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<<Amy Junker, Analyst, Robert W. Baird & Co.>>

Good morning. I think we're going to go ahead and get started. My name is Amy Junker I'm head of the Global Corporate Access Group and Associate Director of Research. It is my pleasure to welcome the management team of Avis Budget Group this morning. Joining us are Larry De Shon, President of International; and Neal Goldner, Vice President of Investor Relations.

Avis Budget Group provides a wide range of vehicle rental and car sharing services through well-known brad such as Avis Budget and Zipcar and now operates in two segments. The Americas including the budget truck rental segment and international. Just quick background on Larry, he assumed the title of President of International. The first of this year overseeing the company's businesses in Europe, the Middle East, Africa, and Asia-Pacific region. He was previously President of EMEA operations and prior to that served as Executive Vice President of Domestic Operations. Before joining Avis, Larry was Senior Vice President of Airports Operations at United Airlines overseeing ground operations logistics, safety, security, customer processing and service in 29 countries.

And with that, I'll hand it over to Larry, who will go over the presentation.

<<Larry De Shon, President of International>>

Super, thank you, and good morning, everyone. So we're going to talk about international region today. In beginning January, we formed into two regions. So now we have the Americas and then basically everything else. So I'm going to talk a little bit about our region the international region, which is the second largest rental car company in Europe and by far the largest rental car company in Australia, New Zealand and the Pacific. And we're going to talk a little bit about the how the market, the major markets are performing so far this year. And even though, the economic reality is such in Europe. There is still opportunities that we are taking advantage of it as well.

So we'll share a little bit about that. And then I would like to talk about the great work our team has been doing to reposition the company. So when the market do turn around in Europe that will be well position for that. So while we're going to get started. I think you guys all know this drill that. There will be some comments made today that maybe forward-looking. These statements are no guarantee of future performance, get pass that. Okay. So first of all the business today, these are the first couple of pages will be about the global businesses. So we can frame that in everyone's mind. We're a leader in global vehicle rental industry with more than 500,000 cars in the fleet, cars in trucks that generate about $35 million transactions and little over $8 billion each year of revenue.

As you can see, we have a diversified revenue source and our brands can be found in more than a 175 countries around the world. If you look at international, you'll see that the international region constitute about $2.5 billion in corporate revenue with the fleet of about 140,000 cars which will be growing to about 165,000 cars this year with two acquisitions that we just did in January and April. And about $8 million transactions. The revenue sources are little bit different internationally than they are in the Americas, as you can see budget which is already a very significant player in the Pacific. We've been working really hard to grow that brand in Europe, when we acquired the company in 2011. Budget only represented 4% of the total volume in Europe and now it represents about 14% of our volume in Europe and that will continue to grow. See you can expect to see double-digit growth on the Budget brand as we continue to work that brand.

Commercial represents about 35% of our revenue and airport rentals represented about 65% of the total business. Europe revenue is about 65% of the total international revenue. A very important for us is our licensee community. We operate of the 123 countries that are in the international region. And 105 of them are operated to our licensee partners. There are very, very few countries where we don't have at least one if not both of our major brands.

In total, our network revenue when we include the revenue that are licensee partners generate along with their corporate revenue is about $4.6 billion almost double that our corporate revenue is. Licensees we really represent an important and stable and recurring source of revenue for us as the royalty income has very little expense against it. So the profitability of the royalty income is quite strong.

Our income from licensees has been growing over the last few years. Where we may have trouble in certain markets from an economic perspective. Other markets are selling, we've had some good growth in the Middle-East and Africa this year and that helps offset other markets that might be a little bit more strain. So it's a very consistent constant kind of revenue growth year-after-year.

This slide, I think is really important to foucs on and as you can see we have a large number of brands in our international region across all the different customer segments. Avis on the premium side and now Budget in Maggiore which is our acquisition I'll talk about in a minute. And the mid-tier side and then we've got Apex and Payless, which is a big opportunity for us to grow on the deep value side and of course they are one of the largest car sharing company.

Globally is our car sharing company will be expanding that as well. So we've got a very nice portfolio brands that meets the needs of our customers no matter what type of rental case they are looking for. And we have a great opportunity to really grow Payless, we've been self focused on growing Budget. Payless is only in about six countries. We are planning another six countries over the next few months to grow Payless and that's just the beginning of that brand. So we have a nice opportunity and lots of our licensee partners are very anxious to have that in their portfolio as well. So Payless has got a nice opportunity to grow across the region. So we'll talk about Maggiore and Zipcar in just a few minutes.

If you take loot at the round sectors if you will. Once again vey well positioned across all the different customers segments. Avis once again in the premier sector and then Budget Maggiore in the mid-tier, with Payless and Apex from the deep-value as well. So the market is very different from North America, it's not more disaggregated if you will, and there is a lots of rental car companies in Europe and individual counties there is independent rental car companies that are quite sizable, we just purchase one of them in Italy. But there is also a version of that in France and Germany and so forth. And then also another difference to North American market is the large broker market. So these are aggregators they distribute car rental across all the different customer segments.

And they particularly provide a cost effective distribution channel for the smaller players as well. In the car share place, beyond Zipcar, the market is defined by manufacturer, car manufacturing ventures with renal car companies. So you have BMW partnering with Sixt with DriveNow product and you have Daimler partnering with Europcar with car2go.

So little bit about the market dynamics of what's going on in the major counties today and I would say it's bit on the even it's still challenge in Europe, as you all are aware. But for different reasons the UK when we acquired the company back in 2011, the UK was loosing a lot of money, and really what we found was that the portfolio of accounts that we have in UK were just not profitable. So we had to really set on a journey to exit out of some of the accounts or renegotiate them when the terms came up, and start replacing that business with more profitable business. So we've taken a very – we taken a country that loosing a lot of money, we've now turned into profitable. The profitable business now we have to grow it with more and more accounts we continue to add to its portfolio. So it's for a very different reason.

Domestically it's been weak, in most of the countries, January and the first half of the February was not good in the rental car market in Europe. The things started to improve as we got into March and April also improved as well. So, I would say domestic demand has been weak in these countries for the most part but inbound is starting to look more positive, particularly in our Southern region counties Italy, Portugal, Spain and France as well. We are expecting to see some nice inbound business coming through particularly this summer, particularly with the dollar strength against the euro, this should be a good inbound business for us this summer. So kind of the customer segments are mixing around, that I would say overall we're starting to see some signs of hope here, as we go forward which will be a good thing.

And we just talk a little bit about really and all the work we've been doing to improve profitability and to really drive sustained growth in the region. I think this chart will probably look familiar to many of you. This is our strategic platform if you will global strategic platform.

And the international region is completely aligned with this, so all the initiatives that we have going in the international region, all support one of the planks of this platform. And that's really what we have been focused on, we have not been focused so much on the fact the economy is down, there is nothing we can do to really change that, we have been focused really on how to prepare the business for the future. How we find the EBITDA value that's in the business today, free that up, get that value going, so that when the economies turns around that we are in a much better place. So we have been working on a number of strategic initiatives to improve profitability, to improve profit margins, I'm going to cover just a few of them.

First one international inbound revenue is up 13% since 2012. This is been a real major focus for us, we have been really changing the culture inside the company to shift away from just focusing on their domestic rentals and getting people really get sell to the network, it is everyone's responsibilities just on to the network, whether its a corporate rental store, whether it's a licensees operation. We want people to support each other. We are stronger as a network if everyone supports each other. So we've been putting the incentives in place, the training in place helping with revenue management, helping with digital acquisition, all the tools that we have corporately we have been sharing with our licensee communities so we get everyone focused into selling into the network, and that's what causing this cross border revenue to improve 13% as you see on this chart.

So there is more opportunity here as we continue to pursuit the big part of our business and now this is the big part of our business it's the most profitable part of our business. So when people travel across borders they tend to buy more of the ancillary products which is that a very good profit margin. So just entry Europe alone represents 35% to 40% of the Europe's business, so it's an important segment and if we can continue to grow like this it's a nice opportunity for us.

Budget, since the end of 2012, we implemented over 80% 2012 was a big growth here for it as well, so once again when we acquired the company it was only 4% of the total volume in Europe, its now 14% and then trying to get to 16% by the end of this year, and we can expect to continue to grow the budget volume in double digits going forward.

We acquired our Budget franchise operation in Italy, Belgium, Luxembourg and Portugal and we add the 250 budget locations in the corporate countries and we have got a number of locations that we will be able to continue to expand the Budget brands. For example there is the very – there is a nice size independent rental car company in France called Rent-A-Car, we have joined into a partnership with them to dual brand their locations with Rent-A-Car and with Budget that will give us an opportunity to grow the budget brand in France by another 150 locations.

We just acquired Maggiore. Maggiore has got a network of 140 stores in Italy. We'll be able to look opportunities to dual brand Budget and many of those stores as well in Italy. So once again, just really rounding up the network and getting Budget, budgets awareness up in the European environment. We also leverage our partnerships like Lufthansa, Iberia, which was Avis partnership. We've been able to leverage them and bring our Budget brand and as well.

So we're just in the beginning stages of growing Budget. It's a very strong brand in the U.S. and extremely strong in New Zealand and Australia. There is no reason why it can't be in Europe. We'll continue to grow that brand as we go forward. Ancillary revenue just like in the U.S. several years ago, when we started down the path is really growing our ancillary revenue products and establishing a very defined process of how we do that. So we meet the needs of our customers and grow the revenue as well. We've started down that path in Europe. And we're seeing some very nice growth and ancillary revenue products sold.

So we’ve hired over 30 sales performance managers. Their full time job is to work with rental sales agents and manages that locations to everyday continue to drive ancillary revenue growth and to improve customer service. We trained almost 3,000 rental sales agents and over 650 managers, all around the very defined process. So that we make sure we offer business services to customers they meet their needs for the travel. We’ve introduced new products like Roadside SafetyNet, which is a product that we had in the United States. So all this is lending itself to growing our ancillary products by double-digit growth here as well. And we should continue to grow, we should continue to see us grow ancillary revenue going forward.

Zipcar, when we acquired Zipcar, in Europe we had three cities. The Zipcar’s present in London, Vienna and Barcelona. We’ve now added three more metropolitan cities to that. We’ve opened Madrid and Paris, and our first licensee operations for Zipcar in Istanbul just had its formal launch in April. So we've seen a nice growth in membership as well as growing and basically doubling the number of metropolitan cities and France, which we just opened at the end of the last year. We just signed a partnership with Ascentia, with the French roadway to have Zipcar 27 roadway locations across France. So we’re going to leverage those partnerships as well, continue to grow the Zipcar brand. We have a number of cities that we’re looking at for future growth for this year and for next year as well.

So you’ll see us continue to grow that brand across Europe and across the international marketplace. So I mentioned Maggiore, which is an acquisition that we just completed in April, it’s a great company, family run, it’s been around since the 40s, and they’ve got a nice network, and it’s a nice opportunity for us. So it’s a by far now, between our own share that we had in Italy, on the Avis and Budget side, now the Maggiore share where by far the largest rental car company in Italy, which is a very important profit driver for us particularly during the summer season, when they have so much business going into that country. And then in January we acquired our licensee operations in Scandinavia so it’s a nice opportunity for us there. There is some synergies we can get out of that operation combining those countries with the UK and to a Northern region and obviously there is an opportunity to grow EBITDA through those synergies as well as we going to the end of this year and next year.

Improving the customer experience, we have been investing a lot in the business in international. So not only are we investing money into our rental locations by replacing printers and computers and increasing broadband bandwidth, so that transactions go faster, response time is quicker, upgrading the facilities for the nicer and [ph] cleaner for our customers. We have also been investing in technology, some of our countries go from literally winter to summer and they triple in volume, but their rental locations down triple in the size.

So some of these countries are very – its very difficult in the peak of summer to be able to have enough facilities to really manage the crowd to come through. So what we have done is we have added a new technology I think of its kind of a line-busting technology, instead of kiosk these are actual iPad’s that anywhere around, so that you can stand they can open another line. That way we can kind of bust to the line really quickly and these iPad’s can actually do everything that a regular terminal can do from a rental perspective.

We tested it last summer it didn’t have all the functionality that we needed last summer so we have been adding functionality all through the years so we are ready for this summer. This summer we can literally expand our rental counter size to whatever size we need based on just wherever we can position around so the agents with an iPad. It drives rentals across the printer electronically so it works extremely well.

We have also launched new websites for both the Avis and Budget brand Budget website is in all of our major countries now, we’ll continue to roll that out in our smaller countries, we are seeing a nice improvement in conversion with the new side up about 23% which is good. And the Avis side we have been testing in the UK we are seeing improvement in conversion there as well and after the rest of this year we will start rolling to Avis website out through the other countries going forward.

This next slide is simple slide but it represents a lot of work. We have been working really on how to transform the whole business and drive the profit margins forward. So this really talks about how we are organized our strategic plan who we have the talent and whatever in each of the role. So job one was really getting the strategy well defined and with tangible objectives and the initiatives that everyone in the organization rental sales agents, everybody understands how they connect to the strategy.

Job two is creating an organization that’s aggressive and aligned focuses, creative and works with pacing direction. Job three was developing metrics for everything we do and everything we spend, so whenever we starts so we understand where we need to go. And job four is, extensive project management, this make sure we stay on time and then we get the initiatives done within plan. So like our U.S. colleagues, the international region has become an organization that knows how to execute on these initiatives. We’ve leverage our shared service center in Budapest; we move drills out of all of our countries. And we’ve increased our shared services center population by over 500 people to consolidate all the back office work. And to one more cost effective location and then we regionalized our structures. We moved away from country structures to regional structures to take cost out and also to take our best talent and get the broader responsibility at a regional level.

We want our locations to focus on the customer. We want them to focus on the employees that are serving the customers. We want them to focus on fleet logistics. We want them to focus on ancillary revenue. We don’t want them focus in all these other back office areas. So the whole point was to move all of this away from them to get the cutter out of the ways so they can focus on really delivering or supporting those people who deliver.

We want to focus on fleet. So if a car goes to maintenance and supposed to be gone for two days and its gone three, we want to know why. So we want to know every single day where our cars are, why they are not on rent, to be same cars at local market they sell them put them on a rental why? Why the reason the car there for not going to rent them. So it’s really having everyone have that laser focused everyday on their manpower to productivity their fleet distribution, their utilization, their ancillary revenue. Who is your best seller today how come? Who is your worst seller? What we are doing to help support them? Is this kind of laser focused that we really want to focus to be doing. We don’t want them focus in other areas. On top of that, this year we are starting to move like we did in the U.S. a few years ago. So if you're going to lead airport, we don't want you looking after local market source. Because that's a very different skill set. So if you're going to run airports focused on airports only. We change the management structure now so that there are managers running local market and there are managers running airport, and the skill set is completely different.

At the airport, its more logistics and as the counter sales at the local market stores its lot about the community and selling into the community. So those are very different skill sets. Like North America, when we made that switch, we saw really airport and local market both improved. So now we have the opportunity to really globalize some functions now. So we are at the part of the revolution of our company where we've went from country to regional and now we are going to go to global. So there are certain things, certain aspects of our business that makes sense to have a global structure like call centers for example moving to a global structure. Shared service centers moving to a global structure.

So we leverage our best talent and expertise. And we make sure we put the workload and make sense the most cost efficient way to do it. So globalization now will start to move the certain types of departments and functions versus keeping them only regionalized. A business is made up of thousands of details and you've got to really on top of all of them to make sure that you're moving your profit margins where you need to move them. So just wrapping up here. If you take a look at 2015 outlook, the economic environment remains uneven, you can expect full year volumes to increase double-digits reflecting the acquisitions like talked about as well as some organic growth in the business. Full year results will be impacted by currency headwinds that we'll have throughout the year. And you can expect our Zipcar, brand to continue to expand in international.

So, just some kind of key messages to leave U.S. First of all, market leader with the broadest brand portfolio by far of any rental car company in the international region. Well position for recovering demand, that's what we've been working on for last three and a half years as really positioning the company for the future. Continued expansion for our Budget and Zipcar brands and acquisitions and also Payless as well as like I said a nice opportunity only being in six countries at this point. And driving incremental profitability through operational excellence and this is really important, this is where the latent value really is to make sure that we've got our channel underlined. We've got the metrics in place, we've got the accountability in place and that we've got the reward structure in place. So that's what we've been working on for last three and a half years.

And with that, let's see what questions you have.

Q&A

<Q – Amy Junker>: We do have time for a few questions. If you want to e-mail then you can send them the questions to at R. W. Baird. We have actually have one on the iPad. Question any insight in the business travel, trends in the U.S., and in internationally as well.

<A – Larry De Shon>: Yes, as I mentioned do you know its – I would say that commercial and international commercial has been on the weaker side. We're starting to see some improvement in that in March and April. But once again leisure has been making upward as well. So we're seeing an increased overall in leisure. And we're starting to see a nice increase on inbound as well on leisure. So domestic a little weak, corporate has been a little weak, although starting to improve, but inbound should be a good story for us with the summer.

<Q – Amy Junker>: And then another question on Zipcar, any unforeseen benefits or customer basis totally different.

<A – Larry De Shon>: The customer used cases of it.

<Q – Amy Junker>: Yes, I would – yes.

<A – Larry De Shon>: Yes, it's nice about the brand portfolio that we have. We've got brands that meet all the different needs of our customer base, whether it's a very short-term hourly rental whether it's a long-term rental. We see some synergy benefits that we've been able to achieve by having Zipcar for example, the Avis Budget guys who buy fleet, they buy it for Zipcar. All the back office stuff, we move to Budapest.

The cleaning contracts we do that better on the Avis Budget side, so we taken that office at Zipcar's hand. And Zipcar quite frankly, this is something, they didn't really want to do, what they want to do is the marketing side, the membership services side, really caters with their membership, and so we've left them alone to do that. So their synergies where that make sense to really drive profitability and then there is part of the business that are quite different. And we lead them alone on the Zipcar side to make sure that we don't influence from a rental car side.

<Q – Amy Junker>: Another from the audience, do you see the challenges vary by brand in the particular market, maybe the deep value do better in the particular market when mid-tier doesn't?

<A – Neal H. Goldner**>:** I would say, there are some markets where there is a bigger presence in deep value than other markets. So for example, this Southern tier countries and then you get into Italy and Spain there is a lot of deep market competitors. In Spain there is literally thousands of rental car companies that are in the deep market space. And other countries, there tend to be more –it's more than premium and mid-tier sector like Germany or like France. So they do differ and once again, we've got a brand solution kind of no matter what the opportunity is.

<Q – Amy Junker>: Any question from the audience. Maybe if we can touches a little bit about pricing do you see any opportunity to regain pricing particularly in the international market, when you might see that – picked at…

<A – Larry De Shon**>:** Yes, we've been basically looking at pricing being a challenge this year, I think one of the key reasons, as we had a major competitors in Europe particularly, who appears to be volume-after-volume ahead of the IPO, that's coming up in June. I'm hoping that behavior who will change, and then we've had example of that for different reasons in Australia as well.

But we’ve also now seen that pricing kind of settle down now we’ve been able to start improving price in Australia.

So the first quarter was top, I think combination between that competitors and just January and February we were low the industry was over fleeted, as fleets tightened up and particularly if the summer is as I think it will be based on the fact that the dollars strengthen so much against the euro. I think fleets will tighten up this summer, they were very loose last summer I don’t think anyone wants to make that mistake again, so I think fleets will be tightened and, as they tightened up, they gives us an opportunity for price going forward to the summer.

<Q – Amy Junker>: And maybe just touching on the competitive landscape, particularly with the car sharing business, a number of OEM suppliers have entered into that business, I believe BMW and Mercedes, how do you see that impacting your business, what you’re doing with your car?

<A **–** Larry De Shon**>:** Sure, there is lot of competitors of there, depending on the country Germany for example, Italy both have a lot of competitors but there is lot of places for other business. Particularly as you look in the Middle East, Asia and there is a lot of opportunities to grow at even in Europe, there is still many opportunities to grow, we are going launch in German city later this year, we are looking at Italy very strongly. We are looking at Australia and we’re looking at number of markets in the Middle East, looking in Singapore. So there is lot of opportunities where we think its a permit sense and yes, the competitive landscape is different, internationally than just North America, but the Zipcar brand is so strong globally. I mean even with only being in six, six major metropolitan markets everybody knows this brand in Europe, its incredible to brand strength it has.

<Q – Amy Junker>: And maybe time for. Just one more looking at the growth opportunities which you touched on in the presentation, how do you – what do you view is the biggest drivers particularly in the international market, is that the expansion of the car, is it helps that the macro environment will pick up, what do you see is that things I guess?

<A – Neal H. Goldner>: Well, on the macro environment is going to pick up at some point and so the whole strategy from the acquisition – time of the acquisition in 2011 has been – it’s going to happen and what we need to do is not worry about when it’s going to happen, just prepare for when it does happen. So everything we have done, every initiative we put in place has been preparing for that day. So getting efficient, driving the operational efficiency investing on our facilities, investing in our technology, getting people alined around common products and processes and Lean Six Sigma initiatives all those things have been helping us drive our profit force, when the company isn’t really going to support that. So that really positions the company quite differently so when the company turns around it’s a much different company when that happens so that’s going to be an exciting time.

<Q – Amy Junker>: We have one more from the audience and then trying to sneak-in in the last 90 seconds. As someone who’s worked with the management of competitors, and prior roles, can you describe how you see the management changes in your competitors is effecting dynamics in the industry?

<A – Larry De Shon>: No, I think it kind of really help to industry obviously one of our major competitors has a lot on their plate, a lot that they have got to get done, but I know some of the people that are over there I worked with them these are smart folks and they are going to do what they need to do to get on the right path. So that's only good for the industry. So I'm excited for when that's going to happen. Your dollars going to go a long way in Europe – so all of you need to plan a trip to Europe this summer. Thanks very much.

<<Amy Junker, Analyst, Robert W. Baird & Co.>>

Thank you, please join me and welcoming the management team. Please note that Avis Budget will not be hosting a breakout session and next up in this room is Rockwell Automation, in the South Ballroom is ANSYS, State Room is Winnebago Industries and LaSalle Room is Summit Hotel Properties.