares with a nominal value of 10 euro and totals €778,385 thousand. Share premium arises from past capital increases.

Shareholders are entitled to receive dividends as declared on a timely basis and are entitled to one vote per share at meetings of the Company.

Subsequent to the acquisition, Eurazeo entered into a syndication agreement with co-investors who hold 12% of the share capital of EGSA as a result of this transaction. On 23 October 2006, EGSA issued convertible securities representing 0.5% of its share capital. These convertible securities have been fully subscribed by management through Eureka Participation SAS (“Eureka”).

Eureka holds 338,462 convertible securities issued at €19.50 per share with a nominal value of €10.00. The number of common shares received at the time of the conversion for each convertible security will be 175 common shares for 10 convertible securities. The number of shares to be issued will depend on the IRR realised by the shareholders at the divesture date. These convertible securities are entitled to a maximum interest of 7% of the equity value.

10. Interest-bearing notes and borrowings

On 9 May 2006, Europcar Groupe S.A. issued €300 million aggregate principal amount of its senior subordinated secured floating rate notes due 2013 and €250 million aggregate principal amount of its 8.125% senior subordinated unsecured notes due 2014. The floating rate notes bear interest at a rate per annum, reset quarterly, equal to EURIBOR plus 3.50%. The floating rate notes is secured by a second ranking share pledge of the share capital of ECI. The floating rate notes are guaranteed on a senior subordinated basis by certain of the German and UK subsidiaries.

The notes have been admitted to the Official List of Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

The underlying transaction costs have been capitalised and are recognised in earnings over the life of the subordinated notes. The transaction costs are reported as a reduction of the notes' debt in the balance sheet.

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2006
Non-current liabilities	
Loan notes issued	532,709
Total non-current liabilities	**532,709**
Current liabilities	
Other banking facilities	9,605
Total current liabilities	**9,605**

Loan notes issued

The loan notes were issued on 12 May 2006. At 30 June 2006 Europcar Groupe S.A. had the following notes:

	The group EGSA — June 2006		
Issued	**Principal ('000)**	**Interest rate**	**Maturing**
May 2006 — Secured floating notes	300,000	EURIBOR + 3.5%	2013
May 2006 — Unsecured notes	250,000	8,125%	2014

Loan notes issued — security

The notes are non-convertible and the company can redeem after a certain period of time whole or part of the notes by paying a specified premium. The principal and interest on the Floating rate notes are jointly and severally guaranteed by Europcar International SA & Co OHG (Germany), Europcar Autovermietung GmbH (Germany) and Europcar U.K. Ltd (England and Wales).

Interest rate risk

An interest rate risk — that is, possible fluctuations in future cash flows resulting from changes in market interest rates — is posed primarily in respect of medium — and long-term debt. The interest rate limiting instruments entered into include swap and cap contracts.

The Group is exposed to changes in interest rates on the subordinated secured floating rate notes due 2013 and, effective January 2007, has established the policy of limiting the exposure to variability in interest rates through interest-rate swap agreement. The notional amounts of the agreements will be €200 million.

	2006 In thousands of euros
Secured notes issued	
Proceeds from issue of 300,000,000 notes	300,000
Transaction costs	(13,149)
Liability component at the date of issue	286,851
Transaction costs amortised	942
Interest accrued as at 31 December 2006	2,717
Carrying amount of liability	**290,510**
Unsecured notes issued	
Proceeds from issue of 250,000,000 notes	250,000
Transaction costs	(10,958)
Liability component at the date of issue	239,042
Transaction costs amortised	618
Interest accrued as at 31 December 2006	2,539
Carrying amount of liability	**242,199**
Total loan notes including accrued interest	**532,709**

Interest-bearing notes and borrowings are repayable as follows:

	Loan notes 2006	Other bank liabilities 2006	Total 2006
	In thousands of euro		
Less than one year	—	9,605	14,861
Between one and five years	—	—	—
More than five years	532,709	—	532,709
	532,709	9,605	542,314

11. Employee benefits

Provisions for post-employment benefits are established for benefits payable in the form of retirement, invalidity and dependents' benefits. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees. Group companies provide post-employment benefits under defined contribution plans and defined benefit plans.

The pension provisions for defined benefit plans are determined according to IAS 19 Employee Benefits in keeping with the actuarially accepted Projected Unit Credit Method. The valuation incorporates assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains/losses arise from census changes and

changes in actual trends (e.g. in income and pension increases) relative to the assumptions on which calculations were based.

Movements in the Defined Benefit Obligation	Note	2006
		In thousands of euro
Defined Benefit Obligation at the beginning of year[1]		(301)
Current Service Costs		(9)
Interest Cost		(7)
Benefit Payments		—
Actuarial gains and losses		(7)
Defined Benefit Obligation at year-end		**(325)**

Movements in the net liability for Defined Benefit Obligations recognised in the balance sheet	2006
	In thousands of euro
Net liability for defined benefit obligations at the beginning of the year[1]	(301)
Benefit Payments	—
Expense recognised in the income statement	(16)
Actuarial gains and losses	(7)
Net liability for defined benefit obligations at year end	**(325)**

Expense recognised in the income statement		2006
		In thousands of euro
Current service costs		(9)
Interest on obligation		(7)
	13	**(16)**

(1) Transferred from ECI

12. Trade and other liabilities

	2006
	In thousands of euro
Trade payables, including to affiliates	4,483
Other tax payable	258
Other accrued expenses	3,580
	8,321

The payables to subsidiaries and other related parties are disclosed in note 17.

13. Personal costs

	Note	2006
		In thousands of euro
Wages and salaries		(4,035)
Social security contributions		(449)
Contributions to defined contribution plans		(317)
Increase in liability for defined benefit plans	*11*	(16)
Other items		(104)
		(4,921)

14. Other income

Other income consist of management fees, staff and other administrative costs recharged to Europcar entities.

15. Net financing costs

	2006
	In thousands of euro
Interest income	591
Gain on fair value hedging instruments	—
Financial income	591
Interest due to banks	(27,437)
Interest due to affiliated companies	—
Other interest related to fleet financing	—
Other items	(5,266)
Financial expense	(32,703)
Net financing costs	**(32,112)**

16. Income tax

The income tax results from the Consolidation Tax Group. According to the Tax Group agreement, each member should account for its income tax expenses as if no tax Group existed. The head of Tax Group should record the balance in its statutory financial statements.

	2006
	In thousands of euro
Current tax income	
Current period	5,893
Current tax income	**5,893**
Deferred tax income	
Origination and reversal of temporary differences	(8,218)
Benefit of tax losses recognised	21,613
Deferred tax income	**13,395**
Total income tax in income statement	**19,288**

		2006 In thousands of euro
Reconciliation of effective tax rate		
Profit for the period		(18,135)
Total income tax expense		(19,288)
Profit before tax		**(37,423)**
Income tax using the domestic corporation tax rate	(34.43)%	12,885
Effect of tax rates in foreign jurisdictions	1.09%	(410)
Non-deductible expenses	0.00%	(5)
Temporary differences without deferred taxes	2.47%	925
Tax losses from ECI recognised during the period	16.47%	6,167
Other	(0.73)%	(274)
Reconciliation of effective rate	**51.54%**	**19,288**

17. Related parties

Related parties under the terms of IAS 24 are parties which the reporting enterprise has the ability to control or exercise significant influence over, or parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted at standard market terms. Several members of the Management and the Board of Directors of the Company are members of supervisory boards and/or management boards of other companies within the Eurazeo Group with whom EGSA has relations in the normal course of its business activities. All transactions with the said companies are conducted at standard market terms. EGSA did not enter into transactions with related parties other than listed above.

Transactions with key management personnel

In addition to their salaries, Europcar Groupe S.A also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf.

Several members of the Management and the Board of Directors of the Company are members of supervisory boards and/or management boards of other companies within the Eurazeo Group with which the Company has relations in the normal course of its business activities. All transactions with the said parties are conducted at standard market terms.

ECI accounts in ECG financial statements are presented as follows:

	2006 In thousands euro
Assets	
Other assets	5,893
Trade and other receivables	2,388
Liabilities	
Borrowings	(12,031)
Other liabilities	(3,415)
Profit and loss accounts	
Other Income (management fees)	1,583
Personnel costs	(34)
Financial expenses	(97)

18. Contingent liabilities

The following table presents a summary of guarantees pledges and other contingent liabilities granted by EGSA during the fiscal year 2006 related to Bridge to Asset Financing Agreement and cover documents (ISDA Master Agreement):

	France	Germany	Portugal	Spain	Belgium	Italy
Agreements:						
Pledge of shares	✓	✓	✓	✓	✓	✓
Assignment of receivables by way of security	✓	✓	✓			✓
Pledge of bank account	✓	✓	✓	✓	✓	✓
Security Transfer of Movables Assets		✓				
Pledge over Business Assets					✓	
Pledge of Receivables				✓	✓	
Pledge of Financial Instruments account	✓					
Pledge of goodwill	✓					
Authority agreement	✓					

As part of the High Yield issued by EGSA, German and UK subsidiaries granted 'Floating rates notes' as disclosed in the Offering Memorandum dated 9 May 2006.

19. Accounting estimates and judgements

Management has assessed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

In note 10, a detailed analysis is given regarding the interest-rate exposure of the Group and risks in relation to interest-rate movements.

20. Subsequent events

As at 31 December 2006, EGSA was in the process of acquiring Vanguard Car Rental EMEA Holdings via its 100%-owned subsidiary, Europcar UK Limited. The acquisition was effective 28 February 2007.

Vanguard Car Rental EMEA Holdings Limited
Annual report and financial statements
for the year ended 31 December 2006

Registered number: 4918854

Vanguard Car Rental EMEA Holdings Limited

Annual report and financial statements — (Continued)

for the year ended 31 December 2006

	Page
Directors and advisors for the year ended 31 December 2006	1
Directors' report for the year ended 31 December 2006	2
Independent auditors' report to the shareholders of Vanguard Rental EMEA Holdings Limited	6
Consolidated profit and loss account for the year ended 31 December 2006	7
Consolidated statement of total recognised gains and losses for the year ended 31 December 2006	8
Consolidated balance sheet as at 31 December 2006	9
Company balance sheet as at 31 December 2006	10
Consolidated cash flow statement as at 31 December 2006	11
Notes to the financial statements for the year ended 31 December 2006	12

Directors and advisors for the year ended 31 December 2006

Directors

S Catania (appointed 28 February 2007)
R Girona Tome (appointed 28 February 2007)
J S Leigh (appointed 28 February 2007)
W E Lobeck (resigned 28 February 2007)
L Tessler (resigned 28 February 2007)
B A Gold (resigned 28 February 2007)

Secretary

Jane M Colton

Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

National Westminster Bank plc
1 Granby Street
Leicester
LE1 9GT

Bank of Scotland
P.O. Box 39900
155 Bishopsgate
London
EC2M 3YB

Registered office

James House
55 Welford Road
Leicester
LE2 7AR

Directors' report for the year ended 31 December 2006

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activity

The principal activity of the group during the year was that of short-term rental of motor vehicles under the trading names of National Car Rental, Alamo Rent A Car and Guy Salmon

Review of the business and future developments

The profit and loss account for the period is set out on page 6. Turnover for the group increased by £4,662,000 to £275,046,000 (2005: £270,384,000). The group made a profit after taxation of £7,503,000 (2005: £1,700,000 loss).

The increase in turnover is primarily due to the increase in trading volumes through its continental European operations as illustrated on page 14. The improvement in profitability is principally due to an improved yield per day or price paid for vehicle rental in the group's core UK business.

On 10 November 2006, the company's shareholders entered into a conditional Sale and Purchase Agreement with Europcar UK Limited and Europcar Groupe SA in respect of the company's entire issued share capital. On 28 February 2007, the transaction was completed, and the company and its subsidiaries became wholly-owned subsidiaries of Europcar UK Limited.

The market for short term vehicle rental is expected to remain competitive in 2007. Within this competitive environment the directors will look to further leverage the company's market leading position in the UK to generate additional improvement in its financial results.

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition, external market factors which affect the demand for vehicle rental through reduced leisure or business travel, and increases in the cost of the vehicle rental fleet.

The company's performance is closely monitored by its parent company through monthly management reporting. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary.

Financial risk management

The company's operations expose it to a number of financial risks that include liquidity issues, interest rate management, credit risk and price risk.

Liquidity risk

The company actively forecasts, manages and reports its working capital requirements on a regular basis to ensure that sufficient capacity is available.

Credit risk

A significant portion of the company's business is transacted on a credit account basis. Customers applying for credit are subject to a credit review process. The outstanding debt is continually monitored to ensure that debts are collected on a timely basis, and any potentially doubtful debts are identified as early as possible.

Interest rate risk

The company uses both committed and uncommitted variable rate financing facilities, secured primarily by its fleet of vehicles to finance its operations. Significant increases in short term interest rates may have an effect on the company's profitability in the short run. The company believes that over time that all or a portion of interest rate increases will be reflected in higher prices for vehicle rental.

Price risk

The most significant cost for the company is reflected in the carrying costs of its rental vehicle fleet. Vehicles are mainly acquired under repurchase arrangements with manufacturers, whereby the primary carrying cost of depreciation is fixed over the life of the vehicle. Repurchase arrangements are typically contracted on an annual basis and significant increases in the costs of these arrangements may have an effect on the company's profitability. The company believes that over time all or a portion of manufacturer cost increases will be reflected in higher prices for vehicle rental.

No costs are incurred that the Directors consider would be appropriate for the company to hedge with financial instruments. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

The majority of contracts with credit customers are generally for periods of three years or less, and many contain price adjustment mechanisms to cover the effects of inflation and changes in costs imposed by governmental action. In the price-driven consumer segment, prices are continually monitored across the market to ensure that the company maintains an adequate margin whilst remaining competitive.

Foreign exchange rate risk

Primarily through its franchising subsidiary, the company has exposure to foreign currency fluctuations through the receipt of franchise revenues denominated in foreign currency, primarily euros. The turnover associated with these franchise revenues is less than 5% of the total group turnover. The company arranges appropriate currency hedging on some of loans to certain foreign affiliates.

Results and dividends

The audited financial statements for the year ended 31 December 2006 are set out on pages 7 to 41. The company's profit after tax for the year of £1,122,000 (2005: £1,163,000 loss) and the group's profit after tax for the year of £7,503,000 (2005: £1,700,000 loss) have been transferred to reserves. A dividend of £325,000 (2005: £308,000) is payable at 6% on the redeemable preference shares of a subsidiary undertaking, and these have been appropriated through the profit and loss account.

Post balance sheet event

On 10 November 2006, the company's shareholders, entered into a conditional Sale and Purchase Agreement with Europcar UK Limited and Europcar Groupe SA in respect of the company's entire issued share capital. On 28 February 2007, the transaction was completed, and the company and its subsidiaries became wholly-owned subsidiaries of Europcar UK Limited, a company incorporated in the United Kingdom.

Directors and their interests

The directors who held office during the year and subsequently were as follows:

S Catania (appointed 28 February 2007)
R Girona Tome (appointed 28 February 2007)
J S Leigh (appointed 28 February 2007)
W E Lobeck (resigned 28 February 2007)
L Tessler (resigned 28 February 2007)
B A Gold (resigned 28 February 2007)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Payments to suppliers

It is the group policy, in respect of the majority of suppliers, to agree the terms of payment with those suppliers when finalising overall contract terms. The group seeks to comply with the agreed payment terms whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed contracted terms and conditions.

Employee involvement

The group is committed to employee involvement and uses a variety of methods to inform and consult its employees. The Vision programme is committed to developing employee relationships and improving two-way communication. Information is circulated by means of notices, bulletins, newsletters, team briefings and annual road shows to ensure all employees are fully aware of the performance of the group. The company's business strategy is summarised and communicated through the Vision programme. Regular feedback on employee performance is also a feature of the Vision programme. The performance appraisal system reflects the organisation's values along with managers and employees discussing work performance, training and career development.

Political and charitable contributions

The group made no political or charitable contributions in the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that financial year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

As far as the directors are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information, and to establish that the company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to formally reappoint them as auditors to the company will be proposed at the annual general meeting.

By order of the Board

Jane M Colton
Secretary
4 April 2007

Independent auditor's report to the shareholders of Vanguard Car Rental EMEA Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Vanguard Car Rental EMEA Holdings Limited for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
5 April 2007

Vanguard Car Rental EMEA Holdings Limited

Consolidated profit and loss account

for the year ended 31 December 2006

	Notes	2006	2005
		£000	restated (note 1) £000
Turnover	*2*	**275,046**	270,384
Cost of sales		**(138,217)**	(142,808)
Gross profit		**136,829**	127,576
Distribution costs		**(76,404)**	(73,505)
Administrative expenses		**(30,631)**	(34,941)
Analysed as:			
Administrative expenses before exceptional items		**(32,494)**	(34,941)
Exceptional item	*4*	**1,863**	—
Operating profit	*3*	**29,794**	19,130
Net interest payable	*7*	**(15,701)**	(17,017)
Other finance (charge)/income	*23*	**(282)**	57
Profit on ordinary activities before taxation		**13,811**	2,170
Tax on profit on ordinary activities	*8*	**(6,308)**	(3,870)
Retained profit / (loss) for the year	*20*	**7,503**	(1,700)

A reconciliation of the movement in equity shareholders' funds is shown in note 20 to the financial statements.

All turnover and operating profit arose from continuing activities. There is no difference between the above results and those reported on an unmodified historical cost basis.

Vanguard Car Rental EMEA Holdings Limited

Consolidated statement of total recognised gains and losses

for the year ended 31 December 2006

	Notes	2006	2005
		£000	restated (note 1) £000
Profit/(loss) for the financial year		**7,503**	(1,700)
Currency translation differences on foreign currency investments		**108**	(806)
Actuarial gain/(loss) recognised in the pension scheme	*23*	**6,516**	(6,528)
Movement on deferred tax relating to pension scheme liability	*19*	**(1,955)**	1,959
Share based compensation	*1*	**130**	129
Total recognised gains and losses relating to the year		**12,302**	(6,946)

The accompanying notes are an integral part of these statements.

Vanguard Car Rental EMEA Holdings Limited

Consolidated balance sheet

as at 31 December 2006

	Notes	2006	2005
		£000	restated (note 1) £000
Fixed assets			
Tangible assets	*10*	**340,391**	362,376
Investments	*11*	**50**	50
		340,441	362,426
Current assets			
Stock	*12*	**1,720**	1,465
Debtors	*13*	**97,754**	110,655
Cash	*14*	**41,326**	23,926
		140,800	136,046
Creditors: amounts falling due within one year			
Vehicle backed finance		**(300,036)**	(336,363)
Other creditors		**(98,368)**	(87,151)
	15	**(398,404)**	(423,514)
Net current liabilities		**(257,604)**	(287,468)
Total assets less current liabilities		**82,837**	74,958
Creditors: amounts falling due after more than one year	*16*	**(10,957)**	(10,728)
Provisions for liabilities and charges	*17*	**(23,764)**	(23,782)
Net assets excluding pension liability		**48,116**	40,448
Pension liability	*23*	**(407)**	(5,041)
Net assets including pension liability		**47,709**	35,407
Capital and reserves			
Called-up share capital	*18*	**1**	1
Other reserves	*19*	**35,390**	35,390
Profit and loss account	*19*	**12,318**	16
Equity shareholders' funds	*20*	**47,709**	35,407

The financial statements on pages 7 to 41 were approved by the board of directors and signed on its behalf by:

J S Leigh
Director
4 April 2007

The accompanying notes form an integral part of these accounts.

Vanguard Car Rental EMEA Holdings Limited

Company balance sheet

as at 31 December 2006

	Notes	2006	2005
		£000	£000
Fixed assets			
Investments	*11*	**93,073**	93,073
		93,073	93,073
Current assets			
Debtors	*13*	**45,110**	28,395
		45,110	28,395
Creditors	*15*	**(23,082)**	(7,489)
Net current assets		**22,028**	20,906
Net assets		**115,101**	113,979
Capital and reserves			
Called-up share capital	*18*	**1**	1
Capital contribution reserve	*19*	**125,000**	125,000
Profit and loss account	*19*	**(9,900)**	(11,022)
Equity shareholders' funds	*20*	**115,101**	113,979

The financial statements on pages 7 to 41 were approved by the board of directors and signed on its behalf by:

J S Leigh
Director
4 April 2007

The accompanying notes form an integral part of these accounts.

Vanguard Car Rental EMEA Holdings Limited

Consolidated cash flow statement

as at 31 December 2006

	Notes	2006	2005
		£000	£000
Net cash inflow from operating activities	*25*	**99,399**	82,099
Returns on investment and servicing of finance			
Interest received		**1,207**	485
Interest paid		**(552)**	(522)
Interest element of finance lease payments		**(16,203)**	(16,335)
		(15,548)	(16,372)
Taxation			
UK corporation tax paid		**(1,353)**	(1,202)
Net cash inflow before capital expenditure, financial investment, acquisitions and financing		**82,498**	64,525
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(584,793)**	(614,489)
Receipts from sales of tangible fixed assets		**555,146**	509,481
		(29,647)	(105,008)
Financing			
Cash inflow from sale and finance leaseback		**568,684**	607,007
Capital element of finance leases		**(604,135)**	(555,371)
		(35,451)	51,636
Increase in cash	*26*	**17,400**	11,153

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Going concern

The directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts. In making this assessment the directors note that the existing vehicle financing and working capital facilities include certain covenant definitions that require formal revision to reflect the new ownership structure and the funding providers have confirmed their agreement in principle to these changes that will be made in coming weeks. The directors also note that these facilities expire on 3 December 2007, but they are confident that further facilities sufficient for the business needs will be secured.

Basis of consolidation

The group financial statements consolidate the financial statements of Vanguard Car Rental EMEA Holdings Limited and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Change in accounting policies

Redeemable preference shares

The group has adopted the presentation requirements of Financial Reporting Standard No. 25, Financial Instruments: Disclosure and Presentation ("FRS 25"). The implementation of FRS 25 affects the presentation of the group's redeemable preference shares and related dividend appropriations. In the profit and loss account, the preference share appropriations previously disclosed as appropriations, are disclosed under Net interest payable (see note 7(b)). The preference share appropriation was £325,000 (2005: £308,000). In the balance sheet, the redeemable preference shares have been reclassified from Minority interests to Creditors due within one year (see note 15). The redeemable preference shares amounted to £4,886,000 (2005: £4,886,000).

Share based compensation

The group has adopted the requirements of Financial Reporting Standard No. 20, Share-based payment ("FRS 20"), as the group operates an equity settled share based compensation plan. The fair value of the employee services received in exchange for the grant is recognised as an expense. In the profit and loss account, the amount charged for the current year is £130,000 (2005: £129,000). The prior year profit and loss account has been restated accordingly to reflect the charge in 2005. As amounts charged are also credited to the profit and loss account reserve (see note 19), there is no impact on the previously reported balance sheet.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included within assumptions about the number of shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Freehold buildings are depreciated on a straight-line basis over their expected useful lives of fifty years. Freehold land is not depreciated. Leasehold properties are amortised on a straight-line basis over the life of the lease.

Fleet vehicles are capitalised at the price paid for them, after deducting all discounts received, and are depreciated by equal monthly instalments to write down the net cost to estimated residual value over the expected holding period which is six to twelve months for cars and twelve to twenty-four months for vans.

Depreciation on other fixed assets is computed to write off their costs on a straight-line basis over their expected useful lives as follows:

Plant and machinery, fixtures and fittings	3 to 10 years
Computer equipment	3 to 5 years

Residual value is calculated on prices prevailing at the date of acquisition, updated for subsequent market movements.

Investments

Fixed asset investments are stated at cost or value on contribution less any provision for impairment. All listed investments are stated at market value. Investment income is accounted for on an accruals basis.

Stocks

Stocks relate to fuel held for resale and are stated at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Foreign subsidiaries have been consolidated using the net investment method. Any gains and losses arising on retranslation of these entities have been reflected in the statement of total recognised gains and losses.

Leased assets

Where the group enters into a lease that entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a ‘finance lease’. The asset is recorded in the balance sheet within tangible fixed assets as fleet vehicles and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element that reduces the outstanding obligation for future instalments.

Gross rental costs on assets held under operating leases are charged to the profit and loss account in the period to which they relate. In the case of vehicle operating leases the finance element along with the balance of the rental are charged to cost of sales.

Pension costs and other post-retirement benefits

The group operates a funded defined benefit pension scheme in the UK, with assets held in a separately administered fund. The group accounts for this scheme in accordance with Financial Reporting Standard No. 17, Retirement Benefits ("FRS 17") through full recognition of the scheme's surplus or deficit on the balance sheet at the end of the year. Actuarial gains and losses are included in the statement of recognised gains and losses. Current and past service costs, curtailments and settlements are recognised within operating profit. Returns on scheme assets and interest on obligations are recognised as a component of net financing costs.

For defined contribution arrangements the costs charged to the profit and loss account represents the group's contributions to the relevant schemes in the period in which they fall due.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. Provision is made for any impairment.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Revenue also includes the gross amounts receivable in respect of franchise royalties and joining fees. Where the group acts as an agent in transactions between franchisees and their customers, the margin earned on those transactions is recognised in revenue when the transaction occurs.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Where possible, the company will take advantage of group relief provisions to offset taxable profits against taxable losses arising in other group undertakings in the period.

Deferred taxation is provided in full on timing differences that arise in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Third party liabilities and claims

Provision is made for the estimated value of uninsured losses from both known and incurred but not reported third party claims on an actuarially determined basis. Where these claims are expected to be settled over a longer period of time, the provision made represents the present value of the expenditures expected to be required to settle the obligation. The remaining balance of funds (including earned interest income) advanced to insurance agents in order to settle future claims are held as an insurance prepayment within debtors. Any excess of this prepayment over the estimated liabilities is subject to an assessment of recoverability, and provision is made as appropriate.

2 Segmental analysis

Turnover

The analysis of turnover, substantially all of which arose from the principal activity, by geographical area of destination is as follows:

	2006	2005
	£000	£000
United Kingdom	**232,598**	233,132
Continental Europe	**41,542**	36,364
Other	**906**	888
	275,046	270,384

Analysis of turnover, by geographical area of origin is as follows:

	2006	2005
	£000	£000
United Kingdom	**242,106**	242,242
Continental Europe	**32,940**	28,142
	275,046	270,384

In common with industry practice, the group does not present a segmental analysis of operating profit and net operating assets as the directors consider that to present this information would be seriously prejudicial to the commercial interests of the group.

Profit and loss account — supplemental disclosure

In the profit and loss account presented on page 6, interest payable includes finance charges payable in respect of finance leases and hire purchase contracts in accordance with UK generally accepted accounting practice. Since such charges relate principally to the group's vehicle fleet utilised in its day to day operations, the directors believe that for a better understanding of the group's commercial operation it is more appropriate to classify such vehicle related costs as part of cost of sales. Accordingly, the following supplementary analysis shows the effect of such a reclassification on an extract of the profit and loss account for the periods ended 31 December 2006 and 2005.

	2006	Reclassification	2006 Reclassified	2005 Reclassified restated (note 1)
	£000	£000	£000	£000
Turnover	**275,046**	**—**	**275,046**	270,384
Cost of sales	**(138,217)**	**(16,245)**	**(154,462)**	(159,130)
Gross profit	**136,829**	**(16,245)**	**120,584**	111,254
Distribution costs	**(76,404)**	**—**	**(76,404)**	(73,505)
Administrative expenses	**(30,631)**	**—**	**(30,631)**	(34,941)
Analysed as:				
Administrative expenses before exceptional items	**(32,494)**	**—**	**(32,494)**	(34,941)
Exceptional item	**1,863**	**—**	**1,863**	—
Operating profit	**29,794**	**(16,245)**	**13,549**	2,808
Net interest receivable/(payable)	**(15,701)**	**16,245**	**544**	(695)
Other finance (charge)/income	**(282)**	**—**	**(282)**	57
Profit on ordinary activities before taxation	**13,811**	**—**	**13,811**	2,170

The above analysis is presented for supplemental information purposes only.

3 Operating profit

This is stated after charging/(crediting):

Group	2006	2005
	£000	£000
Auditors' remuneration — audit services	**412**	574
— non-audit services	**63**	132
Auditors' remuneration total	**475**	706
Research and development expenditure written off	**607**	788
Current service cost under FRS 17	**1,028**	857
Depreciation of owned fixed assets	**12,653**	11,491
Depreciation of leased assets	**44,268**	41,909
Depreciation total	**56,921**	53,400
Operating lease rentals — land and buildings	**14,334**	13,309
— other leased assets (including vehicles)	**3,509**	4,466

Auditors' remuneration includes £28,000 of audit fees relating to the company.

4 Exceptional item

Included in operating profit is an exceptional credit to the profit and loss account of £1,863,000 which represents charges by the former ultimate parent company which will not be levied.

5 Directors' emoluments

The directors who served in the year are not remunerated for their services to the EMEA group.

6 Staff costs

The average monthly number of employees of the group during the year was as follows:

	2006	2005
	Number	Number
Management	**51**	45
Clerical	**270**	279
Other	**2,752**	2,970
	3,073	3,294

Their aggregate payroll costs were as follows:

	2006	2005
	£000	£000
Wages and salaries	**55,328**	55,988
Social security costs	**5,401**	5,339
Other pension costs (including service costs under FRS 17)	**1,461**	1,318
	62,190	62,645

7 Net interest (payable) / receivable

Group	2006	2005 restated (note 1)
	£000	£000
a) Interest receivable and similar income		
Bank interest	**553**	388
Investment income	**10**	19
Other	**643**	7
	1,206	414
b) Interest payable and similar charges		
Bank loans, overdrafts and other loans	**(312)**	(799)
Finance charges payable in respect of finance leases and hire purchase contracts	**(16,245)**	(16,322)
Preference share appropriation (see note 1)	**(325)**	(308)
Group undertakings	**(23)**	—
Other	**(2)**	(2)
	(16,907)	(17,431)
Net interest payable	**(15,701)**	(17,017)

8 Tax on profit on ordinary activities

(a) Analysis of charge in period

Group	2006	2005
	£000	£000
Current tax		
Corporation tax (note 8 (b))	**3,102**	300
Deferred tax (note 17)	**2,579**	2,936
Adjustments in respect of prior years		
— Corporation tax	**938**	536
— Deferred tax (note 17)	**(311)**	98
	6,308	3,870

	2006	2005
	£000	£000
Current tax (note 8 (b))	**—**	—
Deferred tax	**—**	—
Adjustments in respect of prior years		
— Corporation tax	**429**	—
— Deferred tax	**—**	—
	429	—

(b) Factors affecting current tax charge

Group	2006	2005 restated (note 1)
	£000	£000
Profit on ordinary activities before tax	**13,811**	2,170
Profit on ordinary activities multiplied by standard rate of Corporation tax of 30%	**4,143**	651
Adjustment for non deductible expenses	**61**	1,039
Effect of non taxable income	**(78)**	(44)
Effect of preference share dividend	**98**	92
Utilisation of ACT surrendered	**—**	30
Utilisation of deferred tax asset not recognised in prior year	**(1)**	(1)
Overseas losses not utilised for UK tax purposes	**1,385**	1,175
Differences in timing of taxation of foreign earnings	**(30)**	503
Effect of brought forward tax losses	**(70)**	—
Excess of depreciation over capital allowances	**(2,691)**	(3,685)
Depreciation on assets not qualifying for capital allowances	**282**	311
Short term timing differences	**3**	229
Current consolidated tax charge in period (note 8 (a))	**3,102**	300

Company	2006	2005
	£000	£000
Profit / loss on ordinary activities before tax	**1,552**	(1,163)
Profit on ordinary activities multiplied by standard rate of Corporation tax of 30%	**466**	(349)
Adjustment for non deductible expenses	**(498)**	349
Effect of utilisation of group relieved tax losses	**32**	—
Current tax charge in period (note 8 (a))	**—**	—

9 Result attributable to Vanguard Car Rental EMEA Holdings Limited

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's result for the financial year was a profit after tax of £1,123,000 (2005: £1,163,000 loss). The company has no recognised gains or losses other than the profit for the year, and therefore a separate statement of total recognised gains and loss has not been presented.

10 Tangible fixed assets

Group	Freehold land and buildings	Short leasehold property	Plant and machinery, fixtures and fittings	Fleet vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2006	10,530	11,475	16,311	370,115	408,431
Additions	41	762	1,395	584,905	587,103
Disposals	(5)	(12)	(320)	(602,843)	(603,180)
Foreign exchange	—	(7)	(1)	(689)	(697)
At 31 December 2006	**10,566**	**12,218**	**17,385**	**351,488**	**391,657**
Depreciation					
At 1 January 2006	1,854	7,013	10,113	27,075	46,055
Charge for year	195	895	2,585	53,246	56,921
Disposals	(5)	(12)	(320)	(51,353)	(51,690)
Foreign exchange	—	(3)	7	(24)	(20)
At 31 December 2006	**2,044**	**7,893**	**12,385**	**28,944**	**51,266**
Net book value					
At 31 December 2006	**8,522**	**4,325**	**5,000**	**322,544**	**340,391**
At 31 December 2005	8,676	4,462	6,198	343,040	362,376

Included within fleet vehicles are assets held under finance leases with a net book value of £232,363,000 (2005: £254,091,000). Included within freehold land and buildings is freehold land at a cost or valuation of £3,605,447 (2005: £3,605,447), which has not been depreciated.

Company

The company has no fixed assets (2005: nil).

11 Fixed asset investments

Group	2006	2005
	£000	£000
Cost and net book value		
At 31 December 2006 and 31 December 2005	**50**	50

In the opinion of the directors, the value of the investment is not less than the value recorded in the financial statements.

	Principal activity	Holding	%
Vanguard Marketing Services Middle East Limited	Franchising of vehicle rental systems in the Middle East	50,000 £1 ordinary shares	25

The above company is registered in the British Virgin Islands.

Company

Subsidiary undertakings	2006	2005
	£000	£000
At cost	**93,073**	93,073

A list of principal subsidiary undertakings is given on page 24.

The parent company holds investments in the following subsidiary undertakings:

	Country of incorporation (if not England & Wales)	Principal Activity	Holding	%
* Vanguard Rental (Holdings) Ltd		Holding company	77,228,629 £1 ordinary shares	100
Vanguard Rental (Group) Limited		Holding company	74,026,762 £1 ordinary shares	100
Vanguard Rental Limited		Holding company	649,238,158 5p ordinary shares	100
Vanguard Rental (Properties) Limited		Property holding company	30,000,100 £1 ordinary shares	100
Vanguard Rental Insurances (Guernsey) Limited	Guernsey	Insurance and reinsurance	250,000 £1 ordinary shares	100
Vanguard Rental (UK) Limited		Vehicle rental	30,001,000 £1 ordinary shares	100
Vanguard Rental (German Holdings) GmbH	Germany	Holding company	2 shares of 1,000 & 24,000 Euros each	100
Vanguard Rental GmbH	Germany	Holding company	2 shares of 1,000 & 24,000 Euros each	100
Vanguard Autovermeitung GmbH & Co KG	German partnership	Vehicle rental	1 share of 1,000 Euros	100
Vanguard Rental (Holland) BV	Holland	Dormant	18,161 1Euro ordinary shares	100
Vanguard Rental (Franchising) Limited		Franchising of vehicle rental systems	8,000 £1 ordinary shares	100
Provincial Assessors Limited		Accident damage assessment	2 £1 ordinary shares	100
Provincial Securities Limited		Dormant	4 £1 ordinary shares	100
Diplema 272 Limited		Dormant	2 £1 ordinary shares	100
Diplema 274 Limited		Dormant	2 £1 ordinary shares	100
Vanguard Rental Pension Scheme Trustees Limited		Trustee for Vanguard Rental Pension Scheme	2 £1 ordinary shares	100
Vanguard Rental (Switzerland) A.G	Switzerland	Vehicle Rental	9,998 CHF 10 each ordinary shares	100

* denotes directly held by the company

All subsidiary undertakings have been included in the consolidation.

12 Stock

Group	2006	2005
	£000	£000
Fuel and consumables stock	**1,720**	1,465

Company

The company has no stock (2005: nil).

13 Debtors

Group	2006	2005
	£000	£000
Trade debtors	**48,325**	58,654
Amounts owed by fellow subsidiary undertakings	**6,730**	7,878
Other debtors	**456**	323
Prepayments and accrued income	**25,496**	29,478
Insurance claims prepayment	**16,747**	14,322
	97,754	110,655

Company	2006	2005
	£000	£000
Amounts owed by fellow subsidiary undertakings	**45,110**	28,395

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

14 Cash

Group	2006	2005
	£000	£000
Cash in hand and at bank	**40,517**	14,582
Restricted cash	**809**	9,344
	41,326	23,926

Restricted cash includes £90,000 (2005: £8,948,000), representing cash received by Vanguard Rental (UK) Limited on the sale of vehicles, to manufacturers and dealers, while these vehicles are still on lease from the leasing companies. Under the terms of Vanguard Rental (UK) Limited's overdraft agreement the company is obliged to pay, on demand, this cash to the relevant leasing companies, subject to a reduction for the value of any vehicles which are unsold but for which the lease has been settled.

The balance of the restricted cash £719,000 (2005: £396,000) represents cash held by Vanguard Rental Insurances (Guernsey) Limited and is required to cover that company's solvency requirements as an insurance company.

Company

The company has no cash or bank balances (2005: nil).

15 Creditors: amounts falling due within one year

Group	2006	2005 restated (note 1)
	£000	£000
Trade creditors	**40,320**	39,106
Amounts owed to parent and fellow subsidiary undertakings	**21,028**	12,395
Redeemable preference shares (see note 1)	**4,886**	4,886
Corporation tax	**9,224**	6,890
Other taxation and social security	**2,619**	1,834
Accruals and deferred income	**20,291**	22,040
	98,368	87,151
Obligations under finance leases and hire purchase contracts (secured)	**300,036**	336,363
	398,404	423,514

Obligations under finance leases and hire purchase contracts are secured principally on the assets to which they relate, with a charge also having been granted over the other assets of the relevant group undertaking.

Redeemable Preference Shares

Non-equity minority interests comprise 11,140,025 6% cumulative redeemable preference shares of CAN$1 each in Vanguard Rental (UK) Limited, a subsidiary undertaking, issued on 31 December 2001. The shares do not entitle the holders to any rights against other group companies and are redeemable at any time at par, subject to written notice.

Company	2006	2005
	£000	£000
Amounts owed to parent and fellow subsidiary undertakings	**17,205**	2,042
Corporation tax	**5,810**	5,380
Accruals and deferred income	**67**	67
	23,082	7,489

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due after more than one year

Group	2006	2005
	£000	£000
Obligations under finance leases and hire purchase contracts (secured)	**10,957**	10,728
Maturity of debt:		
In more than one year, but not more than five years	**10,957**	10,728

Company

The company has no creditors due after more than one year (2005: £nil).

17 Provisions for liabilities and charges

Group	2006	2005
	£000	£000
Restructuring (a)	**664**	986
Insurance claims liability (b)	**13,380**	16,079
Deferred tax excluding deferred tax on pension liability (c)	**8,954**	6,717
Contractual liabilities (d)	**766**	—
At 31 December 2006	**23,764**	23,782

(a) Restructuring

Group	£000
At 1 January 2006	986
Utilised during the year	(118)
Release of vacant property provision	(204)
At 31 December 2006	**664**

Provisions relate to rents due on vacant properties and are expected to be settled in a period of 1 to 8 years.

(b) Insurance claims liabilities

Group	£000
At 1 January 2006	16,079
Additions	4,016
Utilised during the year	(6,715)
At 31 December 2006	**13,380**

Insurance claims liabilities is the provision for uninsured losses under third party liabilities or claims. Due to the timescales and uncertainties involved in such claims, provision is made using actuarial techniques based upon the profile of claims experience, with provision made for potential claims for a number of years after policy inception. As these claims are expected to be settled over a longer period of time, the provision made represents the present value of the expenditure expected to be required to settle the obligation.

(c) Deferred tax comprises

Group

The provision at 31 December comprises:

	2006	2005
	£000	£000
Unremitted foreign earnings	**1,101**	1,064
Accelerated capital allowances	**10,081**	7,931
Short term timing differences	**(1,000)**	(1,108)
Tax losses	**(1,228)**	(1,170)
Deferred tax provision excluding deferred tax on pension liability	**8,954**	6,717
Deferred tax asset on pension liability (note 23)	**(175)**	(2,161)
	8,779	4,556

	£000	£000
Deferred tax provision at 1 January	**6,717**	3,874
Deferred tax asset on pension liability at 1 January (note 23)	**(2,161)**	(393)
Total at 1 January	**4,556**	3,481
Amount charged to the profit and loss account	**2,268**	3,034
Amount charged/credited to the statement of total recognised gains and losses	**1,955**	(1,959)
Provision at end of year including deferred tax on pension liability	**8,779**	4,556

Company

There was no deferred tax provision at 1 January 2006 and 31 December 2006.

In line with the 'basis of preparation and going concern' note in the accounting policies set out in note 1, both the group and the company have provided for deferred tax on a full provision basis in accordance with Financial Reporting Standard No.19, 'Deferred Tax'.

(d) Contractual Liabilities

	2006
	£000
At 1 January 2006	—
Transfer from accruals	**766**
Provision at 31 December	**766**

The company has contractual liabilities which are uncertain in terms of amount and timing.

18 Called up share capital

	2006		2005	
	Number	£	Number	£
Authorised				
Ordinary shares of £1 each	**200**	**200**	200	200
Allotted, called up & fully paid				
Ordinary shares of £1 each	**200**	**200**	200	200

19 Reserves

Group	Other reserves	Profit and loss account	Total
	£000	£000	£000
At 1 January 2006	35,390	16	35,406
Profit for the financial year	—	7,503	7,503
Currency translation differences	—	108	108
Actuarial loss recognised in the pension scheme	—	6,516	6,516
Movement on deferred tax relating to pension liability	—	(1,955)	(1,955)
Share based compensation	—	130	130
At 31 December 2006	**35,390**	**12,318**	**47,708**

Company	Capital contribution reserve	Profit and loss account	Total
	£000	£000	£000
At 1 January 2006	125,000	(11,022)	113,978
Profit for the financial year (note 9)	—	1,122	1,122
At 31 December 2006	**125,000**	**(9,900)**	**115,100**

20 Reconciliation of movement in equity shareholders' funds

Group	2006 £000	2005 restated (note 1) £000
Opening equity shareholders' funds	**35,407**	42,353
Profit/(loss) for the financial year	**7,503**	(1,700)
Currency translation differences	**108**	(806)
Actuarial gain/(loss) recognised in the pension scheme	**6,516**	(6,528)
Movement on deferred tax relating to pension liability	**(1,955)**	1,959
Share based compensation (see note 1)	**130**	129
Net increase/(decrease) in shareholders' funds	**12,302**	(6,946)
Closing equity shareholders' funds	**47,709**	35,407

Company	2006 £000	2005 restated (note 1) £000
Opening equity shareholders' funds	**113,979**	115,142
Profit /(loss) for the financial year	**1,122**	(1,163)
Closing equity shareholders' funds	**115,101**	113,979

21 Share based payments

On 14 October 2003, the company's then ultimate parent, Worldwide Excellerated Leasing Ltd (WELL), entered into a share purchase agreement with certain directors of the company which afforded them the opportunity to participate in the ownership of WELL and its subsidiaries by purchasing Class A common shares of WELL. This agreement was entered into in conjunction with WELL's acquisition of the company's previous ultimate parent company, ANC Rental Corporation.

A total of 100,000 Class A common shares were purchased by the company directors for a total consideration of £14,100 (US$27,100). The shares purchased by the directors vest over time, subject to the directors' continued employment by the Group, as follows:

14 October 2006	50%
14 October 2007	100%

The share-based compensation has been accounted for as an equity-settled arrangement and is measured as the excess of the estimated fair value of the common stocks issued over the amount paid by the directors to purchase the common stock. The fair value of the common stock was estimated using, among other measures, the carrying value of the net monetary assets acquired by WELL as of the date of its acquisition of ANC Rental Corporation. The fair value of the common stock was supported by an external valuation of WELL.

During 2004, 2005 and for the period from 14 October 2003 to 31 December 2003, the company charged £128,000, £128,000 and £38,000 respectively to compensation expense. As the company only adopted FRS 20 during this year, these charges are shown as prior period adjustment in the statement of total recognised gains and losses arising from the adoption of the new standard. In 2006, the company has charged £130,000 to compensation expense in respect of share-based compensation amortisation for the year and is presented as part of the administrative expenses account in this years profit and loss accounts.

On 7 December 2006, one of the company directors who entered into the share-purchase agreement has left office for good reason and consequently, the shares acquired have fully-vested in accordance with stipulations of the agreement. As at 31 December 2006, 75,000 of the shares have fully vested with the remaining 25,000 to vest in the year 2007.

22 Financial commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

Group	2006	2005
	£000	£000
Authorised and contracted for — vehicles	**81,924**	107,226

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings		Vehicles		Other	
Group	2006	2005	2006	2005	2006	2005
	£000	£000	£000	£000	£000	£000
Operating leases which expire:						
— within one year	**3,471**	2,726	**1,291**	746	**24**	189
— between two and five years	**2,957**	4,571	**—**	—	**18**	140
— after five years	**3,833**	4,011	**—**	—	**—**	—
	10,261	11,308	**1,291**	746	**42**	329

Company

The company had no capital or financial commitments.

23 Pension scheme

The group operates a funded defined benefit pension scheme known as the Vanguard Rental Pension Scheme ("the Scheme") with assets held in a separately administered fund.

Defined benefit scheme

For the purposes of these financial statements, an actuarial valuation of the Vanguard Rental Pension Scheme using the projected unit basis was carried out at 31 December 2006 by Towers Perrin HR Services, consulting actuaries. The calculations as at 31 December 2005 and 31 December 2004 were carried out by First Actuarial and Foden Baynes Associates respectively. The major assumptions used by the actuaries were:

	2006	2005	2004
Discount rate	**5.10%**	4.80%	5.50%
Rate of increase in salaries	**3.40%**	3.40%	3.50%
Retail Price Inflation (RPI)	**2.90%**	2.90%	2.50%
Pension increases	**2.75%**	2.75%	2.50%

The assets in the Scheme and the expected rates of return were:

	2006	2006	2005	2005	2004	2004
	%	£000	%	£000	%	£000
Equities	**7.80**	**14,691**	6.60	12,394	7.50	10,229
Fixed Interest Bonds	**4.80**	**5,338**	4.10	9,755	5.25	8,028
Index Linked Bonds	**4.35**	**5,507**	4.10	—	5.25	—
Corporate bonds	**5.10**	**—**	4.80	143	5.50	—
Cash and current assets	**4.50**	**181**	3.90	202	4.75	40
Total fair value of assets		**25,717**		22,494		18,297
Present value of scheme liabilities		**(26,299)**		(29,696)		(19,608)
Deficit in scheme		**(582)**		(7,202)		(1,311)
Related deferred tax asset		**175**		2,161		393
Net pension liability		**(407)**		(5,041)		(918)

The contribution rate for 2006 was 21.8% (2005: 21.8%) of pensionable earnings. The contributions are continuing to be paid at this rate. However, the Scheme actuary is currently conducting a formal actuarial valuation of the Scheme, as at 31 December 2005 for the trustee, the results of which are as yet unknown. In addition, the directors of the employing companies have decided that additional contributions of £610,000 will be paid each year, and had indicated that this would continue for a period of ten years ending in 2013. This is subject to review periodically and may also be impacted by the valuation referred to above.

Analysis of the amount that has been charged to operating profit:

	2006	2005
	£000	£000
Current service cost	**1,028**	857
Past service cost	**—**	—
	1,028	857

Analysis of the amount that has been (charged)/credited to other finance (charge)/income:

	2006	2005
	£000	£000
Expected return on pension Scheme assets	**1,184**	1,175
Interest on pension Scheme liabilities	**(1,466)**	(1,118)
	(282)	57

Analysis of amount recognised in the statement of total recognised gains and losses:

	2006	2005
	£000	£000
Actuarial return less expected return on pension Scheme assets	**934**	1,891
Experience gains and losses arising on the Scheme liabilities	**620**	(497)
Changes in assumptions underlying the present value of the Scheme liabilities	**4,962**	(7,922)
	6,516	(6,528)

Movement in deficit during the year:

	2006	2005	2004
	£000	£000	£000
Deficit in the Scheme at the beginning of the year	**(7,202)**	(1,311)	(1,717)
Movement in the year:			
Current service cost	**(1,028)**	(857)	(649)
Contributions	**1,414**	1,437	1,509
Other finance (charge)/income	**(282)**	57	(63)
Actuarial gain/(loss)	**6,516**	(6,528)	(391)
Deficit in Scheme at the end of the year	**(582)**	(7,202)	(1,311)

History of experience gains and losses:

	2006	2005	2004
Difference between the expected and actual return on Scheme assets:			
Amount (£000)	**934**	1,891	1,344
Percentage of Scheme assets	**4%**	8%	7%
Experience gains and losses on Scheme liabilities:			
Amount (£000)	**620**	(497)	(401)
Percentage of the present value of Scheme liabilities	**2%**	(2)%	(2)%
Total actuarial gain recognised in the statement of total recognised gains and losses:			
Amount (£000)	**6,516**	(6,528)	(391)
Percentage of the present value of Scheme liabilities	**25%**	(22)%	(2)%

The company also operates a defined contribution Group Personal Pension Plan for which the pension cost charge for the year amounted to £415,000 (2005: £376,000).

24 Contingent liabilities

On 10 November 2006, points of claim were served on a member of the group in respect of an agreement which was terminated by a customer in February 2006. The agreement was for the provision of rental vehicles by the group to the third party which alleged that it has suffered various losses arising from breaches of the agreement. The directors are strongly contesting the claim which is currently in arbitration and given the facts and evidence presently available, neither the liability nor the quantum of the potential exposure is determinable. The directors however are of the view that it is unlikely that the outcome of this claim will have a material effect on the group's financial position and no provision has been made.

The company has no contingent liabilities.

25 Reconciliation of operating profit to net cash inflow from operating activities:

	2006	2005 restated (note 1)
	£000	£000
Operating profit	**29,794**	19,130
Depreciation charges	**56,921**	53,400
(Increase)/decrease in stocks	**(255)**	698
Decrease/(increase) in debtors	**9,246**	(85)
Increase in creditors	**3,563**	8,827
Changes in relation to share based payments (see note 1)	**130**	129
Net cash inflow from operating activities	**99,399**	82,099

26 Reconciliation of net cash flow to movement in net debt

	2006	2005
	£000	£000
Increase in cash in the year	**17,400**	11,153
Cash inflow/(outflow) from increase/(decrease) in debt and leasing finance	**35,451**	(51,636)
Changes in net debt resulting from cash flows	**52,851**	(40,483)
Translation difference	**647**	1,068
Movement in net debt in the year	**53,498**	(39,415)
Net debt at the start of the year	**(323,165)**	(283,750)
Net debt at the end of the year	**(269,667)**	(323,165)

27 Analysis of changes in net debt

	1 January 2006	Cash flows	Other non cash changes	Exchange movements	31 December 2006
	£000	£000	£000	£000	£000
Cash in hand and at bank	23,926	17,400	—	—	**41,326**
Net debt					
Finance leases and hire purchase contracts	(347,091)	35,451	—	647	**(310,993)**
	(323,165)	52,851	—	647	**(269,667)**

28 Related party transactions

The group's ultimate parent company and controlling party at 31 December 2006 was Vanguard Car Rental Holdings LLC (see note 30). Transactions with other subsidiaries of Vanguard Car Rental Holdings LLC occur within the normal course of business. The more significant transactions include brand name royalty fees of £9,151,000 (2005: £9,515,000), costs associated with sourcing and managing rental reservations throughout the network of £2,898,000 (2005: £3,254,000), and recharges for employee related benefits of £129,000 (2005: £1,098,000).

29 Post balance sheet

On 10 November 2006, the company's shareholders, entered into a conditional Sale and Purchase Agreement with Europcar UK Limited and Europcar Groupe SA in respect of the company's entire issued share capital. On 28 February 2007, the transaction was completed, and the company and its subsidiaries became wholly-owned subsidiaries of Europcar UK Limited, a company incorporated in the United Kingdom.

30 Ultimate parent company and controlling party

As a result of an acquisition of the company's shares on 28 February 2007 (see note 29), the group's ultimate parent is Eurazeo S.A, a quoted French investment company.

In respect of the year ended 31 December 2006, the largest group into which the company's results are consolidated is Vanguard Car Rental Holdings LLC, a company incorporated in Delaware, USA. With effect from 28 February 2007, the company's immediate parent undertaking is Europcar UK Limited.

Copies of the financial statements of Vanguard Car Rental EMEA Holdings Limited for the period ended 31 December 2006 are available from The Secretary, Vanguard Car Rental EMEA Holdings Limited, James House, 55 Welford Road, Leicester, LE2 7AR.

INDEX TO PRO FORMA FINANCIAL INFORMATION

	Page
Unaudited Consolidated Pro Forma Financial Information for the year ended December 31, 2006	
Remark	P-3
Unaudited pro forma balance sheet as at December 31, 2006	P-4
Unaudited pro forma income statement for the year ended December 31, 2006	P-5
Unaudited pro forma cash flow statement for the year ended December 31, 2006	P-6
Basis of preparation	P-7
Appendices	
1. Pro forma balance sheet (detailed)	P-9
2. Pro forma income statement (detailed)	P-11
3. Pro forma cash flow statement (detailed)	P-12
4. IFRS adjustments on Vanguard UK GAAP financial information	P-14

Unaudited pro forma financial information for the year ended 31 December 2006

Remark

On 31 May 2006, Eurazeo a French investment fund acquired, through Europcar Groupe S.A., (“EGSA” or “Europcar”, formerly Legendre Holding 14 S.A.S.), a subsidiary formed for such purpose, 100% of the share capital of Europcar International S.A.S.U. (“ECI”) from Volkswagen AG. The acquisition of ECI had a total value of approximately €3.1 billion comprising the purchase price for the equity of €1.3 billion and ECI’s debt of €1.8 billion as at 31 December 2005, including a € 115 million payment made to Volkswagen AG.

Subsequent to the acquisition, Eurazeo entered into a syndication agreement with co-investors who hold 12.07% of the share capital of EGSA as a result of this transaction. Additional information regarding post-acquisition events (including shares owned by Management) is presented in the separate financial statements of EGSA.

Europcar International acquired Vanguard Car Rental EMEA Holdings (“Vanguard”) on 28 February 2007 via its 100%-owned subsidiary Europcar UK Limited. To refinance the bridge financing used for the acquisition, EGSA plans to offer Additional Notes under the indentures governing its existing High Yield bonds which was issued at the time of the acquisition of Europcar by Eurazeo.

These pro forma financial information presented herein have been prepared solely for the purpose of the offering of Additional Notes and not in response to any legal obligation. EGSA is exempt from any legal or IFRS obligation to produce pro forma financial information, by virtue of the consolidation established by Eurazeo (ultimate parent level).

The unaudited pro forma financial information presented herein have been prepared for illustrative purposes only and, because of their nature, do not purport to be indicative of the actual financial position or results of operations of the Europcar Group that would have been attained had the ECI Acquisition, Vanguard Acquisition or the issuance of the Additional Notes occurred on the date specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. No adjustments have been made in the unaudited pro forma financial information to reflect the benefits that EGSA, ECI and Vanguard expect will result from integrating these entities. The unaudited pro forma financial information should be read in conjunction with the historical financial statements of EGSA, ECI and Vanguard included elsewhere in this offering memorandum.

The unaudited pro forma financial information and unaudited pro forma adjustments are based on available information and certain assumptions that management of EGSA, ECI and Vanguard believes are reasonable. The underlying financial information of EGSA, ECI and Vanguard have been prepared using consistent accounting policies. Adjustments are reflected in the unaudited pro forma financial information to align the accounting principles of Vanguard and EGSA. Please refer to appendix 4 of the unaudited pro forma financial information, which describes the adjustments made to present Vanguard as if IFRS had been applied to the primary historical financial statements of Vanguard.

Unaudited pro forma financial information

Unaudited pro forma balance sheet

As at 31 December	2006 in thousands of euros
Assets	
Property, plant and equipment	98 110
Intangible assets	1 150 760
Other investments	8 001
Deferred tax assets	37 084
Total non-current assets	1 293 955
Inventories	12 890
Other investments	2 066
Income tax receivable	20 627
Rental fleet	2 648 526
Trade and other receivables	1 039 583
Cash and cash equivalents	278 233
Total current assets	4 001 925
Total assets	5 295 880
Equity	
Share capital	778 385
Share premium	3 216
Reserves	9 742
Retained earnings	(21 584)
Total equity attributable to the equity holders of the company	769 759
Minority interest	24
Total equity	769 783
Liabilities	
Borrowings	808 608
Derivatives	139
Employee benefits	63 882
Provisions	1 514
Deferred tax liabilities	28 242
Total non-current liabilities	902 385
Borrowings	2 607 956
Income tax payable	24 066
Trade and other liabilities	926 380
Provisions	65 310
Total current liabilities	3 623 712
Total liabilities	4 526 097
Total equity and liabilities	5 295 880

Unaudited pro forma financial information

Unaudited pro forma income statement

As at 31 December	2006 in thousands of euros
Revenue	1 828 723
Fleet holding costs	(441 967)
Fleet, rental and revenue related costs	(589 551)
Personnel costs	(348 061)
Network and Headquarter overheads	(244 213)
Depreciation, amortisation and impairment charges	(21 217)
Other income	43 052
Operating profit	226 767
Financial income	18 077
Financial expenses	(206 372)
Net financing costs	(188 295)
Profit before tax	38 472
Income tax expense	(14 827)
Profit/(Loss) for the period	23 645
Attributable to:	
Equity holders of the company	23 614
Minority interest	31
Profit for the period	23 645

Unaudited pro forma financial information

Unaudited pro forma cash flow statement

	31 Dec 06 in thousands of euros
Result before tax	**38 472**
Depreciation and impairment loss on Property, Plant & Equip.	17 755
Amortization exp. and Impairment loss on intangible assets	3 326
(Reverse of) impairment loss	(833)
Result on disposal of PPE and intangible assets	79
Derivatives	138
Total net interests costs	193 435
Gain on sale of financial instruments	(8 247)
Change in fair value of financial instruments	(269)
Dividends received	(404)
Depreciation of financial assets	500
Result on disposal of financial assets	(1 174)
Other items	6 731
Gain/(loss) on foreign exchange difference	34
Other items (rounding)	11
Financing Cost	**190 617**
Operating profit before ch. in working cap. & provisions	**249 552**
Changes in inventories	2 556
Changes in Rental Fleet	116 835
Changes in Trade and other receivable	(84 603)
Changes in liabilities (excl. Borrowings)	(103 349)
Changes in Provisions and Employee benefits	11 344
Cash generated from the operations	**192 335**
Dividends received	404
Interest paid	(204 080)
Income taxes paid	(16 484)
Net cash-flows from operating activitites	**(27 824)**
Other investments	(4 314)
Acquisitions of tangible and intangible assets	(51 223)
Proceeds from disposal of fixed assets	7 856
Proceeds from disposal of financial assets	10 162
Acquisition of subsidiary, net of cash acquired	(1 440 428)
Disposal of subsidiary, net of cash disposed of	36 834
Interest received	4 772
Dividend payment	(148 000)
Net Cash-flows from investing activities	**(1 584 340)**
Proceeds from issue of share capital	781 600
Proceeds from issuance of secured and unsecured notes	816 037
Change in borrowings dedicated to fleet financing	331 734
Payment of transaction costs	(38 973)
Net Cash flows from financing activites	**1 890 399**
Cash and cash equivalent at Closing	278 233
Cash and cash equivalent at Opening	—
Net increase (decrease) in cash and cash equivalent	**278 233**

Unaudited pro forma financial information

Basis of preparation

The pro forma financial information was prepared according to standard French market practices and differs in certain respects from practices or requirements in other markets such as the requirements of the US Securities and Exchange Commission.

Perimeter

The unaudited pro forma financial information has been prepared based on the following IFRS financial data:

- IFRS special purpose consolidated financial statements of Europcar International S.A.S.U for the year ended 31 December 2006. The audit opinion was issued on 28 March 2007 by PricewaterhouseCoopers Audit SA.
- IFRS separate financial statements of Europcar Groupe S.A. for the period ended 31 December 2006. The audit opinion was issued on 28 March 2007 by PricewaterhouseCoopers Audit SA.
- Pro forma and consolidation adjustments to the separate financial statements of Europcar Groupe S.A. for the year ended 31 December 2006. The pro forma/consolidation adjustments made at EGSA level primarily consist of the elimination of the investments, netting entries on deferred tax positions and the elimination of intercompany transactions.
- UK GAAP consolidated financial statements of Vanguard Car Rental EMEA Holdings for the year ended 31 December 2006. The audit opinion was issued on 5 April 2007 by PricewaterhouseCoopers LLP. The consolidated balance sheet, income statement and cash flow statement have been converted into IFRS for the purpose of these unaudited pro forma financial information.
- Pro forma and consolidation adjustments to reflect the acquisition of Vanguard by Europcar as of 1 January 2006.

Pro forma adjustments

The pro forma adjustments are based on the following assumptions:

- The acquisition of ECI by EGSA was effective 1 January 2006. This acquisition was partially financed through high yield bonds issued on 9 May 2006 for a total value of €550 million. The related interests have been recognised in the net financing cost for the period starting from 1 June till 31 December 2006. Pro forma adjustments have been made to recognise the interest costs related to the first 5 months of 2006.
- The consolidation entries of Vanguard into Europcar's consolidation perimeter are based on the actual transaction that occurred on closing date (28 February 2007), including:
- A purchase price paid for €241.0 million, of which an Equity value of €222.5 million and intercompany receivables for €18.5 million, according to the SPA dated 10 November 2006 (page 11)
- The Intercompany receivables have been fully written-off to retained earnings as they will not be paid as agreed in the SPA.
- The elimination of the purchase price net of intercompany receivables with the net equity value of Vanguard is provisionally recognised as goodwill.
- The difference between the equity value (€222.5 million) and the total Equity at 31 December 2006 has been recognised provisionally as a goodwill. Management is confident that any adjustment to those provisional values will be recognised within twelve months of the acquisition date as allowed by IFRS 3.
- The acquisition of Vanguard by Europcar is planned to be fully financed by the extension of the High Yield bonds with a total nominal value of €250 million.
- The excess of financing obtained through the bond issuance over the equity value is used to finance the transaction costs up to €7.5 million, the costs related to the bond issuance for

€6.5 million and the remaining (€5.8 million) remained in cash and cash equivalent. It is assumed that the transaction costs will be fully capitalised and the costs related to the bond issuance have been presented as a reduction of the debt, net of the amortization charge amounting to €0.8 million for FY06.

- The net financing cost as reported in the attached income statement reflects the additional cost that the pro forma group would have supported should the acquisition and related financing structure occurred as at 1 January 2006. Further information regarding this additional cost is presented later on.

Net financing cost

As previously mentioned, the pro forma accounts do reflect the additional financial cost that would result from the new financing structure as at 1 January 2006. The additional financing cost that would have resulted from the acquisition of Vanguard by Europcar as at 1 January 2006 would have been as follows:

	Pro forma EGSA	Vanguard[6]	Pro forma	EGSA / VG
Net financing costs[1]	119.6	26.1	—	145.7
Additional fleet cash interest[2]	3.4	—	—	3.4
The Existing Notes[3]	18.6	—	—	18.6
Senior Revolving Credit Facility[5]	1.1	—	—	1.1
The Additional Notes offered hereby[4]	—	—	19.5	19.5
Pro forma net financing cost	**142.7**	**26.1**	**19.5**	**188.3**

(1) As per the pro forma financial information

(2) Interest expense incurred under the new financial structure based on the weighted average of 1 month EURIBOR plus a margin of 85 basis points and the net effect of the 5 year swap rate as at 1 January 2006. Interest expense also includes commitment fees of 0,30% for the funds not used. The detail of the additional fleet cash interest is as follows:

— Interest rate (85bp)	€3.2m
— Interest rate swap	€(0.6)m
— Non utilisation fees	€0.8m
Total	€3.4m

(3) The additional financial interests on the existing notes issued as at 9 May 2006 have been calculated over the period 1 January 2006 to 31 May 2006 and using an interest rate of 8.125% and a debt of €550 million.

(4) The additional financial interests on the notes to be issued have been calculated over the period 1 January 2006 to 31 December 2006 and using an interest rate of 7.487% and a debt of € 250 million. The financing cost on additional notes offered hereby also includes the amortization of transaction costs related to the bond issuance for €0.8 million.

(5) Based on 3 month EURIBOR plus a margin of 175 basis points per annum on an estimated average drawdown of the Senior Revolving Credit Facility of €39.6 million for the year 2006. The detail of the additional interest resulting from the Senior Revolving Credit Facility is as follows:

— Interest rate (175bp)	€0.7m
— Non utilisation fees	€0.4m
Total	€1.1m

(6) The financing structure of Vanguard is based on "tax-based" leases and will not change subsequently to the acquisition by Europcar. Therefore, no pro forma adjustment on the net financing cost was deemed necessary.

Royalties

Vanguard paid royalties to its US parent during the fiscal year 2006. These royalties have been eliminated in the pro-forma adjustments for a total value of €13.2 million (or €9.2 million net of tax). The royalties that would have been paid to Europcar should the acquisition occurred on 1 January 2006 have not been presented in the pro forma financial statements. Such royalties would be eliminated through the consolidation process and therefore would not have impacted the pro-forma financial information.

Unaudited pro forma financial information

Appendix 1: pro forma balance sheet

As at 31 December	EGSA 7-months	ECI 12-months	Pro-forma adj. Conso.	Pro-forma adj. Financing cost	EGSA Consolidated	Vanguard EMEA 12-months	Acquisition entries	Consolidation entries	Pro-forma adj. W/O Interco as / SPA	Pro-forma adj. Payment of Acq. costs	Vanguard US	Financing Cost	Pro forma 31 Dec 06
						in thousands of euros							
Assets													
Property, plant and equipment	—	74 011	—	—	74 011	24 099	—	—	—	—	—	—	98 110
Intangible assets	25 000	34 995	925 627	—	985 622	1 819	—	155 838	—	7 480	—	—	1 150 760
Other investments	1 256 693	7 326	(1 256 693)	—	7 326	675	222 454	(222 454)	—	—	—	—	8 001
Deferred tax assets	21 722	23 687	(8 325)	—	37 084	—	—	—	—	—	—	—	37 084
Total non-current assets	1 303 415	140 019	(339 391)	—	1 104 043	26 593	222 454		—	7 480	—	—	1 293 955
Inventories	—	10 328	—	—	10 328	2 562	—	—	—	—	—	—	12 890
Other investments	—	15 914	(13 848)	—	2 066	—	—	—	—	—	—	—	2 066
Income tax receivable	4 144	22 000	(5 517)	—	20 627	—	—	—	—	—	—	—	20 627
Rental fleet	—	2 168 195	—	—	2 168 195	480 331	—	—	—	—	—	—	2 648 526
Trade and other receivables	11 280	883 573	(886)	—	893 967	145 616	18 546	—	(18 546)	—	—	—	1 039 583
Cash and cash equivalents	5 241	224 183	—	(15 330)	214 094	61 543	19 781	—	—	(14 000)	9 239	(12 424)	278 233
Total current assets	20 665	3 324 193	(20 251)	(15 330)	3 309 277	690 052	38 327	—	(18 546)	(14 000)	9 239	(12 424)	4 001 925
Total assets	1 324 080	3 464 212	(359 642)	(15 330)	4 413 320	716 645	260 781	(66 616)	(18 546)	(6 520)	9 239	(12 424)	5 295 880

EGSA standalone figures relate to the period 9 March 2006 (incorporation date) through 31 December 2006.

Appendix 1: pro forma balance sheet (continued)

As at 31 December	EGSA 7-months	ECI 12-months	Pro-forma adj. Conso.	Pro-forma adj. Financing cost	EGSA Consolidated	Vanguard EMEA	Acquisition Entries	Consolidation entries	Pro-forma adj. W/O Interco as / SPA	Pro-forma adj. Payment of Acq. costs	Vanguard US	Financing Cost	Pro forma 12-months
	In thousands of euros												
Equity													
Share capital	778 385	110 000	(110 000)	—	778 385	1	—	(1)	—	—	—	—	778 385
Share premium	3 216	212	(212)	—	3 216	627	—	(627)	—	—	—	—	3 216
Reserves	—	10 849	(1 107)	—	9 742	51 930	—	(51 930)	—	—	—	—	9 742
Retained earnings	(18 140)	253 909	(219 748)	(15 330)	691	14 058	—	(14 058)	(18 546)	—	9 239	(12 968)	(21 584)
Total equity attributable to the equity holders of the company	763 461	374 970	(331 067)	(15 330)	792 034	66 616	—	(66 616)	(18 546)	—	9 239	(12 968)	769 759
Minority interests	—	24	—	—	24	—	—	—	—	—	—	—	24
Total equity	763 461	374 994	(331 067)	(15 330)	792 058	66 616	—	(66 616)	(18 546)	—	9 239	(12 968)	769 783
Liabilities													
Borrowings	532 709	4 776	—	—	537 485	16 317	260 781	—	—	(6 520)	—	544	808 608
Derivatives	—	139	—	—	139	—	—	—	—	—	—	—	139
Employee benefit	325	62 690	—	—	63 015	867	—	—	—	—	—	—	63 882
Provisions	—	759	—	—	759	755	—	—	—	—	—	—	1 514
Deferred tax liabilities	8 324	11 328	(8 324)	—	11 328	16 914	—	—	—	—	—	—	28 242
Total non-current liabilities	541 358	79 692	(8 324)	—	612 726	34 853	260 781	—	—	(6 520)	—	544	902 385
Borrowings	9 605	2 156 260	(12 000)	—	2 153 865	454 091	—	—	—	—	—	—	2 607 956
Income tax payable	1 335	14 528	(5 533)	—	10 330	137 37	—	—	—	—	—	—	24 066
Trade and other liabilities	8 321	795 237	(2 718)	—	800 840	125 540	—	—	—	—	—	—	926 380
Provisions	—	43 501	—	—	43 501	21 809	—	—	—	—	—	—	65 310
Total current liabilities	19 261	3 009 526	(20 251)	—	3 008 536	615 176	—	—	—	—	—	—	3 623 712
Total liabilities	560 619	3 089 218	(28 575)	—	3 621 262	650 030	260 781	—	—	(6 520)	—	544	4 526 097
Total equity and liabilities	1 324 080	3 464 212	(359 642)	(15 330)	4 413 320	716 645	260 781	(66 616)	(18 546)	(6 520)	9 239	(12 424)	5 295 880

EGSA standalone figures relate to the period 9 March 2006 (incorporation date) through 31 December 2006.

Appendix 2: pro forma income statement

As at 31 December	EGSA 7-months IFRS	ECI 12-months IFRS	Pro-forma adj. Conso.	Pro-forma adj. Financing cost	EGSA Consolidated IFRS	Vanguard EMEA 12-months IFRS	Pro-forma adj. Vanguard US	Pro-forma adj. (Debt / Add-on)	Pro forma 31 Dec 06
					in thousands of euros				
Revenue	597	1 468 737	(36)	—	1 469 298	359 425	—	—	1 828 723
Fleet holding costs	—	(347 381)	—	—	(347 381)	(94 586)	—	—	(441 967)
Fleet, rental and revenue related costs	—	(515 449)	—	—	(515 449)	(74 102)	—	—	(589 551)
Personnel costs	(4 921)	(250 595)	56	—	(255 460)	(92 601)	—	—	(348 061)
Network and Headquarter overheads	(2 570)	(195 153)	(2)	—	(197 725)	(59 687)	13 199	—	(244 213)
Depreciation, amortisation & impairment charges	—	(15 730)	—	—	(15 730)	(5 487)	—	—	(21 217)
Other income — net	1 583	29 164	(18)	—	30 729	12 323	—	—	43 052
Operating profit	(5 311)	173 593	—	—	168 282	45 286	13 199	—	226 767
Financial income	591	12 606	(135)	—	13 062	5 015	—	—	18 077
Financial expenses	(32 703)	(100 067)	135	(23 095)	(155 730)	(31 106)	—	(19 536)	(206 372)
Net financing costs	(32 112)	(87 461)	—	(23 095)	(142 668)	(26 091)	—	(19 536)	(188 295)
Profit before tax	(37 423)	86 132	—	(23 095)	25 614	19 195	13 199	(19 536)	38 472
Income tax expense	19 288	(35 709)	—	7 765	(8 656)	(8 779)	(3 960)	6 568	(14 827)
Profit/(Loss) for the period	(18 135)	50 423	—	(15 330)	16 958	10 416	9 239	(12 968)	23 645
Attributable to:									
Equity holders of the company	(18 135)	50 392	—	(15 330)	16 927	10 416	9 239	(12 968)	23 614
Minority interest	—	31	—	—	31	—	—	—	31
Profit for the period	(18 135)	50 423	—	(15 330)	16 958	10 416	9 239	(12 968)	23 645

EGSA standalone figures relate to the period 9 March 2006 (incorporate date) through 31 December 2006.

Appendix 3: pro forma cash flow statement

	EGSA (stats) 31 Dec 06	ECI 31 Dec 06	Conso. Adjustments 31 Dec 06	Financing costs adjustments	EGSA (Conso) 31 Dec 06	Vanguard EMEA 31 Dec 06	Pro forma Adjustments Acquisition	Financing costs adjustments	Vanguard US adjustments	Pro forma 31 Dec 06
Result before tax	**(37 424)**	**86 132**	—	**(23 095)**	**25 613**	**19 195**	—	**(19 536)**	**13 199**	**38 471**
Depreciation & impairment loss on PP&E. .	—	13 117	—	—	13 117	4 638	—	—	—	17 755
Amortization exp. & Impairment loss on assets	—	2 613	—	—	2 613	713	—	—	—	3 326
(Reverse of) impairment loss	—	(833)	—	—	(833)	—	—	—	—	(833)
Result on disposal of PPE and intangible assets	—	79	—	—	79	—	—	—	—	79
Derivatives	—	138	—	—	138	—	—	—	—	138
Total net interests costs	32 112	90 810	—	23 095	146 017	27 882	—	19 536	—	193 435
Gain on sale of financial instruments	—	(8 247)	—	—	(8 247)	—	—	—	—	(8 247)
Change in fair value of financial instruments	—	—	—	—	—	(269)	—	—	—	(269)
Dividends received	—	(404)	—	—	(404)	—	—	—	—	(404)
Depreciation of financial assets	—	500	—	—	500	—	—	—	—	500
Result on disposal of financial assets	—	(1 174)	—	—	(1 174)	—	—	—	—	(1 174)
Other items	—	6 731	—	—	6 731	—	—	—	—	6 731
Gain/(loss) on foreign exchange difference .	25	(766)	—	—	(741)	775	—	—	—	34
Other items (rounding)	—	11	—		11	—	—	—	—	11
Financing Cost	**32 137**	**87 461**	—	**23 095**	**142 693**	**28 388**	—	**19 536**	—	**190 617**
Operating profit before ch. in working cap. & pro	**(5 287)**	**188 707**	—	—	**183 420**	**52 933**	—	—	**13 199**	**249 552**
Changes in inventories	—	2 935	—	—	2 935	(379)	—	—	—	2 556
Changes in Rental Fleet	—	86 312	—	—	86 312	30 523	—	—	—	116 835
Changes in Trade and other receivable	(11 280)	(88 018)	886	—	(98 412)	13 809	—	—	—	(84 603)
Changes in liabilities (excl. Borrowings)	8 321	(118 510)	(2 718)	—	(112 907)	9 558	—	—	—	(103 349)
Changes in Provisions and Employee benefits	325	14 514	—	—	14 839	(3 495)	—	—	—	11 344
Cash generated from the operations	**(7 921)**	**85 940**	**(1 832)**	—	**76 187**	**102 949**	—	—	**13 199**	**192 335**
Dividends received	—	404	—	—	404	—	—	—	—	404
Interest paid	(32 703)	(100 919)	—	(23 095)	(156 717)	(28 646)	—	(18 716)	—	(204 080)
Income taxes paid	3 084	(27 634)	(16)	7 765	(16 801)	(2 015)	—	6 292	(3 960)	(16 484)
Net cash-flows from operating activities	**(37 540)**	**(42 209)**	**(1 848)**	**(15 330)**	**(96 928)**	**72 288**	—	**(12 424)**	**9 239**	**(27 824)**

Appendix 3: pro forma cash flow statement (continued)

	EGSA (stats) 31 Dec 06	ECI 31 Dec 06	Consolidation Adjustments 31 Dec 06	Financing costs adjustments	EGSA (Conso) 31 Dec 06	Vanguard EMEA 31 Dec 06	Pro forma Adjustments Acquisition	Financing costs adjustments	Vanguard US adjustments	Pro forma 31 Dec 06
Other investments	—	(18 162)	13 848	—	(4 314)	—	—	—	—	(4 314)
Acquisitions of tangible and intangible assets	(25 000)	(25 400)	—	—	(50 400)	(822)	—	—	—	(51 223)
Proceeds from disposal of fixed assets	—	2 413	—	—	2 413	5 443	—	—	—	7 856
Proceeds from disposal of financial assets	—	10 162	—	—	10 162	—	—	—	—	10 162
Acquisition of subsidiary, net of cash acquired	(1 256 693)	(27 070)	—	48 704	(1 235 059)	—	(205 369)	—	—	(1 440 428)
Disposal of subsidiary, net of cash disposed of	—	36 834	—	—	36 834	—	—	—	—	36 834
Interest received	591	2 384	—	—	2 975	1 797	—	—	—	4 772
Dividend payment	—	(148 000)	—	—	(148 000)	—	—	—	—	(148 000)
Net Cash-flows from investing activities	**(1 281 102)**	**(166 839)**	**13 848**	**48 704**	**(1 385 389)**	**6 418**	**(205 369)**	—	—	**(1 584 340)**
Proceeds from issue of share capital	781 600	—	—	—	781 600	—	—	—	—	781 600
Proceeds from issuance of secured & unsecured notes	555 256	—	—	—	555 256	—	260 781	—	—	816 037
Change in borrowings dedicated to fleet financing	—	384 528	—	—	384 528	(52 794)	—	—	—	331 734
Payment of transaction costs	(24 973)	—	—	—	(24 973)	—	(14 000)	—	—	(38 973)
Other financing	12 000	—	(12 000)	—	—	—	—	—	—	—
Net Cash flows from financing activites	**1 323 883**	**384 528**	**(12 000)**	—	**1 696 411**	**(52 794)**	**246 781**	—	—	**1 890 399**
Cash and cash equivalent at Closing	5 241	224 183	—	(15 330)	214 094	61 543	5 781	(12 424)	9 239	278 233
Cash and cash equivalent at Opening	—	48 704	—	(48 704)	—	35 631	(35 631)	—	—	—
Effect of exchange rate fluctuation on cash held	—	—	—	—	—	—	—	—	—	—
Net increase (decrease) in cash and cash equivalent	**5 241**	**175 479**	—	**33 374**	**214 094**	**25 912**	**41 412**	**(12 424)**	**9 239**	**278 233**

EGSA standalone figures relate to the period 9 March 2006 (incorporation date) through 31 December 2006.

Appendix 4: IFRS adjustments

Vanguard balance sheet	31-Dec-06	Carry Over From FY05	Elimination Interco w/ affiliates	IFRS adjustments: IAS 16 PP&E	IAS 19 Holiday Pay	IAS 21 / IFRS 1	IAS 28 Invest.	IFRS 2 Share based payments	IAS 39 Derivative	IAS 38 Int. Assets	IAS 17 Rental Fleet	Allocation to Provisions	IAS 12 Deferred Taxes	£' 000 31-Dec-06
				In £' 000										
Assets														
Property, plant and equipment	340 391	—	—	(444)	—	—	—	—	—	(1 221)	(322 542)	—	—	16 183
Intangible assets	—	—	—	—	—	—	—	—	—	1 221	—	—	—	1 221
Other investments	50	(4)	—	417	—	—	(9)	—	—	—	—	—	—	453
Deferred tax assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total non-current assets	**340 441**	**(4)**	—	**(27)**	—	—	**(9)**	—	—	—	**(322 542)**	—	—	**17 857**
Inventories	1 720	—	—	—	—	—	—	—	—	—	—	—	—	1 720
Other investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income tax receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental Fleet	—	—	—	—	—	—	—	—	—	—	322 542	—	—	322 542
Trade and other receivables	97 755	—	—	27	—	—	—	—	—	—	—	—	—	97 782
Cash and cash equivalent	41 326	—	—	—	—	—	—	—	—	—	—	—	—	41 326
Total current assets	**140 801**	—	—	**27**	—	—	—	—	—	—	**322 542**	—	—	**463 371**
Total assets	**481 242**	**(4)**	—	—	—	—	**(9)**	—	—	—	—	—	—	**481 228**

Appendix 4: IFRS adjustments (continued)

Vanguard balance sheet (Continued)	31-Dec-06	Carry Over From FY05	Elimination Interco w/ affiliates	IFRS adjustments: IAS 16 PP&E	IAS 19 Holiday Pay	IAS 21 / IFRS 1	IAS 28 Invest.	IFRS 2 Share based payments	IAS 39 Derivative	IAS 38 Int. Assets	IAS 17 Rental Fleet	Allocation to Provisions	IAS 12 Deferred Taxes	£' 000 31-Dec-06
				In £' 000										
Equity	**—**	**0**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Liabilities and provisions	**—**	**0**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Share capital	1	—	—	—	—	—	—	—	—	—	—	—	1	—
Capital contribution	—	1 862	—	—	—	—	—	(1 442)	—	—	—	—	—	421
Reserves	35 390	(873)	—	—	—	359	(5)	—	—	—	—	—	—	34 871
Retained earnings	12 318	664	—	—	5	(359)	(4)	(421)	(184)	—	—	—	(2 579)	9 440
Total equity attributable to equity holders of the company	**47 709**	**1 654**	**—**	**—**	**5**	**—**	**(9)**	**(1 862)**	**(184)**	**—**	**—**	**—**	**(2 579)**	**44 732**
Minority	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total equity	**47 709**	**1 654**	**—**	**—**	**5**	**—**	**(9)**	**(1 862)**	**(184)**	**—**	**—**	**—**	**(2 579)**	**44 732**
Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowings	10 957	—	—	—	—	—	—	—	—	—	—	—	—	10 957
Employee benefits	582	—	—	—	—	—	—	—	—	—	—	—	—	582
Provisions	14 044	—	—	—	—	—	—	—	—	—	—	(13 537)	—	507
Deferred tax liabilities	8 779	—	—	—	—	—	—	—	—	—	—	—	2 579	11 358
Total non-current liabilities	**34 362**	—	—	—	—	—	—	—	—	—	—	**(13 537)**	**2 579**	**23 404**
Borrowings	304 922	—	—	—	—	—	—	—	—	—	—	—	—	304 922
Income tax payables	9 224	—	—	—	—	—	—	—	—	—	—	—	—	9 224
Trade and other payables	84 260	(2 005)	—	—	—	—	—	1 862	184	—	—	—	—	84 300
Provisions	766	346	—	—	(5)	—	—	—	—	—	—	13 537	—	14 644
Total current liabilities	**399 172**	**(1 659)**	**—**	**—**	**(5)**	**—**	**—**	**1 862**	**184**	**—**	**—**	**13 537**	**—**	**413 091**
Total liabilities	**433 534**	**(1 659)**	**—**	**—**	**(5)**	**—**	**—**	**1 862**	**184**	**—**	**—**	**—**	**2 579**	**436 495**
Total equity and liabilities	**481 242**	**(5)**	**—**	**—**	**—**	**—**	**(9)**	**—**	**—**	**—**	**—**	**—**	**—**	**481 228**

Appendix 4: IFRS adjustments (continued)

Vanguard Income statement	31-Dec-06	Adjustments Europcar's Presentation Standards	Elimination Interco. w/ affiliates	IFRS adjustments: IAS 16 PP&E	IAS 19 Holiday Pay	IAS 21 / IFRS 1	IAS 28 Invest.	IFRS 2 Share based payments	IAS 39 Derivative	IAS 38 Int. Assets	IAS 17 Rental Fleet	Allocation to Provisions	IAS 12 Deferred Taxes	£' 000 31-Dec-06
							£' 000							
Revenue	**275 046**	**(29 963)**	**(26)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**245 058**
Fleet holding costs	(71 326)	6 837	—	—	—	—	—	—	—	—	—	—	—	(64 489)
Fleet, rentals and revenue related costs	(81 729)	31 207	—	—	—	—	—	—	—	—	—	—	—	(50 523)
Personnel costs	(63 344)	495	—	—	5	—	—	(291)	—	—	—	—	—	(63 136)
Network and headquarters overheads	(22 660)	(18 035)	—	—	—	—	—	—	—	—	—	—	—	(40 695)
Depreciation, amortisation & impairment	(3 761)	20	—	—	—	—	—	—	—	—	—	—	—	(3 741)
Other income — net	(1)	8 403	—	—	—	—	—	—	—	—	—	—	—	8 402
Operating profit	**32 225**	**(1 037)**	**(26)**	**—**	**5**	**—**	**—**	**(291)**	**—**	**—**	**—**	**—**	**—**	**30 876**
Financial income	1 206	2 188	26	—	—	—	—	—	—	—	—	—	—	3 420
Financial expenses	(19 619)	(1 151)	—	—	—	(251)	(4)	—	(184)	—	—	—	—	(21 208)
Net financing costs	**(18 413)**	**1 037**	**26**	**—**	**—**	**(251)**	**(4)**	**—**	**(184)**	**—**	**—**	**—**	**—**	**(17 789)**
Profit before tax	**13 812**	**—**	**—**	**—**	**5**	**(251)**	**(4)**	**(291)**	**(184)**	**—**	**—**	**—**	**—**	**13 087**
Income tax expenses	(6 308)	—	—	—	—	—	—	—	—	—	—	—	323	(5 985)
Profit for the period	**7 504**	**—**	**—**	**—**	**5**	**(251)**	**(4)**	**(291)**	**(184)**	**—**	**—**	**—**	**323**	**7 102**
Attributable to	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity holders of the company	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minority interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit for the period	**7 504**	**—**	**—**	**—**	**5**	**(251)**	**(4)**	**(291)**	**(184)**	**—**	**—**	**—**	**323**	**7 102**

Appendix 4: IFRS adjustments (continued)

IFRS 1: First time adoption

The IFRS accounts have been prepared for the offering memorandum as part of the issuance of the high yield bond. These special purpose accounts present the result of Europcar and Vanguard for the year ended 31 December 2006 as if Vanguard were part of the group at that date. Europcar has prepared its accounts under IFRS for many years and therefore has not had to make decisions regarding first time adoption.

Due to the difficulty in obtaining some of the information which would be required to present Vanguard numbers under IFRS on the basis that they had always been prepared under IFRS, it has been necessary to consider the exemptions available under IFRS1 when presenting the opening balance sheet at 1 January 2005. Each exemption available under this standard has been considered in turn:

- *Business combinations:* A first time adopter may elect not to apply IFRS3 *Business Combinations* retrospectively to past acquisitions (i.e. to those acquisitions before the transition date). In this case the transition date is 1.1.05 and so if applied this exemption would apply to any business combinations entered into before that date. Vanguard acquired the assets of ANC Rental Corporation (Holdings) Limited and its subsidiaries in 2003. Due to the complexities involved in applying IFRS3 it was proposed that this exemption be taken.
- *Fair value or revaluation as deemed cost:* An entity can elect to value an item of PP&E at fair value at the date of transition to IFRS and use that valuation as "deemed cost". Alternatively an entity may use a previous GAAP valuation as deemed cost—this is not applicable to Vanguard as all assets are at historical cost.
- *Employee benefits:* This is relevant where the corridor approach is taken under IAS 19. As this is not the policy adopted by Europcar (was changed in 2005), this exemption is therefore not applicable.
- *Cumulative translation differences:* Under IAS 21 an entity is required to record some translation differences as a separate component of equity and to transfer these to the income statement on disposal of the foreign investment. This exemption allows an entity to set the foreign exchange reserve at zero on the date of transition and consequently allows an entity to exclude exchange gains/losses that pre-date the transition from the transfer to the income statement on disposal. Given the difficulty in calculating what the balance would be on the foreign exchange reserve at the date of transition, it was proposed that this exemption be taken in preparing the consolidated accounts for Vanguard under IFRS.
- *Compound financial instruments:* if an entity has a compound instrument where the liability part is no longer outstanding at the date of transition to IFRS, then this exemption allows for entity to not split the instrument into its component parts. No compound instruments have been identified and therefore this has been deemed not applicable.
- *Assets and liabilities of subsidiaries, joint ventures and associates:* This exemption applies to the situation where a subsidiary, joint venture or associate becomes an adopter of IFRS at a different time to its parent. This does not apply to the special purpose financial statements.
- *Designation of previously recognised financial instruments:* This allows an entity to designate certain financial assets and financial liabilities as available for sale/fair value through profit or loss at the transition date. This has been taken and assets/liabilities have been designated at transition date.
- *Share based payment transactions:* An adopter is encouraged but not required to apply IFRS2 to equity instruments that were granted on or before 7 November 2002. An adopter is also encouraged but not required to apply IFRS2 to equity instruments that were granted after 7 November 2002 but which vested before the later of a) transition to IFRS and b) 1 January 2005. Similar exemptions are available for liabilities arising from share based payments. This exemption has not been taken.

- *Insurance contracts:* An entity may apply the transitional provisions in IFRS4 Insurance contracts. However our review of insurance contracts did not highlight the need for any adjustments, therefore this is not applicable to Vanguard.
- *Decommissioning liabilities included in the cost of PP&E:* This provides an entity exemption from the requirement to account for changes in decommissioning, restoration or similar liabilities which occurred before the transition date. This exemption has been taken.
- *Leases:* This allows a first time adopted to apply the transitional provisions of IFRIC4. Therefore it allows them to determine whether an arrangement existing at the date of transition to IFRSs contains a lease based on the facts and circumstances at that date. No such arrangements have been identified therefore this has been deemed not applicable to Vanguard.
- *Fair value measurement of financial assets or financial liabilities at initial recognition:* This allows an entity to apply the requirements of the last sentence of IAS39 paragraph AG76 an AG76A prospectively. This has been deemed not applicable in the case of the swap agreements.

IAS 16: Property, Plans and equipments

Vanguard accounts for premiums paid on leaseholds as tangible assets. Under IFRS, these premiums have been reclassified as prepaid.

IAS 17: Leases

Under IFRS, Vanguard accounts for the vehicles as operating leases and derecognise the fixed assets. The amount of the buy back is shown in receivables. The transaction to refinance the vehicles continues to be accounted for separately as a financing transaction. In arriving at this opinion, Vanguard has considered IAS 17 "Leases" which requires that leases should be accounted for in accordance with their commercial substance. Vanguard's assessment is that the arrangement is in substance an operating lease, as the manufacturer does not transfer significant risks and rewards of ownership to Vanguard, because

- Vanguard uses the cars for only a short period of the economic life of the asset
- The residual value et the end of the agreement is significant and
- Vanguard is not exposed to any significant residual value risk.

IAS 19: Employee benefits

The adjustment consists in accruing holiday pay for Vanguard's employees, which is not accrued for under UK GAAP. No adjustment has been recorded regarding the obligation for defined post-retirement benefits.

IFRS 2: Stock based compensation

Stock based compensation arrangements are in place for 2 of the UK directors. Since a business combination that occurred in 2003, Vanguard has accrued for these costs along with the share based compensation for several of the US directors (where this was considered to relate to services they provided to the UK business). This was accrued on the basis that it was understood at the time that there would be settlement of these amounts between the US and UK businesses at the time of vesting. During 2006 it was identified that there will never be a settlement of these amounts and that this was really just a recharge for management accounts purposes only. The cumulative accrual has therefore been reversed in the 2006 stats (as an exceptional item in the current year—not as a prior year adjustment). However, a charge is required for the UK directors under UK GAAP and this has been accounted for as a change in accounting policy and therefore a prior year adjustment in the 2006 UK statutory accounts. The transaction has been classified as equity settled and therefore a capital contribution from the parent has been recognised.

IAS 28: Investment in associates

Investments in associates have been accounted for under the Equity method.

IAS 38: Intangible assets

Vanguard accounts for all its project-related costs under tangible assets, if the costs do qualify for capitalisation according to IFRS. Some of these costs are related to software and therefore have been reclassified under intangible assets

IAS 39: Financial instruments

This reflects adjustments recorded on derivative instruments, which do not qualify for hedge accounting. As a consequence, changes in fair value have been recognised to earnings. Recognition of financial assets and liabilities on the balance sheet did not lead to any adjustments.

IAS 12: Deferred taxes

The adjustments recorded under IAS 12 consist of the tax effects of the translation adjustments presented above.

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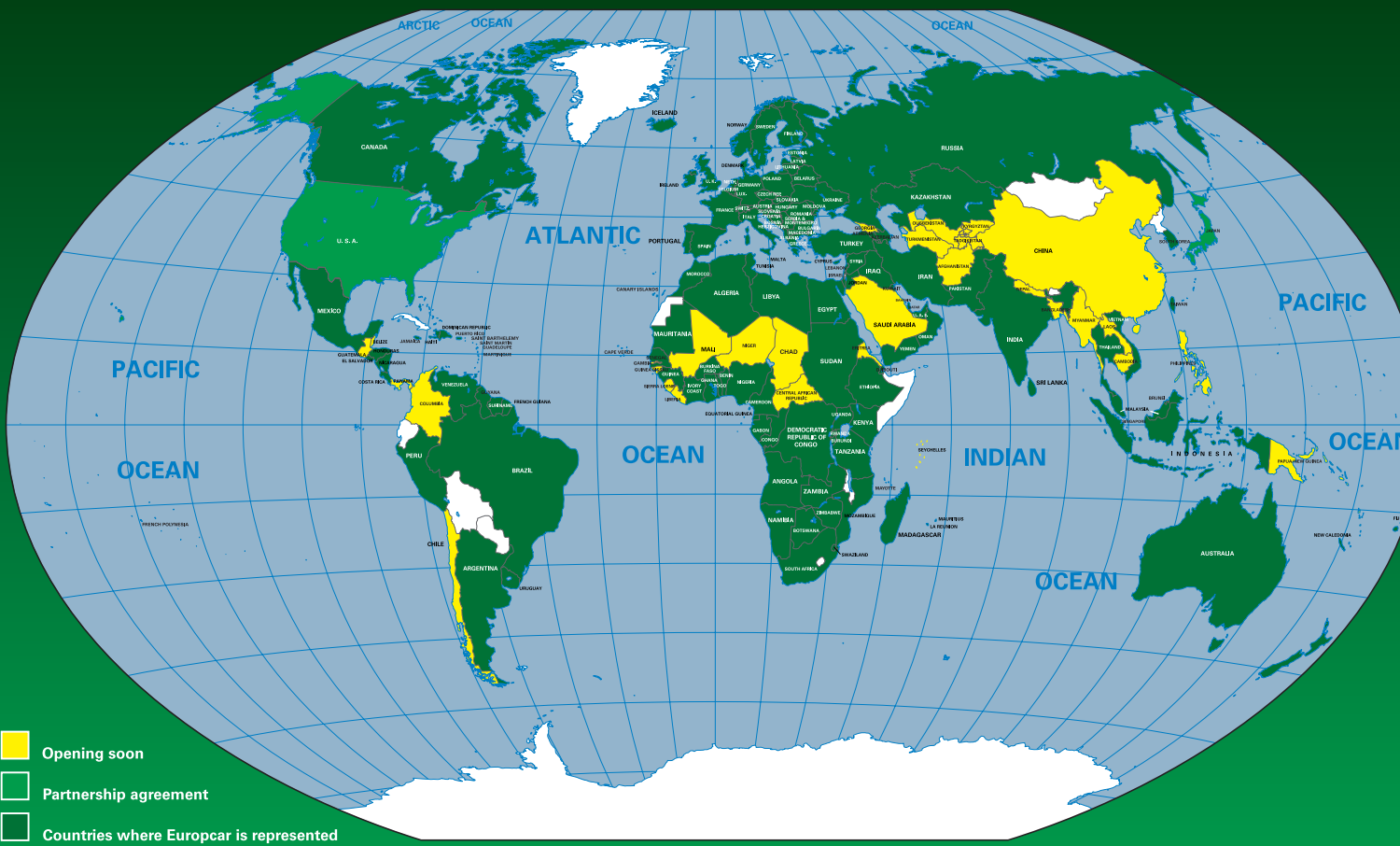

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TABLE OF CONTENTS

	Page
Summary	1
Risk Factors	24
Europcar Group	45
Use of Proceeds	47
Capitalization	48
Selected Unaudited Pro Forma EGSA/Vanguard Financial and Other Information	49
Selected Unaudited Pro Forma EGSA Consolidated Financial Information	50
Selected Unaudited Pro Forma Financial and Other Information — EGSA and Vanguard	51
Management's Discussion and Analysis of Financial Condition and Results of Operations	55
Industry Overview	72
Europcar's Business	75
Vanguard's Business	101
Governmental Regulation and Environmental Matters	104
Management	105
Principal Shareholder	107
Certain Relationships and Related Party Transactions	107
Description of Other Indebtedness	108
Description of the Notes	116
Book-Entry, Delivery and Form	180
Tax Considerations	184
Certain ERISA Considerations	188
Plan of Distribution	191
Notice to Investors	194
ERISA	197
Independent Auditors	198
Legal Matters	198
Where You Can Find Additional Information	198
Enforceability of Certain Civil Liabilities	198
Listing and General Information	200
Summary of Certain Differences between IFRS and U.S. GAAP	204
Index to Financial Statements	F-1
Index to Pro Forma Financial Information	P-1

OFFERING MEMORANDUM

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Europcar Groupe S.A.

The direct parent company of

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