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MANAGEMENT DISCUSSION SECTION

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Thanks, everybody. We'll go ahead and get started with the session.

Our next company, Avis Budget Group, I'm guessing, hoping most of you probably know what they do. I want to introduce Tom Gartland, President of North America; Neal Goldner, VP of Investor Relations. And hopefully, this will be a fireside chat. You can probably see and hopefully have some good questions for Tom, but I think we're going to let Tom start off with a few comments.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

Good morning. Thank you, Chris, appreciate it. Good morning, everyone. I'm Tom Gartland. I have the privilege of leading the North American business for Avis Budget Group.

Share a little bit about our business, we're a five – North America will do $5.5 billion plus in revenue in 2014. We'll deliver 10% EBITDA or better in our business in 2014. We're a little better than 70% of the revenue and the profit of our company.

We had a strong first quarter. We're very pleased with the first quarter that we achieved. In our Avis and Budget car business, excluding Payless and Zipcar, we had 6% revenue, 4% of volume, 2% pricing. We achieved pricing in both our commercial and leisure sector. And we had record EBITDA in each of our business units. Our Avis and Budget car achieved record profitability in the quarter; Payless, the same, record profitability; Zipcar, record profitability; and Truck beat our business plan for the first quarter.

We exceeded all of our strategic initiatives. I'm sure we'll talk about those in the question-and-answer period today. And we're able to accomplish all of this really through the hard work of the 22,000 men and women in North America who overcame some very difficult environmental situations with the coldest and worst winter we've had in 30 years, 100,000 flight cancellations and an Easter switch from March 31, which is a strong – Easter is a strong leisure period for our business that moved from the first quarter into the second quarter.

We had a little preview on the second quarter. We had a very good and very strong April, also helped by the shift of Easter from the 31st of March to April 20. And we had another strong – we had a strong May as well. So, we're very pleased to be here, Chris, and look forward to our fireside chat.

QUESTION AND ANSWER SECTION

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thanks, Tom. Maybe start off just kind of high-level overview, talk a little bit about the current demand and placing environment and maybe how it differs on airport, off airport.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

Well, we're pleased – as we begin the second quarter, we're pleased with the revenue demand that we have both airport and off airport. We believe the revenue and volume impact in the second quarter will be stronger than it was in the first quarter. We believe our pricing in the second quarter will be stronger than it was in the first quarter. We did have a nice effect of the Easter effect but, overall, we're expecting both volume and pricing in Q2 to be stronger.

To give you a perspective on airport and off airport, our airport volume was, in the first quarter, up 4%. [ph] We gave (3:35) guidance that we expect the overall volume to be in the 4% to 6% range. Airport volume in Q1 was 4%. Off-airport volume in Q1 was 6%. Pricing in the off airport was up 5% in the first quarter. So, our off-airport business is now a billion-dollar business and going very, very well and driving incremental both revenue and profit and ancillary sales for the business. So I think we're positioned well, and we're in a good place as we sit here with three weeks left in Q2.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Good. How do you characterize Avis Budget specifically in the industry generally in terms of fleet optimization? Are we in a better place this year versus the last year?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

Are you specifically talking about fleet and what the fleet situation supply and demand in the industry or the way we optimize fleet? Because that's two different...

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Yeah. Maybe start with an industry – your [indiscernible] (4:40) with the industry.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

Well, right now we're in a typical shoulder period in the industry where the industry is preparing for the summer demand. So, everyone has fleet enough for the what we call the 100 days of summer. And so we're getting ready for that right now. But all indications are that the fleet supply-and-demand dynamics within the industry seems right. I don't anticipate that any one provider has too much fleet, or any one provider has not enough fleet. So I think we're all in pretty good shape, and we look forward now to our peak summer demand that's coming within the next week or so.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

Great. Remind us where are you guys currently are in terms of mix of risk versus program cards, and why you believe that's a appropriate level right now? How often or when do you review the mix?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

We maintain about a 65%-30% – well, we currently have about a 65%-35% relationship between risk and repurchase. We believe that allows us to have the correct amount of flexibility to peak for demand, whether it's summer demand or, in certain geographic places like, for instance, in Georgia when it's time for the Masters. So, we manage peak demand periods and we use – turn back fleet to help us manage that efficiently. So, right now, we're at about 65%-35%. It changes depending on what month we're talking about in the year, but on average, that's the way it is.

We look at our fleet – obviously, we look at our fleet on a daily basis. We use a fleet optimization model within the organization that helps us determine whether we should buy a car on a risk basis or buy it on a turn-back basis. And that model gives us good direction. And then, as we negotiate with the OEMs, we're always looking for opportunities. So sometimes, there's an opportunity that comes – that's made available. Maybe one of the competitors had ordered some fleet and didn't take it, and then that fleet becomes available to us on a turn-back basis at an attractive rate.

When that does happen and we're in negotiation with the OEMs, we again run it through the model to make sure we're getting assistance with our optimization model, and then we make the decision. So it's on a constant basis. It heats up a lot more during the negotiation timeframe when we're – for example, this year, making the decisions on the 2015 fleet. And we have a team of people, both our fleet team, fleet distribution team, finance team and myself, that look at it on a monthly basis.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

Good. And then kind of lead to the next question, how are residual values trending? Maybe remind folks why those are important and some the factors that influence them.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

A point of residual value for us on fleet is between $25 million and $30 million. So, if it swings either way – a point swing either way, a residual value has a P&L impact of about $25 million to $30 million so, obviously, critically important.

If we look in the rearview mirror to 2012, the residual values were at an all-time high, 87%. In 2013, residual values came in about 82%, a 5-point drop. And we forecasted for 2014 and we think it's stabilized at about 80%. Residual value is at about 80%.

We've managed that within our strategic initiatives and the way we built our plan. We think right now, as we sit here in the first week in June, that residual values are exactly in line with our 2014 business expectations. In the first quarter, we sold 30,000 risk cars. We've sold another 40,000 in April and May. And by the time we turn the half-year, we'll have sold about 90,000 of our 150,000 risk cars that we plan to sell in 2014. So, we are right in line with our expectations.

I think the important thing, though, on this is that, if you look at a trailing two-year history and residual values [ph] have (9:30) gone from 87% to 80%, we've been able to maintain overall profitability in the organization through our strategic initiatives and through our pricing actions. And it's really why our industry needs a return on its investment to drive pricing, both leisure and commercial pricing, because it's a pretty significant swing when a point's worth $25 million to $30 million. So, I think we're in good shape and we feel good about how we forecasted. And with 90,000 cars sold at this point in the year, I think we're in good shape.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Good. You kind of briefly mentioned it in the prior question, but maybe share with us a few of the tools you guys have in your disposal in terms of the revenue management fleet optimization across the different brands.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

Well, let's begin with fleet. Our fleet is – we have our Avis brand, our Budget brand, our Payless brand and our Zipcar brand. We own the fleet. It's one fleet ownership profile. We use a fleet optimization tool to help us manage that. So, we talk a little bit about [ph] that (10:41) when we decide how much risk fleet are we going to buy versus turn back fleet.

We've had that tool in place for the last three years. We've significantly perfected that tool. And it really helps lead our decision-making process on both mix from a risk turn-back standpoint, make/model mix, when we bring fleet in, when we de-fleet, how long we hold the vehicle. And all of those things are driving optimization and efficiency in our fleet program.

So, we're pleased with that. That model is really that optimization system that we're in our third year now of utilization, and it's definitely helping us. I think we were specific in February that we drove at least $10 million worth of efficiency last year using that model.

From a revenue management and revenue generation standpoint, we've implemented – we're on a three-year path to start a new pricing and yield and demand fleet program. It's a three-year process. We're into the first year. And we've started with pricing robotics and a very sophisticated price robotics system. We're very pleased with what's happened so far. We're in 91 major cities using the new pricing robotics system. And we're just now beginning to look at the yield management piece of that optimization program. So, we're working with our field organization, and we'll significantly enhance the yield management piece of that and our fleet demand profile.

So, it will be the first in the industry. It hasn't been created in our industry, so we'll be the first in the industry to implement. But the first thing that was implemented was the robotics, and we're very, very pleased with what we're seeing so far.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

Good. Well, let's talk for a minute about Zipcar and maybe how it's performed relative to your expectations since acquiring it last year and what are some of the next steps in its evolution.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

Well, we've had the privilege of ownership of the Zipcar brand since March, so it's been just a little bit over a year. In the first year, in our first nine months of ownership at Zipcar, we were able to continue the trend of driving the membership at double-digit rates. We delivered $25 million in EBITDA, which was double the EBITDA ever achieved by that business prior to our acquisition.

In the first quarter of this year, we had double-digit – continue to drive double-digit membership acquisition. We've completely refreshed the entire fleet. Zipcar would hold a car for approximately 24 months and 50,000 miles. We have a strategy that will never allow a Zipcar to be in our fleet for more than 12 months, and so we'll always have the youngest, freshest, newest fleet within that brand and that we've completed the refreshing of the entire fleet population at Zipcar.

We had a record first quarter. We delivered over $6 million in EBITDA in the first quarter. We are fully on track to achieve our synergies of $50 million to $70 million by the end of 2015. We've increased to at least eight new markets domestically. In North America, we've been very successful in our college campus acquisition.

So, we're thrilled. We're absolutely thrilled with the acquisition, with the people that work within Zipcar that are working collaboratively with Avis Budget Group. We are sharing – prior to Memorial Day, we began sharing 1,500 cars. Started at 100, we've picked up in May to over 1,500 cars on a weekend basis. We always said one of the key synergies within Zipcar was the ability to share fleet.

We're now into the summer surge, that period between Memorial Day and Labor Day, where the demand at Zipcar goes up significantly. We've increased the fleet by 2,500 cars in order to meet that demand. We'll launch ONE>WAY, which is for those Zipcar customers that want to make a reservation for less than an hour that may be going from point A to point B. It's a 15-minute trip, not an hourly, one-, two-, three-hour trip. We'll launch ONE>WAY in Boston, will be the first city of launch. We'll do that in August, September.

That is a competitively differentiated model from our competitors that play in the [ph] one-way (15:53) space. We signed a joint partnership with Honda. We're going to use – the ONE>WAY car will be the Honda Fit, which is a superior car, significantly superior car to the competitor who offers [ph] one-way (16:10).

And what's really cool about it is that we'll be the only company that when you take a car from point A to point B, we'll share with you on your smartphone where to park the car, where is the parking availability, what's open and where to park it. That doesn't exist in the industry today, so we're very excited about that.

So, everything we're doing with Zipcar, we're pleased. We'll be moving into France this summer. We'll launch Zipcar in France. We'll launch Zipcar with one of our key licensees in India this year. We're looking at strategic expansion into Australia, New Zealand and in Asia. So, we're very, very excited about the Zipcar acquisition.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

Great. Sounds pretty exciting. And then just remind us of the strategic importance of the Payless brand, in terms of what it allows you to do pricing-wise across Avis and Budget.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

When we acquired Payless in July of last year, it's a very small business. They had 12 corporate locations, about 30 licensee locations. They did revenue of about $84 million. And it was – made zero to $1 million, somewhere between zero and $1 million.

But we feel that it fits in our portfolio as a good, better, best – as part of our good, better, best strategy. And there are customers, leisure consumers primarily, that are looking for an opportunity for a deep-value discount brand. They're willing to – instead of maybe at an on-airport location, they're willing to go off-airport to save a little bit more money and have a different value and service proposition. And we thought it fit really well with Avis as a premium brand, Budget as a mid-tier brand, and then adding Payless as a deep-value discount brand.

We're in about 25 locations today. We had over $6 million of EBITDA in the first quarter. We'll exceed $20 million in EBITDA profitability in 2014. We'll double the volume probably from – the revenue volume from what we acquired.

And most importantly, we've been very strategic in bringing the pricing up in the deep-value discount sector. And the strategy there is to protect the Budget mid-tier pricing proposition and the Avis premium proposition. So, in the first quarter, for example, we were able to lift pricing in Payless by 6%. We looked at a higher rate in April. Obviously, we had the Easter effect in April. So, we continue to use it strategically as a fighter to bring the value sector up, which protects our Budget brand pricing and our Avis brand pricing.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

Good. Are you seeing more customer interest in some of the ancillary add-ons, the GPS, the roadside assistance, the satellite radio and what might some of the future upgrade opportunities be?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

Well, we've struggled – internally, we've talked a lot about GPS, for example. And with the advent of smartphones and so on, did we see a decline in navigation systems or GPS systems? And we've really seen a stabilization of that. So, we've got about a 10% take rate there. It's stayed pretty firm and stable for the last six months to nine months. So, I think those customers that are used to navigation, who want navigation on the dashboard instead of looking like this into a smartphone, are happy with our product offering and it's been pretty stable.

Really exciting new product launch for us is the SiriusXM radio launch. And we've equipped about two-thirds to three-quarters of our vehicles with SiriusXM satellite radio, and we allow the customer to make a decision, do they want to have that entertainment package while they're renting our vehicle? For a nominal fee, they can make that decision. They can push the button that turns it on while they're renting the vehicle and turns it off when they're done. And it has significantly outpaced our expectations, and so we're really thrilled. And the great thing about it is, it's a customer desire. It's something they want and they're willing to pay for and are very pleased and happy to have it as part of the vehicle.

I think the next generation, for me, is using the technology that's going to be available in the car and allowing customers to make technology decisions by simply pressing a button within the car and turning on and turning off different options. And I'll leave it at that, but we're working with the OEMs and some others to create some very exciting opportunities, I think, for our customers moving forward.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Good. Your fleet is well-diversified by manufacturer and model already, but what are some of the things you're looking at in terms of making even more options available, and what are some key customer trends, in terms of what they're looking for?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

Well, we're always – we do a deep dive into what we call Voice of the Customer or net satisfaction of our customer. What we're trying to understand is what make/models do they like, what are the incremental features that they like in a vehicle. It helps guide our purchasing decision on what vehicles we buy from the manufacturers.

But over the last few years, we've shifted our fleet from – our terminology is from strictly a core fleet to core and then premium and then signature fleet. So we actually had branded our top-end signature fleet.

And we know that customers, for many different reasons, are looking for a different mix of vehicle, as they're traveling. There are customers that definitely want to drive BMWs and Mercedes and high-end vehicles. There are many customers that have needs for large SUVs as an example. There are customers that want to drive Corvettes. There are customers who want to drive convertibles. And so we have changed our fleet mix over the last 24 months, and then that's much higher in those areas in both premium and signature fleet than at any time in the history of our company before.

And when we talk about driving both overall profitability and pricing and it comes to mix, that's exactly what we're talking about. Those customers that have [ph] choose (23:32) to step up from a normal car class into either a premium car class or into one of our signature fleet. And that's been a very successful execution for us.

And I think more to come. We're using the feedback that we're getting from the customers through our Voice of the Customer and net satisfaction scores. And we're actually asking them to rate the vehicles, what do they like and what don't they like, and it helps guide us not only in our purchasing but where to place those cars and when to place those cars because there's demand patterns that occur at certain times of the year.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Q

Sure. If you look at it now, do you believe your North American business is kind of at or near peak operating efficiency, or are there things in addition to the kind of the higher time and mileage rates that could boost margins further?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

A

I don't think we're anywhere near optimization at this point. I think there are a lot of opportunities for our company and, in particular, the North American business moving forward. I talked about our demand, fleet pricing, yield model. We're in the one year of a three-year process. I think we still have more work to do on fleet optimization. Our PEx initiative has been part of our overall company for six years and in the North American business, but now PEx is active in our Payless acquisition and in our Zipcar acquisition. So, those are just a few –

our alternative channels of fleet distribution. Two years ago, we used maybe 7% to 10% of our fleet, went through an alternative channel. Today, we're selling 25% of our fleet in that method.

So, I think there's lots of opportunity yet for us to drive efficiency and optimization. We are managing each of those initiatives very thoroughly, and we're looking for the biggest opportunities first, but there's a lot out there yet for us to get.

And we can't rest our laurels on just revenue and pricing. If you look at fleet residuals dropping 7%, we haven't achieved 7% pricing in the last 24 months. So, it is optimization. It is efficiency. It is strategic initiatives, make/model mix and so on that have helped us drive record profit. So, we need to continue that process moving forward. And I'm actually very excited about what we have in the works and in the future.

Chris J. Woronka — Q
Analyst, Deutsche Bank Securities, Inc.

Maybe talk a little bit about customer mix and some of the things you guys are doing in an effort to skew the mix more favorably and how important is corporate accounts versus leisure [ph] across commercial... (26:35)

Thomas M. Gartland — A
President-North American Region, Avis Budget Group, Inc.

Well, we do profitability analysis on every sector in our business. So, we understand the profitability of every sector, and we have strategically made decisions on trade-offs, for example. So, for example, while the opaque business that sometimes during the shareholder period is important to us, we went from two opaque partners to one. And we moved primarily from our premium brand into our mid-tier brand. So, that's a mix shift within channel and within sector.

We've been pretty vocal about our focus on our inbound international buy-in, which is high double-digit profitability and growth for our company over the last 24 months. Small business is another sector that we've been highly focused on, our signature fleet, our premium and signature fleet.

And the commercial sector is very important to us. If you think about our business as a $5.5 billion business here in North America, about $1.5 billion is under contract through the large commercial and midmarket commercial. It's a very important piece of our business. We continue to negotiate and to move that pricing up and work with partners that value the service proposition that we offer. So, those are some of the areas that we're focused on and have been, and I think it's paying off. You can see in both the revenue results and the pricing results that it's paying off for our business.

Chris J. Woronka — Q
Analyst, Deutsche Bank Securities, Inc.

Good. Tell us about the importance of online and mobile booking tools and maybe some of your social media efforts as well and how significant are they now relative to where they could be ultimately.

Thomas M. Gartland — A
President-North American Region, Avis Budget Group, Inc.

Well, we've enhanced our mobile sites for both of our Avis and Budget brands. And the growth in those sites is 7x our growth on our regular website in the last nine months. So, we recognize the importance. We have significantly enhanced our mobile apps. We think our customers are really pleased with what we're offering them. And what we know is that people are making these decisions on the fly. And when they download your app to their phone or their smartphone device, they are a loyal customer, because they're interacting with you through their – either their tablet or their phone device, and we think that's pretty important.

We have technology advancements that are coming out with Zipcar shortly, for example, in our ONE>WAY initiative and will help us, for instance, sign up as a Zipcar member and other things. So, we are definitely focused in this area and we see it as the future. When you have growth of 7X in a period of just nine-month timeframe, that's a pretty significant growth rate.

Social media, we're significantly more invested there than we were just a few years ago. We've added staff to our team. We're monitoring and using both search, and content development and advertising in things like Facebook now, that we didn't do in the past. And we're monitoring and communicating with our customers via social media.

Now, we don't want to bypass customer service. Customer service is an organization that is there and designed to solve problems if there's a customer problem or a change in a reservation, but it is increasingly more important to be able to communicate with customers with speed, if they want to, through social media and Twitter and those kinds of things.

Chris J. Woronka Q
Analyst, Deutsche Bank Securities, Inc.

Great. Well, I'm out of questions. We're not quite out of time yet, so why don't we open it up?

Q

Hi. There's been a lot of consolidation in the North American market, now down to basically three players. Can you talk about your appetite for increasing acquisitions outside of North America? You've made some moves in Europe in the past. What's left in terms of acquisitions, or are there other opportunities for you?

Thomas M. Gartland A
President-North American Region, Avis Budget Group, Inc.

Let me speak about North America specifically. I can give you some general answers about the rest of the world. Then if Neal wants to chime in, I'm happy to have him join us.

What I would say is that we just completed a small tuck-in acquisition of a Budget licensee in Edmonton. So, it was a Budget licensee. It was about $75 million in revenue. And we acquired that business in March of this year. So, we'll continue to look for those opportunities here in North America. We've made the acquisition now of Payless, and that opportunity is through expansion in primarily leisure markets. That's a leisure brand and leisure market. So, there's not a lot of geographic turf left here domestically for us to acquire. But there are still a few, and we'll look at all of those opportunistically.

I think there's more opportunities in the rest of the world. And last year, we did a joint venture acquisition with Brazil, for example, and we'll continue to look for these opportunities globally. But we should think of it as tuck-in acquisitions, $100 million or less, to enhance our global footprint.

Neal, I don't know if you want to add anything?

Neal H. Goldner A
Vice President-Investor Relations, Avis Budget Group, Inc.

No, I think Tom got it. We'll do, we've said publicly that we'll probably – it's unlikely we'll do more than $100 million of tuck-in acquisitions this year, both combination of what we've done in North America and some opportunities. We bought a – we purchased a license in Portugal earlier this year. If you go back to what we've done the last couple of years since we bought Avis Europe, there are a number of countries where Avis was corporate and Budget was not. We've now – I think in almost every location, we have both Avis and Budget as our corporate brands. I think we'll continue to look in for small kind of tuck-in acquisitions that have good economics and that strategically make sense.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

We did acquire a company in New Zealand, Apex, and I think there's expansion for that service offering. It's very different than our Avis, Budget, Payless or Zipcar brands, and it's exciting. And I think there's global expansion opportunities for Apex as well.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

On the residual value side, the Manheim index is usually quoted as an indicator there, but it doesn't necessarily correlate with the residuals that you see. Is there another indicator you can point us to that's better, that we can use to make our models more efficient?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

I wish there was. I truly wish there was. What happens is, the Manheim is a great tool. And if there was a better tool, we'd be using it 18 months in advance of whatever we purchase. But things can fluctuate up and down based on what's happening in the marketplace in supply and demand at that time. So, we try and get it right. We try and think about it. And that's why the fleet optimization tool that we use is so important because it helps us understand when to buy and when to sell and what's the best opportunity for us to do that based on demand peak. So, for example, four-wheel-drive SUVs, now is not the time. But then when you get into October and November, so it's the time of the year, the region of the year and make/model.

And the other thing that happened to us, the manufacturers will make a change in the make/model. And so you have to anticipate that 18 months from now, so when you buy a car today and you say, is it on the horizon that the manufacturer is going to make a change to that vehicle because that lessens the value? So, there isn't really any silver bullet there.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.
Q

And last one for me. Both yourself and one of your large competitors have mentioned the desire to move away from the auction channel to sell cars. What's the optimal level of auction versus retail versus other channels to dispose of your vehicle at the end of your useful life for them?

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.
A

Thank you. Yeah, we're not moving away from the auction channel. I want to be clear because it's an important – it's a very important aspect of our business. But within the disposition side of our business, it's changing, too. Technology is helping us change that. It's helping the industry. So, there are more and more people that are being able to look at a vehicle, look at fleet online. We have all the reports on the fleet and the condition reports, pictures of it. And the last thing is they know our reputation. They know the way in which we deliver the fleet for disposition, and so that's what's really – that's helping us drive the online side of our fleet disposition model.

One thing we are not deal – we have a direct-dealer model, but we haven't invested in bricks and mortar and a retail sales operation and we don't see that in the near future, so – but it's great movement from 7% to 10% just two years ago to 25% now in the last three months. And that will continue to grow, I think, as technology improves and people are more willing to buy your vehicles based on your reputation.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

All right. Well, I had so much fun. So, thank you, Tom, Neal.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

Thank you.

Chris J. Woronka
Analyst, Deutsche Bank Securities, Inc.

Thank you all for coming.

Thomas M. Gartland
President-North American Region, Avis Budget Group, Inc.

Thank you all very much. Thank you, Chris.