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LISTING PARTICULARS

€324,000,000

Europcar Bond Funding Limited.

€324,000,000 11.50% Senior Subordinated Secured Notes due 2017

All obligations of Europcar Bond Funding Limited are to be assumed on the escrow release date by

Europcar Groupe S.A.

This document consists of the listing particulars (the "Listing Particulars") in connection with the application to have the €324,000,000 aggregate principal amount of 11.50% Senior Subordinated Secured Notes due 2017 (the "Notes") issued by Europcar Bond Funding Limited (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, 2012 (the "Offering Memorandum") attached as Appendix 1. The Listing Particulars together with the Offering Memorandum constitute a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities.

The following is added as a new fifth paragraph on page (iii) of the Offering Memorandum:

"Where industry and market data has been reproduced directly from publications produced by third parties, Europcar Group confirms that this information has been accurately reproduced from such sources. As far as Europcar Group is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render industry and market data information derived from third parties' publications inaccurate or misleading."

The following supplements and amends the monthly exchange rate data presented on page (xiv) of the Offering Memorandum:

	U.S. dollars per €1.00			
Month	**Period end**	**Average**	**High**	**Low**
April	1.32	1.32	1.33	1.31
May (through May 24)	1.25	1.29	1.32	1.25

The following replaces the first sentence on page 58 of the Offering Memorandum:

"We estimate that the gross proceeds from the issuances of the Notes will be €295.5 million before deducting estimated fees and expenses incurred in connection with the Offering of €10 million, resulting in net proceeds of €285.5 million."

The third paragraph on page 175 of the Offering Memorandum is amended by replacing it with the following:

"This is a description of the material provisions of the Notes and the Indenture and refers to the Intercreditor Agreement pursuant to which the Notes will be subordinated in right of payment to the Maximum Subordination Amount of Senior Credit Facility Indebtedness, the Successor Intercreditor Agreement, if any, and the Security Documents (each as defined below). The Description of the Notes does not restate those agreements in their entirety. Therefore you should refer to such agreements for more complete descriptions of the obligations of

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the SPV Issuer, EGSA, the Subsidiary Guarantors and your rights. Copies of the forms of the Indenture, the Notes, the Intercreditor Agreement, any Successor Intercreditor Agreement and the Security Documents will be available as set forth under "—Where You Can Find Additional Information". By acquiring a Note, each holder agrees to take the position that the Notes will be characterized as debt for United States federal income tax purposes."

The fourth paragraph on page 278 of the Offering Memorandum is amended by replacing it with the following:

"EGSA has applied, through its listing agent, to have the 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 EGSA can assure that the Notes will remain admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange."

The section of the Offering Memorandum on page 304 entitled "Incorporation by reference" is amended by adding the following new paragraphs:

"The Subsidiary Guarantors do not publish interim financial statements.

For ease of reference, the tables below set out the relevant page references for the most significant financial particulars of each Subsidiary Guarantor as at and for the years ended 2009 and 2010, as set out in the audited non-consolidated financial statements as at and for the years ended 2009 and 2010 for each of the Subsidiary Guarantors.

Europcar International SA und Co OHG

Document incorporated by reference	*Section*	*Page number(s) in document incorporated by reference*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2009		
	Independent Auditors' Report	*1 - 2, Annex 1*
	Profit and Loss Account	*5*
	Balance Sheet	*2 - 3*
	Notes to the Financial Statements	*7 - 12*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2010		
	Independent Auditors' Report	*15*
	Profit and Loss Account	*5, Appendix 1*
	Balance Sheet	*2 - 3, Appendix 1*
	Notes to the Financial Statements	*7 - 11, Appendix 1*

Europcar Autovermietung GmbH

Document incorporated by reference	*Section*	*Page number(s) in document incorporated by reference*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2009		
	Independent Auditors' Report	*1 - 2, Annex 1*
	Profit and Loss Account	*5*
	Balance Sheet	*2 - 3*
	Notes to the Financial Statements	*7 - 16*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2010		
	Independent Auditors' Report	*26*
	Profit and Loss Account	*5, Appendix 2*
	Balance Sheet	*2- 3, Appendix 2*
	Notes to the Financial Statements	*7 - 16, Appendix 2*

Europcar UK Limited

Document incorporated by reference	*Section*	*Page number(s) in document incorporated by reference*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2009		
	Independent Auditors' Report	*5 - 6*
	Profit and Loss Account	*7*
	Balance Sheet	*8*
	Notes to the Financial Statements	*9 - 26*
Statutory audited non-consolidated financial statements as at and for the year ended December 31, 2010		
	Independent Auditors' Report	*5 - 6*
	Profit and Loss Account	*7*
	Balance Sheet	*8*
	Notes to the Financial Statements	*9 - 27"*

The following amends the first paragraph in the section "Legal Information" on page 305 of the Offering Memorandum by adding the following:

"The issued share capital of ECI amounted to €110,000,000 as of December 31, 2011 and is fully paid up. For the year 2011, ECI recorded a loss of €21,304,985. Its reserves amounted to €90,200,000 as of December 31, 2011. ECI paid €27 million in dividends in 2011."

The following sentence is added to the end of the first paragraph of each of the sections "Europcar Autovermietung GmbH" and "Europcar UK Limited" on page 306:

"Its share capital is fully paid up."

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 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 Notes.

Europcar Groupe S.A. 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 Europcar Groupe S.A.'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 25, 2012.

APPENDIX 1

Offering Memorandum dated May 4, 2012

Offering Memorandum

Not for General Circulation in the United States

Europcar Bond Funding Limited

€324 million 11.50% Senior Subordinated Secured Notes due 2017

All obligations of Europcar Bond Funding Limited are to be assumed on the escrow release date by

Europcar Groupe S.A.

Europcar Bond Funding Limited, a private company with limited liability incorporated under the laws of Ireland (the "SPV Issuer"), is offering (the "Offering") €324 million in aggregate principal amount of its 11.50% Senior Subordinated Secured Notes due 2017 (the "Notes"). The proceeds from the Offering will be deposited into a segregated escrow account (the "Escrow Account") until the date that certain conditions are satisfied (the "Completion Date"). In addition, an amount of cash provided through a subordinated loan from Europcar Groupe S.A., a corporation organized under the laws of France ("EGSA"), to the SPV Issuer will be added to the Escrow Account in an amount that will ensure that the total escrow funds will be sufficient to pay the special mandatory redemption price for the Notes, when and if due, plus interest to the special mandatory redemption date. The conditions to the release of the proceeds from escrow include certain refinancing events, as described herein, relating to EGSA, as successor issuer. Until the date the proceeds are released from escrow, the Notes will be limited recourse Notes of the SPV Issuer only, secured by, and limited in recourse to, the funds held in the Escrow Account.

On the Completion Date, the escrow funds will be paid to or upon order of EGSA, EGSA will assume all of the obligations of the SPV Issuer on and with respect to the Notes, and the SPV Issuer will be released from all further obligations with respect to the Notes. If the conditions to the release of the proceeds from escrow have not been satisfied on or prior to July 5, 2012, the SPV Issuer will be required to redeem the Notes not later than 5 business days after such date, at a redemption price of 91.216% of the principal amount thereof, plus accrued interest to the date of redemption. See "Use of Proceeds" and "Description of Notes—Escrow Arrangement".

The Notes will bear interest at a rate of 11.50% per annum. Interest on the Notes will accrue from and including the issue date of the Notes (May 14, 2012) and will be payable on May 15 and November 15 of each year, beginning on November 15, 2012.

Upon assumption of the Notes by EGSA on the Completion Date, the Notes will be senior subordinated obligations of EGSA and will be secured by a second ranking share pledge of the share capital of Europcar International S.A.S.U., a wholly-owned subsidiary of EGSA, held by EGSA. The Notes will rank equally in right of payment to all existing and future senior subordinated indebtedness of EGSA and subordinated in right of payment to all indebtedness incurred under the senior revolving credit facility (the "Senior Revolving Credit Facility") subject to certain limitations. Upon assumption of the Notes by EGSA on the Completion Date, the Notes will be guaranteed (each, a "Subsidiary Guarantee") on a senior subordinated basis by Europcar UK Limited and certain of the German subsidiaries of EGSA (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.

Except in certain limited circumstances, the Notes are not redeemable prior to maturity. On or after the Completion Date, EGSA will be entitled, at its option, to redeem at any time all or a part of the Notes by paying the relevant "make-whole" premium. EGSA also may redeem at its option at any time on or after the Completion Date up to 40% of the Notes with the net proceeds from certain equity offerings, if at least 60% of the principal amount of the Notes remain outstanding. Furthermore, EGSA may redeem at its option at any time on and after the Completion Date up to 100% of the Notes with the net proceeds of an initial public offering. If EGSA undergoes a change of control or sells certain of its assets, EGSA may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, EGSA may redeem all, but not less than all, of the Notes.

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

We have applied to have the 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 Notes will be made ready for delivery in book-entry form through Euroclear and Clearstream, on or about May 14, 2012, 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 28.

We have not registered and will not register the Notes under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes 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 "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Issue Price: 91.216% plus accrued interest from the issue date.

Joint Lead Bookrunners

Deutsche Bank | **Crédit Agricole CIB** | **Goldman Sachs International** | **J.P. Morgan** | **The Royal Bank of Scotland** | **Société Générale Corporate & Investment Banking**

Bookrunners

BNP PARIBAS | **Lloyds Bank**

The date of this Offering Memorandum is May 4, 2012.

Europcar,
a true partner in people's mobile lives

europcar.com

Europcar
moving your way

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Important Information about This Offering Memorandum

You should rely only on the information contained in this offering memorandum (the "**Offering Memorandum**"). None of the SPV Issuer, EGSA or any of the initial purchasers named in "*Plan of Distribution*" (collectively, "**Initial Purchasers**") has authorized anyone to provide you with different information. None of the SPV Issuer, EGSA or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where an offer would not be permitted. 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 Europcar Groupe S.A. and its subsidiaries (together the "**Europcar Group**") may have changed since that date.

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

You are responsible for making your own examination of EGSA and Europcar Group and your own assessment of the merits and risks of investing in the Notes. 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. EGSA is not providing you with any legal, business, tax or other advice in this Offering Memorandum. 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 Notes. By purchasing the 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 Notes;
- you have had an opportunity to request all additional information that you need from us;
- the Initial Purchasers have not separately verified the information contained in this Offering Memorandum and are not responsible for, and are not making any representation to you concerning 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 Notes, and any information or representation not contained herein must not be relied upon as having been authorized by or on behalf of EGSA and Europcar Group.

The Notes have not been and will not 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 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 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 Notes and the distribution of this Offering Memorandum, see "*Plan of Distribution*" and "*Transfer Restrictions*".

The 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 offense in the United States.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The SPV Issuer is not and will not be regulated by the Central Bank of Ireland as a result of issuing the Notes.

The 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 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 Notes. Persons into whose possession this Offering Memorandum or any of the Notes are delivered must inform themselves about and observe those restrictions. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the 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 Notes, and neither we nor the Initial Purchasers shall have any responsibility therefore.

We reserve the right to withdraw this Offering of the Notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the 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 the Notes sought by it.

The SPV Issuer accepts responsibility for the information contained in this document under the caption "Europcar Bond Funding Limited". To the best of the knowledge and belief of the SPV Issuer the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Europcar Group accepts responsibility for the information contained in the Offering Memorandum. Europcar Group has made all reasonable inquiries and we confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to the SPV Issuer, Europcar Groupe S.A. and its subsidiaries and affiliates and the Notes and the Subsidiary Guarantees is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZATION MANAGER") OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER WILL UNDERTAKE ANY STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF

THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF ANY STABILIZATION MANAGER) IN ACCORDANCE WITH APPLICABLE LAWS AND RULES.

United States Internal Revenue Service 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 United States 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 United States 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.

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

European Economic Area. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "**Prospectus Directive**", as implemented in Member States of the European Economic Area (the "**EEA**")), from the requirements to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligations arise for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), an offer is not being made and will not be made to the public of any Notes which are the subject of the Offering contemplated by this Offering Memorandum in that Relevant Member State, other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under

the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by EGSA for any such offer; or (c) in any other circumstances falling within Article 3(s) of the Prospectus Directive, provided that no such offer of the Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of the Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implement measure in each Relevant Member State, and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Grand Duchy of Luxembourg. The terms and conditions relating to this Offering Memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for the purposes of public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the 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 Notes to the Official List of the Luxembourg Stock Exchange and admission of the 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; (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, as amended (the "**Order**"); (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 Notes of EGSA 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 or 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 of financial securities in France within the meaning of Article L.411-1 of the French *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 and will not be submitted for clearance to the AMF. Consequently, the 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 Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own accounts or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, and/or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. The Notes may only be offered, directly or indirectly, to the public in France, in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Germany. The Offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the "**German Securities Prospectus Act**") and any other applicable German law. Consequently, in Germany the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. EGSA has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act.

Ireland. No action may be taken with respect to the Notes in Ireland otherwise than in conformity with the provisions of (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998, (b) the Companies Acts, the Central Bank Acts 1942 to 2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, (c) the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland, and (d) the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland.

Spain. The 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 1310/2005 on admission to trading of securities in a regulated market, public offers of securities and the prospectus required for those purposes (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) as amended and restated ("**R.D. 1310/2005**"), 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 Notes will not be carried out in Spain. Notwithstanding that and in accordance with article 30bis.1 of the Spanish Securities Market Law and article 38 of the R.D. 1310/2005 it shall not be considered a public offer of securities, amongst others, those that are exclusively addressed to qualified investors.

The Netherlands. The Notes which are the subject of the offering contemplated by this Offering Memorandum, have not, may not and will not be offered to the public in the Netherlands, other than:

(i) exclusively to qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Dutch Act on the financial supervision (*Wet op het financieel toezicht or the "AFS"*); or,

(ii) in any other circumstances falling with an exemption of the obligation pursuant to section 5:2 AFS to publish a prospectus in respect of an offer of the Notes, on the basis of section 3:5(2) of the AFS or otherwise.

Each purchaser of Notes described in this Offering Memorandum located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde beleggers*) as defined in section 1:1 of the AFS

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in section 217(1) of Book 6 of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the Notes, or to issue an invitation to make an offer of the Notes.

Italy. This Offering Memorandum has not been, nor will be, published in the Republic of Italy ("**Italy**") in connection with the offering of the Notes and such offering of the Notes has not been, nor will be, registered with the *Commissione Nazionale per le Società e la Borsa* ("**Consob**") in Italy pursuant to Legislative Decree no. 58 of February 24, 1998 as amended (the "**Financial Services Act**") and to Consob Regulation no. 11971 of May 14, 1999 as amended (the "**Issuers Regulation**") and, accordingly, no Notes may, and will, be offered, sold, transferred or delivered, directly or indirectly in an offer to the public in Italy, nor may, or will, copies of this Offering Memorandum or of any other document relating to the Notes be distributed in Italy, except (i) to qualified investors (*operatori qualificati*), as defined in Article 34-ter, paragraph 1(b), of Issuers Regulation or (ii) in other circumstances which are exempted from the rules governing offers to the public pursuant to, and in accordance with, the conditions set out in Article 100 of the Financial Services Act and its implementing regulations including Article 34-ter, first paragraph, of Issuers Regulation.

Moreover, and subject to the foregoing, any offer, sale, transfer or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in Italy under (i) or (ii) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations, and in particular will be made:

(a) by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Consob Regulation no. 16190 of October 29, 2007, as amended and Legislative Decree No. 385 of September 1, 1993 (the "**Banking Act**"), as amended, and any other applicable laws and regulations and

(b) in compliance with any other applicable notification requirement or limitation which may, from time to time, imposed by Consob, the Bank of Italy and/or any other Italian authority.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations. Article 100-bis of the Financial Services Act affects the transferability of the Notes in Italy to the extent that the Notes are placed solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the twelve (12) months following such placement. Should this occur without the publication of a prospectus in Italy or outside of the application of one of the exemptions referred to above, purchasers of Notes who are acting outside of the course of their business or profession are entitled to have such purchase declared void and to claim damages from any authorized intermediary at whose premises the Notes were purchased. No person resident or located in Italy other than the original addressees of this Offering Memorandum may rely on this Offering Memorandum, its content or any other document relating to the Notes.

Use of Terms and Conventions; Presentation of Financial and other Information

Unless otherwise specified or the context otherwise requires, in this Offering Memorandum:

"**Adjusted Consolidated EBITDA**" refers to Consolidated EBITDA before non-recurring items.

"**Adjusted Corporate EBITDA**" is defined as Adjusted Consolidated EBITDA less fleet depreciation, fleet operating lease rents and fleet financing costs.

"**AU$**", "**AUD**" or "**Australian dollar**" refers to the lawful currency of the Commonwealth of Australia.

"**Completion Date**" refers to the date on which certain conditions are satisfied and the proceeds of the offering of Notes made hereby are released from escrow to or upon the order of EGSA.

"**Consolidated EBITDA**" is defined as consolidated net income before tax, share of (profit)/loss of associates, net financing costs, fleet depreciation, fleet operating lease rents and non-fleet depreciation and amortization. This definition is used for presentation of financial information only and may not correspond to the term used in the section "Description of the Notes".

"**Corporate Countries**" refers to Australia, Belgium, France, Germany, Italy, New Zealand, Portugal, Spain, and the UK.

"**Corporate EBITDA**" means Consolidated EBITDA less fleet depreciation, fleet operating lease rents and fleet financing costs.

"**$**", "**U.S.$**", "**dollar**", "**U.S. dollar**" or "**USD**" refers to the lawful currency of the United States of America.

"**ECF**" refers to EC Finance plc

"**EC Finance Notes**" refers to the €350 million 9¾% Senior Secured Notes due 2017 issued by a special purpose vehicle, EC Finance plc, and guaranteed on a senior basis by ECI.

"**ECGUK**" refers to Europcar Group UK Limited.

"**ECI**" refers to Europcar International S.A.S.U.

"**ECUK**" refers to Europcar UK Limited.

"**EGSA**" refers to Europcar Groupe S.A.

"**EGSA Consolidated Financial Statements**" refers to, as the context requires, the audited consolidated financial statements for EGSA for the years ended December 31, 2011 and 2010 and the notes thereto included in this Offering Memorandum.

"**Eurazeo**" or "**Eurazeo Group**" refers to Eurazeo S.A.; any subsidiary of Eurazeo; any person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and any of their respective successors in interest.

"**€**", "**euro**" or "**EUR**" 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**", "**Europcar Group**" or "**Group**" refers collectively to EGSA and consolidated entities, unless the context requires otherwise.

"**Europcar Network**" refers to EGSA, its subsidiaries and its network of franchises operating both in the Corporate Countries and internationally.

“**Franchise Country**” refers to the countries covered by the Europcar Network's international franchises.

“**Indenture**” means the indenture, dated as of the Issue Date, governing the Notes.

“**Intercreditor Agreement**” means the existing intercreditor agreement dated May 31, 2006, as amended and restated on February 28, 2007, amended on November 15, 2007, as amended and restated on March 26, 2010, as amended on November 5, 2010 and as amended and restated on the Completion Date between, among others, EGSA, The Bank of New York Mellon, as trustee, the facility agent under the Senior Revolving Credit Facility and Crédit Agricole Corporate and Investment Bank as security agent, as amended and restated, waived, supplemented or otherwise modified from time to time.

“**Issuer**” refers to EGSA.

“**Notes**” refers to the €324 million Senior Subordinated Secured Notes due 2017 offered hereby.

“**Ordinary Equity Investors**” refers, on the date of this Offering Memorandum, to Eurazeo, ECIP Europcar SARL or Eureka Participation S.A.S. (and does not include members of the board of directors required to hold a legal minimum of shares or certain members of Europcar management holding preferred B class shares).

“**Outstanding Fixed Rate Notes**” refers to the €400 million 9.375% Senior Subordinated Unsecured Notes due 2018 issued by EGSA pursuant to an indenture dated as of November 26, 2010.

“**Outstanding Floating Rate Notes**” refers to the €425 million Senior Subordinated Secured Floating Rate Notes due 2013 issued by EGSA pursuant to an indenture dated as of May 12, 2006 (as amended). The Outstanding Floating Rate Notes are guaranteed by certain of our German and UK subsidiaries, and are secured on a second ranking basis by the shares of ECI.

“**Outstanding Notes**” refers to the Outstanding Fixed Rate Notes together with the Outstanding Floating Rate Notes.

“**£**”, “**GBP**”, “**pounds sterling**”, “**British pound**” or “**sterling**” refer to the lawful currency of the United Kingdom.

“**PremierFirst EMEA**” refers to PremierFirst Vehicle Rental EMEA Holdings Limited (formerly Vanguard Car Rental EMEA Holdings Limited) and its subsidiaries.

“**Prior Senior Asset Financing Loan**” refers to the senior asset financing loan agreement entered into on May 31, 2006 between, among others, ECI and certain of its subsidiaries, as borrowers or guarantors, and the lenders named therein, which loan was repaid and refinanced with the proceeds of the Senior Asset Revolving Facility on August 27, 2010.

“**Refinancing**” refers to (i) the extension of Subordinated Shareholder Funding by Eurazeo to EGSA in the amount of €110 million on the Issue Date for the Notes; (ii) the amendment and restatement, as of April 19, 2012, of the Senior Revolving Credit Facility, which had been scheduled to mature in May of 2013, principally to extend the maturity thereof; (iii) the amendment, as of April 5, 2012, of the Senior Asset Revolving Facility, principally to obtain an 'A' rating from Standard & Poor's with respect to Securitifleet Holding; (iv) the refinancing with Lombard North Central plc and Lloyds TSB Bank plc of the Group's UK vehicle fleet financing facilities in the total aggregate committed amount of £375 million; and (v) the issuance of the Notes and the use of the net proceeds therefrom, together with the €110 million in proceeds from the Subordinated Shareholder Funding from Eurazeo to EGSA, to purchase and/or redeem in full the Outstanding Floating Rate Notes.

“**RPD**” refers to Revenue per Day.

"**Securitifleet Companies**" refers to the companies established to purchase and own vehicles and lease them to the local Europcar operating companies in France, Germany, Italy and Spain. The Securitifleet Companies are: Securitifleet France, Securitifleet Germany, Securitifleet Italy and Securitifleet Spain.

"**Securitifleet France**" refers to Securitifleet S.A.S.

"**Securitifleet Germany**" refers to Securitifleet GmbH.

"**Securitifleet Italy**" refers to Securitifleet S.p.A.

"**Securitifleet Spain**" refers to Securitifleet SL.

"**Securitifleet Holding**" refers to Securitifleet Holding S.A., the financing entity for the fleet purchasing and leasing activities of the Securitifleet Companies.

"**Senior Asset Revolving Facility**" or "**SARF**" refers to the senior asset revolving facility agreement entered into on July 30, 2010, and as amended on August 26, 2010, November 4, 2010, January 11, 2011 and April 5, 2012, between, among others, Securitifleet Holding, as borrower, Crédit Agricole Corporate and Investment Bank, as lender and ECI, in order to refinance prior fleet financing indebtedness in Spain, Italy, France and Germany (the Prior Senior Asset Financing Loan) and to provide funding for the acquisition and maintenance of Europcar's fleet through the Securitifleet Companies.

"**Senior Facility Fronting Bank**" refers to the lending bank that acted as the fronting bank under the Senior Asset Revolving Facility.

"**Senior Revolving Credit Facility**" refers to the senior revolving credit facility agreement initially entered into on May 31, 2006, between, among others, EGSA and certain of its subsidiaries, as borrowers, and a group of lenders, and as amended and restated on April 19, 2012 with a group of new and existing lenders and as amended and/or restated from time to time.

"**SPV Issuer**" refers to Europcar Bond Funding Limited.

"**Subordinated Shareholder Funding**" refers to the deeply subordinated loan from Eurazeo to EGSA to be made on the Issue Date for the Notes in the total principal amount of €110 million, which is expected to be capitalised during 2012 through the issuance of additional Europcar Ordinary Shares to the Ordinary Equity Investors.

"**UK**", "**U.K.**" or "**United Kingdom**" refers to the United Kingdom of Great Britain and Northern Ireland.

"**we**", "**us**" and "**our**" refer to Europcar or Europcar Group and not the SPV Issuer, unless the context requires otherwise.

"**2006**", "**2007**", "**2008**", "**2009**", "**2010**" and "**2011**" refer to the year ending December 31 of the year designated, unless the context requires otherwise.

Financial information

The historical financial information presented in this Offering Memorandum is based upon the audited consolidated financial statements of EGSA and its subsidiaries for the years ended December 31, 2011 and 2010. EGSA Consolidated Financial Statements, presented in euro, are included herein. EGSA Consolidated Financial Statements and the notes thereto for the years ended December 31, 2011 and 2010 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 International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

Proforma financial information, other information and use of Non-Gaap measures

This Offering Memorandum contains information for Europcar Group regarding Consolidated EBITDA, Adjusted Consolidated EBITDA, Corporate EBITDA, Adjusted Corporate EBITDA, Pro Forma Adjusted Corporate EBITDA, Pro Forma Total Corporate Net Interest Expense, Pro Forma

Total Financing Costs, fleet capital expenditures, borrower asset value, non-fleet capital expenditures and certain financial measures and ratios which are not recognized measurements under IFRS. This Offering Memorandum also contains certain unaudited restated financial information for the years ended December 31, 2010 and 2009 restated, for the 2010 income statement and debt information, at the 2011 British pound/euro, Australian dollar/euro and Swiss Franc/euro exchange rates, and for the 2009 income statement and debt information, at the 2010 British pound/euro, Australian dollar/euro and Swiss Franc/euro average exchange rates. Because of its nature, restated information addresses a hypothetical situation and therefore does not represent EGSA's actual results for the years presented and is unaudited.

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 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 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 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, certain pounds sterling amounts have been converted into euros at £1.00 = €1.15, the average rate for 2011 for statement of operations data, and £1.00 = €1.20 for balance sheet data, the rate at year end. These translations should not be construed as representations that the pounds 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 Europcar Group's business strategy, plans and objectives, statements expressing beliefs and expectations regarding future demand for Europcar Group's services and other events and conditions that may influence Europcar 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. In some cases, you can identify forward looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. 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, but are not limited to:

- our substantial outstanding indebtedness and high degree of leverage and the restrictions imposed by such indebtedness;
- general risks relating to national, regional and local economic, business and other market conditions in the areas where Europcar Group operates, including economic disruption and uncertainty resulting from geopolitical events or terrorist attacks or similar events that could occur in the future;
- risks associated with our structure, the Offering of the Notes, and our other indebtedness;
- our ability to generate free cash flow or to obtain sufficient resources to meet our debt service obligations and to finance working capital and capital expenditure needs;
- factors affecting the Europcar vehicle rental markets generally;
- significant increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy or other resources on which we depend to conduct our business;
- the highly competitive and cyclical nature of our businesses;
- weaknesses in travel demand, including reduced airline passenger traffic in Europe and in the other international locations in which we operate;
- our exposure to uninsured claims in excess of historical levels;
- current or future environmental and data protection requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- our reliance on key contractual relationships with certain third parties;
- ability to implement our policy of controlling operating costs and optimizing network management;
- factors affecting fleet holding costs;
- our exposure to risks associated with the international nature of our customer base and operations;
- dependence on key personnel;
- any major disruption in our communication or centralized information networks;
- our ability to implement our strategy;
- the requirement to reinforce and develop favorable brand recognition;
- the level and volatility of interest rates and fluctuations in currency exchange rates;
- our ability to successfully integrate acquired businesses with our historical business, realize anticipated synergies and cost savings, including with respect to businesses acquired;
- our ability to accurately estimate our future results;
- our ability to raise additional financing or access leasing arrangements;
- our relationship with our shareholders; and
- other factors discussed in this Offering Memorandum.

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 Europcar Group operates. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained by us from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants such as Euromonitor International. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. 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.

Trademarks

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own and have rights to use that appear in this Offering Memorandum include "Europcar," "National," and "Alamo," each of which are registered and/or pending registration in the jurisdictions in which we operate, as appropriate to the needs of our relevant business. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum is the property of its owners.

Currency Presentation and Exchange Rate Data

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. None of Europcar nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other 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 average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be. The Bloomberg Composite Rate of the euro on April 24, 2012 was $1.32 = €1.00.

	U.S. dollars per €1.00			
Year	**Period end**	**Average**	**High**	**Low**
2007	1.46	1.37	1.49	1.29
2008	1.40	1.47	1.60	1.25
2009	1.43	1.39	1.51	1.25
2010	1.34	1.33	1.45	1.20
2011	1.29	1.39	1.49	1.29
Month				
January 2012	1.32	1.29	1.32	1.27
February 2012	1.34	1.32	1.35	1.30
March 2012	1.34	1.32	1.34	1.31
April 2012 (through April 24, 2012)	1.32	1.32	1.33	1.31

Summary

This summary highlights information about us and the Offering of the Notes contained elsewhere in this Offering Memorandum. This summary does not contain all the information you should consider before investing in the 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 EGSA Consolidated Financial Statements and the related notes therein. 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

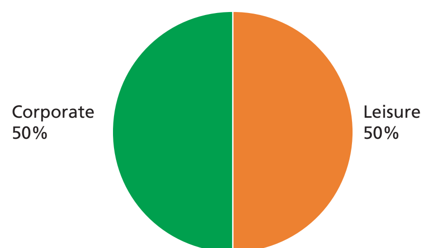
We provide vehicles for short and medium term corporate and leisure rentals through the Europcar Network of 3,598 rental locations in over 140 countries worldwide as at December 31, 2011. The Europcar Network is the leading car rental organization in Europe based on revenue, and one of only three global car rental organizations.

For the year ended December 31, 2011, we generated consolidated revenue of €1.97 billion and Adjusted Consolidated EBITDA of €661.7 million. We currently employ approximately 6,500 persons (based on average full-time equivalent headcount).

We serve a large spectrum of customers, divided between corporate and leisure. For the year ended December 31, 2011, we derived approximately 50% of our revenue from our corporate customers and 50% from our leisure customers. See "*Europcar's Business—Our Customers*". We believe that maintaining a balance between corporate and leisure customers is important to preserve and enhance the profitability of our business and the consistency of our operations.

Europcar Group Revenue by Source*

Corporate / leisure customers
(Year ending December 31, 2011)

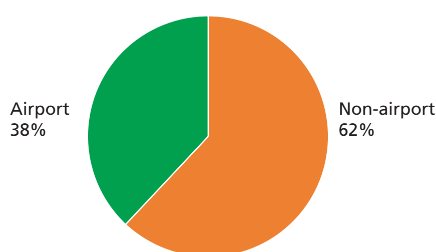


Source: Management Accounts

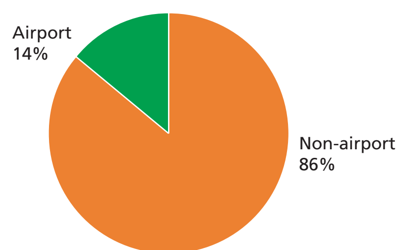
* percentages have been rounded

The Europcar Network benefits from the presence of stations at more than 280 airports in Europe, where customer traffic is higher than at other stations. While approximately 14% of the Europcar Network's stations in the Corporate Countries were airport stations as of December 31, 2011, we derived approximately 38% of our Corporate Countries revenue from airport stations in 2011.

Airport / non-airport (in revenue)
(Year ending December 31, 2011)



Airport / non-airport (in number of stations)
(At December 31, 2011)



Source: Management Accounts

* Percentages have been rounded.

We also have access to customers through a growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet, TUI and Accor, as well as from long-term contractual relationships with key corporate customers.

Our global presence can be presented as follows:

- In our nine Corporate Countries (Australia, Belgium, France, Germany, Italy, New Zealand, Portugal, Spain and the United Kingdom), the Europcar Network includes approximately 2,000 stations operated by Europcar, both directly and through agents, as well as by franchisees. For the year ended December 31, 2011, the Corporate Countries (including franchising revenues from such countries) generated 98.6% of our total revenue.
- Outside of the Corporate Countries, the Europcar Network includes approximately 1,600 stations, all of which are exclusively operated by franchisees.
- We also have access to customers in the U.S. market through our strategic commercial alliance with Enterprise.

Our strengths

Pan European market leader combining global reach with local expertise

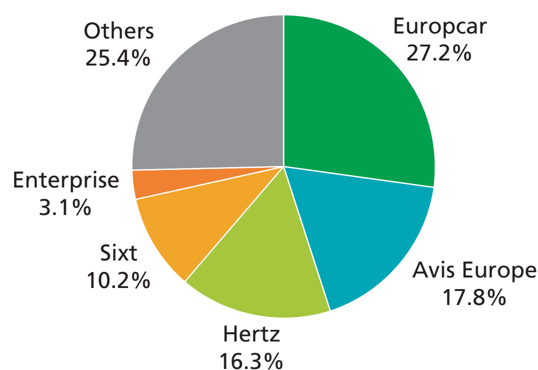
Europe is the core market at the foundation of our global platform. For the last five years, we have been the leading European car rental organization based on revenue and have held a number one market position in each of Belgium, France, Italy, Spain, Portugal and the United Kingdom, and a number two market position in Germany. With a high degree of diversity of cultures and languages in close physical proximity, the European market demands local presence and expertise. Our positioning across the different local jurisdictions in Europe allows us to track and anticipate changing levels of demand and market trends, enabling us to better manage the size of our fleet locally as well as globally.

When including our alliance with Enterprise in the U.S., the extensive scope of our global network, with access to over 3,598 locations in over 140 countries, also allows us to provide a

better service to our European corporate customers operating internationally, as well as to the increasing number of leisure customers travelling abroad. Our leading market position enables us to generate more and better quality of revenues through our size, scope, geographical diversity and diversified mix. These factors enable us to continue to adapt and take advantage of new growth opportunities in Europe as the market continues to evolve, supporting our objective of strengthening our leading market position in Europe by improving market share.

Our Europcar Network footprint allows us access to the same countries in Europe as those in which our principal competitors, Hertz and Avis, are present. The chart below sets out our revenue market share (based on total revenues, including franchising revenues) in the seven largest vehicle rental markets in Europe (Belgium, France, Germany, Italy, Portugal, Spain and the United Kingdom) and the revenue market share of certain of our competitors in those markets in 2011.

2011 Market Share Based on Revenue for Top Seven European Markets



Source: Euromonitor International.

Recognized brand reflecting our commitment to quality service

Our operations and our extensive network of franchisees position the Europcar Network as one of only three global car rental organizations. On a global basis, our operations are primarily conducted under the widely recognized Europcar brand, which is owned by ECI and has a book value of €674.5 million in EGSA Consolidated Statements as of December 31, 2011. We aim to ensure favorable brand recognition worldwide through uniform branding and strict quality controls to ensure the reliability and consistency of high-standard service, as well as through our policy to continue investing in marketing and sales initiatives to support our brand image. We have received a number of best-in-class awards for car rental service at both the European and international levels, including six awards in 2011 for World's Leading Car Rental Company, World's Leading Leisure Car Rental Company, Europe's Car Hire Leading Company, Middle East's Leading Car Hire Company, Africa's Leading Car Hire Company and Central America's Leading Car Hire Company. We believe that our widely recognized brand and our standard of service have enabled us to create and maintain a high level of customer loyalty and to attract companies to enter into quality partnerships on an exclusive or preferential basis, such as easyJet, TUI and Air Berlin.

Proven operating flexibility resulting in strong fleet utilization rate, corporate cash generation and control of net debt

In recent periods, we have proven our ability to adapt our operations rapidly in anticipation of, as well as in response to, changes in market conditions, both through management of our fleet and control of operating costs. This has allowed us to maintain strong fleet utilization rates and, together with optimization of non-fleet working capital, maximize our corporate cash generation and control our levels of net debt.

Our operational presence at the local level, both directly and via our franchising partners, enables us to track and anticipate evolutions within each market. To enhance this presence, our global IT infrastructure, including our proprietary GreenWay® system, provides us with the instrumental support for our fleet management, helping us to achieve improvements in our operations generally and, more particularly, in our fleet utilization rate.

The following features enable us to adapt the size of our fleet rapidly in response to anticipated changes in demand:

- our global platform and diversified sourcing of vehicles gives us substantial negotiating leverage with car manufacturers, allowing us to adjust the terms of purchasing contracts with our manufacturers to match anticipated changes in demand;

- the flexibility of our fleet structure enables us to reduce the size of our fleet rapidly to respond to seasonal fluctuations in demand and market conditions and resulting changes in rental volumes. As of December 31, 2011, approximately 89% of our fleet residual value was covered by manufacturer buy-back provisions. These clauses provide us with significant flexibility to choose when we return the car to the manufacturer for repurchase.

The combination of these factors has allowed us to maintain favorable fleet utilization rates in recent periods, despite adverse market conditions. For example, for the year ended December 31, 2011, in line with weaker-than-expected demand, we decreased our average fleet to 190,002 units while improving our utilization rate, which rose to a historical high of 74.0%. For the year ended December 31, 2010, as market demand began to recover as from March of that year, we increased our average fleet to 193,154 units compared to 191,074 units for 2009, while maintaining a stable utilization rate of 73.6% (as compared with 73.7% in 2009).

Furthermore, our management has demonstrated its ability to leverage our flexible business model to manage our operating costs in response to market conditions, through implementation of headcount reductions and other reductions in operating, selling, general and administrative expenses. Implementation of such reductions resulted in fixed operating expenses (personnel, network, head office overheads, IT and sales and marketing) remaining largely stable between 2009 and 2011, offsetting the impact of inflation on the cost basis, in each case at constant exchange rates.

Our experience with respect to the management of our fleet and our operating costs, together with our diversified fleet financing (including operating leases), and our ability to control non-fleet working capital requirements (notably by harmonizing payment terms across the Group) which contributes to stronger cash generation, have allowed us to manage our total net debt, giving us a stable financing basis as well as financial flexibility to respond to market conditions.

Well-diversified business mix

Our business mix of customers (corporate and leisure) and station locations (airport and non-airport) as well as our geographic diversity provide us with a broad customer base that ranges from multinational corporations and tour operators to individuals.

For the year ended December 31, 2011, we derived approximately 50% of our revenue from our corporate customers and 50% from our leisure customers. This reflects our goal to manage seasonality by maintaining a strong focus on corporate rentals, for which demand is less volatile than seasonal demand for leisure rentals. Our contractual relationships with numerous large corporate customers (such as major insurance and leasing companies), as well as with small and medium-sized businesses across multiple industries, contribute to the stability of our corporate rental revenue.

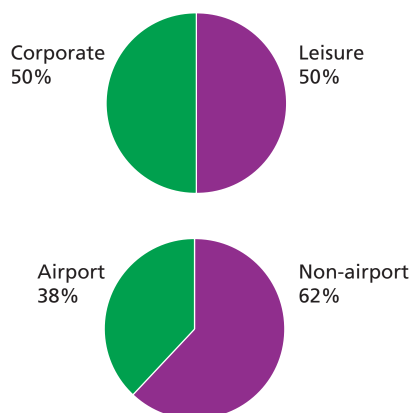
On the other hand, our leisure customer business involves rentals that are typically longer in duration and generate more revenue per transaction than corporate rentals. Our leisure business is enhanced by our growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet (Europe's leading short-haul airline), TUI (one of the world's leading tour operators) and Accor (the largest hotel group in Europe).

Through the Europcar Network, we are present at car rental stations at more than 280 airports in Europe, where customer traffic is higher than at other stations. While approximately 14% of the Europcar Network's stations in the Corporate Countries were airport stations as of December 31, 2011, we derived approximately 38% of our Corporate Countries revenue from airport stations in 2011.

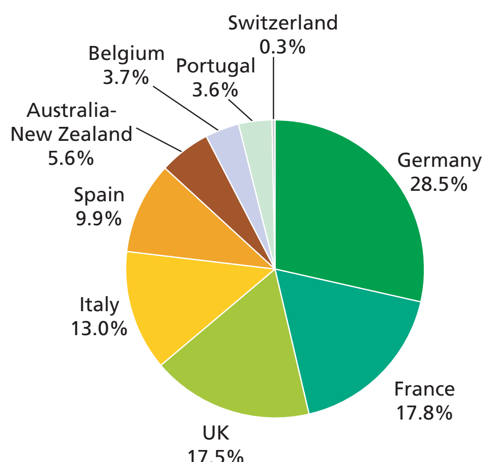
Our rental revenues also benefit from geographical diversity. For example, for the year ended December 31, 2011, rental revenue was derived as follows: Germany (28.5%), France (17.8%), the UK (17.5%), Italy (13.0%), Spain (9.9%) and elsewhere internationally (13.3%).

The charts below set out our revenue by source and by geographic region for the year ended December 31, 2011

*Europcar Group 2011 Revenue by Source**



*Europcar Group 2011 Revenue by Geography***



Source: Management Accounts.

* Percentages have been rounded.

** In May 2011 we divested Europcar Switzerland.

Experienced management supported by strong equity sponsorship

We benefit from our experienced management team. All the members of our Executive Committee have had significant experience in the car rental industry and/or in the management and control of global companies. In particularly, our newly-appointed Chief Executive Officer, Mr. Roland Keppler, benefits from his three years of experience heading our operations in Germany, which is our largest geographical market in terms of revenue, in addition to his previous experience at TUIfly as Chief Executive Officer. Our Executive Committee is further supported by a management team comprising local and corporate-level managers in each of the Corporate Countries.

Furthermore, since 2006, EGSA's majority shareholder has been Eurazeo, a leading European listed investment company with a diversified portfolio of approximately €4 billion in accounts

or assets, significant investment capacity and a strong track record of actively supporting its investments and seeking to create value in the companies that it has acquired. It, along with ECIP Europcar SARL (a vehicle for co-investors with Eurazeo in Europcar) and Eureka Participation S.A.S., are the only Ordinary Equity Investors in EGSA. In addition, members of the board of directors of EGSA hold a legal minimum of shares and certain members of Europcar management hold preferred B class shares. In connection with the acquisition of control in 2006, the Ordinary Equity Investors injected approximately €780 million of equity into Europcar. In order to provide support for the refinancing of the Outstanding Floating Rate Notes, Eurazeo and ECIP Europcar SARL are committed to inject €110 million of equity on the Issue Date, enabling EGSA to decrease its leverage ratios.

Our strategy

Our primary objectives in the current environment are to concentrate our efforts on addressing the changing preferences of our customers and the increased demand for quality, reliability, mobility and cost-effective solutions, by leveraging our premium brand together with other brands and by continuing to offer innovative customer solutions. While pursuing these objectives, we aim to hold our leadership position while maintaining strict control on costs, indebtedness and working capital in order to maximize our flexibility and provide for future growth for our activities. The key elements of our strategy include:

Continue to strengthen our leading position in the growing European market

We believe that the European market, which is simultaneously one of the largest markets in the world and one of the most difficult to access, will continue to provide strong growth potential for our company given our solid competitive advantage that has been gained through our established presence and our thorough understanding of the many local particularities of the European market. In particular, we believe that there continues to be significant growth potential for the car rental business in Europe, where the ratio of car rentals to licensed drivers remains low compared to the U.S. market. In addition, we anticipate that declining levels of car ownership in urban centers should provide us with new market possibilities, especially in light of the high level of urban density in Europe and the continually increasing market trends towards mobility and other innovative service offerings.

We aim to increase both our market share and overall market penetration across Europe. We believe that our coverage of all major European travel hubs, together with our strong regional and local presence, are important factors that provide us with a diversified customer mix and enable us to capture growth potential in the industry in Europe, as well as to influence the growth and development of the industry generally. To this end, we intend to continue, in a cost-efficient and flexible manner, to undertake initiatives to promote our cross-border and international bookings and, in particular, to enhance our European in-bound traffic, as well as to maintain our strong commitment to quality service.

Develop new customer segments through innovative service offerings and expanded distribution channels

We are continuing to actively identify new customer segments and market opportunities in order to formulate new offers to address a changing customer mix focusing, in particular, around the new mobility concept. The mobility concept, resulting from continuously changing market trends, is at the center of many of our new initiatives, products and services, and we believe it represents a significant opportunity for us to expand into new markets. Recent market studies indicate that there is an emerging trend in the attitude of European consumers towards car usage and ownership, with many urban European drivers opting for car rental over ownership. Our goal is to provide our customers with innovative mobility solutions that enable them to conveniently satisfy this option and otherwise to meet their personal needs. We intend to continue to support our customers' individual mobility needs by, among other things, continuing to design and offer short-term car rental solutions that are increasingly customized, innovative, convenient and environmentally friendly.

Our efforts in this respect include:

- looking at innovative car sharing/rental concepts that are increasingly replacing traditional car ownership in urban centers across Europe. For example, in October, 2010 we created a joint venture called car2go with a subsidiary of Daimler. Car2go makes rental vehicles available to subscriber customers on an immediate basis in cities throughout Europe, first launched in Hamburg, Amsterdam and Vienna, followed by Lyon at the beginning of 2012 and soon in Berlin.
- marketing vehicles with new fuel technologies (fuel efficient diesel, hybrid, electric) in response to changing market perceptions, such as by incorporating electric vehicles into our fleets for the first time (including Citroen C-zéro in Germany, Peugeot i-On in France, Portugal and the United Kingdom, and our agreement with Opel with respect to the roll-out of Opel Ampera, an electric vehicle with gasoline-powered generator reserves);
- continuing to develop new marketing facilities (such as web, e-ticketing and personal devices). For example Europcar has recently launched a new program for its mobile phone application for iphone (Apple operating systems) customers and another for its Android (Google operating systems) customers. The goal of these applications is to provide Europcar customers with a new, convenient and technologically advanced means of booking rentals through their mobile phones; and
- developing and offering innovative new services. For example, in late 2011 we launched our "Value for Money" offer in Spain and Portugal, and we aim to further expand the reach of this offer into other countries. "Value for Money" is a product offering that is differentiated from our regular product offerings by providing customers with fewer options and a more limited choice of vehicle, thereby permitting them to access more attractive prices.

Finally, we intend to continue to enhance our customer-centric focus by optimizing our distribution network whenever possible, including through exploring new distribution channels such as the development of new mobile phone applications and smartphone technologies mentioned above. These types of applications are becoming more and more heavily utilized in everyday life, and particularly more and more by everyday consumers. Europcar's new mobile phone applications have also been developed to assist customers to search for the nearest Europcar station and to find a designated parked rental car.

Maintain and leverage our efficient cost structure and leverage the benefits of our combined local/global positioning to further improve operating profitability

We have implemented an efficient cost structure that we believe should enable us to further improve profitability. We intend to maintain strict price and cost control policies, as well as our objective to increase our average fleet utilization rate, as market conditions improve. In addition, in our ongoing efforts to maintain and improve our operating profitability, we have reviewed segment profitability to identify and respond appropriately to less profitable aspects of our businesses. Furthermore, we intend to use our positioning as both a local and global operator to further leverage our global platform to create additional synergies at the local level across the numerous jurisdictions where we are present. We intend to further improve our operating profitability as market conditions improve by maintaining our current efficient cost base and leveraging the advantages of our platform through better fleet management and focus on maintenance, optimizing processes across the Group, and reinforcing purchasing policies.

Continue to enhance our global IT infrastructure

Our Europcar Network is supported by our global IT infrastructure. We aim to optimize our operating flexibility and efficiency by further enhancing our underlying infrastructure, in particular, in order to support our customer-centric focus and respond to trends in market

demand, such as increased mobility. In particular, we aim to gain additional benefits from leveraging our proprietary GreenWay® system, in order to take advantage of additional modalities and functionalities that will help us improve cost efficiency.

Continue our strong financial discipline, focusing on cash flow generation

In addition to our flexible business model, which enables us to quickly adjust the size of our fleet to demand, resulting in a rapid adjustment of our fleet level, our close monitoring of non-fleet working capital contributes to stronger cash generation. This strategy, which rests on a strong financial discipline implemented across our platform, has been a key driver utilized by our management, allowing us to report a significant improvement in corporate free cash flow generation in 2011, even while revenue declined by 0.3% at constant exchange rates. While our Corporate EBITDA declined in 2011, our free cash flow rose, reflecting a strong non-fleet working capital and fleet asset base reduction.

Selectively expand in international markets

We aim to expand our presence in international markets by developing our international franchise network in selected countries and regions where attractive business opportunities exist. For example, we are currently seeking to expand our presence in Latin America and the Asia Pacific region. In addition, we will continue to explore alternative expansion opportunities outside of our international franchise network.

Our fleet

We believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry. During the year ended December 31, 2011, we took delivery of over 280,000 vehicles and our average fleet in the Corporate Countries was approximately 190,000 vehicles. Our fleet is sourced from a diversified group of manufacturers, including Volkswagen AG (with the brands VW, Audi, Seat and Skoda) accounting for approximately 32% of Europcar's fleet deliveries, General Motors for 15%, Fiat for 12%, Peugeot for 10%, Renault for 12%, Daimler for 9% and other manufacturers for the remaining 10%. Our 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 us to meet the rental demands of a broad range of customers.

For the year ended December 31, 2011, Europcar's approximate average holding period was 8 months. We believe that Europcar has one of the highest fleet utilization rates among the major European car rental companies, having successfully increased our fleet utilization rate from 71.3% for the year ended December 31, 2005 to 74% for the year ended December 31, 2011. 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.

Europcar acquires, subject to availability, a majority of its vehicles pursuant to various fleet purchase programs established by the manufacturers. Under these contractual programs, Europcar purchases from the vehicle manufacturers or dealers and the vehicle manufacturers undertake, subject to certain terms and conditions, to repurchase those vehicles at a pre-determined price observing a specified time period (the "***Buy-Back Commitment***"). As at December 31, 2011, approximately 89% of Europcar's fleet in value was covered by Buy-Back Commitments and during the year then ended approximately 95% of Europcar's fleet purchases

in units were covered by such Buy-Back Commitments. The proportion of the total fleet covered by Buy-Back Commitments at any given time may be less than the proportion of current purchases so covered given that "at risk" vehicles have a significantly longer holding period. Repurchase programs limit Europcar's potential residual value 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. These programs operate to the benefit of the vehicle manufacturers as well, since the return of the vehicles to them within a short time period enables them to resell the vehicles more quickly through their dealership networks as newer models.

Corporate history

Europcar Groupe S.A. was formed in connection with the acquisition by Eurazeo of ECI in 2006 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. EGSA's 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.

We trace our origins back to 1949, with the founding of the *L'Abonnement Automobile* car rental company in Paris 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 and became a 50% shareholder of Europcar while Volkswagen AG held 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 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.

In June 2006 the Europcar Group 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.

In February 2007, ECUK, an indirect wholly-owned subsidiary of EGSA, acquired Vanguard Car Rental EMEA Holdings Limited (now known as PremierFirst Vehicle Rental EMEA Holdings Limited), the European car rental operations of Vanguard Car Rental Holdings LLC under the brand names National and Alamo. Also in 2007, Europcar acquired Betacar, a car rental business active in the Balearic and Canary Islands.

In 2008, Europcar acquired ECA Car Rental, our master franchisee in Asia Pacific with corporate operations in Australia and New Zealand.

In March 2011 we also entered into a strategic joint venture with a subsidiary of Daimler in Germany to create car2go, a car-sharing service aimed at making rental vehicles available to subscriber customers on an immediate basis in cities throughout Europe, initially commencing in Hamburg in the first quarter of 2011.

In May 2011 we divested our corporately-run operations in Switzerland to our Swiss franchisee.

Our fleet financing

The acquisition of our fleet is financed in a number of ways, including by operating leasing arrangements, the Senior Asset Revolving Facility, the Senior Revolving Credit Facility, the EC Finance Notes and other banking facilities plus dedicated financing in the UK, Australia and New Zealand.

In France, Germany, Italy and Spain, we finance our fleet both through operating leases and through the Securitifleet Companies. The Securitifleet Companies were set up to purchase and own the vehicles and to lease them to the local Europcar operating companies in France, Germany, Italy and Spain. The financing of the Securitifleet Companies' fleet is provided through Securitifleet Holdings by drawings made under the Senior Asset Revolving Facility together with the proceeds of the EC Finance Notes.

The Refinancing

We have recently completed or are currently engaged in amending, extending and/or refinancing a number of our existing debt facilities, including:

- Our Outstanding Floating Rate Notes;
- Our Senior Revolving Credit Facility;
- Our Senior Asset Revolving Facility; and
- Our UK fleet financing facilities.

In addition, we have amended our principal outstanding swap agreement. Furthermore, on the Issue Date, Eurazeo and ECIP, Europcar SARL will extend the Subordinated Shareholder Funding in the amount of €110 million which will be converted into equity within the year.

Outstanding Floating Rate Notes

On or prior to the Completion Date, EGSA intends to publish, in accordance with the provisions of the Indenture governing our Senior Subordinated Secured Floating Rate Notes due 2013 (the "**Outstanding Floating Rate Notes**"), a conditional notice of redemption. Such notice of redemption will provide for the redemption in full of the Outstanding Floating Rate Notes. The date of redemption will be 30 days after the giving of such notice of redemption, conditional upon release of proceeds of the Offering from escrow on the Completion Date.

The net proceeds from the issuance of the Notes, together with the €110 million in proceeds from the Subordinated Shareholder Funding referred to above and cash on hand at Europcar Group, will be used (i) to redeem the remaining Outstanding Floating Rate Notes, and (ii) to pay the transaction fees and expenses in connection with the issuance of the Notes offered hereby.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility was amended and restated on April 19, 2012 with a group of new and existing lenders, principally to extend its maturity which had been scheduled for May of

2013. The amended and restated agreement was signed subject to customary conditions precedent, including the refinancing of the Outstanding Floating Rate Notes and the UK fleet financing facilities. The Senior Revolving Credit Facility, as so amended and restated, consists of a senior secured revolving credit facility providing for loan advances denominated in euro, or such other currencies as may be agreed upon with the lenders, in a total aggregate principal amount already committed at the Issue Date of €300 million outstanding at any one time and available from time to time under certain conditions to EGSA and ECI and certain operating companies of the Group. The purpose of the facility is to provide funding mainly for working capital needs and general corporate purposes of the Group.

The Senior Revolving Credit Facility, as amended and restated, will mature on April 19, 2015, subject to two one year extension options (which the lenders may individually accept or reject) and a final maturity date of April 19, 2017.

Senior Asset Revolving Facility

The Senior Asset Revolving Facility was initially entered into on July 30, 2010 (the "**Closing Date**") and amended on August 26, 2010, November 4, 2010 and January 11, 2011. The Senior Asset Revolving Facility was further amended on April 5, 2012 in certain respects, principally to obtain an 'A' rating from Standard & Poor's with respect to Securitifleet Holdings, reduce the total amount of the facility commitment from €1.3 billion to €1.1 billion, provide for increased flexibility on vehicle concentration and eligibility criteria, and to reduce the margin payable on the FCT Senior Notes (referred to herein) issuable under the facility (from 3.0% to 2.7%). The Senior Asset Revolving Facility provides a committed facility to Securitifleet Holding, as borrower. Drawings are made available to Securitifleet Holding for the sole purpose of financing fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet Companies only. The Senior Asset Revolving Facility terminates on the date that is the earlier of (i) the date that is four years after the Closing Date; (ii) upon an event of default being declared; (iii) the date on which the Senior Revolving Credit Facility is repaid (unless refinanced); and (iv) on or prior to the date on which the Outstanding Fixed Rate Notes are fully paid.

On April 12, 2012, in light of the amendments made to the Senior Asset Revolving Facility, Standard &Poor's granted an 'A' rating to the senior notes issuable by Securitifleet Holdings.

Europcar UK Group Fleet Financing

As our current long-term UK fleet financing facilities mature at the end of 2012, we have been in negotiations with Lloyds TSB Bank plc ("**Lloyds**") and Lombard North Central plc, a unit of The Royal Bank of Scotland ("**Lombard**") for their renewal. As of April 24, 2012, we have received commitments, subject to certain conditions precedent, from Lloyds and Lombard relating to new vehicle financing facilities to be provided by them to ECGUK in the amount of £200 million and £175 million, respectively. Pursuant to these facilities, vehicles will be acquired from the manufacturers, then sold to lessors and operated through lease-back agreements.

Our current facilities include two working capital facilities and two leasing facilities, one with Lloyds for £250 million and the other with Lombard for £295 million. These two facilities, with a total committed amount of £545 million, mature on December 31, 2012. The amount outstanding under these facilities as at December 31, 2011 was £261 million (2010: £337.3 million).

The Group believes that the refinanced facilities amounting to £375 million will provide sufficient long-term funding for its ongoing operations. Nevertheless, the Group will continue to pursue opportunities to refinance or add other facilities where possible in addition to some OEM lease facilities.

Amended Swap Agreement

In December 2010, the Group entered into an interest rate swap agreement with a starting date of December 18, 2011 and maturity date of January 17, 2015 (the "2011 Swap Agreement"). According to this agreement, the Group has agreed to pay a fixed interest expense ranging from 2.42% to 2.45% on the outstanding notional amount of €1.3 billion and received interest income calculated at a rate equal to one-month EURIBOR. On April 18, 2012, Europcar entered into certain amendments to this agreement (the "2012 Swap Amendments"), pursuant to which the notional principal amount subject to this agreement was reduced to €900 million and the fixed interest expense that the Group would be required to pay was reduced from 2.42% to 0.66%.

In July 2011, the Group entered into an additional new interest rate swap agreement (the "Additional 2011 Swap Agreement") with a starting date of December 19, 2011 and a maturity date of December 19, 2014. According to this agreement, the Group pays a fixed interest expense ranging from 2.985% on the outstanding notional amount of €0.3 billion and receives interest income calculated at a rate equal to six-month EURIBOR.

The Group continues to actively manage its hedging requirements and available swap agreements.

Subordinated Shareholder Funding

On the Issue Date of the Notes, Eurazeo will complete the Subordinated Shareholder Funding in the amount of €110 million. EGSA will use a portion of the proceeds of the Subordinated Shareholder Funding on the Issue Date to make a subordinated loan to the SPV Issuer in an amount sufficient to ensure that the total funds in the Escrow Account, together with the net proceeds from the issuance of the Notes, will be sufficient to pay the special mandatory redemption price for the Notes, if and when required. On the Completion Date, the escrow funds will be paid to, or upon the order of EGSA and used by EGSA, together with the remaining proceeds of the Subordinated Shareholder Funding and cash on hand of Europcar Group, to redeem in full the Outstanding Floating Rate Notes.

It is anticipated that the Subordinated Shareholder Funding will be contributed to capital during 2012 through the issuance of additional Europcar ordinary shares to the Ordinary Equity Investors.

Current trading information

For the first three months of 2012, we expect to report a decrease in total revenues of less than 2.5% as compared to the first three months of 2011, as measured at constant exchange rates and excluding the impact of the disposal of Europcar Switzerland in May 2011. This decrease is due to lower demand in the Southern European countries, partly offset by the positive initial results of the implementation of the Value For Money offer. In line with the Group's focus on cost reduction, the anticipated impact of the decrease in total revenues on Group profitability for the first quarter is expected to be minimal.

Recent Management Changes

Mr. Roland Keppler was appointed as Chief Executive Officer on February 14, 2012. Mr. Keppler benefits from three years of experience heading our operations in Germany, which is our largest geographical market in terms of revenue, in addition to his previous experience at TUIfly as Chief Executive Officer.

Ms. Caroline Parot was appointed Chief Financial Officer on March 12, 2012. Ms. Parot was previously in charge of Group Controlling for the Group. Prior to joining Europcar, Caroline held senior finance positions within the Technicolor Group (formerly Thomson) as Group Controller and Technology Segment Chief Financial Officer. Ms. Parot started her career as Senior Manager of Audit at Ernst & Young.

The Offering

*The summary below describes the principal terms of the Offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. For additional information regarding the Notes, including the definitions of certain terms used herein, see "*Description of the Notes*".*

The Notes

The Issuer Prior to the Completion Date:	Europcar Bond Funding Limited (the "**SPV Issuer**"), an Irish private limited company.
The Issuer On and After the Completion Date:	Europcar Group, S.A. ("**EGSA**").
The Notes	€324 million aggregate principal amount of 11.50% Senior Subordinated Secured Notes due 2017.
Issue Price	91.216% plus accrued and unpaid interest, if any, from the Issue Date.
Issue Date	May 14, 2012.
Maturity	May 15, 2017.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2012.
Denominations	€100,000 and any integral multiple of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Escrow of Proceeds	The net proceeds of the Notes will be deposited into the Escrow Account until the date certain conditions are met (the "**Completion Date**"). In addition, an amount of cash provided through a subordinated loan from EGSA to the SPV Issuer will be added to the Escrow Account to ensure that the total amount of escrowed funds will be sufficient to pay the special mandatory redemption price for the Notes, when and if due, plus interest to the special mandatory redemption date. On the Completion Date, the escrow funds, including the net proceeds from the Offering and the proceeds from the subordinated loan from EGSA to the SPV Issuer, will be paid to or upon the order of EGSA, and applied by EGSA as described in "Use of Proceeds".
Special Mandatory Redemption	In the event that the escrow release conditions are not satisfied on substantially the terms described herein on or prior to July 5, 2012, the Notes will be subject to a special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*".
Use of Proceeds	The proceeds from the issuance of the Notes, together with approximately €110 million proceeds from the Subordinated Shareholder Funding from Eurazeo to EGSA and cash on hand at Europcar Group, will be used to (i) redeem in full the €425 million aggregate principal amount of EGSA's Outstanding Floating Rate Notes, and (ii) pay the transaction fees and expenses. In accordance with the provisions of the Indenture governing the Outstanding

	Floating Rate Notes, EGSA intends to publish a conditional notice of redemption to redeem in full all Outstanding Floating Rate Notes on or prior to the Completion Date, conditional upon release of funds from the Escrow Account on the Completion Date.
Ranking of Notes after Completion Date	On and after the Completion Date, the Notes will be senior subordinated obligations of EGSA and: • will be secured by a second ranking share pledge of the share capital of ECI held by EGSA; • will be subordinated in right of payment to all existing and future Senior Credit Facility Indebtedness of EGSA (in a principal amount already committed of €300 million as of the Issue Date subject to increase as described under "*Description of the Notes—Subordination of the Notes*"); • will be effectively subordinated to all secured Indebtedness of EGSA to the extent of the value of the assets securing such secured Indebtedness; • will be effectively subordinated to all Indebtedness and other liabilities (including Trade Payables) of each Subsidiary of EGSA that is not a Subsidiary Guarantor; • will rank equally in right of payment with all existing and future Senior Subordinated Indebtedness of EGSA (including with the Outstanding Fixed Rate Notes); and • will rank senior in right of payment to all existing and future Subordinated Indebtedness of EGSA.
Subsidiary Guarantees after Completion Date	On and after the Completion Date, payments of principal of and interest and premium (if any) on the Notes will be jointly and severally guaranteed by ECUK and certain of the German subsidiaries of EGSA (the "Subsidiary Guarantors"). 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 will also be subordinated in right of payment to, among other things, the Senior Revolving Credit Facility and other obligations described under "Description of the Notes—Ranking and Subordination of the Subsidiary Guarantees").
Security	On and after the Completion Date, the Notes will be secured by a second priority security interest in the shares of ECI owned by EGSA. The first priority security interest is in favor of the Senior Revolving Credit Facility lenders, including any refinancing thereof.

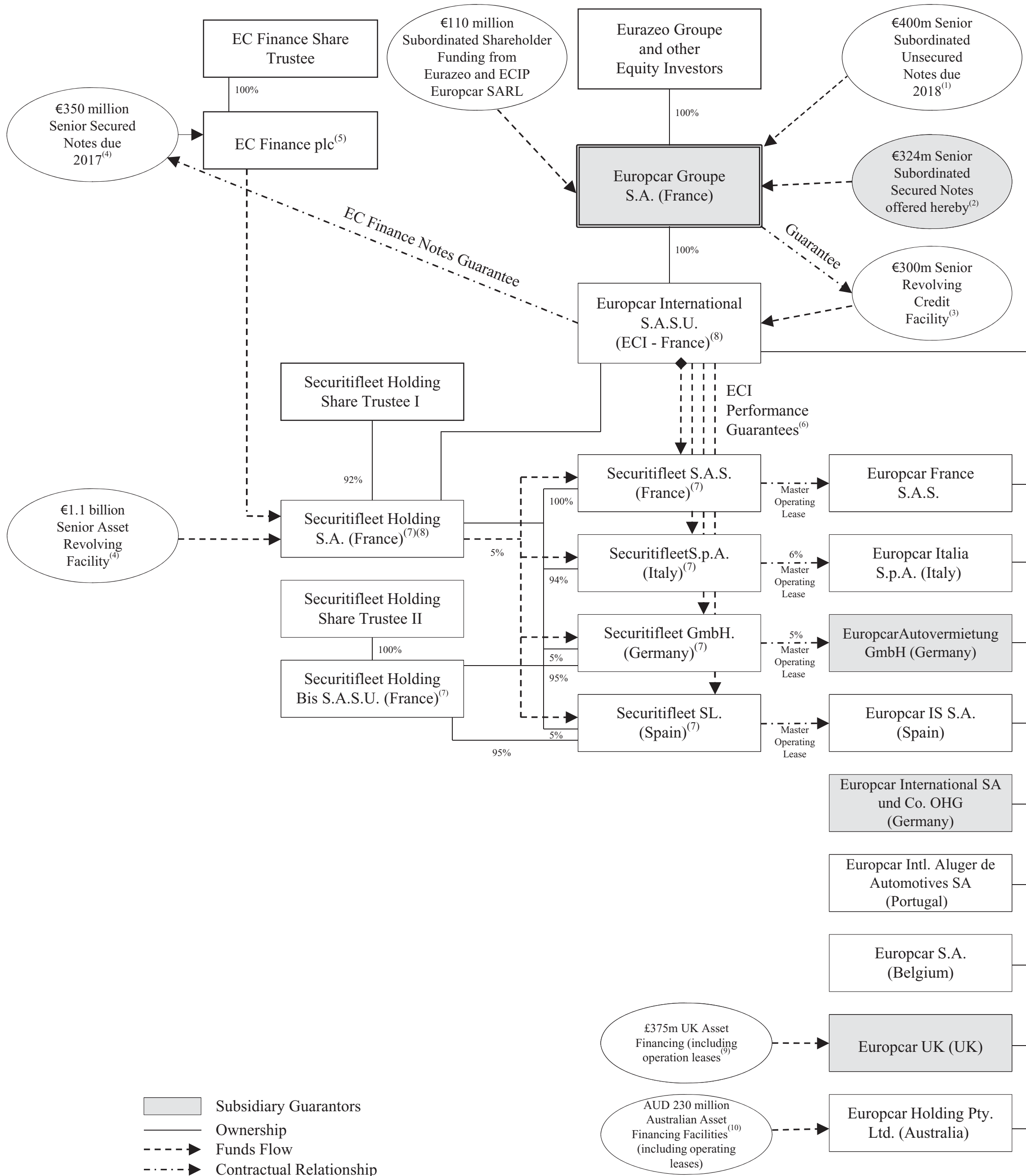
	The second ranking pledge securing the Notes may also be released under certain other circumstances. Enforcement of the second ranking security interest is subject to a standstill period. See "*Risk Factors—Risks Related to the Security"* and "*Description of the Notes—Security*".
Intercreditor Agreement	On the Completion Date, the Trustee will enter into the amended and restated Intercreditor Agreement with, among others, the facility agent under the Senior Revolving Credit Facility and Crédit Agricole Corporate and Investment Bank, as security agent. Pursuant to the Intercreditor Agreement, the Trustee will agree to certain provisions that, among other things, give effect to the subordination provisions of the Notes. See "*Description of the Notes—Subordination of the Notes*" and "*Description of Other Indebtedness—Intercreditor Agreement*". The terms of the Indenture governing the Notes and the Intercreditor Agreement provide that payments on the Notes (i) will be blocked if a payment default has occurred and is continuing under the Senior Revolving Credit Facility 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 occur. Enforcement of the Notes will be subject to limitations in certain circumstances, including a standstill period of up to 179 days. See "Description of the Notes—Subordination of the Notes—Payment Blockage Provisions".
Optional Redemption . .	Except in certain limited circumstances, the Notes are not redeemable prior to maturity. At any time on or after the Completion Date, EGSA will be entitled, at its option, to redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make whole" premium. On or after the Completion Date, EGSA may use the net proceeds of specified equity offerings to redeem up to 40% of the original principal amount of the Notes at a redemption price equal to 111.5% 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 60% of the aggregate principal amount of the Notes remains outstanding after the redemption. See "*Description of the Notes*". Furthermore, at any time on or after the Completion Date, EGSA may, at its option, use the net proceeds of its initial public offering to redeem up to 100% of the principal amount of the Notes issued under the Indenture (including any Additional Notes) at a redemption price of 111.5% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.
Optional Tax Redemption	In the event of certain developments affecting taxation, EGSA may redeem all, but not less than all, of the Notes at 100% of the outstanding principal amount thereof plus accrued and unpaid interest to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*".

Additional Amounts . . .	All payments to be made without withholding or deduction for or on account of any taxes. If any such taxes are imposed, EGSA will pay additional amounts so that the holders receive the full amount which would otherwise have been received, subject to customary exceptions.
Change of Control	Upon the occurrence of certain events constituting a "change of control," EGSA is required to offer to repurchase all outstanding Notes at a purchase price in cash of 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase. See "*Description of the Notes—Change of Control*".
Certain Covenants	The Indenture will, among other things, contain certain covenants restricting our activities, including the following: • limitation on incurrence of additional indebtedness; • limitation on restricted payments; • limitation on asset sales and use of cash proceeds; • limitation on mergers, acquisitions and consolidations; • limitations on transactions with affiliates; • limitation on creation of liens and guarantees; and • limitation on restricting payment of dividends by subsidiaries. Each of these covenants are subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants*".
Original Issue Discount	The Notes will be treated as issued with original issue discount for U.S. federal income tax purposes. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*".
Transfer Restrictions . . .	The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
No Established Market for the Notes	The Notes will be new securities for which there is no existing market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to have the Notes admitted for trading on the Euro MTF Market and to list the Notes on the Official List of the Luxembourg Stock Exchange.
Trustee, Transfer and Principal Paying Agent	The Bank of New York Mellon.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg Paying and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.

Governing Law	The Indenture and the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement is, and the share pledge agreement will be governed by French law. The agreement relating to the Escrow Account will be governed by English law.
ISIN's	Rule 144A: XS0779246981
	Regulation S: XS0779246478
Common Code	Rule 144A: 077924698
	Regulation S: 077924647

Corporate structure

The following diagram depicts, in simplified form, our corporate structure and certain financing arrangements following the completion of the Offering, the Refinancing and the release of the net proceeds from escrow to EGSA on the Completion Date. See "*Description of Certain Europcar Financing Arrangements*". The chart does not include all of our subsidiaries, nor all of our debt obligations. For a summary of the debt obligations identified in this diagram and certain of our other debt obligations, please refer to the sections "*Description of the Notes*", "*Description of Certain Europcar Financing Arrangements*" and "*Capitalization of Europcar Group*".



(1) The €400 million 9.375% Senior Subordinated Unsecured Fixed Rate Notes due 2018 (the "**Outstanding Fixed Rate Notes**" and together with the Outstanding Floating Rate Notes, the "**Outstanding Notes**") are senior subordinated obligations of EGSA.

(2) On and after the Completion Date, the €324 million Notes offered hereby will be senior subordinated secured obligations of EGSA secured on a second ranking basis by the shares of ECI and guaranteed on an unsecured basis by certain of our German subsidiaries and ECUK.

(3) As at December 31, 2011, outstanding amounts under the Senior Revolving Credit Facility were €39 million (which does not include €43 million of letters of credit guaranteed by the Group under the facility). The Senior Revolving Credit Facility was amended and restated on April 19, 2012 with a group of new and existing lenders, principally to extend the maturity thereof. The Senior Revolving Credit Facility is secured, subject to certain security consideration principles, by a first ranking security interest in certain of Europcar's assets including, in particular, trademarks, subsidiaries' shares and bank accounts. The Senior Revolving Credit Facility is also secured on an effective first ranking basis by the shares of ECI.

(4) The €1.1 billion Senior Asset Revolving Facility and the €350 million Senior Secured Notes due 2017 (the "**EC Finance Notes**") benefit from the following collateral: (i) a first priority share pledge over the shares of Securitifleet Holding held by ECI, (ii) a first priority security over all shares of the Securitifleet Companies, (iii) first priority security over receivables by Securitifleet Holding for the receivables it owns in respect of each of the Securitifleet Companies under the Securitifleet advances (other than in respect of Securitifleet Italy for the secured party under the Securitifleet proceeds loan only), (iv) a first priority pledge over Securitifleet Holding's bank accounts, (v) first priority security over certain receivables (including under buy-back agreements from vehicle manufacturers) of each of the Securitifleet Companies (other than Securitifleet Italy for the secured party under the Securitifleet proceeds loan only), subject to certain exceptions in Spain, and (vi) first priority security over certain assets (including bank accounts and the vehicle fleet) of each Securitifleet Company (other than Securitifleet Italy for the secured party under the Securitifleet proceeds loan only), subject to certain exceptions in Spain for the secured party under the Securitifleet proceeds loan only. The rights of the lenders under the Senior Asset Revolving Facility to such security are senior to the rights of the holders of the EC Finance Notes by way of contractual provisions to such effect contained in an intercreditor agreement. As at December 31, 2011, outstanding amounts under the Senior Asset Revolving Facility were €495.3 million. See "*Description of Certain Europcar Financing Arrangements*".

(5) EC Finance plc is a public limited company incorporated under the laws of England and Wales for the purpose of issuing the EC Finance Notes and loaning the proceeds thereof to Securitifleet Holding pursuant to the Securitifleet proceeds loan. See "*Description of Certain Europcar Financing Arrangements*".

(6) Under the Senior Asset Revolving Facility, ECI granted ECI performance guarantees, each being a *caution solidaire* in favor of each Securitifleet Company and Securitifleet Holding to guarantee payments due to Securitifleet Holding or a Securitifleet Company by the relevant Europcar operating company (including under the relevant Master Operating Lease Agreement and services agreement).

(7) Direct and indirect ownership.

(8) Securitifleet Holding acts as the financing entity for the fleet purchasing and leasing activities of the Securitifleet Companies. Securitifleet Holding used the proceeds of the EC Finance Notes and drawings under the Senior Asset Revolving Facility to on-lend, directly or indirectly as required by certain jurisdictional limits, such amounts to the Securitifleet Companies. See "*Description of Certain Europcar Financing Arrangements*".

(9) As of April 24, 2012, we have received commitments from Lloyds and Lombard relating to new vehicle financing facilities to be provided to ECGUK in the amount of £200 million and £175 million, respectively, for total committed facilities of £375 million. The borrowers' obligations under each of these new UK Vehicle Finance Facilities will be secured by way of fixed charges (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 floating charges on certain UK assets. In addition, the facilities will be guaranteed by certain subsidiaries of EGSA, including ECI and ECUK. The Group's current UK Vehicle Finance Facilities include a £250 million hire purchase facility and a £295 million vehicle finance facility for the vehicle financing needs of ECGUK. These current facilities mature at the end of 2012. See "*Description of Certain Europcar Financing Arrangements*".

(10) National Australia Bank (the "**NAB**"), Toyota Financial Services ("**TFS**"), Volkswagen Financial Services and Alphabet Financial Services have provided Europcar Australia and New Zealand with the Australian Asset Financing Facilities. Such facilities are renewed annually, NAB Facilities are secured by fixed and floating charges over Europcar Australia assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned. There are also performance guarantees for the facilities. See "*Description of Certain Europcar Financing Arrangements*".

Summary Europcar Consolidated Financial and Other Data

The following tables present summary consolidated financial and other data for our business. The summary historical consolidated financial information for EGSA has been derived from the EGSA Consolidated Financial Statements for the years ended December 31, 2011, 2010 and 2009. The EGSA Consolidated Financial Statements for the years ended December 31, 2011, 2010 and 2009 have been audited by PricewaterhouseCoopers Audit and prepared in accordance with IFRS as adopted by the European Union.

You should read the following summary consolidated financial and other data in conjunction with the EGSA Consolidated Financial Statements and the notes thereto, and other financial information appearing elsewhere in this Offering Memorandum, including under the headings "*Capitalization of Europcar Group*", "*Selected Consolidated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

	Year ended December 31,		
	EGSA 2011 (audited)	**EGSA 2010 (audited)**	**EGSA 2009 (audited)**
(In millions of €)	**At reported exchange rates**		
Summary Income Statement			
Revenue	**1,969.2**	**1,973.1**	**1,851.4**
Expenses			
Fleet holding costs	(545.6)	(530.1)	(509.2)
Fleet operating, rental and revenue related costs	(701.0)	(706.0)	(646.1)
Personnel costs	(303.8)	(305.4)	(297.7)
Network and head office overheads	(213.6)	(206.5)	(202.7)
Depreciation and amortization expenses	(34.3)	(35.1)	(34.3)
Other income	18.0	14.4	6.7
Operating income before non-recurring items	**188.9**	**204.5**	**168.1**
Goodwill impairment charge	(40.3)[(1)]	(53.8)[(1)]	(90.9)[(1)]
Other non-recurring items	(3.2)[(2)]	(34.8)[(2)]	(56.3)[(2)]
Operating income	**145.4**	**115.9**	**20.9**
Financial income	5.2	9.4	6.7
Financial expenses	(165.1)	(122.0)	(117.5)[(3)]
(Expenses) / income from interest rate swaps	(55.8)	(70.6)	(61.1)[(3)]
Amortization of financing arrangement costs	(12.8)	(58.5)	(17.2)
Net financing costs	(228.7)	(241.6)	(189.1)
Profit/(loss) before tax	**(83.2)**	**(125.6)**	**(168.2)**
Income tax	12.9	(3.1)	20.0
Share of profit (loss) in associates	(1.8)	0.3	0.3
Profit/(loss)	**(72.2)**	**(128.4)**	**(147.9)**

(In millions of €)	As of December 31, EGSA 2011 (audited)	EGSA 2010 (audited)	EGSA 2009 (as restated)
	At reported exchange rates		
Summary Balance Sheet			
Total non-current assets	**1,366.1**	**1,425.6**	**1,459.1**
Total current assets	**2,725.9**	**2,937.6**	**2,861.9**
of which rental fleet and related receivables	1,943.2	*2,125.2*	*2,154.8*
of which current investments[(4)]	47.3	*31.8*	*43.0*
of which cash and cash equivalents[(5)]	255.7	*263.1*	*232.3*
Total assets	**4,092.0**	**4,363.2**	**4,321.0**
Total non-current liabilities	1,439.5	1,291.4	1,161.0
of which loans and borrowings	1,149.7	*1,033.6*	*795.4*
Total current liabilities	2,304.0	2,659.2	2,663.5
of which loans and borrowings	1,016.7	*1,377.9*	*1,449.5*
Total liabilities	**3,743.5**	**3,950.6**	**3,824.4**
Total equity	**348.5**	**412.6**	**496.6**

(In millions of €)	Year ended December 31, EGSA 2011 (audited)	EGSA 2010 (as restated)	EGSA 2009 (as restated)
	At reported exchange rates		
Summary Statement of Cash Flows			
Operating income (consolidated IFRS)	**145.4**	**115.9**	**20.9**
Non-fleet depreciation and amortization (including asset impairment)	80.2	102.0	130.5
Fleet financing costs excluding interest expense included in fleet operating lease rents	(131.0)	(111.5)	(97.5)
Non fleet capital expenditures, net of proceeds from disposal	(18.5)	(25.1)	(27.3)
Change in non fleet working capital	80.9	(13.4)	45.2
Change in provisions, employee benefits and accrued fleet financing expense	11.6	0.5	8.9
Income tax (paid)/received	6.7	(19.9)	11.7
Corporate free cash flow before change in fleet asset base (fleet assets and fleet working capital)	**175.3**	**48.5**	**92.4**
Cash interest paid on corporate debt, including allocated swap cash charge	(64.2)	(66.1)	(66.5)
Free cash flow before changes in fleet asset base (fleet assets and fleet working capital)	**111.1**	**(17.6)**	**25.9**
Change in fleet asset base (fleet assets and fleet working capital)	182.8	44.9	579.2
Free cash flow	**293.9**	**27.3**	**605.1**
Business acquisitions, net of cash acquired	1.3	–	–
Other investing activities	7.7	(12.1)	(10.5)
Increase in capital	7.5	1.0	–
Issuance of EC Finance Notes (net of discount)	109.8	246.8	–
Issuance of the Outstanding Fixed Rate Notes net of reimbursement of the prior Outstanding Fixed Rate Notes		25.0	–
Increase/(decrease) in drawings on fleet financing and working capital facilities	(399.4)	(115.8)	(624.5)
Payment of financing arrangement costs	(11.0)	(87.7)	–
Other financing activities		**(0.9)**	**5.0**
Net change in cash (including restricted cash)[(5)]	**9.7**	**83.6**	**(3.9)**

(In million of € unless stated otherwise)	Year ended December 31		
	EGSA 2011	EGSA 2010	EGSA 2009
	At reported exchange rates		
Selected Key Indicators (unaudited)			
Number of Rental Transactions (in millions)	9.2	9.3	9.5
Number of Invoiced Rental Days (in millions)	51.3	51.9	51.4
RPD year-on-year variation(6)	(1.0%)	3.7%	–
Average Fleet Size (in thousands)	190.0	193.2	191.1
Fleet Utilization Rate	74.0%	73.6%	73.7%
Other Data (unaudited)			
Adjusted Consolidated EBITDA(7)	661.7	662.6	610.3
Adjusted Corporate EBITDA(7)(8)	92.2	128.1	104.8
Total Net Debt (including estimated debt equivalent of fleet operating leases)(9)(10)	2904.9	3,004.6	2,849.0
Total Net Corporate Debt	536.2	584.6	541.6
Total Financing Costs (including interest expense included in fleet operating lease rents (estimated))(11)	246.6	212.7	207.7
Total Corporate Net Interest Expense	69.9	63.0	65.3
Credit Statistics (unaudited)			
Total Net Debt (including estimated debt equivalent of fleet operating leases)/Adjusted Consolidated EBITDA	*4.39x*	*4.53x*	*4.67x*
Ratio of Adjusted Consolidated EBITDA/Total Financing Costs (including interest expense included in fleet operating lease rents (estimated))	*2.68x*	*3.11x*	*2.94x*
Other Data—Adjusted as if the 2012 Swap Amendments and the Refinancing had taken place on January 1, 2011 (unaudited)(12)			
Pro Forma Adjusted Corporate EBITDA(13)	132.3		
Pro Forma Total Corporate Net Interest Expense	75.9		
Adjusted Total Net Corporate Secured Debt(14)	108.5		
Adjusted Total Net Corporate Debt(13)	508.5		
Adjusted Total Net Debt (including estimated debt equivalent of fleet operating lease rents(15)	2,933		
Ratio of Adjusted Total Net Corporate Secured Debt to Pro Forma Adjusted Corporate EBITDA	*0.82x*		
Ratio of Adjusted Total Net Corporate Debt to Pro Forma Adjusted Corporate EBITDA	*3.84x*		
Ratio of Pro Forma Adjusted Corporate EBITDA to Pro Forma Total Corporate Net Interest Expense	*1.74x*		
Ratio of Adjusted Total Net Debt to Adjusted Consolidated EBITDA	*4.43x*		

(1) As at December 31, 2011 considering the uncertainty surrounding the UK market and the weak performance in the Pacific region (an area which had been impacted in 2011 by floods and earthquakes), the Group recognized impairment expenses of €23.7 million in relation to the goodwill allocated to the United Kingdom cash generating unit and of €16.7 million in relation to the goodwill allocated to the Australian cash generating unit. Considering the difficult operating conditions for our industry in Italy driven by increased fleet and accident-related costs as well as unfavorable evolutions on the motor liability insurance market, we recognized as of December 31, 2010 an impairment charge related to the €53.8 million goodwill allocated to our Italy cash generating unit. In light of the depressed economic environment in Spain, Europcar recognized as of December 31, 2009 an impairment charge for the full €90.9 million amount of goodwill allocated to its Spanish operating unit. See Note 13 to the EGSA Consolidated Financial Statements.

(2) Other non recurring items of €3.2 million relate primarily to €3.7 million in acquisition related expenses, a reorganization charge of €2.0 million related to measures implemented in several entities of the Group to adapt their cost structure to the lower demand levels €2.7 million in moving costs for headquarters in France and amortization of intangible assets for €5.3 million, all of which partly offset by the 10% service fee (amounting to € 7.1 million) that was received on the settlement of the Fleming VAT claim, and the €2.8 million gain on the disposal of Europcar Switzerland.

Other non recurring items of €34.8 million in 2010 relate primarily to an impairment of Europcar Spain real estate assets for €7.4 million, amortization of intangible assets for €5.7 million, charges associated with changes in accounting estimates (€6.4 million) and the harmonization of accounting policies across the Group, as well as reorganization charges related to plans implemented in response to economic downturn (€3.1 million).

Other non recurring items of €56.3 million in 2009 relate to reorganization expenses, Amortization and impairment of intangible assets as well as acquisition-related and other non-recurring costs amounting to €31.1 million, €5.3 million and €19.9 million, respectively. Reorganization expenses consist of redundancy costs, for €14.4 million, professional fees, for €11 million and facility lease early termination costs, for €5.7 million, all incurred in connection with the measures taken by Europcar Group to adapt its organization and cost base to the lower demand resulting from the global economic downturn. Acquisition-related and other non-recurring expenses consist primarily of an €8.7 million charge resulting from a change in accounting estimates in relation with Europcar Group's captive insurance company, upper management severance expense of €4.5 million, and acquisition-related charges of €3.6 million. See Note 10 to the EGSA Consolidated Financial Statements.

(3) The effect of the lower market interest rates on our financial expenses in 2009 was largely offset by the €61.1 million interest expenses related to our interest rate swaps.

(4) Dedicated to cover liabilities from the Group's captive insurance company. See Note 16 and 21 to the EGSA Consolidated Financial Statements for the year ended December 31, 2009, 2010 and 2011.

(5) See Note 21 to the EGSA Consolidated Financial Statements.

Certain comparative amounts have been reclassified in 2009 and 2010 to conform to the 2011 presentation. Investments formerly classified as cash and cash equivalents (in 2008: €16.3 million, in 2009: €3.6 million and in 2010: €10 million) were reclassified in current investment on balance sheet (and consequently impacted other investing activities in the statement of cash flows instead of net change in cash). In addition, changes of bank overdrafts formerly classified in drawings on fleet financing were reclassified in net change of cash (in 2008: €15 million, in 2009: €11.3 million and in 2010: €2.5 million).

(6) For the year ended December 31, 2011, RPD increased by 0.2% at constant exchange rates due to the combined effect of strong pricing discipline across the Group and our partial exit from the car replacement (leasing) segment, partly offset by higher price competition in southern Europe and the launch of Europcar "Value For Money" offers, which are designed to increase volumes economically in the lower cost market with an adapted cost structure.

(7) Adjusted Consolidated EBITDA is Consolidated EBITDA before non-recurring items. Consolidated EBITDA is defined as consolidated net income before tax, share of (profit)/loss of associates, net financing costs, fleet depreciation, fleet operating lease rents and non-fleet depreciation and amortization.

Adjusted Corporate EBITDA is defined as Adjusted Consolidated EBITDA less fleet depreciation, fleet operating lease rents and fleet financing costs. Corporate EBITDA is defined as Consolidated EBITDA less fleet depreciation, fleet operating lease rents and fleet financing costs.

We present Corporate EBITDA, Consolidated EBITDA, Adjusted Consolidated EBITDA and Adjusted Corporate EBITDA because we believe they provide investors with important additional information to evaluate our performance. We believe they are 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 Corporate EBITDA, Consolidated EBITDA, Adjusted Consolidated EBITDA and Adjusted Corporate EBITDA useful in measuring our ability to meet our debt service obligations. Neither Corporate EBITDA, Consolidated EBITDA, Adjusted Consolidated EBITDA nor Adjusted Corporate EBITDA is a recognized measurement under IFRS and should not be considered as alternative to operating income or net income as a measure of operating results or cash flows as a measure of liquidity.

The following table reconciles profit/(loss) after tax to Adjusted Consolidated EBITDA and to Adjusted Corporate EBITDA:

	Year ended December 31		
	EGSA 2011	EGSA 2010	EGSA 2009
(In millions of €)	At reported exchange rates		
Profit/(loss) after tax	**(72.2)**	**(128.4)**	**(147.9)**
Income tax/(expense)	(12.9)	3.1	(20.0)
Share of (profit)/Loss of associates	1.8	(0.3)	(0.3)
Net financing costs	228.7	241.6	189.1
Fleet depreciation	246.7	263.9	256.0
Fleet operating lease rents(A)	191.8	159.1	151.9
Non-fleet depreciation and amortization (including asset impairment)	80.2	102.0	130.5
Consolidated EBITDA	**664.1**	**641.0**	**559.3**
Reorganization expenses and other non-recurring costs	(2.4)	21.6	51.0
Adjusted Consolidated EBITDA	**661.7**	**662.6**	**610.3**
Fleet depreciation	(246.7)	(263.9)	(256.0)
Fleet operating lease rents(A)	(191.8)	(159.1)	(151.9)
Fleet financing costs(B)	(131.0)	(111.5)	(97.5)
Adjusted Corporate EBITDA	**92.2**	**128.1**	**104.8**

(A) Fleet operating lease rents consist of a fleet depreciation expense, an interest expense as well as, under several operating lease contracts, a small administration fee. Because the interest expense component of the lease rent is in substance a fleet financing cost, Europcar's management reviews fleet holding costs and the operating income of the Europcar Group excluding this expense.

For those fleet operating lease contracts entered into by Europcar Group that do not provide the precise split of the rents amongst the depreciation expense, the interest expense and the administrative fee, Europcar Group makes estimates of this split on the basis of information provided by the lessors.

(B) Effective for the third quarter of 2010, interest expense under the Senior Revolving Credit Facility is fully reported as a fleet financing cost. Until the end of the first half of 2010, a portion of the Senior Revolving Credit Facility interest expense was reported as non-fleet interest. Since the implementation of the Senior Asset Revolving Facility in

August 2010, however, and the resulting increased need to fund the related subordinated loans, we have considered that most of the Senior Revolving Credit Facility drawings are fleet-related and, therefore, that reporting all Senior Revolving Credit Facility interest expense as a fleet component is the most appropriate approach. The impact of this change on 2009 Corporate EBITDA is €1.7 million negative.

(8) The Senior Asset Revolving Facility and the EC Finance Notes, put into place in August 2010 and July 2010, respectively, in replacement of the Prior Senior Asset Financing Loan, impacted the full year in 2011, and only four months in 2010. The new fleet financing structure had a €23.9 million estimated negative impact in 2011 compared to the year 2010

(9) **Breakdown of Total Net Debt (including estimated debt equivalent of fleet operating leases)**

(In millions of €)	As of December 31 EGSA 2011	 EGSA 2010	At reported exchange rates EGSA 2009
Prior senior asset financing loan			900.5
Senior Asset Revolving Facility	495.3	630.0	–
EC Finance Notes	350.0	250.0	–
FCT Junior Notes[(A)]	57.8	8.0	–
Drawn senior revolving credit facility	39.0	220.2	85.1
Other fleet financing facilities	457.4	496.0	460.8
Short term investments fleet	(15.0)	0.0	0.0
Estimated debt equivalent of fleet operating leases	1,163.4	991.4	917.5
Cash in fleet financing entities	(179.1)	(175.5)	(56.5)
Net Fleet Debt (including estimated debt equivalent of fleet operating leases)[(B)]	**2,368.8**	**2,420.0**	**2.307.4**
Add back FCT Junior Notes	(57.8)	(8.0)	–
Outstanding Notes	825.0	825.0	800.0
Accrued interest on Outstanding Notes	10.5	6.1	6.1
Capitalized financing arrangement costs—corporate	(13.1)	(15.8)	(11.6)
Short term investments[(C)]	(55.6)	(58.2)	(43.0)
Cash in operating and holding entities	(172.8)	(164.4)	(209.8)
of which UK VAT impact[(D)]	*(66.2)*		
Net Corporate Debt (excluding UK VAT Impact)[(E)]	**602.4**	**584.6**	**541.6**
Total Net Debt (including estimated debt equivalent of fleet operating leases and excluding UK VAT Impact) (B) + (D) + (E)	**2,971.1**	**3,004.6**	**2,849.0**

(A) FCT Junior Notes are the additional debt subscribed by the FCT to ECI in order to provide the overall credit enhancement and, when applicable, an additional liquidity requirement. By nature, the FCT Junior Notes are financing only the fleet debt requirement. FCT Junior Notes are financed to ECI through available corporate cash or drawings on the Senior Revolving Credit Facility, the amount of the FCT junior Notes is shown net of the drawn Senior Revolving Credit Facility.

(B) Net Fleet Debt (including estimated equivalent of fleet operating leases) encompasses all debt and cash financing the fleet.

(C) Mainly dedicated to cover liabilities from the Group's captive insurance company. See Note 16 and 21 to the EGSA Consolidated Financial Statements for the year ended December 31, 2011.

(D) In late December 2011, Europcar UK received €66.2 million from the UK tax authorities in relation to the settlement of a VAT claim (prior to the acquisition of PremierFirst EMEA) which was paid in the first quarter of 2012 (the "UK VAT Impact") to the final beneficiaries and tax authorities. Therefore for comparison purposes, the amount of €66.2 million has been excluded in the debt pro forma. See Note 21 and 28 to the EGSA Consolidated Financial Statements for the year ended December 31, 2011.

(E) The change in net corporate debt calculation is linked to the refinancing of the Senior Revolving Facility completed in 2010. Before the refinancing of the Senior Revolving Facility, the debt financing of the Securitifleet entities (France, Germany, Spain and Italy) was performed through the Bridge to Asset Financing and through inter-company debt from the Operating companies (Europcar France, Europcar Autovermietung, Europcar Italia and Europcar IS). Following the refinancing of the Senior Revolving Facility in 2010, the Corporate Structure changed and the financing of the Securitifleet entities is now performed by the Senior Asset Revolving Facility, by the EC Finance Notes and by the FCT Junior Notes (FCT Junior Notes being financed to ECI through available corporate cash or drawings on the senior revolving credit facility). The 2010 Net Corporate Debt as per the former definition was €592.5 million versus €584.6 million in the above calculation. The figures for 2011 exclude the UK VAT Impact.

(10) The debt equivalent of fleet operating leases is estimated at 100% of the total net asset value of the leased fleet. The "debt equivalent on operating leases" represents the net book value of applicable vehicles, which is calculated on the basis of the purchase price and depreciation rates of corresponding vehicles (based on statistics provided by the manufacturers).

(11) Reconciliation of Total Financing Costs

(In millions of €)	EGSA 2011	EGSA 2010 pro forma	EGSA 2009
	Year ended December 31 At reported exchange rates		
Net financing costs	**(228.7)**	**(241.6)**	**(189.1)**
Add-back amortization of financing arrangement costs including premium/discount	12.8	16.5	17.2
Add back other financing arrangement costs		42.0	
Add-back foreign exchange gain/(loss)	1.9	(0.9)	1.2
Add-back other financial income/(expense), net	13.1	9.6	7.8
Total financing costs	**(200.9)**	**(174.5)**	**(162.8)**
Interest expenses included in fleet operating lease rents (estimated)[(A)]	(45.7)	(38.2)	(44.9)
Total financing costs including Interest expenses included in fleet operating lease rents (estimated)	**(246.6)**	**(212.7)**	**(207.7)**
Add-back fleet financing costs	131.0	111.5	97.5
Add-back interest expense included in fleet operating lease rents	45.7	38.2	44.9
Total corporate net interest expense	**(69.9)**	**(63.0)**	**(65.3)**

(A) Fleet operating lease rents consist of a fleet depreciation expense, an interest expense as well as, under several operating lease contracts, a small administration fee. Because the interest expense component of the lease rent is in substance a fleet financing cost, Europcar's management reviews fleet holding costs and the operating income of the Europcar Group excluding this expense.

For those fleet operating lease contracts entered into by Europcar Group that do not provide the precise split of the rents between the depreciation expense, the interest expense and the administrative fee, Europcar Group makes estimates of this split on the basis of information provided by the lessors.

(12) The Other Data does not include the Subordinated Shareholder Funding as indebtedness, either for purposes of the outstanding indebtedness figures or for the calculation of pro forma Adjusted Corporate EBITDA or the ratios. It is anticipated that the Subordinated Shareholder Funding will be capitalized during 2012 through the issuance of additional Europcar ordinary shares to the Ordinary Equity Investors.

(13) Adjusted Corporate EBITDA pro forma of the 2011 Swap Agreement gives effect to the following events as if they had occurred on January 1, 2011:(i) the application of the terms of the 2011 Swap Agreement, which came into effect in December, 2011, having a fixed interest expense ranging from 2.42% to 2.45% on an outstanding notional amount of €1.3 billion and (ii) a fixed interest expense of 2.985% on an outstanding notional amount of €0.3 billion under the Additional 2011 Swap Agreement versus 3.98% interest rate on an outstanding notional amount ranging from €1.7 billion to €2.3 billion.

(In millions of €)	Year Ended December 31 2011
Adjusted Corporate EBITDA	**92.2**
Impact of 2011 Swap Agreement	28.0
Adjusted Corporate EBITDA proforma for the 2011 Swap Agreements	**120.2**

Pro forma Adjusted Corporate EBITDA gives effect to the following events as if they had occurred on January 1, 2011: (A) the margin increase on the UK Fleet Financing, (B) the change in the terms of the SARF after obtaining the 'A' rating with respect to the securitization (higher drawings being compensated by lower margin), (C) full year impact of the €100m tap of the EC Finance Notes (the tap was issued in May 2011), (D) change in the terms of the Senior Revolving Credit Facility (the higher margin impacts being compensated by lower drawings of the Senior Revolving Credit Facility after obtaining the 'A' rating with respect to the securitization, and (E) 2012 Swap Amendments signed in April 2012 with a 0.66% fixed interest rate on an outstanding notional amount of €900 million versus 2.42%-2.45% interest rate as stated above.

(In millions of €)	Year Ended December 31 2011
Adjusted Corporate EBITDA proforma for the 2011 Swap Agreements	**120.2**
Impact of new terms of UK Fleet Financing (A)	(4.4)
Impact of new SARF terms (B)	0.0
Annualized full year impact of €100 million tap issue of the EC Finance Notes (C)	(3.6)
Impact of Senior Revolving Credit Facility renewed terms (D)	2.2
Impact of 2012 Swap Amendment (E)	18.0
Pro Forma Adjusted Corporate EBITDA	**132.3**

(14) The following table reconciles the Adjusted Total Net Corporate Debt and the Adjusted Total Net Secured Corporate Debt:

(In millions of €)	Year Ended December 31, 2011
Total Net Corporate Debt (excluding UK VAT Impact)	**602.4**
Write off of capitalized corporate transaction costs being renewed	3.6
Fees and expenses for the issuance of the Notes	10.0
Cash used for repayment of Outstanding Floating Rate Notes	19.5
Capitalized fees and expenses for the issuance of the Notes	(38.5)
Outstanding Floating Rate Notes	(425.0)
Notes offered hereby	324.0
Upfront cash payment for 2012 Swap Amendments attributable to corporate financing	12.5
Adjusted Total Net Corporate Debt	**508.5**
Outstanding Fixed Rate Notes	(400.0)
Adjusted Total Net Secured Corporate Debt	**108.5**

(15) The following table reconciles the Adjusted Total Net Debt:

(In millions of €)	Year Ended December 31, 2011
Total Net Debt (including estimated debt equivalent of fleet operating leases and excluding UK VAT Impact)	**2,971.1**
Fees and expenses for the Refinancing	26.9
Capitalized fees and expenses for the Refinancing	(55.4)
Cash used for repayment of Outstanding Notes	19.5
Outstanding Floating Rate Notes	(425.0)
Notes offered hereby	324.0
Write off of capitalized financing arrangements costs (including fleet financing costs) being renewed	4.3
Upfront cash payment for 2012 Swap Amendment	67.1
Adjusted Total Net debt (including estimated debt equivalent of fleet operating leases)	**2,932.5**

Risk Factors

You should carefully consider the following risks, as well as the other information set forth in this Offering Memorandum before purchasing the Notes. 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. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment. 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. In addition, our past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Unless the context requires otherwise, references in this section to "Europcar", "we", "us" and "our" include references to EGSA and its consolidated subsidiaries, and do not include references to the SPV Issuer.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks related to the car rental industry

The car rental industry is significantly affected by general economic conditions, and any further decreases in general economic activity could materially and adversely affect our financial condition and results of operations.

Our results of operations are substantially dependent upon many economic factors, including the level of economic activity in the markets in which we operate. In recent periods, the global economy and capital and credit markets have been experiencing exceptional turmoil and upheaval. As a result of the crisis in the U.S. housing and mortgage market beginning in 2008 and more recently, the crisis in the European debt markets, the U.S., European and international markets have experienced significant declines in economic activity and volatility that have affected the car rental market, which have included a tightening of the credit markets, a reduction in business and leisure travel, reduced consumer spending and an increase in volatility in fuel prices. Ongoing concerns about sovereign debt levels and associated default risk, the systemic impact of potential long-term and wide-spread recession, volatile energy costs, volatile foreign currency markets, geopolitical issues, the availability, cost and terms of credit, consumer and business confidence, substantially increased unemployment and the ongoing consequences of the crisis in the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for both established and emerging economies, including those in which we operate.

As a result, we face risks related to changes in consumer and business demand for rental cars, economic environments, changes in interest rates and instability in securities markets around the world, among other factors. The adverse economic conditions have affected and may continue to affect consumer and business spending generally, which have resulted and may continue to result in decreases in both the volume and demand for our services and have an adverse affect on our results of operations. If economic conditions in the United States, Europe and worldwide do not continue to improve, our financial condition and results of operations could be materially and

adversely impacted in 2012 and beyond. For example, as a result of the economic downturn, in 2011 we experienced decreased revenue of 0.3% compared to 2010 on a constant exchange rate basis and we incurred losses in 2011, 2010 and 2009 of €72.2 million, €128.4 million and €147.9 million respectively.

The negative worldwide economic conditions in recent periods and ongoing market instability also make it increasingly difficult for us, our customers and our suppliers to forecast demand trends. A recurrent decline in demand or the failure of demand to return to prior levels could place further pressure on our results of operations. The timing and extent of any changes to currently prevailing market conditions is uncertain and supply and demand may be unbalanced at any time. As a consequence, we are unable to accurately predict the extent or duration of business cycles or their effect on our financial condition or result of operations, and can give no assurance as to the timing, extent or duration of the current or future business cycles.

Significant increases in fuel costs or reduced supplies of fuel could harm our business.

Fuel prices have been volatile recently, and could fluctuate severely and/or increase overall in 2012. Significant increases in fuel prices, fluctuations in fuel supplies or imposition of mandatory allocations or rationing of fuel, could negatively impact our car rental business by directly discouraging consumers from renting cars or disrupting air travel, on which a significant portion of our car rental business relies. In addition, significant increases in fuel prices and/or a reduction in fuel supplies could negatively impact our equipment rental business by increasing the costs of buying new equipment, since fuel is used in the manufacturing process and in delivering equipment to us, and by reducing the mobility of our fleet, due to higher costs of transporting equipment between facilities or regions. Accordingly, significant increases in fuel prices or a severe or protracted disruption in fuel supplies could have a material adverse effect on our financial condition and results of operations.

The car rental industry is highly seasonal, and a disruption in rental activity during the peak season, or any incongruity 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, 2011, the second and third quarters combined accounted for approximately 57% of our revenue for the year and 82% of adjusted operating income. 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 and investment decisions in line with forecast activity levels and prior experience. Any incongruity between forecasted and actual activity during peak periods could have a material adverse effect on our profitability, results of operations, liquidity and financial condition.

High competition and structural changes in the vehicle rental industry, together with increasing use of the Internet may result in downward pressure on our pricing, with consequences on 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.

In addition, we have and may continue to enter into partnerships or other arrangements with competitors in the car rental industry. For example, we entered into the Alliance with Enterprise with respect to the Europcar, National and Alamo brands in 2007. See "*Europcar's Business—The Europcar Network—Partnerships*". Enterprise operates in some of the same regions in which we operate. A termination of the Alliance could result in increased competition from Enterprise, which could adversely affect our results of operations.

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 in order to protect or gain market share, or to improve fleet utilization rates when faced with fleet oversupply. To the extent that we match competitors' reduction in 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.

Furthermore, the vehicle rental market has been undergoing structural changes in recent years that have affected its competitive dynamics. In line with the growth in low-cost 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. Failure to achieve the correct portfolio mix in line with such market changes, together with increased competition could have a material adverse effect on our profitability.

In addition, the increasing use of the Internet for car rental reservations has led and may continue to lead to more price pressure 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 an independent and cost-efficient distribution channel, as well as due to the impact of increasing reliance by customers on "last minute" bookings and 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 pressure, which could have a material adverse impact on our results of operations and financial condition.

The car 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 revenue or otherwise harm our business.

The car rental industry is particularly affected by reductions in business and leisure travel, especially with respect to levels of airline passenger traffic. Approximately 38% of total rental revenue in our Corporate Countries for the year ended December 31, 2011 was generated at Europcar's airport rental locations. See "*Europcar's Business—Source and Location of Rental Sales—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 Europcar Group 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 revenue, 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 affect the level of air passenger traffic negatively include work

stoppages, terrorist incidents (or a perceived heightened risk of such incidents), volcanic eruptions or other natural disasters, epidemic diseases, military conflicts or the response of governments to any of these events.

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 mandatory). Currently, we maintain motor third-party liability coverage 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. Fleet liability insurance premiums, expressed on a comparable basis (*i.e.*, per rental day) have historically varied 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 future, especially in countries in which 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 increase significantly 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 have a material adverse effect on our financial condition. See "*Europcar's Business—Risk Management—Motor Vehicle 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 of laws or regulations applicable to us could adversely affect our business or subject us to liability for fines or damages.

The Europcar Network operates in over 140 countries. As a result, our ongoing operations are subject to a wide variety of local, national and international laws and regulations. In Europe, which is one of our core markets, we are subject to the requirements of numerous different jurisdictions within the same region, each with their own specificities.

Increases or changes in the regulatory constraints on our business could alter our business practices and profitability. Depending on the jurisdiction, regulatory 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. The changes in the legal and regulatory environment that affect our operations, including laws and regulations relating to consumer affairs, customer privacy and data security, employment matters, taxes, automobile related liability and insurance rates, customer privacy and data security, environmental matters, employment matters, rental rates, our marketing practices 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.

Consumer Regulation: Our business is highly regulated in the area of consumer affairs and any change in such regulation could impact our activities both from a logistical and cost standpoint, and could thus affect our financial condition and results of operations adversely. For example, 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 and have a material adverse effect on our profitability.

Furthermore, in most jurisdictions in which we operate, we pass through various expenses, including the recovery of vehicle licensing costs and airport concession fees, to our rental customers as separate charges, as do a number of our competitors. We believe that our expense pass-throughs, where imposed, are properly disclosed and are lawful. Generally speaking, expense pass-throughs have, when challenged, been upheld in court. However, the industry may in the future be subject to potential legislative changes or administrative action which could limit, restrict and/or prohibit the ability to separately state, charge and recover such costs, which would result in an adverse cost reallocation. If such actions were taken, it could have a material adverse impact on our revenue and results of operations.

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 any of the countries in which we operate 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.

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 our Corporate Countries has established a compliance program for its tanks that is intended to insure 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.

International legislative and regulatory authorities have considered, and will likely continue to consider, numerous measures related to climate change and greenhouse gas emissions. Should rules establishing limitations on greenhouse gas emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions become effective, demand for our services could be affected, our fleet and/or other costs could increase and our results of operations and financial condition could be adversely affected.

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.

Changes in Taxation: In the event of changes to the vehicle taxation regime in Europe, which varies from country to country, vehicles could become subject to certain taxes, including taxes relating to the fleet, such as circulation taxes and registration taxes, which could adversely affect our results of operations to the extent that we are unable to pass on the resulting increased tax costs to our customers.

Risks related to our business

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

We have a number of significant corporate customer accounts, mainly in our corporate and vehicle replacement businesses. In addition, we generate revenue through our partnerships with airlines, tour operators and hotel groups, such as easyJet, TUI and Accor. For the year ended December 31, 2011, our ten most significant sources of revenue, including our key customers and partners such as easyJet and TUI, accounted for 13% of our revenue. Some of these contracts may be terminated at any time by our counterparties. The loss of any of these contracts to a competitor, failure to find a replacement contract at acceptable terms upon termination, or the renewal on less advantageous terms, would adversely affect our results of operations.

For the year ended December 31, 2011, 42% of our royalty revenue was generated by the franchisees in our top five Franchise Countries. See "*Europcar's Business—The Europcar Network—International Franchising*". We also rely on a number of franchisees, which, outside our Corporate Countries, are exclusive within their respective Franchise Countries. If one or more of our franchisees were to leave the Europcar Network, and if 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, may not be profitable due to economic conditions or otherwise or may not hire and train qualified managers and other personnel. If this were to occur, our image and reputation could suffer, and revenue and company-wide sales decline.

We also operate certain rental stations in our Corporate Countries through agents. 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 (including regulatory authorities). To the extent a court or regulatory authority were to find a term or provision to be invalid or unenforceable and such finding were determined to be applicable regionally to our agency agreements, our results of operations could be materially adversely affected in such regions.

In addition, as part of our strategy to expand opportunities into new markets and to target new customer bases in existing markets, we have entered into and may continue to enter into long-term agreements and joint ventures with strategic partners. If our partners do not perform as expected, or we are unable to renew such agreements on terms acceptable to us, we may not attain our strategic goals in certain markets.

We also have a number of contractual agreements with vehicle manufacturers, their dealers and other suppliers on which we rely for the management of the fleet. Should such counterparties fail to perform under these contracts, or conversely allege our failure to perform and seek application of penalty clauses, our results of operations could be materially adversely affected.

We may not be successful in maintaining or further implementing our policy of controlling operating costs and optimizing network management, and/or such initiatives may have other adverse consequences.

From time to time in the management of our business, in particular, in response to adverse market conditions, we have implemented and may continue to implement initiatives to reduce our operating expenses in certain segments of our business, as well as adjustments to our network pattern and size. Cost control initiatives include headcount reductions, business process re-engineering and internal reorganization, as well as other expense controls. While we aim to implement and maintain these cost savings and pursue additional cost and network efficiencies, if we are unable to effectively control costs and optimize our network pattern and size through these actions, our financial condition and results of operations could be adversely impacted. For the year ended December 31, 2011, we incurred €2.7 million of restructuring and restructuring related costs associated with our cost reduction initiatives.

Even if we are successful in these initiatives, we may face other risks associated with our plans, including declines in employee morale or the level of customer service we provide, the efficiency of our operations or the effectiveness of our internal controls. Any of these risks could have a material adverse impact on our results of operations, financial condition and cash flows.

We face risks of increased fleet holding costs resulting from manufacturers' strategies to limit sales to the rental car industry or to improve the profitability of such sales or less favorable credit terms.

To date, some 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 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 costs of vehicles for fleet purchasers such as Europcar. 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), 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, 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 have in some instances resulted and may continue to result in an increased debt funding requirement that we may not be able to satisfy by other means on attractive terms.

We face risks related to the financial condition of vehicle manufacturers and dealers upon which we rely heavily to supply our fleet in connection with our fleet repurchase programs, particularly if they are unable to repurchase buy-back vehicles whose residual value has decreased.

We rely to a significant extent on contractual agreements with a limited number of vehicle manufacturers and their dealers that supply our fleet in connection with repurchase programs.

The auto industry has been adversely impacted by the economic recession, which seriously challenged U.S. automakers, in particular, and ultimately led to filings for Chapter 11 bankruptcy protection by Chrysler and General Motors in 2009. Although such automakers have since seen improvements in their financial conditions and benefited from funds received as part of the U.S. federal government auto industry bail out, they and other non-U.S. automakers remain vulnerable to uncertain market conditions and risks associated with a slow recovery or renewed economic downturns in the U.S. and Europe. Furthermore, changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models. In addition, auto dealers are themselves vulnerable to the impact of economic conditions.

As a result, 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. For the year ended December 31, 2011, approximately 32% of the vehicles which we purchased were manufactured by the Volkswagen Group, 15% by General Motors, 12% by Fiat, 12% by Renault, 10% by Peugeot and 9% by Daimler. If any or all of these groups were to cease providing us with goods and services, there can be no assurance that we would be able to obtain the necessary goods or services on substantially equivalent terms and conditions. In the event that any vehicle manufacturer were to cease manufacturing and selling automobiles, we would have to increase the number of vehicles we purchase from other manufacturers, or start purchasing vehicles from one or more manufacturers from which we do not currently purchase vehicles. In addition, it is possible that a manufacturer experiencing financial difficulties could attempt to increase the cost of the cars they sell to us. There can be no guarantee that, in such a circumstance, we would be able to purchase a sufficient number of vehicles at purchase prices similar to those for the vehicles we currently purchase, or at all. If we are not able to purchase sufficient quantities of cars on competitive terms and conditions, or if a manufacturer from whom we purchase a significant number of cars or equipment is unable to continue to supply us with cars, then the cost of the cars we purchase may increase. Reduced or limited supplies of equipment together with increased prices are risks that we also face in our equipment rental business. If we are unable to pass on all or part of increased costs to our customers, our financial condition and results of operations may be materially and adversely affected.

Furthermore, we could incur material expenses if, following a manufacturer or dealer default under its agreements with us as a result of bankruptcy proceedings or otherwise, the prices at which we were able to dispose of program cars were less than the specified prices under the repurchase or guaranteed depreciation program. Failure by a manufacturer or dealer to fulfill its obligations on any repurchase or guaranteed depreciation agreement or incentive payment obligation could leave us with a substantial unpaid claim particularly with respect to program cars that were either (i) resold for an amount less than the amount guaranteed under the applicable agreement and therefore subject to a “true-up” payment obligation from the manufacturer or dealer or (ii) returned to the manufacturer or dealer but for which we do not receive payment and which could lead us to incur a substantial loss as a result of such failure to perform. We would also have to find an alternative method of disposition of any vehicles that are not repurchased, which could significantly increase our expenses and decrease the proceeds from such disposals.

In addition, a 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. Such a reduction in the vehicles’ residual values could potentially lead to decreased capacity in our asset-backed car rental funding facilities due to the collateral requirements for such facilities which effectively increase as market values for vehicles decrease. 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. Such 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.

We face risks related to the vehicles not covered by repurchase programs, including exposure to the vehicle resale markets and reduced flexibility of our fleet.

For the year ended December 31, 2011, approximately 89% of the vehicles in our rental fleet were covered by manufacturer buy-back provisions. See "*Europcar's Fleet*". Residual values of the remaining vehicles not covered by manufacturer repurchase provisions, referred to as "risk vehicles", are exposed to adverse pricing conditions and uncertainties in the used vehicle market. Our ability to sell our vehicles in the used vehicle market place could become severely limited. 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.

The percentage of risk vehicles in our rental fleet could increase as a result of market conditions or if vehicle manufacturers were to reduce buy-back programs or offer less attractive buy-back terms. Market trends in certain jurisdictions that give rise to greater demand for low-cost vehicles may result in an increase in the percentage of risk vehicles in our fleet, since they are less costly to purchase than vehicles subject to repurchase programs. In addition, 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 could grow, which would increase 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 "*—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—Rental Fleet and Related Receivables and Payables*".

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 such programs typically allow cars to be returned sooner than originally expected without risk of loss, if certain conditions are met. 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 are exposed to risks associated with the international nature of our customer base and operations.

The Europcar Network is present in over 140 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.

Risks inherent to international operations include the following:

- general economic, social or political conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- compliance with a variety of laws and regulations in various jurisdictions may be burdensome, including, for example instances in which requests have been made to Europcar bearing on its marketing practices in order to insure their compliance with the applicable legislation.
- unexpected or adverse changes in laws or regulatory requirements in jurisdictions may occur;
- the imposition of withholding taxes or other taxes or royalties on our income, or the adoption of other restrictions on foreign trade or investment, including currency exchange controls;
- intellectual property rights may be more difficult to enforce;
- staffing difficulties, national or regional labor strikes or other labor disputes;
- the imposition of any price controls; and
- difficulties in enforcing agreements and collecting receivables.

Our operations are dependent to a significant extent on our ability to retain the services of the members of our senior management team and 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. Our senior management team has extensive industry experience, and our success depends to a significant degree upon the continued contributions of that team. If we were to lose the services of any one or more members of our senior management team, whether due to death, disability or termination of employment, our ability to successfully implement our business strategy, financial plans, marketing and other objectives, could be significantly impaired.

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 Corporate Countries), our business and results of operations may be adversely affected.

We rely on centralized information systems to conduct our day-to-day operations, and the failure or unavailability of such systems or our inability to keep pace with new information technology developments 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 and rely on communications service providers to link our systems with the business locations these systems serve. See "*Europcar's Business—Information Technology—The GreenWay® System*" and "*Europcar's Business—Information 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 may not be sufficient to appropriately respond to any such failure or disruption.

In addition, to achieve our strategic objectives and remain competitive, we must continue to develop and enhance our information systems in order to meet market needs and keep pace with new information technology developments. This may require investment in and development of new proprietary software, or other technology, the acquisition of equipment and software, or upgrades to our existing systems. No assurance can be given that we will be able to anticipate such developments or have the resources to acquire, design, develop, implement or utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively. Any failure to adapt to technological developments could have an adverse effect on our business, financial condition and results of operations.

Expansion into new markets and access to new customer segments could prove more difficult than anticipated, creating a significant strain on our resources and preventing us from attaining our strategic goals.

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. We also continue to actively identify new customer segments and market opportunities in order to formulate new offers to address a changing customer mix in those markets where we are already present.

In order to attain those objectives, we continue to evaluate from time to time our expansion opportunities in these markets and segments 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 forays into new markets or market segments may take the form of the establishment of a franchise 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, certain of our outstanding debt 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 choose to expand by means of 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 fulfill its contractual obligations. Expansion into new markets and customer segments 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 or customer segments 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.

Reinforcing and developing favorable brand recognition is essential to our success and we may not be able to adequately protect our brand image or 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 Brand Reflecting Our Commitment to Quality Service*". Nevertheless, factors affecting brand recognition are often outside our control, and our efforts to maintain or enhance favorable brand recognition, such as making significant investments in marketing and advertising campaigns, may not have their desired effects. Unfavorable publicity concerning our brands or the industry, either through traditional media or via the internet, may damage our brand. In particular, our leisure rental activity is increasingly reliant on sales via e-commerce. Any negative publicity on the Internet concerning our brand could damage our "e-reputation" and have a material adverse effect on our results of operations. . Furthermore, a significant portion of the Europcar Network is composed of franchisees, agents and affiliates. Our network strategy may not be sufficient to ensure that our franchisees, agents and affiliates adhere to our standards. Any decline in perceived favorable recognition of our brands as a result of a failure by franchisees, agents or affiliates to adhere to such standards could impact our ability to attract or retain customers, which may have an adverse effect on our business, financial condition and results of operations.

We rely primarily on trademarks and similar intellectual property rights to protect our brands. In addition, we grant licenses to use our brands to franchisees and agents. The success of our business depends on our continued ability to use our existing trademarks in order to increase brand awareness and, in particular, to develop our presence and activity in those markets where we are new entrants. We and our franchisees and agents may not be able to adequately protect our trademarks and similar intellectual property rights against infringement from third parties, especially in those markets where we have not historically been active. Any inability to use such trademarks or material infringement of our intellectual property could have a material adverse effect on our business, financial condition and results of operations.

Any failure by us to protect customer data against security breaches could damage our reputation and substantially harm our business and results of operations.

Because we regularly possess, store and handle customer data, including personal data concerning millions of individuals and nonpublic data concerning many businesses, our failure to maintain the security of the data we hold, whether as the result of our own error or the malfeasance or errors of others, could harm our reputation and give rise to a host of liabilities. Third parties may have the technology or expertise to breach the security of our customer transaction data. Our security measures may not prevent security breaches that could result in substantial harm to our business and results of operations and damage to our reputation. We rely on encryption and/or authentication technology licensed from third parties to effect secure transmission of this data including credit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography, or other developments may result in a compromise or breach of the technology we use to protect customer transaction data. In addition, anyone who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. Any such compromise of our security could damage our reputation and brand and expose us to a risk of loss or litigation and possible liability, which would substantially harm our business and results of operations.

In addition, the payment card industry ("**PCI**") imposes strict customer credit card data security standards to insure that our customers' credit card information is protected. Failure to meet the PCI data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments, which would materially impact operations. Failure to protect customer credit card and other information can also result in governmental investigations or material civil or criminal liability.

We are exposed to currency fluctuation risks in several countries that could adversely affect our profitability.

Although we report our results in euro, we conduct business in countries that use currencies other than the euro, and we are subject to risks associated with currency fluctuations.

Our results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. We are exposed to transaction effects when one of our subsidiaries incurs costs or earns revenue in a currency different from its functional currency. We are exposed to currency fluctuation when we convert currencies that we may receive for our operations into currencies required to pay our debt, or into currencies in which we purchase vehicles, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In particular, a large proportion of our vehicle purchase costs and our selling, general and administrative expenses are incurred in currencies other than the euro, principally the British pound and the Australian dollar, corresponding to the location of our sites and corporate and business support centers. At the same time, although many of our sales are invoiced in currencies other than the euro, our consolidated revenue is reported in euro. Therefore, our financial results in any given period are materially affected by fluctuations in the value of the euro relative to the British pound, Australian dollar and other relevant currencies. Currency exchange rates have been especially volatile in the recent past and these currency fluctuations may make it difficult for us to predict and/or provide guidance on our results. If the value of the euro declines against currencies in which our obligations are denominated or increases against currencies in which our revenue are denominated, our results of operations and financial condition could be materially affected.

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 customers 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 vehicles that we have already re-sold. Depending on their number and severity, recalls could materially adversely affect our revenue, reduce the residual value of the vehicles involved, create customer service problems and, more generally, harm our general reputation.

Claims that the software products and information systems that we rely on are infringing on the intellectual property rights of others could increase our expenses or inhibit us from offering certain services, which could adversely affect our results of operations.

A number of entities, including some of our competitors, have sought, or may in the future obtain, patents and other intellectual property rights that cover or affect software products and other components of information systems that we rely on to operate our business. Litigation may be necessary to determine the validity and scope of third-party rights or to defend against claims of infringement. If a court determines that one or more of the software products or other components of information systems we use, infringe on intellectual property owned by others or we agree to settle such a dispute, we may be liable for money damages.

In addition, we may be required to cease using those products and components unless we obtain licenses from the owners of the intellectual property, redesign those products and components in such a way as to avoid infringement or cease altogether the use of those products and components. Each of these alternatives could increase our expenses materially or impact the marketability of our services. Any litigation, regardless of the outcome, could result in substantial

costs and diversion of resources and could have a material adverse effect on our business. In addition, a third party intellectual property owner might not allow us to use its intellectual property at any price, or on terms acceptable to us, which could materially affect our competitive position and our results of operations.

If we acquire any businesses in the future, such acquired businesses could prove difficult to integrate or may disrupt our business.

We intend to pursue the growth of our business and from time to time we will consider opportunistic acquisitions, any of which may be significant. Any future acquisition would involve numerous risks including:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating the acquired business; and
- exposure to unknown and/or contingent or other liabilities, including litigation arising in connection with the acquisition and/or against any businesses we may acquire.

If we make acquisitions in the future, acquisition-related accounting charges may affect our financial condition and results of operations. In addition, the financing of any significant acquisition may result in changes in our capital structure, including the incurrence of additional indebtedness. We may not be successful in addressing these risks or any other problems encountered in connection with any acquisitions.

An impairment of our goodwill and/or our indefinite lived intangible assets could have a material non-cash adverse impact on our results of operations.

We review our goodwill and indefinite lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable and at least annually. We performed our annual impairment tests for goodwill and indefinite lived intangible assets during the fourth quarter of 2011 and concluded that there was impairment related to our goodwill and our indefinite lived intangible assets. As at December 31, 2011 considering the uncertainty surrounding the UK market and the very weak performance in the Pacific region (an area which had been impacted in 2011 by floods and earthquakes), the Group recognized impairment expenses of €23.7 million in relation to the goodwill allocated to the United Kingdom cash generating unit and of €16.7million in relation to the goodwill allocated to the Australian cash generating unit. We have also taken a number of actions as described elsewhere in this Offering Memorandum to mitigate the impact of these negative factors on our projected future cash flows. However, if further economic deterioration occurs, we may be required to record additional charges for goodwill and/or indefinite lived intangible asset impairments in the future, which could have a material adverse non-cash impact on our results of operations.

Our ability to operate at airports and train stations is dependent on the granting and renewal of concessionary arrangements by airport and rail authorities and our ability to maintain such concessions on acceptable terms.

In general, we operate airport and train station rental locations pursuant to concessionary arrangements that have terms of three to five years. For the year ended December 31, 2011, revenue generated by rentals from airport stations in the Corporate Countries represented 38% of total consolidated Europcar Group revenue. Over the next two years, airport concessionary arrangements covering approximately 127 out of 232 of our airport stations and train station concessionary arrangements covering approximately 39 out of 84 of our train station locations

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 similarly advantageous terms. In addition, the presence of new markets entrants in specific jurisdictions may increase the competition for such concessions and adversely affect their terms. In addition, most concessionary arrangements impose certain restrictive covenants on us that may be difficult to comply with in the future. Non-compliance with these covenants allows airport and rail authorities to terminate the concessionary arrangements. An inability to continue operations on acceptable terms 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.

Natural disasters could interrupt delivery of electronic supplies or other key components to global car manufacturers, making it difficult for us to purchase the number of vehicles necessary for our operations.

Natural disasters, such as earthquakes, which impact countries that are important suppliers of electronics or other key components to global car manufacturers, could interrupt delivery of such components making it difficult for us to purchase the number of vehicles necessary for our operations. For example, during the first quarter of 2011, earthquakes and related disasters in Japan dramatically disrupted the ability of Japanese manufacturers of electronic goods for automobiles to continue to supply global car manufacturers with the supplies they needed to satisfy their requirements for vehicle deliveries. Several of the car manufacturers from which we purchase vehicles could be adversely impacted by these disruptions.

In the event that one or more of our vehicle suppliers were unable to satisfy our purchase requirements, we would have to increase the number of vehicles we purchase from other manufacturers, or start purchasing vehicles from one or more manufacturers from which we do not currently purchase vehicles. There can be no guarantee that, in such a circumstance, we would be able to purchase a sufficient number of vehicles at purchase prices similar to those for the vehicles we currently purchase, or at all. If we are not able to purchase sufficient quantities of cars on competitive terms and conditions, or if a manufacturer from whom we purchase a significant number of cars or equipment is unable to continue to supply us with cars, then the cost of the cars we purchase may increase.

We believe that we have adequate diversified sources of vehicles to enable us to adapt to any such short-term shortages. However, if we are unable to obtain the vehicles we require for our operations on acceptable terms, our results of operations could be materially and adversely affected.

Other risks

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

Risks Relating to our Financial Profile

Our substantial indebtedness could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the Notes.

We are highly leveraged. As of December 31, 2011, as adjusted to give effect to the issuance of the Notes and the redemption in full of the Outstanding Floating Rate Notes, our total consolidated third-party debt would have been €2,014.3 million. In addition we have additional borrowing capacity under the unused portion of our Senior Revolving Credit Facility, as well as substantial additional borrowing capacity under the Senior Asset Revolving Facility and operating

lease financing arrangements. Due to the seasonality of our business, our borrowing fluctuates as we calibrate drawings under our revolving indebtedness and our leasing to correspond to our fleet needs. See "*Capitalization of Europcar Group*".

Our substantial debt could have important consequences to Holders of the Notes including, but not limited to:

- requiring us to dedicate a substantial portion of our cash flow from operations to payment of our debt, thereby reducing the funds available for working capital, capital expenditures and other general corporate purposes, including purchasing and leasing vehicles;
- limiting our flexibility in planning for, or reacting to, changes in the rental car business;
- placing us at a competitive disadvantage compared to any of our competitors that are less leveraged;
- increasing our vulnerability to both general and industry-specific adverse economic conditions;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and
- restricting us from making strategic acquisitions or exploring business opportunities.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations.

A significant portion of our debt, including indebtedness incurred under the Senior Revolving Credit Facility and the Senior Asset Revolving Facility, bears interest at a variable rate which is based on EURIBOR or LIBOR, as applicable, plus an agreed margin plus certain additional costs. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurances that we will be able to continue to do so at a reasonable cost. Fluctuations in our borrowing costs may increase our overall debt obligations and could have a material adverse effect on our ability to service our debt obligations.

In addition, we will be permitted to incur substantial additional indebtedness in the future to the extent such indebtedness is incurred in compliance with certain covenants included in the Indenture, the indenture governing the Outstanding Fixed Rate Notes, the Senior Revolving Credit Facility and the Senior Asset Revolving Facility, as applicable. In particular our indebtedness will permit us to incur securitization and other asset-backed fleet financing indebtedness either based on a portion of the asset 'borrowing base' or to the extent that certain loan to value ratios are met or maintained. Subject to growth of our vehicle fleet, such additional indebtedness could be substantial. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes. See discussions under "*Description of Certain Europcar Financing Arrangements*" for further information about our substantial debt.

We are subject to debt covenants that could adversely affect our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

We and our subsidiaries are subject to restrictive covenants contained in the Senior Revolving Credit Facility, the Outstanding Fixed Rate Notes, the EC Finance Notes, and certain other indebtedness. These covenants restrict, in certain circumstances, the ability of our subsidiaries to make payments to us which could, in turn, affect our ability to make payments under the Notes. The Senior Revolving Credit Facility, the UK Vehicle Fleet Finance Facilities Agreements and certain of our other indebtedness also require us or certain of our subsidiaries to maintain specified financial ratios and satisfy financial tests. Our ability or the ability of our subsidiaries to

satisfy these financial tests can be affected by events beyond our control, and there can be no assurances that we will satisfy them. Each of the Senior Revolving Credit Facility and the indentures governing the EC Finance Notes and the Outstanding Fixed Rate Notes contain customary default provisions and provide that any payment event of default or acceleration with respect to aggregate indebtedness of €20.0 million or more (in the case of the Senior Revolving Credit Facility) or €30.0 million or more (in the case of the EC Finance Notes and the Outstanding Fixed Rate Notes) of EGSA or its subsidiaries is an event of default thereunder. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Senior Revolving Credit Facility, the EC Finance Notes or the Outstanding Fixed Rate Notes or hinder our ability to borrow under the Senior Revolving Credit Facility or other indebtedness, which could have a material adverse effect on our ability to operate our business and to make payments under our debt instruments. Upon the occurrence of any event of default under the Senior Revolving Credit Facility, the lenders thereunder could cancel the availability of the facilities and elect to declare all amounts outstanding thereunder, together with accrued interest, immediately due and payable. If we were unable to repay those amounts, the lenders could, subject to the terms of the Intercreditor Agreement, proceed against the collateral granted to them to secure repayment of those amounts. If the lenders under the Senior Revolving Credit Facility demand repayment of those amounts, there can be no assurances that the assets of our subsidiaries would be sufficient to repay in full those amounts, or to satisfy all of our other liabilities which would be due and payable.

Securitifleet Holding and its subsidiaries are subject to substantial restrictive covenants contained in the Senior Asset Revolving Facility. Failure to satisfy these covenants and conditions could result in a decrease in the advance rate and an increase in the margin under the Senior Asset Revolving Facility. In addition to customary default provisions, the Senior Asset Revolving Facility provides that any acceleration with respect to the Senior Revolving Credit Facility, the Outstanding Fixed Rate Notes or the EC Finance Notes will constitute a "level 2" event of default under the Senior Asset Revolving Facility. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Senior Asset Revolving Facility or hinder Securitifleet Holding's ability to borrow under such facilities, which could have a material adverse effect on Securitifleet Holding's ability to operate its business and to make payments under its debt instruments. Upon the occurrence of any event of default under the Senior Asset Revolving Facility (including as a result of acceleration of the Outstanding Fixed Rate Notes or the Senior Revolving Credit Facility), the lenders thereunder could cancel the availability of the facilities and elect to declare all amounts outstanding under the Senior Asset Revolving Facility, together with accrued interest, immediately due and payable. If Securitifleet Holding were unable to repay those amounts, the lenders could, subject to the terms of the applicable intercreditor agreement, initiate an amortization period or liquidate the fleet to secure repayment of those amounts. If the lenders under the Senior Asset Revolving Facility demand repayment of those amounts, there can be no assurances that the assets of Securitifleet Holding and the Securitifleet Companies would be sufficient to repay in full those amounts to satisfy all of their other liabilities, which would be due and payable.

All of these limitations will be subject to significant exceptions and qualifications, including the ability to pay dividends and make investments. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, our ability to comply with the covenants in our debt instruments may be affected by events beyond our control.

Finally, the Indenture will contain financial and other restrictive covenants that will limit our ability and the ability of our subsidiaries to pursue business activities and engage in other activities that may be in their long term best interests.

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

Our business is capital-intensive. Consequently, the continuity of our operations and our expansion require access to significant amounts of capital. We intend to maintain or expand our fleet in line with demand. While we believe we have facilities in place that should allow us to borrow or otherwise raise funds as needed, adverse conditions in the credit and financial markets could prevent us from obtaining financing. As at December 31, 2011, our total third-party consolidated total net debt (including the estimated debt equivalent of fleet operating leases) was €2,904.9 million, €495 million of which were outstanding under the Senior Asset Revolving Facility, €350 million were outstanding under EC Finance Notes issued in June 2010 and May, 2011 and €39 million were outstanding under the Senior Revolving Credit Facility. Additionally, a substantial portion of our debt will mature prior to the maturity date of the Notes, including £545 million (€652 million) of UK Vehicle Fleet Finance Facilities (of which £261million (€312.5 million) was outstanding as of December 31, 2011) which mature in 2012, the €375 million refinancing facilities therefor which are expected to mature in 2015, the £30 million Working Capital Facility (as defined below) and the €300 million Senior Revolving Credit Facility which matures in 2015 (2017 if extension options are exercised). Additionally, our subsidiaries in Germany, Australia, New Zealand and Portugal rely on short-term financing typically pursuant to one year agreements, renewable on an annual basis. We believe that we have sufficient resources to repay or refinance the current portion of our debt and lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. If we are required to refinance the Senior Revolving Credit Facility, we may also be required to refinance the Senior Asset Revolving Facility.

Our ability to invest in our businesses and refinance maturing debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If we are unable to access the credit, securitization and capital markets, we could experience a material adverse effect on our liquidity, financial position or results of operations. In addition our available financing could be decreased, or our financing costs increased, as a result of factors which are beyond our control, including the insolvency, deterioration of the financial condition, a change in law or a change in credit policy of one or more of our lenders, certain of which are local or regional lenders.

Our ability to repay or refinance and service our debt will require a significant amount of cash.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital and development expenditures or opportunities that may arise, such as acquisitions of other businesses, will depend on our future performance and our ability to generate cash, which to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "Risk Factors", many of which are beyond our control.

There can be no assurances that we will generate sufficient cash flows from operations or that future borrowing will be available in an amount sufficient to enable us to pay our debts, including the Notes, or to fund other liquidity needs, including the repayment at maturity of the outstanding amount under the Senior Revolving Credit facility which will mature in 2015 (2017 if extensions options are exercised), the £545 million UK vehicle Financing Facilities the €375 million refinancing facilities therefor which are expected to mature in 2015 and the £30 million Working Capital Facility (as defined below), each of which matures in 2012, and certain of our short-term financing obligations undertaken by our subsidiaries in Germany, Australia, New Zealand and Portugal that are renewable on an annual basis. If future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of our debt, including the Notes. There can be no assurances that we would be able to

accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our existing and future indebtedness, including the Notes, may limit our ability to pursue any of these alternatives.

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. Currently, we rely on the Senior Asset Revolving Facility and the EC Finance Notes. See "*Description of Certain Europcar Financing Arrangements*".

If our access to asset-backed financing were reduced or the cost of such financing were to increase, we may not 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:

- requirements by the rating agencies that provide credit ratings for our asset-backed indebtedness or other third parties to change the terms or structure of our asset-backed financing, 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, General Motors, Fiat, Renault, Peugeot or Daimler, or (iii) otherwise;

- the terms and availability of third-party credit enhancement at the time of the incurrence 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 existing asset-backed financings, could result, among other things, in (i) an amortization event pursuant to which payments of principal and interest on the relevant indebtedness may be accelerated, or (ii) a liquidation event of default pursuant to which the security trustee or relevant creditors 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 to our ability 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. The terms of our Senior Revolving Credit Facility, the indenture governing our Outstanding Floating Rate Notes and the indenture governing the EC Finance Notes permit and the Indenture governing the Notes offered hereby will 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 existing asset-backed financings.

Risks Relating to the Notes

If the conditions to the escrow release are not satisfied, the SPV Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.

The net proceeds from the Offering will be held in escrow pending the satisfaction of certain conditions, some of which are outside of our control. If any of these conditions are not satisfied, the escrow will not be released. Accordingly, there can be no assurance that the escrow will be released.

Upon delivery to the escrow agent of an officer's certificate stating that the conditions to the escrow are satisfied, the escrowed funds will be released to EGSA and are expected to be utilized as described in "*Use of Proceeds*". See "*Description of the Notes—Escrow Arrangement*".

Prior to the satisfaction of the conditions to the escrow, the proceeds of the Offering of the Notes will be held in the Escrow Account in the name of the Trustee on behalf of the holders of the Notes. The SPV Issuer will be required to redeem the Notes if, on or prior to July 5, 2012, any of the conditions for releasing the escrowed funds is not satisfied or waived, or in the event of certain other events that trigger escrow termination. If this occurs, you may not obtain the return you expect to receive on the Notes.

In addition to the net proceeds of the Offering of the Notes, additional amounts from the proceeds of the Subordinated Shareholder Funding will be placed in the Escrow Account to ensure that, on the Issue Date, the Escrow Account will contain funds sufficient to pay the special mandatory redemption price, if and when due, which is equal to 91.216% of the aggregate principal amount of the Notes plus accrued and unpaid interest from the Issue Date.

Your decision to invest in the Notes is made at the time of purchase. Changes in our business or financial conditions, or the terms of the Europcar UK Group Fleet Financing, between the Issue Date and the Completion Date will have no effect on your rights as a purchaser or holder of the Notes.

The Notes are structurally subordinated to the debt and liabilities of our subsidiaries (other than the Subsidiary Guarantors).

The rights of holders of the Notes will be structurally subordinated to those of the creditors of our subsidiaries (other than the Subsidiary Guarantors). See "*Description of the Notes—Ranking and Subordination of the 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 the bankruptcy or insolvency, holders of the Notes may receive less, ratably, than holders of debt of subsidiaries and other liabilities. As at December 31, 2011, we and our subsidiaries had total outstanding borrowings of €2,166 million including borrowings of consolidated special purpose entities (excluding estimated debt equivalent of fleet operating leases). As at December 31, 2011, our subsidiaries (including consolidated special purpose entities) had total outstanding borrowings of €1,341.5 million (excluding estimated debt equivalent of fleet operating leases).

You may not be able to enforce, or recover any amounts due under the Notes due to the subordination provisions and restrictions on enforcement contained in the Indenture and in the Intercreditor Agreement.

The Notes will be senior subordinated secured obligations of EGSA. They will rank junior in the right of payment to all of our existing and future senior indebtedness, including amounts borrowed by us under the Senior Revolving Credit Facility and will be effectively subordinated to any existing and future secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. As a result, upon any distribution to our creditors in a

bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property, the holders of our senior debt 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 our subsidiaries*".

In addition, the Subsidiary Guarantees of the 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 Revolving Facility, hedging obligations and other obligations described under "*Description of the Notes—Ranking and Subordination of the Subsidiary Guarantees*" and other agreements restricting 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:

- subject to certain security consideration principles, by a first ranking pledge over certain assets of Europcar including, in particular, trademarks, subsidiaries' shares and bank accounts; and
- by an effective first ranking basis by the shares of ECI.

The Notes will have the benefit of a second priority security interest in shares of ECI owned by EGSA. 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 EGSA 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 EGSA's assets being unavailable to satisfy the claims of holders of the Notes and other indebtedness.

All payments on the Notes will be blocked in the event of a payment default under the Senior Revolving Credit Facility, 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 may be taken unless:

- certain insolvency events in respect of EGSA have occurred and are continuing;
- the senior debt of EGSA described above has been accelerated;
- an event of default under the Indenture 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 Indenture and the Intercreditor Agreement, you may not be able to recover any amounts upon an event of default occurring 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 our senior subordinated indebtedness in the assets remaining after we have paid all of our senior debt. Because the

Indenture governing the Notes 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, we may not have sufficient funds to pay all of our creditors and holders of the Notes may receive less ratably than the holders of our senior debts, 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*".

We are a holding company with no operations.

We are 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 brand for long term vehicle rentals (Europcar Lease). Consequently, we are 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 the Subsidiary Guarantors) and our 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 us for these payments, whether by dividend, distribution, loan or other payments. The ability of our subsidiaries to make dividends and other payments to us will depend on their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors".

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

The payment of dividends and the making of loans and advances to us 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 us.

In addition, the ability of ECI and its subsidiaries to make payments, loans or advances to EGSA 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 EGSA's subsidiaries to make payments to it on account of intercompany loans.

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

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

If our subsidiaries are unable to generate sufficient cash flows 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, we 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 our assets, and we could be forced into bankruptcy or insolvency proceedings. Any of the foregoing could prevent us from paying principal on the Notes and substantially decrease the market value of the Notes.

The Indenture 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 Indenture contains financial and other restrictive covenants that limit our ability and the ability of our subsidiaries to engage in activities that may be in their long term best interests. For example, these covenants restrict our ability and the ability of our 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 Certain Europcar Financing Arrangements*". Events beyond our control and the control of our subsidiaries can affect their ability to comply with these covenants. Failure 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 we would have sufficient assets to repay all of its obligations. We 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 defenses.

The Subsidiary Guarantees 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 defenses 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 defenses include those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses 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 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 und 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, of the liquidity necessary to fulfill its financial liabilities to its creditors.

Enforcing your rights as a holder of the Notes or under the Subsidiary Guarantee or the collateral across multiple jurisdictions may prove difficult.

EGSA is organized under the laws of France, the Collateral will include a second-ranking pledge over the shares of ECI which is incorporated under the laws of France, the Subsidiary Guarantors are organized under the laws of the United Kingdom and Germany and under certain circumstances in the future, one or more Restricted Subsidiaries incorporated in other jurisdictions may guarantee the Notes. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the Notes, the Subsidiary Guarantee and the Collateral are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings.

The insolvency, administration and other laws of the jurisdiction of organization of EGSA and the Subsidiary Guarantors may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the Subsidiary Guarantee and the Security Documents in these jurisdictions or limit any amounts that you may receive. See "*Certain Insolvency Considerations*".

Holders of the Notes have limited recourse to the SPV Issuer, as payments under the Notes are limited to the amount of funds in the Escrow Account.

The obligations of the SPV Issuer under the Indenture and the Notes will be limited as set forth in the Indenture. The Noteholders will have the full and unconditional right to claim against the SPV Issuer for all amounts due and payable under the Notes, but only to the extent of the funds in the Escrow Account.

Each Holder will agree that its rights against the SPV Issuer under the Indenture and the Notes will be limited to the extent that it will not take any action or proceedings against the SPV Issuer to recover any amounts due and payable by the SPV Issuer to it under the Indenture or the Notes except as expressly permitted by the provisions of the Indenture and the Notes. Each Holder will further agree that it will not, and will not request that the Trustee on its behalf, petition a court

for, or take any other action or commence any proceedings for, the liquidation or winding-up of the SPV Issuer or any other bankruptcy or insolvency proceedings or appoint any liquidator, receiver, administrator or other insolvency practitioner with respect to the SPV Issuer or any of its assets whether under Irish law or other applicable bankruptcy laws; *provided that* each Holder will have the full and unconditional right to claim against the SPV Issuer for all amounts due and payable under the Notes and the Indenture, but only to the extent of the amount in the Escrow Account.

To the extent that the amount in the Escrow Account is not sufficient to meet all amounts payable by the SPV Issuer under the Notes and the Indenture, (such negative amount being referred to herein as a "**shortfall**"), the obligations of the SPV Issuer in respect of the Notes and the Indenture to the Holders of the Notes will be limited to such amount which shall be applied in accordance with the Indenture and the Escrow Agreement. In such circumstances the SPV Issuer will not be obligated to pay, and the other assets (if any) of the SPV Issuer will not be available for payment of, such shortfall, the rights of the Holders of the Notes to receive any further amounts in respect of such obligations shall be extinguished and shall not thereafter revive and none of the Holders of the Notes may take any further action to recover such amounts against the SPV Issuer.

In addition, none of the Noteholders will have any recourse against any director, shareholders, or officer of the SPV Issuer in respect of any obligations, covenant or agreement entered into or made by the SPV Issuer pursuant to the terms of the Notes, the Indenture or any other document relating to the Notes to which the SPV Issuer is a party or any notice or documents which it is requested to deliver thereunder.

Relevant insolvency laws in France, Germany, the UK and Ireland and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

We are incorporated under the laws of France. Therefore, any insolvency proceedings by or against us would likely be based on French insolvency laws. The SPV Issuer and the Subsidiary Guarantors are incorporated in Ireland, Germany and the UK. See "*Certain Insolvency Considerations*" for a description of the insolvency laws in France, Germany, the UK and Ireland, which could limit the enforceability of the Subsidiary Guarantees and the share pledge of the ECI shares.

We may not have the ability to raise the funds necessary to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a change of control, we 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 we will have sufficient funds to pay the purchase price for the Notes. A change of control could trigger mandatory prepayment or an event of default under the Outstanding Fixed Rate Notes, the EC Finance Notes, the Senior Revolving Credit Facility or other indebtedness. The repurchase of the Notes pursuant to such a change of control offer could cause a default under such indebtedness, even if the change of control itself does not. Our ability to receive cash from ECI to allow us to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by ECI's then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure on our part to offer to repurchase Notes would constitute an event of default under the Indenture, which would in turn constitute a default under the Senior Revolving Credit Facilities, the Outstanding Floating Rate Notes, the EC Finance

Notes and the Senior Asset Revolving Facility and certain other indebtedness. In that event, we would be required to repay all senior debt before we could repurchase the Notes. See "*Description of Certain Europcar Financing Arrangements*", "*Description of the Notes—Events of Default*", and "*Description of the Notes—Change of Control*".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require EGSA to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of our assets and our Restricted Subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase 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 our assets and our Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a "Change of Control" has occurred and whether we are required to make an offer to repurchase the Notes.

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

We are controlled and wholly-owned by the Ordinary Equity Investors (other than certain qualifying shares). As a consequence, the Ordinary 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 Ordinary 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 Noteholder.

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.

Certain considerations relating to book-entry interests.

Unless and until Notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of the Notes. The Common Depositary for Euroclear and Clearstream (or its nominee) will be the sole holder of the global notes. After payment to the Common Depositary or the custodian (as the case may be), we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights of a holder under the Indenture. See "*Book-Entry, Delivery and Form*".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon EGSA's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act

only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to insure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

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 which affect exchange rates and 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 should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

You may be unable to enforce judgments obtained in U.S. courts against EGSA.

None of our directors and executive officers are residents of the United States and substantially all of our assets 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 us obtained in the United States. Please see the section entitled "*Enforceability of Judgments*".

Transfers of the Notes will be restricted.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable laws. See "*Transfer Restrictions*". We have not agreed to or otherwise undertaken to register the Notes, and neither we nor EGSA have any intention to do so.

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

The Initial Purchasers have informed us 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 Notes to be listed on the Official List and admitted to trading on the Euro MTF Market, no assurance can be given that the Notes will 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, 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.

Risks Relating to the Security

The security over the shares of ECI will not be granted directly to the Holders of the Notes.

The security interests over the shares of ECI that will secure the obligations of EGSA under the Notes and the Indenture governing the Notes, will not be granted directly to the Holders of the Notes but will be granted only in favor of the Trustee, as beneficiary of parallel debt obligations (the "**Parallel Debt**"). The Parallel Debt is in amount and payable at the same time as the obligations of EGSA under the Indenture in respect of the 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 Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes, except through the Trustee. However, as the Trustee will have, pursuant to the Parallel Debt, a claim against EGSA for the full principal amount of the Notes, Holders of the 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 Indenture, which is governed by New York law.

In addition, although the enforceability in France of certain rights (the filing of claims in safeguard proceedings) of a security agent benefiting from a parallel debt was recognized by the French Supreme Court in September 13, 2011, there is no assurance that such a structure will be effective in all cases before French courts. To the extent that the security interests over the shares of ECI created under the Parallel Debt construct are successfully challenged by other parties, Holders of the Notes will not receive any proceeds from an enforcement of the security interests over the shares of ECI.

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

EGSA will enter in a pledge agreement pursuant to which all the shares of ECI held directly by EGSA will be pledged to the Trustee and benefiting the Holders of the Notes on a second priority basis. The pledge agreement will secure Parallel Debt. The Senior Revolving Credit Facility (and any refinancing thereof) will be secured by a first priority security interest in the shares of ECI and the Notes will be secured by a 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 thereafter the Notes. Consequently, Holders of 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 serves as security agent for the lenders under the Senior Revolving Credit Facility. 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 Trustee and 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 Notes to do so. Under the Intercreditor Agreement, the Trustee is not permitted to enforce the security over the pledged shares unless:

- certain insolvency events have occurred and are continuing;
- Senior Revolving Credit Facility Indebtedness (or other specified indebtedness of EGSA) 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 Indenture governing the 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—Increditor Agreement*" and "Description of the Notes—Security—Release of Security".

French law may adversely affect the validity and enforceability of the second ranking share pledge.

The second ranking share pledge over the shares of ECI held by EGSA in favor of the Trustee and benefiting the Holders of the Notes will be 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 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 a further, second pledge thereon.

In order to create the second ranking share pledge over the shares of ECI owned by EGSA in favor of the Trustee and benefiting the Holders of the Notes, the possession of the securities account has been transferred to the custody of an agreed third party (entiercement), thereby satisfying the legal requirement of possession of the pledge 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 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 pleged 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 pledge may be declared null and void in case of insolvency of EGSA.

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 pledge 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 Notes. Following any such release, the second ranking pledge in favor of the Trustee and benefiting the Holders of the Notes would be retaken.

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

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 such debtor was insolvent (*cessation des paiements*).

You may be required to pay a "soulte" in the event you decide to enforce the share pledges by judicial 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 judiciaire*" 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 amounts of proceeds ultimately received by the secured creditors from a subsequent sale of the collateral.

Use of Proceeds

We estimate that the gross proceeds from the issuance of the Notes will be €295.5 million before deducting estimated fees and expenses incurred in connection with the Offering. The net proceeds from the offering of the Notes, together with the €110 million in proceeds from the Subordinated Shareholder Funding and €29.5 million in cash on hand at Europcar Group, will be used by EGSA to (i) redeem in full the Outstanding Floating Rate Notes, and (ii) pay the transaction fees and expenses.

The net proceeds of the Notes will be placed in the Escrow Account, together with an additional amount of cash provided from the proceeds of the Subordinated Shareholder Funding such that the escrowed funds will be sufficient to pay the special mandatory redemption price for the Notes, when and if due, plus interest for the escrow period. In the event that the escrow release conditions are not satisfied on or prior to July 5, 2012 on substantially the terms described herein, the Notes will be subject to a special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds: Special Mandatory Redemption*". If the escrow release conditions are satisfied within such period on substantially the terms described herein, the escrowed funds will be paid to or upon the order of EGSA, EGSA will assume all of the obligations of the SPV Issuer on and with respect to the Notes, and the SPV Issuer will be released from all further obligations with respect to the Notes. The SPV Issuer will then start voluntary liquidation proceedings.

EGSA intends to publish, in accordance with the provisions of the Indenture governing the Outstanding Floating Rate Notes, a conditional notice of redemption on or prior to the Completion Date. Such notice of redemption will be conditional upon the release of proceeds from escrow and will provide for a redemption date that is 30 days after the giving of such notice.

The following table sets out the sources and uses for this offering of the Notes:

Sources **(In millions of €)**		**Uses**	
Notes offered hereby	295.5	Repayment of Outstanding Floating Rate Notes	425
		Estimated fees and expenses	10
Subordinated Shareholder Funding	110		
Cash on hand	29.5		
Total	**435**	**Total**	**435**

Capitalization of Europcar Group

The following table sets forth the cash and cash equivalents and capitalization of the Europcar Group, as derived from the EGSA Consolidated Financial Statements as of December 31, 2011, on an actual basis and on an adjusted basis to give effect to (i) the Subordinated Shareholder Funding in the amount of €110 million on the Issue Date for the Notes, and (ii) the issuance of the Notes, the release of the net proceeds from the Escrow Account to the Issuer on the Completion Date and the use of the net proceeds therefrom, together with the proceeds from the subordinated shareholder loan from Eurazeo and cash on hand at Europcar, to redeem in full the Outstanding Floating Rate Notes.

This table should be read in conjunction with "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the EGSA Consolidated Financial Statements for the year ended December 31, 2011 and the notes thereto included elsewhere in this Offering Memorandum.

	As of December 31, 2011		
(In millions of €)	**(audited) Actual**	**Impact of the current refinancing**	**(unaudited) As adjusted**
Cash and cash equivalents[2]	(352.0)	179.7	(172.3)[1]
Of which the UK VAT impact	*(66.2)*	*66.2*	–
Short term investments[3]	(72.9)		(72.9)
Notes offered hereby	–	324.0	324.0
Outstanding Floating Rate Notes[4]	425.0	(425.0)	–
Outstanding Fixed Rate Notes[5]	400.0		400.0
Gross Corporate Debt excluding capitalized financing arrangements costs	**825.0**		**724.0**
EC Finance Notes[6]	350.0		350.0
Senior Asset Revolving Facility[6]	495.3		495.3
Europcar UK and other Fleet Financing	485.9		485.9
Senior Revolving Credit Facility[7]	39.0		39.0
Gross fleet debt excluding capitalized financing arrangement costs[8]	**1,370.2**		**1,370.2**
Other debt[9]	(28.8)	(51.1)	(79.9)[9]
Total consolidated third-party debt	**2,166.4**		**2,014.3**
Total shareholder's equity	343.6		343.6
Subordinated Shareholder Funding[10]		110.0	110.0
Total consolidated capitalization	**2,510.0**		**2,467.9**

There has been no material change in the capitalization of Europcar since December 31, 2011 other than as described in this Offering Memorandum.

(1) Cash and cash equivalents are adjusted for the €10.0 million transaction cost for the issuance of the Notes, €67.1 million upfront cash payment linked to the 2012 Swap Amendment and €16.9 million financing arrangements costs linked to UK fleet and Senior Revolving Credit Facility refinancings, and €19.5 million of cash used for the repayment of the Outstanding Floating Rate Notes, as well as the UK VAT impact of €66.2 million.

(2) Including restricted cash in the amount of €96.3 million and €66.2 million of UK VAT Impact.

(3) Primarily dedicated to cover liabilities from the Group's captive insurance company. See Note 16 and 21 to the EGSA Consolidated Financial Statements for the year ended December 31, 2011.

(4) The €425 million Outstanding Floating Rate Notes will be redeemed in full with the proceeds from the issuance of the Notes offered hereby, together with the proceeds from the Subordinated Shareholder Funding to be made on the Issue Date of the Notes in the amount of €110 million plus cash on hand at Europcar.

(5) The €400 million of Outstanding Fixed Rate Notes will rank *pari passu* with the Notes offered hereby. The Notes, however, will benefit from the second ranking pledge of the ECI shares and the upstream Subsidiary Guarantees of certain of our U.K. and German subsidiaries while the Outstanding Fixed Rate Notes do not.

(6) The Senior Asset Revolving Facility (€1.1 billion) and the €350 million EC Finance Notes benefit from the following collateral: (i) the vehicles, bank accounts and receivables of the Securitifleet Companies (other than Securitifleet Italy), subject to certain exceptions in Spain, (ii) the shares in each of the Securitifleet Companies (except for Securitifleet Italy), (iii) the receivables under the advances made by Securitifleet Holding to each Securitifleet Company and the bank accounts, in each case owned by Securitifleet Holding and (iv) the shares of Securitifleet Holding held by ECI. The rights of the lenders under the Senior

Asset Revolving Facility to such security are senior to the rights of the holders of the EC Finance Notes by way of contractual provisions to such effect contained in an intercreditor agreement. See "*Description of Certain Europcar Financing Arrangements*".

(7) The Senior Revolving Credit Facility is secured, subject to certain security consideration principles, by a first ranking security interest in certain of Europcar's assets including, in particular, trademarks, subsidiaries' shares and bank accounts. The Senior Revolving Credit Facility is secured on an effective first ranking basis by the shares of ECI.

(8) "Other debt" as adjusted includes capitalized corporate and fleet financing arrangement costs.

(9) Pursuant to applicable accounting principles, the €10 million arrangement cost for the refinancing the Outstanding Floating Rate Notes, €28.5 million original issue discount of the Notes offered hereby and the €16.9 million UK fleet and Senior Revolving Credit Facility refinancing arrangement costs will be fully capitalized and amortized over the terms of the contracts, which will be reported on the balance sheet, net of unamortized financing arrangement costs. The amount of €51.1 million also includes €4.3 million for the written off capitalized arrangements costs (including fleet financing costs) currently being renewed.

(10) Eurazeo and ECIP Europcar SARL will contribute, on the Issue Date of the Notes, the Subordinated Shareholder Funding in the amount of €110 million. It is anticipated that the Subordinated Shareholder Funding will be capitalized during 2012 through the issuance of additional Europcar Ordinary Shares to the Ordinary Equity Investors.

Selected Consolidated Financial Information

The following selected consolidated financial information for the Europcar Group has been derived from EGSA Consolidated Financial Statements for the years ended and as of December 31, 2011 and 2010. EGSA Consolidated Financial Statements as at and for the years ended December 31, 2011 and 2010, which are included elsewhere herein, were prepared in accordance with the principles and methods described therein which state in particular that the Europcar Group has applied IFRS as adopted by the European Union.

The following financial information is to be read in conjunction with EGSA Consolidated Financial Statements and the notes thereto included elsewhere in this Offering Memorandum.

	Year ended December 31		
(In millions of €)	**EGSA 2011 (audited)**	**EGSA 2010 (audited)**	**EGSA 2009 (audited)**
	At reported exchange rates		
Selected Income Statement Data			
Revenue	**1,969.2**	**1,973.1**	**1,851.4**
Expenses			
Fleet holding costs	(545.6)	(530.1)	(509.2)
Fleet operating, rental and revenue related costs	(701.0)	(706.0)	(646.1)
Personnel costs	(303.8)	(305.4)	(297.7)
Network and head office overheads	(213.6)	(206.5)	(202.7)
Depreciation and amortization expenses	(34.3)	(35.1)	(34.3)
Other income	18.0	14.4	6.7
Operating income before non-recurring item	**188.9**	**204.5**	**168.1**
Goodwill impairment charge	(40.3)[(1)]	(53.8)[(1)]	(90.9)[(1)]
Other non-recurring items	(3.2)[(2)]	(34.8)[(2)]	(56.3)[(2)]
Operating income	**145.4**	**115.9**	**20.9**
Financial income	5.2	9.4	6.7
Financial expenses	(165.1)	(122.0)	(117.5)[(3)]
(Expenses)/ income from interest rate swaps	(55.8)	(70.6)	(61.1)[(3)]
Amortization of financing arrangement costs	(12.8)	(58.5)	(17.2)
Net financing costs	**(228.7)**	**(241.6)**	**(189.1)**
Profit/(loss) before tax	**(83.2)**	**(125.6)**	**(168.2)**
Income tax income/(expense)	12.9	(3.1)	20.0
Share of profit in associates	(1.8)	0.3	0.3
Profit/(loss) for the year	**(72.2)**	**(128.4)**	**(147.9)**

(In millions of €)	Year ended December 31		
	EGSA 2011 (audited)	EGSA 2010 (audited)	EGSA 2009 (as restated)
	At reported exchange rates		
Selected Balance Sheet Data			
Non-current assets	1,366.1	1,425.6	1,459.1
Current assets	**2,725.9**	**2,937.6**	**2,861.9**
of which rental fleet and related receivables	*1,943.2*	*2,125.2*	*2,154.8*
of which current investments[(4)]	*47.3*	*31.8*	*43.0*
of which cash and cash equivalents[(5)]	*255.7*	*263.1*	*232.3*
Total assets	4,092.0	**4,363.2**	**4,321.0**
Non-current liabilities	1,439.5	1,291.4	1,161.0
of which loans and borrowings	*1,149.7*	*1,033.6*	*795.4*
Current liabilities	2,304.0	2,659.2	2,663.5
of which loans and borrowings	*1,016.7*	*1,377.9*	*1,449.5*
Total liabilities	**3,743.5**	**3,950.6**	**3,824.4**
Total equity	**348.5**	**412.6**	**496.6**

(In millions of €)	Year ended December 31		
	EGSA 2011 (audited)	EGSA 2010 (as restated)	EGSA 2009 (as restated)
	At reported exchange rates		
Selected Statement of Cash Flows Data			
Operating income (consolidated IFRS)	**145.4**	**115.9**	**20.9**
Non-fleet depreciation and amortization (including asset impairment)	80.2	102.0	130.5
Fleet financing costs excluding interest expense included in fleet operating lease rents	(131.0)	(111.5)	(97.5)
Non fleet capital expenditures, net of proceeds from disposal	(18.5)	(25.1)	(27.3)
Change in non fleet working capital	80.9	(13.4)	45.2
Change in provision, employee benefits and accrued fleet financing expense	11.6	0.5	8.9
Income tax (paid)/received	6.7	(19.9)	11.7
Corporate free cash flow before changes in fleet asset base (fleet assets and fleet working capital)	**175.3**	**48.5**	**92.4**
Cash interest paid on corporate debt, including allocated swap cash charge	(64.2)	(66.1)	(66.5)
Free cash flow before fleet before changes in fleet asset base (fleet assets and fleet working capital)	**111.1**	**(17.6)**	**25.9**
Changes in fleet asset base (fleet assets and fleet working capital)	182.8	44.9	579.2
Free cash flow	**293.9**	**27.3**	**605.1**
Business acquisitions, net of cash acquired	1.3	–	–
Other investing activities	7.7	(12.1)	(10.5)
Increase in capital	7.5	1.0	–
Issuance of EC Finance Notes (net of discount)	109.8	246.8	–
Issuance of Outstanding Fixed Rate Notes, net of reimbursement of the prior Outstanding Fixed Rate Notes (net of discount)		25.0	–
Increase/(decrease) in drawings on fleet financing and working capital facilities	(399.4)	(115.8)	(624.5)
Payments of financing arrangement costs	(11.0)	(87.7)	–
Other financing activities		**(0.9)**	**5.0**
Net change in cash (including restricted cash)[(5)]	**9.7**	**83.6**	**(3.9)**

(1) As at December 31, 2011 considering the uncertainty surrounding the UK market and the very weak performance in the Pacific region (an area which had been impacted in 2011 by floods and earthquakes), the Group recognized impairment expenses of €23.7 million in relation to the goodwill allocated to the United Kingdom cash generating unit and of €16.7million in relation to the goodwill allocated to the Australian cash generating unit. Considering the difficult operating conditions for our industry in Italy driven by increased fleet and accident-related costs as well as unfavorable evolutions on the motor liability insurance market, we recognized as of December 31, 2010 an impairment charge related to the €53.8 million goodwill allocated to our Italy cash generating unit. In light of the depressed economic environment in Spain, Europcar recognized as of December 31, 2009 an impairment charge for the full €90.9 million amount of goodwill allocated to its Spanish operating unit. See Note 13 to EGSA Consolidated Financial Statements.

(2) Other non recurring items of €3.2 million relate primarily to €3.7 million in acquisition related expenses, a reorganization charge of €2.0 million related to measures implemented in several entities of the Group to adapt their cost structure to the lower demand levels and €2.7 million in moving costs for headquarters in France, all of which more than offset by the 10% service fee (amounting to € 7.1 million) that was received on the settlement of the Fleming VAT claim, and the €2.8 million gain on the disposal of Europcar Switzerland.

    Other non recurring items of €34.8 million in 2010 relate primarily to an impairment of Europcar Spain real estate assets for €7.4 million, amortization of intangible assets for €5.7 million, charges associated with changes in accounting estimates (€6.4 million) and the harmonization of accounting policies across the Group, as well as reorganization charges related to plans implemented in response to economic downturn (€3.1 million).

    Other non recurring items of €56.3 million in 2009 relate to reorganization expenses, Amortization and impairment of intangible assets as well as acquisition-related and other non-recurring costs amounting to €31.1 million, €5.3 million and €19.9 million, respectively. Reorganization expenses consist of redundancy costs, for €14.4 million, professional fees, for €11 million and facility lease early termination costs, for €5.7 million, all incurred in connection with the measures taken by Europcar Group to adapt its organization and cost base to the lower demand resulting from the global economic downturn. Acquisition-related and other non-recurring expenses consist primarily of an €8.7 million charge resulting from a change in accounting estimates in relation with Europcar Group's captive insurance company, upper management severance expense of €4.5 million, and acquisition-related charges of €3.6 million. See Note 10 to EGSA Consolidated Financial Statements.

(3) The effect of the lower market interest rates on our financial expenses in 2009 was largely offset by the €61.1 million interest expenses related to our interest rate swaps.

(4) Dedicated to cover liabilities from the Group's captive insurance company. See Note 16 and 21 to EGSA Consolidated Financial Statements for the year ended December 31, 2009, 2010 and 2011.

(5) See Note 21 to EGSA Consolidated Financial Statements.
    Certain comparative amounts have been reclassified in 2009 and 2010 to conform to the 2011 presentation. Investments formerly classified as cash and cash equivalents (in 2008: €16.3 million, in 2009: €3.6 million and in 2010: €10 million) were reclassified in current investment on balance sheet (and consequently impacted other investing activities in the statement of cash flows instead of net change in cash). In addition, changes of bank overdrafts formerly classified in drawings on fleet financing were reclassified in net change of cash (in 2008: €15 million, in 2009: €11.3 million and in 2010: €2.5 million).

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 the understanding of the financial condition and results of operations for the Europcar Group as of for the years ended December 31, 2011, 2010 and 2009. The statements in this discussion and analysis regarding industry outlook, our expectations regarding the future performance of our 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*". Our 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 Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum.

Overview

We provide vehicles for short and medium term corporate and leisure rentals through the Europcar Network of 3,598 rental locations in over 140 countries worldwide as at December 31, 2011. Our revenue is primarily derived from Europcar and agent-operated rental operations in the Corporate Countries and, to a lesser extent, from royalties and fees from the Europcar Network's franchises. Revenue from rental operations includes revenue from basic vehicle rental charges as well as ancillary charges and services, such as fuel charges, surcharges for airport concessions, loss or collision damage waivers, and charges for supplemental equipment, such as winter tires (essentially in Germany), in-car and portable navigation systems, child seats and ski racks.

For the year ended December 31, 2011, our consolidated revenue was essentially stable at €1,969.2 million, reflecting a decrease of 0.2% at reported exchange rates and 0.3 % at constant exchange rates, as compared with the year ended December 31, 2010. The number of rental days decreased by 1.0% for the year, mainly due to management's decision to partially exit from the non-profitable car replacement (leasing) segment in the UK and Italy as well as to the impact on our revenues from the disposal of our Europcar Switzerland operations in May 2011 to our Swiss franchisee. As adjusted to exclude the impact of the disposal of Europcar Switzerland, our revenues increased by €2.6 million, or 0.1% at constant exchange rates for the year ended December 31, 2011. For the year ended December 31, 2011, RPD increased by 0.2% at constant exchange rates due to the combined effect of strong pricing discipline across the Group and our partial exit from the car replacement (leasing) segment, partly offset by higher price competition in southern Europe and the launch of Europcar the "Value For Money" offers. In the meantime, our fleet utilization rate improved, primarily due to continuous improvement in fleet processes, to attain the highest utilization rate in our history, reaching 74.0% for 2011, as compared with 73.6% in 2010.

Adjusted Consolidated EBITDA amounted to €661.7 million for 2011, remaining stable year on year, due to the combined effects of largely stable revenues and internal discipline on operational costs, while still allowing for increased investments in marketing expenses.

Adjusted Corporate EBITDA amounted to €92.2 million for 2011, representing a decrease of €36.0 million as compared to the previous year, due to (i) the increased cost of financing following the fleet and corporate refinancings in late 2010 and the beginning of 2011 (issuances of the Outstanding Fixed Rate Notes in November 2010 for €400 million, the new Senior Asset Revolving Facility in July 2010, the EC Finance Notes for €250 in June 2010 in replacement of the Prior Senior Asset Financing Loan, and the additional EC Finance Notes for £100 million in

May 2011) and to a lesser extent by (ii) exceptional car manufacturer opportunities at the end of 2010, including primarily the negotiation of a buy-back provision in which we were able to extend the holding period at low rates.

In mid-December 2011, we renewed our EURIBOR swap instruments. Pursuant to these new swap agreements the Group will (i) pay a fixed rate of interest ranging from 2.42% to 2.45% on a notional amount of €1.3 billion and receive an interest income calculated at a rate equal to one-month EURIBOR, and (ii) pay a fixed rate of interest of 2.985% on a nominal amount of €0.3 billion and receive an interest income calculated at a rate equal to six-month EURIBOR. If the new swap structure had been in place for the full year 2011, Adjusted Corporate EBITDA would have been positively impacted in an amount of €28.0 million, and would have therefore amounted to €120.0 million.

In 2011, we recorded solid cash flow generation with €110 million in corporate free cash flow, mainly driven by a significant decrease in non-fleet working capital. As a result of the active non fleet working capital management as well as improved fleet management and utilisation rates at year end, net debt decreased by 5.5% to €2,079.9 million as of December 31, 2011 as compared to December 31, 2010.

The following table shows certain statistical data concerning the evolution of our activity and performance over the period under review. The data for the year ended December 31, 2010 has been restated using the year ended December 31, 2011 exchange rates.

	Year ended December 31	
(In millions of €, except headcount and fleet)	**EGSA 2011**	**EGSA 2010 Restated at 2011 exchange rates**
Revenue	1,969.2	1,975.8
change vs. prior year	- 0.3%	
Adjusted Corporate EBITDA[1]	92.2	128.2
change vs. prior year/period	-28.1%	
Adjusted Consolidated EBITDA[2]	661.7	663.5
change vs. prior year/period	-0.3%	
Net debt[3] at end of period (excluding Outstanding Notes, including debt equivalent of fleet operating leases)	2,079.9	2,194.2
change vs. prior year	-5.2%	
Average headcount	6,498	6,488
change vs. prior year	0.2%	
Average fleet units (# vehicles)	190,002	193,154
change vs. prior year	-1.6%	

(1) Adjusted Corporate EBITDA is defined as Adjusted Consolidated EBITDA less fleet depreciation, fleet operating lease rents and fleet financing costs.

(2) Adjusted Consolidated EBITDA is defined as consolidated net income before tax, share of (profit)/loss of associates, net financing costs, fleet depreciation, fleet operating lease rents, non-fleet depreciation and amortization and non-recurring items.

(3) Net debt is calculated as total current and non-current borrowings, less cash and cash equivalents including restricted cash, and less other current investments including investments dedicated to cover liabilities from the Group's captive insurance company.

Main factors affecting revenue

Corporately-owned rental business revenue (or "rental revenue"). Rental revenue varies mainly according to the evolution of:

- the volume of business, measured by the number of invoiced rental days ("**Rental Day Volume**"); and
- the average RPD.

Rental Day Volume includes any day, or period of less than a day, for which a vehicle rental is invoiced to a customer. Rental Day 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 our business and customer portfolio in line with our strategy. See "*Europcar's Business—Our Strategy*". In particular, Rental Day Volume is influenced by the business generated from key customers and partners, including, notably, the business generated from the strategic partnerships concluded with easyJet, Accor and TUI.

Average RPD consists of rental revenue divided by Rental Day Volume in the same period (excluding other revenue associated with rental activity and franchising revenue). Average RPD is influenced by several factors, including, in particular, pricing policy, business mix, rental duration and fleet mix at the Corporate Country level, as well as by the geographical mix at the Europcar Group level. The average RPD reported in euro for Europcar Group also depends on the euro/British pound and euro/Australian dollar as well as to a lesser extent euro/Swiss franc and euro/New Zealand dollar exchange rates.

Average RPD at the Corporate Country level varies as a function (i) pricing considerations (including local economic conditions), prevailing in the different geographical markets; (ii) fleet mix; (iii) business mix; (iv) geographical mix and (v) agent revenues.

Pricing. Changes in our pricing of rental services are the most significant factor impacting the evolution of our average RPD. Generally, movements in the pricing of vehicle rentals reflect the Europcar Group's pricing policy, global and Corporate Countries' market conditions, such as historical pricing levels, the respective levels of supply and demand, our competitive position, as well as movements in the cost structure of the car rental business, notably changes in fleet holding costs and financing costs.

Fleet mix. our 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 our fleet allows us 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. We rent vehicles to customers for both leisure and corporate needs. See "*Europcar's Business—Our Customers*". Leisure rentals are typically longer in duration and generate more revenue per transaction than corporate rentals, although the vehicle replacement rental business component of our 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, our average RPD is affected by shifts in our business mix, pricing and duration.

Geographical mix. Each of our Corporate Countries have different pricing, fleet and business mix characteristics. Changes in our revenue from period to period reflect (i) differences in the growth rates of Rental Day Volume in each of the Corporate Countries in a given period and (ii) changes to the average RPD in each Corporate Country over the same period. Some Corporate Countries have experienced significant declines in Rental Day Volume but growth in average RPDs.

Agent revenue. In the Corporate Countries, approximately 700 stations were operated by agents as of December 31, 2011. The sites and employees of agent-operated stations are the responsibility of the agents. The fleet operated by the agent belongs to Europcar. The total revenue generated by the agent-operated stations, however, is included in our revenue and the agents are paid a commission, which is included in the revenue related costs.

Other revenue associated with rental activity. Other revenue consists essentially of revenue derived from the sale of fuel to rental customers.

Franchising revenue. Our network of franchisees, both in the Corporate Countries and internationally, represent an additional revenue source. Franchising revenue consists of annual royalties and entrance and territory fees, as well as fees charged by the Europcar Group for reservation, collection and IT services rendered to franchisees. Franchising revenue earned by us from our franchisees in both the Corporate Countries and Franchise Countries amounted to €54.8 million for 2011.

Royalties paid to us by our franchisees are determined based on the rental revenue generated by the franchisees within their specified territory. Consequently, that portion of our revenue represented by royalties is subject to factors impacting the rental car industry in each of the markets within the Europcar Network. Revenue from franchise operations may decrease to the extent that we acquire franchisees in the Corporate Countries, as occurred in Australia and New Zealand in 2008. Upon acquisition of franchises in Corporate Countries, the franchise's rental revenue is included in our revenue from rental operations, and we cease to recognize royalty revenue in respect thereof. The converse is also true in the event of divestiture of corporate operations to franchising partners. For example, in May 2011, we divested Europcar Switzerland to our Swiss franchisee. Therefore, our revenue from rental operations decreased in 2011 (showing only five months of corporate revenue), while our franchising revenue derived from Switzerland increased.

Entrance and territory fees paid by franchisees upon joining (or renewing their association with) our 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 costs

Our costs consist of the following principal components:

- Fleet holding costs represent a significant portion of our expenses. Fleet holding costs include (i) the depreciation of the vehicles carried on our balance sheet, (ii) fleet operating lease costs (iii) fleet-related taxes and (iv) costs linked to the in-fleeting of new vehicles and the de-fleeting of used vehicles. When calculating financing costs including interest expense in fleet operating lease rents, we split the fleet operating lease costs referred to in (ii) above into two components: the interest expense included in fleet operating lease rents, which is aggregated with fleet financing costs, and the remaining portion of the operating lease costs is aggregated with fleet depreciation.

Our business requires significant expenditure for vehicles. Our fleet holding costs are driven by three main factors: (i) fleet size, (ii) the average holding cost per vehicle and (iii) the fleet utilization rate.

  - *Fleet size*—The size of the fleet, and therefore our fleet holding costs, vary as a function of our expectations as to changes in Rental Day Volume demand, including those linked to seasonality effects.

- *Average holding cost per vehicle*—The average holding cost per vehicle is a function of both the economic environment affecting vehicle manufacturers and our negotiating position *vis-à-vis* the manufacturers in respect of our 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 costs) and (iii) with respect to the small percentage of our 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.

- *Fleet utilization rate*—Fleet utilization rate measures our internal efficiency in utilizing our fleet, expressed as the ratio of invoiced rental days to the number of available rental days. The higher the fleet utilization rate, the fewer vehicles required in the fleet to generate a given amount of rental days. See "*Europcar's Fleet*". Efficiency of in-fleeting and de-fleeting, as well as higher numbers of longer duration rentals, contribute to higher fleet utilization rates. To avoid distortion of our reported fleet utilization rate, the 100% fleet utilization rate of vehicles leased to our franchisees in the Corporate Countries are not taken into account.

- Fleet, operating, rental and revenue related costs comprise the following:

  - Fleet operating costs include costs associated with repairs and maintenance; buy-back reconditioning (which results from the contractual obligation to return buy-back cars to manufacturers in satisfactory condition for resale to third parties); badly damaged vehicles and wrecks; vehicle thefts and third-party motor liability insurance. Changes in fleet operating costs generally correlate with changes in fleet size and, to a lesser extent, 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 fuelling costs. 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 rental related costs allocated to short-term rentals representing a higher proportion of the total 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 revenue generated by the underlying rental activity.

- Personnel costs include primarily wages and salaries, social charges and other employee benefits.

- Network and head office overheads include costs for rental locations, headquarters at Corporate Country, EGSA and ECI level and marketing and sales related expenses, such as advertising. Network and office overheads also include our information technology costs.

- Net financing costs represent financial expenses net of financial income. Financial expenses consist of interest payable to banks and other debt providers in relation to fleet financing (including interest payable on the EC Finance Notes), revolving credit and overdraft facilities, interest paid on our Outstanding Notes, non-utilization fees and, when applicable, interest expense paid to counterparties to our interest rate swaps. Financial income includes items such as interest received on notes, deposits, refunded tax amounts, investments of the reserves held in our captive insurance company, refunded insurance premium amounts and, when applicable, interest income received from counterparties to our interest rate swaps. Net financing costs also include foreign exchange gains and losses on financial operations, as well as the amortization expense related to capitalized financing arrangement costs. Net financing costs do not include

the interest expense included in fleet operating lease rents. Net financing costs also include cost related to the arrangement of financing facilities and the issuance of notes, in particular the amortization of capitalized financing arrangement costs. They also include one-off charges associated with the early redemption or refinancing of existing debt. See "*Description of Certain Europcar Financing Arrangements*".

Seasonality

Our revenue fluctuates 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 car 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 us. The size of our 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 15% below the average, as measured by number of vehicles. These fluctuations in demand are met by us through our flexible contracts with vehicle suppliers. Under these contracts, we can increase our orders for vehicles in anticipation of the peak months, and can also use these contracts' short-term buy-back provisions (typically from four to eight months, but in some cases up to 15 months) to release the vehicles once the high demand subsides. See "*Europcar's Fleet*".

Basis of preparation of the financial information discussed below

We have a significant presence in the UK and in Australia as a result of our acquisition of PremierFirst Vehicle Rental EMEA and of Europcar Australia in 2007 and 2008, whose revenue, costs and debt are denominated in British pounds and Australian dollars, respectively, so that the income statement and cash flow of these two countries are naturally hedged. However, Europcar Group's results and financial statements reported in euro are exposed to the currency conversion risk related to the consolidation of the results and financial statements of the UK and Australia operations. Therefore, in order to allow a meaningful, like-for-like comparison between the periods under review, the UK, Australia and Switzerland contribution to the income statement of Europcar Group and their net debt information have been restated as follows: for the discussion on year ended December 31, 2011 compared with year ended December 31, 2010, the 2010 income statement and debt information of the UK, Australia and Switzerland has been restated at the 2011 British pound/euro, Australian dollar/euro and Swiss Franc/euro exchange rates; for the discussion on year ended December 31, 2010 compared with year ended December 31, 2009, the 2009 income statement and debt information of the UK, Australia and Switzerland has been restated at the 2010 British pound/euro, Australian dollar/euro and Swiss Franc/euro exchange rates, respectively. Income statement information presented in the tables included in this section has been restated using average exchange rates, which are calculated as the year to date average daily exchange rate (excluding week-end and bank holidays) as reported by the "European Central Bank". Debt information has been restated using exchange rate information at the relevant month's end.

All expenses excluded from adjusted operating income, operating margin and profit (loss) before tax are reported on separate lines of the reconciliation table below the adjusted operating income aggregate, and are also discussed below.

The adjusted information discussed below is not audited but is directly derived from the IFRS audited income statements for the years 2011, 2010 and 2009. It has been prepared on a

quarterly and consistent basis in accordance with the principles described above and is used by management to review the operating and financial performance of Europcar Group and to report on the results of Europcar Group.

We believe such adjusted and adjusted *pro forma* information provides a better understanding of our operating performance by allowing a full comparison of the performance for the full year of 2011, 2010 and 2009 on a like-for-like basis.

The following schedule provides the detailed reconciliation of EGSA audited consolidated income statement for the year ended December 31, 2011 prepared in accordance with IFRS, adjusted for certain non-recurring items:

	Year ended December 31, 2011		
(In millions of €)	**EGSA As reported under IFRS (audited)**	**EGSA Adjustments for non-recurring items (unaudited)**	**EGSA As adjusted for non-recurring items (unaudited)**
Revenue	**1,969.2**		**1,969.2**
Fleet holding costs, excluding estimated interest expense in fleet operating lease rents	(499.9)		(499.9)
Interest expense included in fleet operating lease rents (estimated)[1]	(45.7)		(45.7)
Fleet holding costs	**(545.6)**		**(545.6)**
Fleet operating, rental and revenue related costs	(701.0)		(701.0)
Personnel costs	(303.8)		(303.8)
Network and office overheads excluding depreciation and amortization	(213.6)		(213.6)
Non-fleet depreciation and amortization	(34.3)		(34.3)
Other income	18.0		18.0
Acquisition related, reorganization and other non-recurring items	(3.2)	3.2	
Goodwill impairment charge	(40.3)	40.3	
Operating income	**145.4**		
Add back: interest expense of fleet operating lease rents (estimated)			45.7
Adjusted operating income (excluding estimated interest expense in fleet operating lease rents)			234.6
Adjusted operating margin (excluding estimated interest expense in fleet operating lease rents)			11.9%
Net financing costs	**(228.7)**		**(228.7)**
Interest expense of fleet operating lease rents (estimated)			(45.7)
Profit/(loss) before tax	**(83.2)**		
Adjusted profit/(loss) before tax		**43.4**	**(39.8)**

(1) Fleet operating lease rents consist of a fleet depreciation expense, an interest expense as well as, under several operating lease contracts, a small administration fee. Because the interest expense component of the lease rent is in substance a fleet financing cost, our management reviews fleet holding costs and the operating income of Europcar Group excluding this expense. Our management adds this expense to the interest expense related to fleet financing debt recorded on the Group's balance sheet in order to measure the total cost of financing for the fleet used by the Group.

For those fleet operating lease contracts entered into by Europcar Group that do not provide the precise split of the rents between the depreciation expense, the interest expense and the administrative fee, Europcar Group makes estimates of this split on the basis of information provided by the lessors.

The following schedule provides the detailed reconciliation of EGSA audited consolidated income statement for the year ended December 31, 2010 prepared in accordance with IFRS, adjusted for certain non-recurring items:

	Year ended December 31, 2010				
(In millions of €)	EGSA As reported under IFRS (audited)	EGSA Adjustments for non-recurring items (unaudited)	EGSA As adjusted for non-recurring items (unaudited)	EGSA Restatements at 2011 exchange rates (unaudited)	EGSA Restated at 2011 exchange rates (unaudited)
Revenue	**1,973.1**	–	**1,973.1**	2.7	1,975.8
Fleet holding costs, excluding estimated interest expense in fleet operating lease rents	(491.9)		(491.9)	(0.4)	(492.3)
Interest expense included in fleet operating lease rents (estimated)[(1)]	(38.2)		(38.2)	(0.1)	(38.3)
Fleet holding costs	**(530.1)**	–	**(530.1)**	(0.5)	(530.6)
Fleet operating, rental and revenue related costs	(706.0)	–	(706.0)	(0.7)	(706.7)
Personnel costs	(305.4)	–	(305.4)	(0.8)	(306.2)
Network and head office overheads excluding depreciation and amortization	(206.5)	–	(206.5)	(0.2)	(206.7)
Non-fleet depreciation and amortization	(35.1)	–	(35.1)	(0.1)	(35.2)
Other income	14.4	–	14.4	(0.2)	14.2
Acquisition related, reorganization and other non-recurring items	(34.8)	34.8	–		
Goodwill impairment charge	(53.8)	53.8	–		
Operating income	**115.9**				
Add back: interest expense of fleet operating lease rents (estimated)			38.2	0.1	38.3
Adjusted operating income (excluding estimated interest expense in fleet operating lease rents)			**242.7**	0.2	243.1
Adjusted operating margin (excluding estimated interest expense in fleet operating lease rents)			12.3%		12.3%
Net financing costs	**(241.6)**	–	**(241.6)**	(0.2)	(241.8)
Interest expense of fleet operating lease rents (estimated)		–	(38.2)	(0.1)	(38.3)
Profit/(loss) before tax	**(125.6)**				
Adjusted profit/(loss) before tax		88.5	(37.1)	(0.1)	(37.2)

(1) Fleet operating lease rents consist of a fleet depreciation expense, an interest expense as well as, under several operating lease contracts, a small administration fee. Because the interest expense component of the lease rent is in substance a fleet financing cost, our management reviews fleet holding costs and the operating income of Europcar Group excluding this expense. Our management adds this expense to the interest expense related to fleet financing debt recorded on the Group's balance sheet in order to measure the total cost of financing for the fleet used by the Group.

For those fleet operating lease contracts entered into by Europcar Group that do not provide the precise split of the rents between the depreciation expense, the interest expense and the administrative fee, Europcar Group makes estimates of this split on the basis of information provided by the lessors.

The following schedule provides the detailed reconciliation of EGSA audited consolidated income statement for the year ended December 31, 2009, prepared in accordance with IFRS, adjusted for certain non-recurring items:

	Year ended December 31, 2009				
(In millions of €)	**EGSA As reported under IFRS (unaudited)**	**EGSA Adjustments for non-recurring items (unaudited)**	**EGSA Adjusted for non-recurring items (unaudited)**	**EGSA Restatements at 2010 exchange rates (unaudited)**	**EGSA Adjusted, restated at 2010 exchange rates (unaudited)**
Revenue	**1,851.4**		**1,851.4**		**1,886.3**
Fleet holding costs, excluding estimated interest expense in fleet operating lease rents	(464.3)		(464.3)	(9.1)	(473.3)
Interest expense included in fleet operating lease rents (estimated)[1]	(44.9)		(44.9)	(0.7)	(45.6)
Fleet holding costs	**(509.2)**		**(509.2)**	**(9.8)**	**(518.9)**
Fleet operating, rental and revenue related costs	(646.1)		(646.1)	(11.2)	(657.4)
Personnel costs	(297.7)		(297.7)	(6.3)	(304.0)
Network and head office overheads excluding depreciation and amortization	(202.7)		(202.7)	(3.3)	(206.1)
Non-fleet depreciation and amortization	(34.3)		(34.3)	(0.4)	(34.7)
Other income	6.8		6.8	(1.0)	5.8
Acquisition related, reorganization and other non-recurring items	(56.3)	56.3	–	–	–
Goodwill impairment charge	(90.9)	90.9	–	–	–
Operating income	**20.9**				
Add back: interest expense included in fleet operating lease rent (estimated)			44.9	0.7	45.6
Adjusted operating income (excluding estimated interest expense in fleet operating lease rents)			**213.0**	**3.7**	**216.7**
Adjusted operating margin (excluding estimated interest expense in fleet operating lease rents)			11.5%		11.5%
Acquisition-related expenses	–	–	–	–	
Net financing costs	**(189.1)**		**(189.1)**	**(2.3)**	**(191.5)**
Interest expense included in fleet operating lease rents (estimated)			(44.9)	(0.7)	(45.6)
Profit/(loss) before tax	**(168.2)**				
Adjusted profit/(loss) before tax		**147.2**	**(21.1)**	**0.7**	**(20.4)**

(1) Fleet operating lease rents consist of a fleet depreciation expense, an interest expense as well as, under several operating lease contracts, a small administration fee. Because the interest expense component of the lease rent is in substance a fleet financing cost, our management reviews fleet holding costs and the operating income of Europcar Group excluding this expense. Our management adds this expense to the interest expense related to fleet financing debt recorded on the Group's balance sheet in order to measure the total cost of financing for the fleet used by the Group.

For those fleet operating lease contracts entered into by Europcar Group that do not provide the precise split of the rents between the depreciation expense, the interest expense and the administrative fee, Europcar Group makes estimates of this split on the basis of information provided by the lessors.

Year ended December 31, 2011 compared with year ended December 31, 2010

The table below sets forth the IFRS consolidated statement of income of EGSA for the year ended December 31, 2011, as well as the adjusted *pro forma* consolidated financial statement of income of EGSA for the year ended December 31, 2010 restated at the 2011 average exchange rates, for the sake of a better comparability of the performance of Europcar Group in the years 2011 and 2010, as explained above.

	Year Ended December 31		
(In millions of €)	**2011 As reported under IFRS (audited)**	**EGSA 2010 As adjusted for non-recurring items at 2011 exchanges rates (unaudited)**	**Variations**
Revenue			
Corporately-owned rental business	1,826.0	1,838.9	(0.7)%
Other revenue associated with rental activity	88.4	86.3	2.5%
Franchising business	54.8	50.6	8.4%
Total Revenue	1,969.2	1,975.8	(0.3)%
Fleet holding costs			
Fleet holding costs, excluding estimated interest expense in fleet operating lease rents	(499.9)	(492.3)	1.6%
Interest expense included in fleet operating lease rents (estimated)	(45.7)	(38.3)	19.3%
Total Fleet Holding Costs	(545.6)	(530.6)	2.8%
Operating expenses			
Fleet operating, rental and revenue related costs	(701.0)	(706.7)	(0.8)%
Personnel costs	(303.8)	(306.2)	(0.8)%
Network and headquarter costs excluding non-fleet depreciation and amortization	(213.6)	(206.7)	3.4%
Non-fleet depreciation and amortization	(34.3)	(35.2)	(2.5)%
Total operating expenses	(1,252.8)	(1,254.8)	(0.2)%
Other income	18.0	14.2	27.0%
Add back: Interest expense included in fleet operating lease rents (estimated)	45.7	38.3	19.3%
Adjusted operating income (excluding estimated interest expense in fleet operating lease rents)	**234.6**	**243.1**	**(3.4)%**
Adjusted operating margin (excluding estimated interest expense in fleet operating lease rents)	11.9%	12.3%	
Acquisition-related, reorganization and other non-recurring items	2.1	(29.0)	(107.2)%
Amortization and impairment of intangible assets	(5.3)	(5.6)	(6.6)%
Goodwill impairment charge	(40.3)	(53.8)	(25.1)%
Total non-recurring items	(43.4)	(88.4)	(50.9)%
Operating income	145.4	116.2	25.2%
Net financing costs	(228.7)	(241.8)	(5.4)%
Of which amortization of capitalized financing arrangement costs including premium/discount of which financing arrangement costs (2010 refinancing transactions)	(12.8)	(16.5)	
Of which other financing arrangement costs			
Of which income (expense) from interest rate swaps	(55.8)	(70.6)	
Profit/(loss) before tax	**(83.2)**	**(125.6)**	**(33.7)%**
Income tax credit paid	12.9	(3.0)	
Share in profit of associates	(1.8)	0.3	
Profit/(loss)	**(72.2)**	**(128.3)**	**(43.8)%**

The following table shows certain selected key indicators (unaudited) for the years ended December 31, 2011 and 2010:

	Year ended December 31	
	2011	2010
Selected key indicators (unaudited)		
Number of rental transactions (in millions)	9.2	9.3
Number of invoiced rental days (in millions)	51.3	51.9
RPD year-on-year variation (1)	0.2%	3.7%
Average fleet size (in thousands of units)	190.0	193.2
Fleet utilization rate	74.0%	73.6%

(1) At constant exchange rates.

The information described below has been prepared in accordance with "—Basis of preparation of the financial information discussed below".

Highlights

Revenue for the year ended December 31, 2011 was largely stable, amounting to €1,969.2 million, a slight decrease of €6.6 million or 0.3% as compared with the year ended December 31, 2010 at constant exchange rates. The disposal of Europcar Switzerland in May 2011 to our Swiss franchisee had the effect of decreasing our total revenues by €9.2 million, as only five months of activity for Europcar Switzerland were included in 2011, as compared to the full year in 2010. As adjusted to exclude the impact of the disposal of Europcar Switzerland, our total revenues increased by €2.6 million, or 0.1% at constant exchange rates. Including the results of Europcar Switzerland, rental revenue amounted to €1,826.0 million in 2011, representing a decrease of €12.9 million at constant exchange rates. The main drivers for this decrease were (i) the disposal of Europcar Switzerland for an impact of €8.9 million on our rental revenues and (ii) a decrease in Rental Day Volume of 0.7% offset by an increase in the RPD of 0.3% at constant exchange rates. The 0.7% Rental Day Volume decrease primarily reflected management's decision to exit from the non-profitable car replacement (leasing) segment in the UK and Italy. The slight growth in RPD is explained by increases in the Corporate customer segment, including large corporate, Car Replacement and Vans, partly offset by RPD decreases in the Leisure customer segment, primarily driven by price competition in the countries in southern Europe in which we operate as well as by the launch of our "Value For Money" offer in Spain and Portugal.

Average fleet size decreased by 1.6% (1.3% excluding the impact of the disposal of Europcar Switzerland), which is higher than the decrease in rental days volume and led to an increase in the fleet utilization rate, which reached 74.0%, up 40 percentage points as compared to the previous historical high achieved in 2010 (73.6%).

Fleet holding costs (excluding estimated interest expense in fleet operating lease rents) increased by 1.6% from €492.3 million in 2010 at 2011 constant exchange rates to €499.9 million in 2011 mainly due to exceptional car manufacturer deals at the end of 2010, primarily the negotiation of a buy-back provision in which we were able to extend the holding period at low rates. Operating expenses (excluding fleet holding cost) decreased by 0.8% driven by lower bad debt, lower buyback units reconditioning costs and lower badly damaged units. The lower bad debt level reflected an increased focus on receivables management and strengthening of prepayments. The decrease in operating fleet costs was due to management focus on unit check ins to be able to invoice unit damages, as well as favorable changes in customer portfolio.

Personnel costs, network and head office overheads, non-fleet depreciation and amortization and other income, which are essentially fixed operating expenses, amounted in total to €533.7 million, down €0.2 million versus the prior period.

Consequently, adjusted operating income (excluding the estimated interest expense included in fleet operating lease rents) decreased by 3.4% from €243.1 million in 2010 at 2011 exchange rates to €234.6 million in 2011. Adjusted operating margin decreased by 40 percentage points, from 12.3% in 2010 to 11.9% in 2011.

Average net debt (including the estimated debt equivalent of fleet operating leases and excluding the Outstanding Notes) decreased by 5.5% in 2011, due to the positive change in non fleet working capital as well as lower fleet volumes for year ended December 31, 2011 (improved fleet at year end and the resulting improvement in the utilisation rate).

Revenue

We operate in five main geographical markets: Germany, UK, France, Italy and Spain. The following table sets forth revenue for these five main geographical markets for the year ended December 31, 2011 and 2010:

	Year ended December 31		
			EGSA
(In millions of €)	2011 As reported under IFRS (audited)	2010 restated at 2011 exchanges rates (unaudited)	Variations
Revenue			
Germany	535.6	527.7	1.5%
UK	364.3	371.2	(1.9%)
France	352.9	347.7	1.5%
Italy	249.7	242.7	2.9%
Spain	189.7	198.1	(4.2%)
Other Corporate Countries*	249.6	262.6	(5.0%)
International Franchising	27.5	25.7	(6.8%)
Total	**1,969.2**	**1,975.8**	**(0.3%)**

* "Other Corporate Countries" includes activities in Switzerland until the divestiture of Europcar Switzerland in May 2011.

Total revenue decreased by 0.3% or €6.6 million at constant rates, to €1,969.2 million for 2011 from €1,975.8 million for 2010. The disposal of Europcar Switzerland in May 2011 to our franchisee in Switzerland impacted the year on year comparison by €9.2 million. Excluding the impact of the disposal of Europcar Switzerland, total revenues increased by €2.6 million, or 0.1% at constant exchange rates as compared to the prior period.

Rental revenue decreased by €12.9 million or 0.7% at constant exchange rates, reaching €1,826.0 million for 2011 as compared to €1,838.9 million for 2010. Excluding the impact of the disposal of Europcar Switzerland, rental revenue decreased by only €3.9 million or 0.2% at constant exchange rates. This decrease in rental revenue primarily reflected a 0.7% decline in Rental Day Volume, primarily driven by management's strategic decision to exit the non profitable car replacement (leasing) segment in the UK and Italy which was partially offset by the 0.3% increase in RPD at constant exchange rates. The increase in RPD is primarily driven by the RPD improvements in the Corporate customer segment, including large corporate, Car Replacement and Vans, which were partly offset by an RPD decrease in the Leisure customer segment reflecting (i) price competition in the southern European countries in which we operate as well as (ii) the launch of our "Value For Money" offer in Spain and Portugal.

Other revenue associated with rental activity, consisting mainly of fuel revenue in the Corporate Countries, increased by 2.5% to €88.4 million for 2011 compared to €86.3 million for 2010 at 2011 constant exchange rates, due to an increase in other revenue invoiced to customers.

Franchising revenue increased by 8.4% to €54.8 million for 2011 compared to €50.6 million for 2010 at constant exchange rates.

Fleet holding cost (excluding estimated interest expense included in fleet operating lease rents)

Fleet holding costs (excluding estimated interest expense included in fleet operating lease rents) increased by 1.6% in 2011 compared with 2010. This increase reflects the effect of a 3.2% increase in the average fleet holding cost per unit in 2011, which was partly offset by a 1.6% decrease in the average size of the fleet. The slight increase in average fleet holding costs per unit was due to higher taxes in an amount of €5.6 million, primarily resulting from (i) unfavorable changes in the French *bonus/malus* scheme (€5.3 million negative impact) and in Italian registration fees (€1.7 million unfavorable impact), and (ii) higher fleet depreciation in 2011 due to exceptional car manufacturer conditions at the end of 2010 (primarily the negotiation of a buy-back provision in which we were able to extend the holding period at low rates), as well as manufacturer price increases in 2011, which were partly offset by (iii) a decrease of €4.5 million in excess mileage due to process improvements and better fleet monitoring, especially in Germany and the UK.

Interest expense included in fleet operating lease rents (estimated)

Interest expense included in fleet operating lease rents (estimated) increased by 19.3%, from €38.3 million for 2010 to €45.7 million for 2011, mainly as a result of our increased utilization of operating leases to finance our fleet (the average amount of the estimated debt equivalent of our fleet operating leases was €1,163 million for 2011, up 17% compared with 2010), and the increase of EURIBOR in 2011 compared with 2010. The six-month EURIBOR was 1.638% on average in 2011, compared with 1.084% in 2010. The financing of our operating leases is mostly correlated to the six-month EURIBOR, in particular due to contractual terms matching the average length of the holding period of cars. The interest rate expense included in fleet operating leases is hedged with our interest rate swaps.

Fleet operating, rental and revenue related costs

Fleet operating, rental and revenue related costs decreased by 0.8% to €701.0 million for 2011 from €706.7 million for 2010. This decrease is a combination of a €9.5 million increase of insurance costs (mainly in the UK and Italy), and a €5.9 million decrease of revenue related costs (primarily due to decreases of (i) €4.3 million in bad debt resulting from an improvement of receivables management process (ii) €2.7 million in agent commissions reflecting conversions from agent stations to corporate stations in Germany, Italy and Portugal, and (iii) €2.6 million in other commissions, which were partly offset by an increase of €3.1 million in travel agency commissions reflecting the impact of the move from net price to retail price especially in France and Italy).

Personnel costs

Personnel costs decreased by 0.8% to €303.8 million in 2011 from €306.2 million in 2010 due to the combined effect of salary increases being more than offset by lower bonuses paid due to 2011 performance levels. Average headcount for 2011 amounted to 6,498, in line with the 2010 headcount.

Network and head office overheads

Network and head office overheads excluding non-fleet depreciation and amortization increased by €6.9 million or 3.4% to reach €213.6 million in 2011, principally reflecting new sales and

marketing initiatives in the amount of €9.3 million to improve our brand awareness in connection with the "Team Europcar" cycling sponsorship. The higher investments made in sales and marketing expenses in 2011 were partly offset by savings on headquarter overhead costs, consultant fees and IT costs.

Non-fleet depreciation and amortization expenses

Non-fleet depreciation and amortization expenses decreased by 2.5% to €34.3 million for 2011 compared to €35.2 million for 2010.

Other income

Other income increased to €18.0 million for 2011 from €14.2 million for 2010, primarily reflecting €3.0 million in gains on the disposal of fixed assets (mainly a rental office at Kings Cross station in the UK).

Acquisition-related, reorganization and other non-recurring items

Acquisition-related, reorganization and other non-recurring costs amounted to a recovery of €2.1 million in 2011 compared with a charge of €29.0 million in 2010. The € 2.1 million income in 2011 primarily reflected (i) €3.7 million in acquisition related expenses, (ii) a reorganization charge of €2.0 million related to measures implemented in several entities of the Group to adapt their cost structure to the lower demand levels and (iii) €2.7 million in moving costs for headquarters in France, all of which were more than offset by the 10% service fee (amounting to € 7.1 million) that was received on the settlement of the Fleming VAT claim, and the €2.8 million gain on the disposal of Europcar Switzerland.

Amortization and impairment of intangible assets

The expense related to the amortization and impairment of intangible assets amounted to €5.3 million in 2011 (€5.6 million in 2010) reflecting the amortization of the right to use the National, Alamo and Guy Salmon trademarks.

Goodwill impairment charge

The goodwill impairment charge of €40.3 million recorded in 2011 reflects Europcar Group's assessment of the carrying value of goodwill in accordance with the requirements of IAS 36. As at December 31, 2011 considering the uncertainty surrounding the UK market and the very weak performance in the Pacific region (an area which had been impacted in 2011 by floods and earthquakes), the Group recognized impairment expenses of €23.7 million in relation to the goodwill allocated to the United Kingdom cash generating unit and of €16.7million in relation to the goodwill allocated to the Australian cash generating unit.

Net financing costs

Net financing costs, excluding the financing arrangement costs of €42.0 million incurred in connection with the refinancing transactions carried out in 2010 and 2011, increased by 14.6% or €29.1 million to €228.7 million in 2011 from €199.6 million in 2010. This increase was primarily driven by (i) higher net fleet financing costs (-€19.6 million), reflecting the increase in margin on the Senior Asset Revolving Facility compared to the Prior Senior Asset Financing Loan (ii) higher interest expense on the corporate debt driven by the refinancing of the prior Outstanding Fixed Rate Notes in the fourth quarter of 2010 (-€6.5 million) and (iii) higher non utilisation fees (-€2.5 million), (iv) lower foreign exchange gains (-€2.9 million) and lower amortization of financing arrangement costs (€3.7 million).

Average net debt booked on the Group's balance sheet, including the Outstanding Notes, was €2,099 million in 2011 compared with €2,184 million in 2010, restated at 2011 exchange rates.

Net fleet financing costs excluding interest expense included in fleet operating lease rents (and before the effect of swaps entered into at the end of 2011) increased by 55% from €55.3 million in 2010 to €85.6 million at constant exchange rates due to higher EURIBOR and higher margins on the new fleet financing package executed in the second half of 2010 (with the former Prior Senior Asset Financing Loan (1.30% margin) replaced by the Senior Asset Revolving Facility (2.75%-3.00%) and EC Finance Notes (9.75%)). This increase in interest expense related to fleet financing was partially offset by a decrease in expense from interest rate swaps related to fleet financing (+€10.8 million) due to higher EURIBOR and lower utilisation of on balance sheet financing versus off balance sheet financing.

The outstanding amount of fleet financing debt carried on the Group's balance sheet was €1,205 million in 2011, including the EC Finance Notes, compared with €1,429 million in 2010.

The interest expense related to our Outstanding Notes, excluding the interest rate swaps allocated to the Outstanding Floating Rate Notes, increased from €51.7 million in 2010 to €58.2 million in 2011, as EURIBOR was higher on average in 2011 compared to 2010 as well as the increased coupon on the Senior Subordinated Unsecured Notes.

The average outstanding amount of Outstanding Notes was €822 million in 2011, compared with €806 million in 2010.

Higher EURIBOR in the period explains the €14.8 million decrease in the cost of our interest rate swaps to €55.8 million in 2011 from €70.6 million in 2010.

Income tax (expense)/credit

In 2011, the result before tax was an €83.2 million loss and an income tax credit of €12.9 million was recorded. In 2010, the result before tax was a €125.6 million loss and an income tax expense of €3.0 million was recorded.

In 2011, the current tax expense was mainly composed of the German corporate tax (€5.9 million), the impact of the withholding tax paid in Italy (€7.0 million), the corporate tax and regional tax paid in Italy (€3.2 million) and the French CVAE "*Cotisation sur la Valeur Ajoutée des Entreprises*" (€3.5 million).

Net profit/(loss)

As a result of the evolution of the revenue, other income, costs and income tax, the net result for 2011 was a €72.2 million loss, compared with a €128.4 million loss for 2010.

Year ended December 31, 2010 compared with year ended December 31, 2009

The table below sets forth the IFRS consolidated statement of income of EGSA for the year ended December 31, 2010, as well as the adjusted *pro forma* consolidated financial statement of income of EGSA for the year ended December 31, 2009 restated at the 2010 average exchange rates, for the sake of a better comparability of the performance of Europcar Group in the years 2010 and 2009, as explained above.

	Year Ended December 31		
(In millions of €)	**2010 As reported under IFRS (audited)**	**EGSA 2009 As adjusted for non-recurring items at 2010 exchanges rates (unaudited)**	**Variations**
Revenue			
Corporately-owned rental business	1,836.1	1,754.5	4.7%
Other revenue associated with rental activity	86.5	81.6	6.0%
Franchising business	50.5	50.3	0.5%
Total Revenue	1,973.1	1,886.3	4.6%
Fleet holding costs			
Fleet holding costs, excluding estimated interest expense in fleet operating lease rents	(491.9)	(473.3)	3.9%
Interest expense included in fleet operating lease rents (estimated)	(38.2)	(45.6)	(16.2%)
Total Fleet Holding Costs	(530.1)	(518.9)	2.2%
Operating expenses			
Fleet operating, rental and revenue related costs	(706.0)	(657.4)	7.4%
Personnel costs	(305.4)	(304.0)	0.5%
Network and headquarter costs excluding non-fleet depreciation and amortization	(206.5)	(206.1)	0.2%
Non-fleet depreciation and amortization	(35.1)	(34.7)	1.4%
Total operating expenses	(1,252.9)	(1,202.1)	4.2%
Other income	14.4	5.8	148.1%
Add back: Interest expense included in fleet operating lease rents (estimated)	38.2	45.6	(16.2%)
Adjusted operating income (excluding estimated interest expense in fleet operating lease rents)	**242.7**	**216.7**	**12.0%**
Adjusted operating margin (excluding estimated interest expense in fleet operating lease rents)	12.3%	11.5%	
Acquisition-related, reorganization and other non-recurring items	(29.0)	(51.5)	(43.6%)
Amortization and impairment of intangible assets	(5.7)	(5.5)	3.6%
Goodwill impairment charge	(53.8)	(90.9)	(40.8%)
Total non-recurring items	(88.5)	(147.9)	(40.1%)
Operating income	**115.9**	**23.2**	**399.4%**
Net financing costs	(241.6)	(191.5)	26.2%
Of which amortization of capitalized financing arrangement costs including premium/discount of which financing arrangement costs (2010 refinancing transactions)	(16.5)	(17.3)	
Of which other financing arrangement costs	(42.0)	0	
Of which income (expense) from interest rate swaps	(70.6)	(61.1)	15.5%
Profit/(loss) before tax	**(125.6)**	**(168.3)**	**(25.3%)**
Income tax credit	(3.1)	20.4	(115.0%)
Share in profit of associates	0.3	0.4	(26.1%)
Profit/(loss)	**(128.4)**	**(147.5)**	**(12.9%)**

The following table shows certain selected key indicators (unaudited) for the years ended December 31, 2010 and 2009:

	Year ended December 31 2010	2009
Selected key indicators (unaudited)		
Number of rental transactions (in millions)	9.3	9.5
Number of invoiced rental days (in millions)	51.9	51.4
RPD year-on-year variation(1)	3.7%	–
Average fleet size (in thousands of units)	193.2	191.1
Fleet utilization rate	73.6%	73.7%

(1) At 2010 exchange rates.

The information described below has been prepared in accordance with "—Basis of preparation of the financial information discussed below".

Highlights

Revenue for the year ended December 31, 2010 was €1,973.1 million, an increase of 4.6% compared with the year ended December 31, 2009 at constant exchange rates. The year 2010 marked a return to revenue growth after eighteen months of revenue contraction that began in the third quarter of 2008 and continued until the fourth quarter of 2009. The growth in revenue in 2010 was essentially driven by a 4.7% increase in rental revenue, mainly reflecting further improvements in RPD in each of the four quarters of 2010, with the full year RPD increasing 3.7% compared with 2009 at constant exchange rates. Rental Day Volume started to increase on a year-on-year basis as from March 2010, and continued to increased modestly but steadily through the year, growing 3.7% for the full year compared to 2009.

This improved operating performance of Europcar Group was mainly due to the RPD-driven revenue growth, and the full effect of the measures taken at the beginning of the downturn to size fleet to demand and adapt the Group's cost structure to the lower activity.

Average fleet size increased by 1.1%, in line with Rental Day Volume, and the fleet utilization rate of 73.6% remained at the high mark achieved in 2009 (73.7%). This strong fleet utilization performance was achieved notwithstanding the disruption to our activity caused by bad weather conditions in the first six weeks of the year and in December 2010 in North Europe, as well as by the ash cloud in April 2010.

Fleet holding costs (excluding estimated interest expense in fleet operating lease rents) increased by 3.9% and operating expenses (excluding fleet holding cost) increased by 4.2%, both at constant exchange rates.

The increase in fleet operating, rental and revenue related expenses, which are essentially variable by nature, was due to higher activity levels and higher fleet reconditioning expenses.

Personnel costs (up by 0.5%), network and headquarter costs (up by 0.2%) and non-fleet depreciation and amortization (up by 1.4%), which are essentially fixed operating expenses, were largely stable, as the full effect of the cost-cutting measures implemented in 2009 offset the impact of inflation on the cost base in 2010.

Consequently, adjusted operating income (excluding the estimated interest expense included in fleet operating lease rents) increased by 12.0% from €216.7 million in 2009 to €242.7 million in 2010. Adjusted operating margin improved by 0.8%, from 11.5% in 2009 to 12.3% in 2010.

Average net debt (including the estimated debt equivalent of fleet operating leases and excluding the Outstanding Notes) increased by 3.7% in 2010, reflecting the slight increase in average fleet and in fleet working capital requirements due to the discontinuation of

exceptionally favorable fleet purchase payment terms by a car manufacturer, as well as the €87.7 million cash payments related to costs of obtaining waivers to our banking documentation in March 2010, the refinancing of the Prior Senior Asset Financing Loan during the summer, and the early redemption of the prior Outstanding Fixed Rate Notes maturing in 2014 through the issuance of the Outstanding Fixed Rate Notes in the amount of €400 million (maturing in 2018).

Revenue

We operate in five main geographical markets: Germany, UK, France, Italy and Spain. The following table sets forth revenue for these five main geographical markets for the year ended December 31, 2010 and 2009:

	Year ended December 31		
	EGSA		
(In millions of €)	2010 As reported under IFRS (audited)	2009 restated at 2010 exchanges rates (unaudited)	Variations
Revenue			
Germany	527.7	503.1	4.9%
UK	375.6	365.2	2.9%
France	347.7	328.1	6.0%
Italy	242.7	224.9	7.9%
Spain	198.1	190.5	4.0%
Other Corporate Countries	255.6	248.8	2.7%
International Franchising	25.7	25.7	2.0%
Total	**1,973.1**	**1,886.3**	**4.6%**

Total revenue increased by 4.6%, to €1,973.1 million for 2010 from €1,886.3 million for 2009.

Rental revenue increased by 4.7%, to €1,836.1 million for 2010 from €1,754.5 million for 2009.

This increase in rental revenue of €81.6 million was the result of a 3.7% increase in RPD and a 0.9% increase in Rental Day Volume from 51.4 million rental days in 2009 to 51.9 million in 2010. Monthly Rental Day Volume increased modestly but steadily since March 2010 in all months but two. Since the third quarter of 2008, the Group has reported ten consecutive quarters of year-on-year RPD improvement, which represents a strong achievement in a context of significantly lower demand throughout the same period. The sustained RPD improvement rewards the Group's leadership in the Corporate Countries and its disciplined pricing policy, as well as its successful segment mix improvement strategy.

Other revenue associated with rental activity, consisting mainly of fuel revenue in the Corporate Countries, increased by 6.0% to €86.5 million for 2010 compared to €81.6 million for 2009.

Franchising revenue was stable at €50.5 million for 2010 compared to €50.3 million for 2009.

Fleet holding cost (excluding estimated interest expense included in fleet operating lease rents)

Fleet holding costs (excluding estimated interest expense included in fleet operating lease rents) increased by 3.9% in 2010 compared with 2009. This increase reflects the compounded effect of a 1.1% increase in the average size of the fleet and a 3.1% increase in the average fleet holding cost per unit in 2010 compared with 2009. The increase in average per unit fleet holding costs was due to slightly higher depreciation as well as higher fleet acquisition and disposal cost, which increased by €4.7 million. The increase in fleet acquisition and disposal expenses was due primarily to increased fleet additions over the period and to the discontinuation in 2010 of the car registration tax relief implemented by the German Government from November 2008 to June 2009.

Interest expense included in fleet operating lease rents (estimated)

Interest expense included in fleet operating lease rents (estimated) decreased by 16.2%, from €45.6 million in 2009 to €38.2 million in 2010. Despite our increased utilization of operating leases to finance our fleet (the average amount of the estimated debt equivalent of our fleet operating leases was €1,033.5 million for 2010, up 11.0% compared with 2009), our interest expense was lower due to the lower EURIBOR in 2010 compared with 2009 and improved terms on a large fleet operating lease contract. The six-month EURIBOR was 1.08% on average in 2010, compared with 1.43% in 2009. The financing of our operating leases is mostly correlated to the six-month EURIBOR, in particular due to contractual terms matching the average length of the holding period of cars.

Fleet operating, rental and revenue related costs

Fleet operating, rental and revenue related costs increased by 7.4% to €706.0 million for 2010 from €657.4 million for 2009. This increase primarily results from higher expenses related to the reconditioning of fleet, repairs, badly damaged vehicles, wrecks and thefts, which increased by a combined total of €20.2 million. Extended holding periods in certain countries, tighter enforcement of contractual reconditioning standards by several car manufacturers and the harmonization of accrual policies across the Group accounted for higher reconditioning cost in 2010 compared with 2009. Rental related costs were up by €7.5 million, reflecting higher fleet transfer cost, incurred in connection with the volcano ash cloud in April 2010 and also increased fleet distribution expenses during the peak summer season, as well as higher petrol cost, in line with the increase in petrol revenue. Revenue related costs, which are mainly commissions paid to partners, brokers as well as airport and railway fees, were up by €11.4 million, reflecting the revenue increase over the period and two bad debt cases amounting to €2.3 million. Insurance expense was up €9.2 million compared to 2009, as no release of excess reserve was recorded in 2010 to match the one recognized in 2009.

Personnel costs

Personnel costs increased by 0.5% to €305.4 million in 2010 from €304.0 million in 2009. The effect of the 6.7% decrease in average headcount from 6,963 in 2009 to 6,488 in 2010 was mitigated by two main factors:

- On average, employees in 2010 had higher qualifications than one year earlier, following the reorganizations carried out in 2009 during which more higher qualified employees were retained. This resulted in a higher average cost per employee in 2010;
- Salary increases in the first quarter, which were in line with national or local agreements

Network and head office overheads

Network and head office overheads excluding depreciation and amortization increased by 0.2% to €206.5 million in 2010. The €9.7 million decrease in business tax in France, partially replaced by the new *Cotisation sur la Valeur Ajoutée des Entreprises*, which is recorded as income tax (see below), was reinvested in increased marketing spending to support market intelligence and revenue enhancement measures, in particular relating to the leisure segment, as well as brand recognition and notoriety improvement initiatives.

Non-fleet depreciation and amortization expenses

Non-fleet depreciation and amortization expenses increased by 1.4% to €35.1 million for 2010 compared to €34.7 million for 2009.

Other income

Other income increased to €14.4 million for 2010 from €5.8 million for 2009. The increase reflects higher net operating foreign exchange gains, higher income from fleet management services provided to car manufacturers and other business partners, as well as charges of €5.1 million and €2.9 million booked in 2009: the former in connection with a partnership agreement, which has since been terminated and the latter related to our captive insurance structure, which we did not incur in 2010.

Acquisition-related, reorganization and other non-recurring items

Acquisition-related, reorganization and other non-recurring costs decreased to €29.0 million in 2010 compared with €51.5 million in 2009. The € 29.0 million cost in 2010 primarily includes an impairment charge related to real estate assets located in the Balearic Islands and included in the assets of Betacar acquired in 2007, charges associated with changes in accounting estimates and the harmonization of accounting polices across the Group, as well as reorganization charges related to the plan implemented in 2009 in response to the economic downturn.

Amortization and impairment of intangible assets

The expense related to the amortization and impairment of intangible assets amounted to €5.7 million in 2010 (€5.5 million in 2009); reflecting the amortization of the right to use the National, Alamo and Guy Salmon trademarks.

Goodwill impairment charge

The goodwill impairment charge of €53.8 million recorded in 2010 reflected Europcar Group's assessment of the carrying value of goodwill in accordance with the requirements of IAS 36. Considering the difficult operating conditions for our industry in Italy driven by increased fleet and accident-related costs as well as unfavorable evolutions on the motor liability insurance market, we recognized as of December 31, 2010 an impairment charge related to the €53.8 million goodwill allocated to our Italy cash generating unit.

Net financing costs

Net financing costs increased by 26.2%, or €50.1 million, to €241.6 million for 2010 from €191.5 million for 2009.

This increase is primarily due to the €42.0 million increase in financing arrangement costs, excluding the expense related to the amortization of capitalized financing arrangement costs, which decreased by 4.1% from €17.2 million in 2009 to €16.5 million in 2010. The €42.0 million increase in financing arrangement costs reflects (i) the costs incurred in connection with the amendments to Europcar Group's Senior Revolving Credit Facility implemented in March 2010, (ii) the refinancing of the Prior Senior Asset Financing Loan carried out in June and August 2010 and (iii) the refinancing of our €375.0 million prior Outstanding Fixed Rate Notes due in 2014 through the issuance of the Outstanding Fixed Rate Notes due in 2018 for an amount of €400.0 million. The waiver fees paid for the Senior Revolving Credit Facility and the Prior Senior Asset Financing Loan amounted to €12.8 million, the write off of the outstanding balance of capitalized arrangement costs, the redemption premium and the outstanding amount of the premium received at issuance of the prior Outstanding Fixed Rate Notes due in 2014 amounted to €18.6 million, and the accelerated depreciation of fleet financing arrangement costs was €10.6 million.

Average net debt booked on the Group's balance sheet, including the Outstanding Notes was €2,186.9 million in 2010 compared with €2,196.4 million in 2009, restated at 2010 exchange rates.

Net fleet financing costs excluding interest expense included in fleet operating lease rents increased by 9.2% from €50.6 million in 2009 to €55.3 million at constant exchange rates, reflecting further development of fleet operating leases, lower short-term interest rate in the UK fully offset by the higher margin paid as from September 2010 on the New Senior Asset Revolving Facility and the EC Finance Notes, compared with the margin previously paid on the Prior Senior Asset Financing Loan.

The lower EURIBOR in the period accounted for the €9.5 million increase in the cost of our interest rate swaps to €70.6 million in 2010 from €61.1 million in 2009.

The interest expense related to our Outstanding Notes, excluding the interest rate swaps allocated to the Outstanding Floating Rate Notes, decreased from €52.6 million in 2009 to €51.7 million in 2010 as EURIBOR was lower on average in 2010 compared to 2009 and as the €25.0 million increase in the principal amount of the Outstanding Fixed Rate Notes issued in November and their higher coupon had no significant impact in 2010.

Income tax (expense)/credit

In 2010, the result before tax was a €125.6 million loss and an income tax expense of €3.1 million was recorded. In 2009, the result before tax was a €168.3 million loss and an income tax credit of €20.4 million was recorded. In 2010, the €3.1 million tax charge is due to positive permanent differences in France and in Australia as well as valuation allowances related to deferred tax assets in Spain, Italy and France. The tax charge recorded in 2010 also reflects the French *Cotisation sur la Valeur Ajoutée des Entreprises* (€5.3 million), which replaces a part of the former business tax and is recorded as from 2010 as income tax.

Net profit/(loss)

As a result of the evolution of the revenue, other income, costs and income tax, the net result for 2010 was a €128.4 million loss, compared with a €147.5 million loss for 2009.

Liquidity and capital resources

Cash flows

The main drivers of our cash flow are (i) our operating performance, reflected through the corporate free cash flow before fleet acquisition and disposal activities, (ii) the interest paid on our corporate debt (the Outstanding Notes), (iii) the cash flow from fleet acquisition and disposal activities, *i.e.* payments to, and collection from, vehicle manufacturers, dealers and resellers in respect of fleet acquisitions and disposals and (iv) investing activities (*i.e.* the price paid in cash for business acquisitions).

Europcar Group's management reviews the cash flow statement prepared in a format which is derived from, but not fully similar to, the IFRS format. The cash flow format used by Europcar

Group's management is also used to report the cash flow performance of Europcar Group to investors in the Outstanding Notes. The schedules below present the cash flow statements of Europcar Group for the years ended December 31, 2011, 2010 and 2009 prepared in accordance with this format.

	Year ended December 31		
	EGSA 2011 (audited)	EGSA 2010 restated (as restated)	EGSA 2009 (as restated)
(In millions of €)		At reported exchange Rates	
Statement of Cash Flows			
Operating income (consolidated IFRS)	**145.4**	**115.9**	**20.9**
Non-fleet depreciation and amortization (including asset impairment)	80.2	102.0	130.5
Fleet financing costs excluding interest expense included in fleet operating lease rents	(131.0)	(111.5)	(97.5)
Non fleet capital expenditure, net of proceeds from disposal	(18.5)	(25.1)	(27.3)
Change in non fleet working capital	80.9	(13.4)	45.2
Change in provision, employee benefits and accrued fleet financing expense	11.6	0.5	8.9
Income tax (paid)/received	6.7	(19.9)	11.7
Corporate free cash flow before changes in fleet asset base (fleet assets and fleet working capital)	**175.3**	**48.5**	**92.4**
Cash interest paid on corporate debt, including allocated swap cash charge	(64.2)	(66.1)	(66.5)
Free cash flow before changes in fleet asset base (fleet assets and fleet working capital)	**111.1**	**(17.6)**	**25.9**
Changes in fleet asset base (fleet assets and fleet working capital)	182.8	44.9	579.2
Free cash flow	**293.9**	**27.3**	**605.1**
Business acquisitions, net of cash acquired	1.3	–	–
Other investing activities	7.7	(12.1)	(10.5)
Increase in capital	7.5	1.0	–
Issuance of EC Finance Notes (net of discount)	109.8	246.8	–
Issuance of the Outstanding Notes due 2018, net of reimbursement of the prior Outstanding Fixed Notes due 2014		25.0	–
Increase/(decrease) in drawings on fleet financing and working capital facilities	(399.4)	(115.8)	(624.5)
Payment of financing arrangement costs	(11.0)	(87.7)	–
Other financing activities		**(0.9)**	**5.0**
Net change in cash (including restricted cash)[(1)]	**9.7**	**83.6**	**(3.9)**

(1) See Note 21 of EGSA Consolidated Financial Statements.

Certain comparative amounts have been reclassified in 2009 and 2010 to conform to the 2011 presentation. Investments formerly classified as cash and cash equivalents (in 2008: €16.3 million, in 2009: €3.6 million and in 2010: €10 million) were reclassified in current investment on balance sheet (and consequently impacted other investing activities in the statement of cash flows instead of net change in cash). In addition, changes of bank overdrafts formerly classified in drawings on fleet financing were reclassified in net change of cash (in 2008: €15 million, in 2009: €11.3 million and in 2010: €2.5 million).

Comparison between 2011 and 2010

In 2011, Europcar Group generated corporate free cash flow before changes in fleet asset base of €175.3 million. In addition, fleet acquisition and disposal activities generated free cash flow of €182.8 million and €64.2 million of cash was used for the payment of interest related to our corporate debt, including the swap cash charge allocated to this debt. Consequently, the Group generated positive free cash flow of €293.9 million in 2011.

Compared with 2010, corporate free cash flow before changes in fleet asset base (fleet assets and fleet working capital) in 2011 increased by €117.7 million to €175.3 million. This increase results from changes in the following main components:

- IFRS consolidated operating income increased by €29.5 million, from €115.9 million in 2010 to €145.4 million in 2011, reflecting a stable operating performance compared to 2010 and a lower amount of reorganization charges and other non recurring items recorded in 2011;
- fleet financing costs excluding interest expense included in fleet operating lease rents increased by €19.5 million, from €111.5 million to €131.0 million; this change was primarily due to the increased margin on the Senior Asset Revolving Facility (as compared to the Prior Senior Asset Financing Loan) and the EC Finance Notes.
- non-fleet working capital decreased (i.e. cash inflow) strongly by €94.3 million reflecting a €66.2 million cash payment received from UK tax authorities following a VAT claim. This amount will be refunded in early 2012 to the final beneficiaries. Restated for this one-off cash payment, cash generated by non fleet working capital changes still improved compared to 2010 due to a better management of non-fleet working capital in 2011, notably by harmonizing payment terms across the Group.
- income tax credits in an amount of €6.7 million, including €13 million credits received from German authorities in relation to the restatement of previous fiscal periods, offset mainly by the total of €6.7 million paid in Italy for the IRAP "*Imposta Regionale sulle Attività Produttive*" and in France for the CVAE "*Cotisation sur la Valeur Ajoutée des Entreprises*".

Changes in fleet asset base generated positive cash flow of €182.8 million in 2011, reflecting the decrease in the fleet asset base carried on our balance sheet at the end of 2011 compared with the end of 2010 as a result of a reduction in fleet in response of a lower demand and a higher utilization of off balance sheet operating leases, the outstanding amount of which increased by €172 million from €991.4 at the end of December 2010 to €1,163 million at the end of December 2011.

Comparison between 2010 and 2009

In 2010, Europcar Group generated corporate free cash flow of €48.5 million. In addition, fleet acquisition and disposal activities generated free cash flow of €44.9 million and €66.1 million of cash was used for the payment of interest related to our corporate debt, including the swap cash charge allocated to this debt. Consequently, the Group generated positive free cash flow of €27.3 million in 2010.

Compared with 2009, corporate free cash flow before changes in fleet asset base (fleet assets and fleet working capital) in 2010 decreased by €43.9 million to €48.5 million. This decrease results from changes in the following main components:

- IFRS consolidated operating income increased by €95.0 million, from €20.9 million in 2009 to €115.9 million in 2010, reflecting the strong improvement in the operating performance of the Group and the lower amount of reorganization charges and other non recurring items recorded in 2010;
- fleet financing costs excluding interest expense included in fleet operating lease rents increased by €14.0 million, from €97.5 million to €111.5 million; this increase is primarily due to the higher margin paid as from September 2010 on the New Senior Asset Revolving Facility and the EC Finance Notes, compared with the margin previously paid on the Prior Senior Asset Financing Loan
- non-fleet working capital increased modestly by €13.4 million following the strong reduction achieved in the second half of 2008 and in the first half of 2009, as reflected in the

€45.2 million and €44.4 million of cash generated through the decrease of non-fleet working capital reported for 2009 and 2008, respectively

- income tax payments in an amount of €19.9 million, representing mainly the €10.0 million paid in Italy for the IRAP "*Imposta Regionale sulle Attività Produttive*" and in France for the CVAE "*Cotisation sur la Valeur Ajoutée des Entreprises*", and €9.7 million paid in France in relation to fiscal periods anterior to the acquisition of Europcar by Eurazeo.

Changes in fleet asset base generated positive cash flow of €44.9 million in 2010, reflecting a slight decrease in the fleet asset base carried on our balance sheet at the end of 2010 compared with the end of 2009. Indeed, the slight increase in fleet in operation as at December 31, 2010 compared with December 31, 2009 was mainly financed through a higher utilization of operating leases, the outstanding amount of which increased by €73.8 million from €917.5 at the end of December 2009 to €991.4 million at the end of December 2010. The strongly positive cash flow from changes in fleet asset base generated in 2008 and 2009 reflected essentially the strong reduction in fleet in response to the economic downturn, as well as an increase in the utilization of off-balance sheet operating leases to finance new fleet acquisitions.

Net indebtedness

The following table sets forth our net indebtedness as of December 31, 2011, 2010 and 2009.

	As of December 31		
Net indebtedness	**EGSA 2011**	**EGSA 2010**	**EGSA 2009**
(in millions of € at reported exchange rates)	**(at reported exchange rates)**		
Outstanding Notes	825.0	825.0	800.0
Interest on Outstanding Notes	10.5	6.1	6.1
Premium received on Outstanding Notes	0.7	1.2	7.1
Capitalized financing arrangement costs—Corporate	(13.8)	(17.0)	(18.7)
Prior Senior Asset Financing Loan		–	900.5
New Senior Asset Revolving Facility	495.3	630.0	–
EC Finance Notes	350.0	250.0	–
Drawn Senior Revolving Credit Facility	39.0	220.2	85.1
Other fleet financing facilities	485.9	536.0	475.2
Capitalized financing arrangement costs and discount—Fleet	(26.2)	(40.1)	(14.4)
Total financial liabilities	**2,166.4**	**2,411.4**	**2,240.8**
Cash and cash equivalent(1)	(352.0)	(340.0)	(262.7)
Short term investments(2)	(72.9)	(58.2)	(46.6)
Net debt (IFRS)	**1,741.5**	**2,013.2**	**1,931.5**
Debt equivalent of fleet operating leases (estimated)(3)	1,163.4	991.4	917.5
Net debt at reported rates including debt equivalent of fleet operating leases	**2,904.9**	**3,004.6**	**2,849.0**
Of which net corporate debt	536.2	584.6	541.6
Of which net fleet debt including debt equivalent of fleet operating Leases	2,368.7	2,420.0	2,307.4

(1) Including restricted cash. See Note 21 of EGSA Consolidated Financial Statements for the year ended December 31, 2010 and 2011.

(2) Dedicated to cover liabilities from the Group's captive insurance company. See Notes 16 and 21 of EGSA Consolidated Financial Statements for the year ended December 31, 2010 and 2011.

(3) Debt equivalent of fleet operating leases estimated at 100% of the total net asset value of fleet under operating leases in the periods presented. The "debt equivalent on operating leases" represents the net book value of applicable vehicles, which is calculated on the basis of the purchase price and depreciation rates of corresponding vehicles (based on statistics provided by the manufacturers).

Sources of funds—financings and capital resources

Our financing facilities included the following as of the date of this Offering Memorandum, after giving effect to the Refinancing:

- a €1.1 million New Senior Asset Revolving Facility;
- £375 million (€450 million) vehicle fleet financing facilities for the benefit of Europcar UK with Lombard and Lloyds, subject to certain conditions;
- AU$230 million (€182 million) vehicle fleet financing facilities for the benefit of Europcar Australia and New Zealand;
- a €300 million Senior Revolving Credit Facility (as at December 31, 2011, €39 million was drawn and €48.3 million was utilized to guarantee letters of credit in connection with (i) the Group's captive insurance company (€46 million) and, (ii) an operating lease agreement with a car manufacturer (€2 million); as at December 31, 2011, €263 million remain available under the Senior Revolving Credit Facility);
- a revolving credit facility of £30 million (€36 million) for the benefit of Europcar UK (only available until the earlier of (i) the availability of the £375 million vehicle fleet financing of Europcar mentioned above and (i) December 31, 2012)
- overdraft facilities of €5 million for the benefit of Europcar France, €20 million for the benefit of Europcar Holding and AU$2 million (€1.6 million) for the benefit of Europcar Australia;
- €350 million of EC Finance Notes;
- €724 million of Outstanding Notes; and
- €110 million Subordinated Shareholder Funding.

See "*Description of Certain Europcar Financing Arrangements".*

We believe that cash generated from operations, together with our credit facilities and other financing arrangements, including the issuance of the Notes offered hereby, will be sufficient to meet our liquidity needs for the foreseeable future. However, our ability to pay interest on our 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;
- selling assets; or
- raising equity capital.

Off-balance sheet funding

Off balance sheet funding consists of operating lease facilities for the financing of fleet operated by the Europcar entities, provided by banks and financial institutions wholly or partly owned by car manufacturers.

Committed operating lease facilities amount to €1,600 million for the year 2012. Facilities are renewed annually.

Capital expenditure

Most of our capital expenditure 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 carried on our balance sheet. In 2011 and 2010, these net amounts resulted in cash generation of €182.8 million and €44.9 million, respectively. The larger amount of €182.8 million in 2011 reflects a decreasing fleet asset base carried on our balance sheet at the end of 2010 and 2011 due to a higher utilization of operating leases to finance the fleet.

Our capital expenditure other than fleet relates primarily to our information technology infrastructure and equipment as well as to fixtures and improvements in our office and rental stations.

Our capital expenditure for such non-fleet related items decreased to €18.5 million for the year ended December 31, 2011 compared to €25.1 million for the year ended December 31, 2010 and €27.3 million for the year ended December 31, 2009.

Critical accounting policies and estimates

This management's discussion and analysis of financial condition and results of operations is based upon EGSA Consolidated Financial Statements, which have been prepared in accordance with IFRS, or upon adjusted *pro forma* financial information as described above in "*—Basis of preparation of the information discussed below*". The preparation of the 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 EGSA Consolidated Financial Statements. Changes in these judgments and estimates may impact our future results of operations and financial condition.

Revenue recognition

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental (including fuel), and fees receivable from our franchise network, net of discounts and excluding inter-company sales, value added and sales taxes.

Revenue from services rendered is recognized proportionally over the period in which the vehicles are rented out based on the terms of the rental contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

When vehicle rental income is generated by intermediaries (such as travel agencies), the gross revenue is recognized in the income statement when Europcar:

- has the ability to determine the price;
- performs part of the service; and
- has discretion in intermediary selection.

The commission fees are recorded in the fleet operating, rental and revenue related costs line item in the income statement (see Note 6 to EGSA Consolidated Financial Statements).

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

Rental fleet and related receivables and payables

Our rental fleet operated is comprised of vehicles that are acquired or financed in different ways:

Type of acquisition and related financing	% of total volume of vehicles purchased	
	2011	2010
Vehicles purchased with manufacturer or dealer buy-back commitment	50%	59%
Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases	44%	33%
Total fleet purchased with buy-back arrangements	**94%**	**92%**
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	6%	7%
Vehicles financed through rental agreements qualifying as finance leases	0%	1%
Total purchases of rental fleet	**100%**	**100%**

Based on the type of financing, we account for rental fleet vehicles either in the balance sheet (all types of financing except vehicles acquired through rental agreements qualifying as operating leases) or off balance sheet (vehicles acquired through rental agreements qualifying as operating leases).

(i) Vehicles purchased with manufacturer or dealer buy-back commitment:

One of the characteristics of the car rental industry is the sale/purchase of vehicles with buy-back commitment from the manufacturer or dealer. The contractual holding period usually runs for a period of less than 12 months. IFRS does not specifically provide any standards or guidance on the accounting treatment of such transactions. As a result, in line with other car rental companies, the Europcar Group applies industry specific accounting practices as described below. This accounting treatment mirrors that usually applied by car manufacturers.

Because the holding period of the vehicle is in general less than 12 months, the Group recognize these vehicles as current assets (in the "Rental fleet and related receivables" line item—see note 19 to EGSA Consolidated Financial Statements.) at the inception of the arrangements.

The amount recorded under the "Rental fleet and related receivables" balance sheet account represents the acquisition cost of the vehicles (net of volume rebates) and is the sum of two amounts representing two distinct current assets:

- The "Vehicle buy-back agreement receivable", representing to the agreed buy-back price (the obligation of the manufacturer or dealer);

- The "Deferred depreciation expense on vehicles", representing the difference between the acquisition cost of the vehicle and the agreed buy-back price. This asset is depreciated through the income statement on a straight-line basis over the contractual holding period of the vehicle.

For stolen vehicles, the Group recognizes an impairment charge against the value of the corresponding "Vehicle buy-back agreement receivable" over a three-month period following the event. For badly damaged vehicles, the Group adjusts the value of the corresponding receivable on the basis of third party appraisal of the damaged vehicle.

The accounting interpretation IFRIC 4 *Determining whether an Arrangement contains a lease* requires determining whether an arrangement is, or contains, a lease based on the respective

economic substance of the arrangement. In doing so, an assessment must be made as to whether (a) fulfillment of an arrangement is dependent on the use of a specific asset or assets (the asset) and (b) the arrangement conveys a right to use the asset.

The agreements with car manufacturers and dealers in respect of the rental fleet have been examined in light of IFRIC 4 and do not have an impact on the classifications described above.

(ii) Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases:

Vehicles are also acquired through rental arrangements with financial institutions and financial divisions of car manufacturers that in substance qualify as operating leases as defined under IAS 17 *Leases*. The providers of financing do not transfer significant risks and rewards of ownership to Europcar, given that:

- We use the cars for only a short period (not exceeding eighteen months), compared with the economic life of the asset;
- The residual value of vehicles at the end of the agreement is significant; and
- We are not exposed to any significant residual value risk (due to the buy-back commitment from the manufacturer or dealer).

Vehicles operated under operating lease arrangements are reported off balance sheet according to IAS 17. Rents paid in relation to these vehicles are disclosed in Note 30.1 to EGSA Consolidated Financial Statements.

(iii) Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles"):

Vehicles purchased without manufacturer or dealer Buy-Back Commitment are reported by Europcar Group as "at risk" vehicles.

In most cases, the holding period for a car does not exceed 12 months. For vans and trucks, the holding period can range from 12 to 24 months. At the end of the year ended 31 December 2011, the net book value of "at risk" vehicles represent 11% of the total value of the rental fleet (including the estimated outstanding value of the fleet financed through operating leases) unchanged from 11% as at December 31, 2010. Accordingly, the Group classifies "at risk" vehicles as current assets under "Rental fleet and related receivables"—see Note 19 to EGSA Consolidated Financial Statements.

The value of the vehicles is initially measured at cost, including any import duties, non-refundable purchase taxes and any costs directly attributable to bringing the vehicle to the rental location and into condition to be rented. The vehicles are accounted for net of any trade discounts and rebates. At inception, "at risk" vehicles are depreciated on a straight-line basis, based on the planned holding period and projected residual value. Over the holding period, the residual value is regularly reviewed taking into account the conditions of the used car market and is adjusted downward if necessary.

(iv) Vehicles financed through rental agreements qualifying as a finance lease:

When we are exposed to a significant residual value risk according to rental arrangements with financial institutions and the financial divisions of car manufacturers, the arrangement is considered to be a finance lease. Vehicles under finance lease arrangements represented

0.26% of total volume of vehicles purchased in 2011 (1.21% in 2010). Furthermore, their average holding period is usually shorter than 12 months. Therefore, vehicles financed under finance lease arrangements are recorded as current assets.

(v) Rental fleet related receivables:

Rental fleet related receivables include:

- fleet receivables due by car manufacturers or dealers repurchasing the vehicles after the vehicle has been returned to the car manufacturer at the end of the holding period (buy-back agreements). The fleet receivables are recorded at fair value, which corresponds to their nominal value. These receivables fall due within one year and are impaired when their carrying value is greater than the estimated recoverable amount;

- the full amount of Europcar Group's VAT receivables, since the major portion of these is fleet related.

(vi) Rental fleet related payables:

Rental fleet payables are amounts due to car manufacturers or dealers. These payables are recorded at fair value and fall due within one year. Rental fleet related payables include the full amount of Europcar Group's VAT payables, since the major portion of the Group's VAT payable is fleet related.

If the proportion of "risk vehicles" in the fleet were to increase significantly, we 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 our strategy or otherwise. In such case, we 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). We 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 our reported profit before tax or net income. See Notes 3 and 34 to EGSA Consolidated Financial Statements.

Goodwill

Goodwill represents the excess of the cost of a business combination, including transaction expenses directly attributable to the acquisition in accordance with IFRS 3, over Europcar Group's interest in the fair value of assets, liabilities and contingent liabilities acquired at the acquisition date. Goodwill is recognized in local currency.

Goodwill recognized in local currency is not amortized and is subject to an impairment test performed at least annually or more often in case of a trigger event. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated by operating segment and within the corporately-owned rental business segment by geographical area.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash flow method. When this value is less than its carrying amount, an impairment loss is recognized in the income statement. The impairment loss is first recorded as an adjustment to the carrying amount of goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other long term assets of the unit on a *pro rata* basis.

Goodwill arising from acquisitions of associates is included in "Investments in associates" and is tested for impairment as part of the overall balance. See Notes 3 and 13 to EGSA Consolidated Financial Statements.

Pensions

Europcar Group has defined benefit obligations related to pension benefits for some of Europcar Group's employees in the United Kingdom, France, Germany, Italy and Belgium upon retirement. As at December 31, 2011, the total liability for defined benefit obligations was €75.0 million. These defined benefit obligations are not funded, except for the obligations related to the employees located in the United Kingdom, which pension benefits are fully 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 our pension costs and obligations. We record the entire actuarial difference in shareholders' equity according to IAS 19. The actuarial hypotheses used to calculate our future obligations were revised during the course of the 2011 financial year. See Note 25 to EGSA Consolidated Financial Statements.

Accounting for year-end accruals

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

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantially enacted at the balance sheet date, and subject to 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 realization 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 recognized only to the extent that it is probable that future taxable profits will be available against which the tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends to shareholders are recognized at the same time as the liability to pay the related dividend.

Provision

A provision is recognized in the balance sheet when the Group has a present legal obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. 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 recognized 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. Any excess of this prepayment over the estimated liabilities is subject to an assessment of recoverability, and provision is made as appropriate. See Notes 3 and 26 to EGSA Consolidated Financial Statements.

Provision on vehicle buy-back and reconditioning costs is recognized over the holding period of the vehicles.

The impact of discounting provisions is recognized as an interest expense.

Disclosures about market risks

We are exposed to market risks, notably in respect of changes in interest rates. We manage our exposure to these market risks through our 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 instrument and are not used for speculative or trading purposes. For more information on these exposures see Notes 29 and 32.2 to EGSA Consolidated Financial Statements.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Our policy and obligation in accordance with our Prior Senior Asset Financing Loan and the Senior Revolving Credit Facility Agreement has been to hedge a significant portion of our variable interest rate debt against fluctuations of its reference basis, *i.e.* the EURIBOR. We may also consider, as we deems appropriate, hedging our exposure against the British pound LIBOR and the Australian base rate.

In April 2006, the Group entered into an interest rate swap in accordance with its obligations under its financing documentation. The swap agreements are denominated in euro and have variable notional amounts. The agreements stipulate that on a monthly basis the Group pays a fixed interest expense calculated at a rate ranging from 3.978% to 3.993% on the outstanding notional amount of the swap and receives interest income calculated at a rate equal to one-month EURIBOR. These swap agreements expired on December 17, 2011. The swap agreement qualified for cash flow hedge accounting and therefore the change in fair value has been recognized in equity.

In December 2010, the Group entered into an interest rate swap agreement with a starting date of December 18, 2011 and maturity date of January 17, 2015 (the "2011 Swap Agreement"). According to this agreement, the Group was required to pay a fixed interest expense ranging from 2.42% to 2.45% on the outstanding notional amount of €1.3 billion and received interest income calculated at a rate equal to one-month EURIBOR. The forward swap agreement qualifies for cash flow hedge accounting and therefore the change in fair value is recognized in equity. On April 18, 2012, Europcar entered into certain amendments to this agreement (the "2012 Swap Amendments"), pursuant to which the nominal principal amount subject to this agreement was reduced to €900 million and the fixed interest expense that the Group would be required to pay was reduced from 2.42% to 0.66%.

In July 2011, the Group entered into an additional new interest rate swap agreement (the "Additional 2011 Swap Agreement") with a starting date of December 19, 2011 and maturity date of December 19, 2014. According to this agreement, the Group pays a fixed interest expense ranging from 2.985% on the outstanding notional amount of €0.3 billion and receives interest income calculated at a rate equal to six-month EURIBOR. The forward swap agreement qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognized in equity.

The notional value of the outstanding interest rate swap agreements as at the date of this Offering Memorandum amounts to €1,200.0 million.

Foreign currency risk

We manage our foreign currency risk primarily by incurring operating and financing expenses in the local currency in the countries in which we operate, including through fleet purchases and borrowings to finance our fleet and working capital needs. Other than in the UK, Australia, New Zealand and Switzerland where revenue and expenses are denominated in British pounds, Australian dollars, New Zealand dollars and Swiss francs respectively, our operating subsidiaries generate revenue and incur expenses in euro.

There is, however, a foreign currency translation risk arising from the consolidation of the results of Europcar UK, Europcar Australia—New Zealand and Europcar Switzerland into Europcar Group's financial statements which are prepared in euro.

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

Counterparty credit risk

We are exposed to counterparty credit risk to the extent of non-performance by (i) our financial instrument counterparties and (ii) vehicle manufacturers in relation to the vehicle buy-back agreement receivables held that we hold under the purchase obligations. We continuously monitor the financial condition of the vehicle manufacturers, and may request changes to the contractual payment conditions with manufacturers undergoing financial difficulties. Where we deem the risk of default by a vehicle manufacturer to be unacceptably high, we may cease to acquire vehicles from that manufacturer. For the year ended December 31, 2011, approximately 100% of the vehicles purchased that we purchased were sourced from suppliers with an investment grade rating from Moody's.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flows.

Industry Overview

We provide vehicles for short and medium term corporate and leisure rentals through the Europcar Network of 3,598 rental locations in over 140 countries worldwide as at December 31, 2011. The Europcar Network is the leading car rental organization in Europe based on brand revenue, and one of only three global car rental organizations.

The global car rental market

The global car rental market is estimated by Euromonitor International to have generated approximately $53.9 billion in total revenue in 2011.

North America is the single largest car rental market, accounting for 41% of global car rental revenue in 2011. Europe and Asia-Pacific are the next largest regions, representing 27% and 20% of global car rental market revenue, respectively, in 2011.

Unless otherwise indicated, all the statistical data and information contained in this "*Industry Overview*" section are derived from Euromonitor International.

Key Industry drivers and trends

The key drivers of the global car rental market are Rental Day Volume and RPD. The economic environment and the development in the travel industry generally have a significant impact on the car rental market, with more minor impacts from changing demographics (growing population, increase of median age) and specific levels of disposable income. Key industry drivers include the following:

- Air travel: Air traffic has been growing at an annualized rate of 4% globally over the last 10 years. Similarly, annual volume traffic is expected to grow at an annualized rate of 4% globally, and 2% in Western Europe between 2011 and 2016 (source: Euromonitor International 2012, based on number of Air arrivals);

- Mobility: Alternative mobility concepts are developing in Europe. In particular, in the major European cities, customers are increasingly looking at car sharing and rental options to replace traditional ownership. This is expected to have a positive impact on rental companies in the future;

- Partnerships: The car rental industry is increasingly witnessing the development of partnerships between hotels, tour operators and car rental companies that offer packaged holiday solutions to customers;

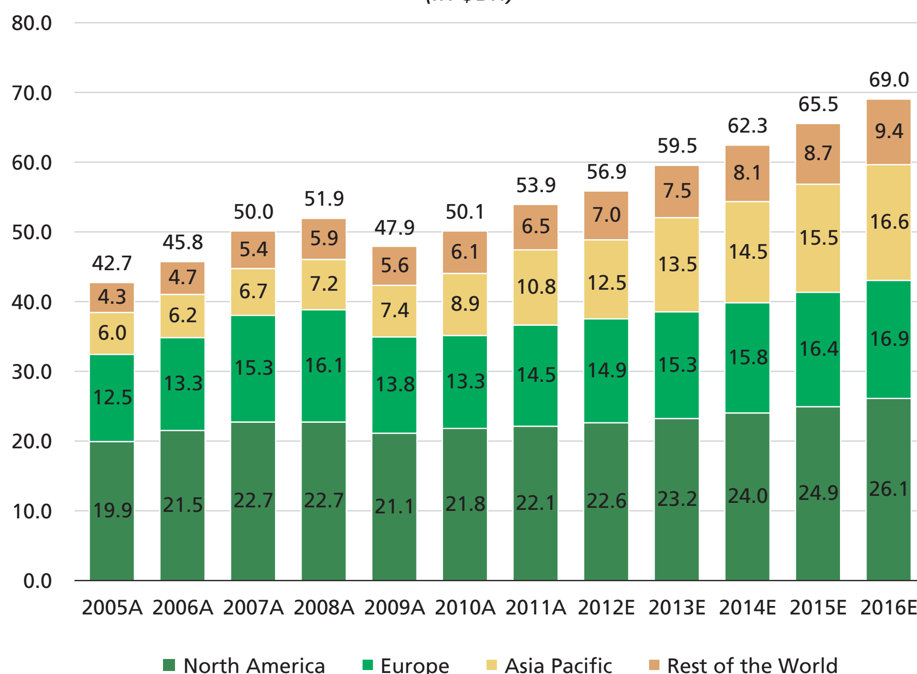
- Budget travel: In line with the growth in budget travel, the car rental market has witnessed increased demand for smaller more economical cars. This increase in demand has resulted in changes to the portfolio mix and has contributed to a declining trend in RPD;

- Internet: The growth of the internet distribution channels, 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 Revenue—Rental Revenue"*;

Historical and forecast market development

Between 2006 and 2011 the global car rental market grew at a compound annual rate ("CAGR") of approximately 3%. The Asia Pacific region contributed the most to the global growth, recording a CAGR of 12% over the same period. In Europe and in North America the car rental sector recorded a CAGR of 2% and 1%, respectively.

Historical & Forecasted Evolution of the Car Rental Market in the Different Regions of the World (in $Bn)



Source: Euromonitor International, 2012.

With the economic downturn, the number of car rental transactions and the value of sales decreased meaningfully in 2009 and 2010. In order to cope with the global economic downturn, most car rental companies took significant measures to reduce costs to mitigate the impact of adverse market conditions. Such measures have included reducing debt levels, optimizing fleet utilization rates by reducing capacity in order to match demand.

The European car rental market

Europe (including Western and Eastern Europe) is the second largest market in the global car rental industry, accounting for one-fourth of global car rental market revenue in 2011. The same year, the largest markets in Europe were Germany (approximately 19%), France (approximately 13%), Spain (approximately 13%), Italy (approximately 11%) and the United Kingdom (approximately 11%). The European car rental market grew at a compound annual rate of 2% between 2006 and 2011.

In 2011, car rental stations located in or near airports generated approximately 37% of the total European car rental market revenue. The airport rental market is expected to benefit from the 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. In 2011, customers who rent cars for "leisure" purposes contributed 50% of the total European car rental market revenue, in line with prior years.

The European market and the U.S. market present structural differences. Intricacies of the E.U. 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 (which were operated by Avis Europe plc under a license from Cendant until 2011, and have now been reintegrated into the Avis Budget Group) 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.

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.

In 2011, the market shares of the total European car rental market were approximately 23.9% for Europcar, approximately 17.8% for Avis, approximately 15.8% for Hertz, approximately 8.6% for Sixt and approximately 2.2% for Enterprise.

In every European country, there are also national, regional or other, smaller companies operating in the airport and non-airport rental markets.

		Car rental sales				
	Market size in 2011 (In billions of $)	CAGR between 2006 and 2008	CAGR Between 2006 and 2011	projected CAGR for the period 2011/2016	Europcar's market share in 2011	Europcar's market position in 2011
Germany	2.8	12%	4%	2%	28%	#2
France	1.9	9%	1%	3%	28%	#1
United Kingdom	1.6	2%	(5)%	3%	33%	#1
Spain	1.9	12%	2%	2%	19%	#1
Italy	1.6	14%	5%	2%	27%	#1
Europe	14.5	10%	2%	3%	24%	#1
Asia—Pacific	10.8	8%	12%	9%	2%	–
North America	22.1	3%	1%	3%	N/A	–

SOURCE: Euromonitor International, 2012

Germany

From 2006 until 2011, the car rental sales value increased at a CAGR of 4% to reach $2,805 million in 2011. Over the same period, business and leisure car rental segments increased by a CAGR of 5% and 4%, respectively. The decline in car rental sales value between 2008 and 2011 was primarily due to the decline of insurance replacement and business-related travel. The average transaction price fell from $294 to $273 between 2008 and 2011, whereas the number of transactions increased by a CAGR of 1% over the same period. The share of Internet sales in car rental sales rose from 33% in 2008 to 49% in 2011. The total number of operators was reduced from 540 in 2008 to 495 in 2011. Despite the large number of operators, the competitive environment is consolidated, with Sixt and Europcar accounting for almost 60% of all value sales in car rental in Germany. Europcar had the second largest market share with approximately 28% in 2011. The German market is forecast to grow at a CAGR of 2% over the 2011-2016 period annually.

France

From 2006 until 2011, car rental sales value grew by a CAGR of 1%. However, since 2008 the value of the market decreased by a CAGR of 4%, mainly driven by the pricing pressures in the industry. The average transaction price fell from $294 to $227 between 2008 and 2011 whereas the number of transactions increased by CAGR of 4% over the same period. The contribution of airport locations to the overall revenues is about 27% in 2011, a figure that has been relatively stable since 2009. The French car rental industry is characterized by a small number of major car

rental companies including Europcar, Avis and Hertz and numerous small companies primarily servicing their own local markets, although the number of operators has been reducing by CAGR 1.5% over the period from 2008 - 2011 from 1,324 to 1,265. Europcar was the market leader in 2011 with a market share of approximately 28%. Forecasts for the French market indicate that market will grow at a rate of 3% over the 2011-2016 period per annum.

United Kingdom

Car rental sales value decreased at a CAGR of 5% between 2006 and 2011 to reach $1,561 million in 2011. Airport car rental sales declined by a CAGR of 12% in 2011 compared to 2008 versus a decline of 10% CAGR for the non airport car rental market. Competition within the car rental industry in the UK is intense due to the sector's distribution channels, including intermediaries such as travel operators, which affects car rental companies' profitability. Such profitability has been further affected by customers' increasing use of price comparison websites. Europcar is the market leader in the UK with a market share of approximately 33%. Europcar operates in the UK under the brands National Rent-A-Car, Alamo and Europcar. The car rental market in the UK is forecast to grow at a CAGR of 3% for the period 2011-2016.

Spain

Car rental sales value increased at a CAGR of 2% between 2006 and 2011 to reach $1,893 million in 2011. Sales value in car rentals decreased by a CAGR of approximately 4% between the period 2008 and 2011 – mainly driven by a 4% annual decrease in prices. Europcar has a market share in Spain of 19%. Europcar's main competitors are Avis and Hertz, which operate in Spain through local subsidiaries and local franchises. Europcar is also facing strong competition from low-cost competitors. The Spanish car rental market is forecasted to grow by 2% annually until 2016.

Italy

Between 2006 and 2011 car rental sales value increased at a CAGR of 5% to reach $1,586 million in 2011. However, between 2008 and 2011, car rental sales decreased by a CAGR of 1%. The decrease in CAGR of 1% for the period 2008-2011 has been compensated by a 1% increase in number of transactions for the same period. The total number of transactions reached 4.9 million in 2011. The leisure car rental market in Italy saw an increase of 3.0% CAGR for the period 2008-2011, whereas both business and car replacement markets registered strong declines in current sales value and decreased by a CAGR of approximately 6% and 3%, respectively. Europcar's market share was approximately 27% in 2011 and it therefore remained the market leader. Avis and Hertz are Europcar's main competitors with market shares in Italy of approximately 23% and 24% respectively. The Italian car rental market is estimated to grow at a CAGR of 2% for the 2011-2016 period.

The Asia-Pacific car rental market

The Asia-Pacific region accounts for approximately one-fifth of the global car rental market in 2011 as measured by revenue. During 2006 to 2011, the market grew at a CAGR of 12%.

Japan is the single largest market in the region, accounting for 43% of car rental revenue in the Asia-Pacific market in 2011, but the car rental market in China, which accounted for 32% of car rental revenue in the Asia-Pacific market in 2011, has experienced particularly strong growth which is forecast to continue. 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 9% annually from 2011 to 2016.

Australia

Between 2006 and 2011, car rental sales value in Australia increased at a CAGR of 4% to reach $1,302 million in 2011. Between 2008 and 2011, value sales in car rentals increased by a CAGR of 4% despite a strong downturn in 2009. The average price per transaction increased from $195 in 2008 to $249 in 2011. The large size of Australia and its suitability for long-term camping holidays has produced the emergence of a significant campervan rentals category. Europcar's market share was approximately 13% in 2011. Avis and Hertz are Europcar's main competitors with market shares of approximately 35 and 20% respectively. The Australian market is anticipated by Euromonitor to keep growing at a 4% CAGR over the 2011-2016 period.

New Zealand

Car rental sales value in New Zealand increased at a CAGR of 6% between 2006 and 2011 to reach $346 million in 2011. Sales in car rentals increased by a CAGR of 6% in 2011 compared with 2008. Since 2008, the average price per transaction increased by 5% per year to reach $104 in 2011. Europcar holds a 6% market share, while Avis and Hertz, Europcar's main competitors in New Zealand, have market shares of approximately 23% and 20% respectively. The car rental market in New Zealand is forecasted to grow by a CAGR of 3% until 2016.

The North American car rental market

The North American car rental market, to which Europcar has only limited exposure through its strategic commercial alliance with Enterprise, is the single largest market globally, accounting for 41% of the global market in 2011, as measured by revenue. Annual North American rental revenue for the car rental industry reached $22 billion in 2011.

In recent years, the market has suffered from difficult market conditions and the subsequent decline in airline passenger traffic. 2010 and 2011 saw a rebound in volumes.

There are currently no Europcar Network rental stations in the U.S. However, Europcar has a strategic commercial alliance with Enterprise pursuant to which each party refers to the other all reservations requested by its customers for rental services to be provided in the other party's region. Europcar handles inbound reservations from the U.S. through its UK call center. See "*Europcar's Business*".

The key players in the U.S. market are Hertz, Avis, Enterprise and its subsidiaries National and Dollar/Thrifty.

The North American market is expected to keep growing at a CAGR of 3% over the 2011-2016 period.

The Latin American car rental market

The Latin American car rental market accounted for 6% of the global car rental market in 2011. It generated sales of approximately $3.2 billion in 2011, and has been one of the fastest growing

markets over the past five years, with a CAGR of approximately 10% for the period 2006-2011. This growth has largely been attributed to the Brazilian market which accounts for approximately 48% of the total market in Latin America in 2011. The car rental market in Brazil grew at a CAGR of 18% over the period 2006-2011. The market is also forecasted to grow with a sales CAGR of 8% for the 2011-2016 period.

Europcar currently has limited exposure to the Latin American car rental market, as it is only present through international franchisees. The main local player is Localiza, a Brazilian company that holds a 43% of local market share and is the leading company in the region. Other big international players like Hertz or Avis are also present in the area but have not yet developed significant market shares.

Europcar's Business

Our Company

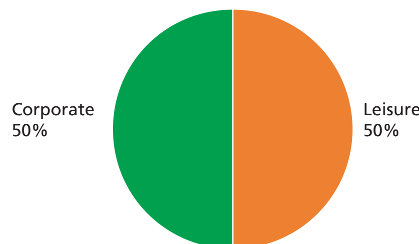
We provide vehicles for short and medium term corporate and leisure rentals through the Europcar Network of 3,598 rental locations in over 140 countries worldwide as at December 31, 2011. The Europcar Network is the leading car rental organization in Europe based on revenue, and one of only three global car rental organizations.

For the year ended December 31, 2011, we generated consolidated revenue of €1.97 billion and Adjusted Consolidated EBITDA of €661.7 million. See *"Summary—Summary Europcar Consolidated Financial and Other Data" and "Selected Consolidated Financial Information*". We currently employ approximately 6,500 persons (based on average full-time equivalent headcount). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

We serve a large spectrum of customers, divided between corporate and leisure. For the year ended December 31, 2011, we derived approximately 50% of our revenue from our corporate customers and 50% from our leisure customers. See "*—Our Customers*". We believe that maintaining a balance between corporate and leisure customers is important to preserve and enhance the profitability of our business and the consistency of our operations.

Europcar Group Revenue by Source*

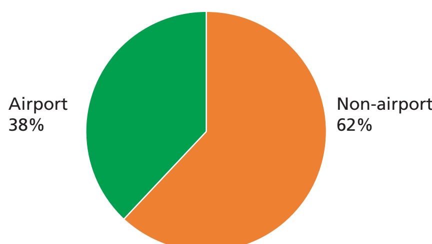
Corporate / leisure customers
(Year ending December 31, 2011)



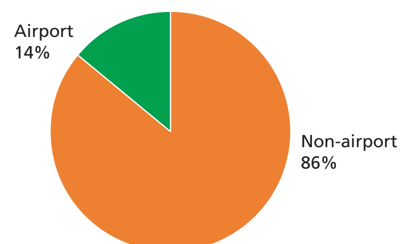
Source: Management Accounts
* percentages have been rounded

The Europcar Network benefits from the presence of stations at more than 280 airports in Europe, where customer traffic is higher than at other stations. While approximately 14% of the Europcar Network's stations in the Corporate Countries were airport stations as of December 31, 2011, we derived approximately 38% of our Corporate Countries revenue from airport stations in 2011.

Airport / non-airport (in revenue)
(Year ending December 31, 2011)



Airport / non-airport (in number of stations)
(At December 31, 2011)



Source: Management Accounts
* percentages have been rounded

We also have access to customers through a growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet, TUI and Accor, as well as from long-term contractual relationships with key corporate customers.

Our global presence can be presented as follows:

- In our nine Corporate Countries (Australia, Belgium, France, Germany, Italy, New Zealand, Portugal, Spain and the United Kingdom), the Europcar Network includes approximately 2,000 stations operated by Europcar, both directly and through agents, as well as by franchisees. For the year ended December 31, 2011, the Corporate Countries (including franchising revenues from such countries) generated 98.6% of our total revenue.

- Outside of the Corporate Countries, the Europcar Network includes approximately 1,600 stations, all of which are exclusively operated by franchisees.

- We also have access to customers in the U.S. market through our strategic commercial alliance with Enterprise. See "*—Our Alliance with Enterprise*".

Our strengths

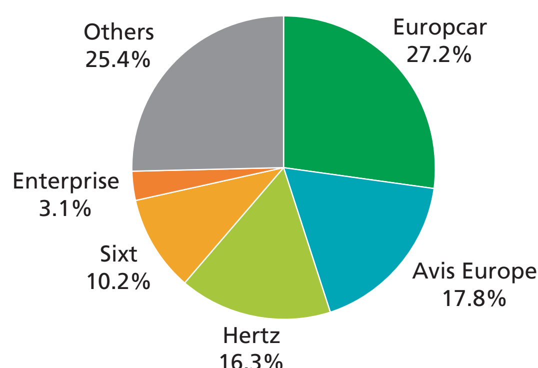
Pan European market leader combining global reach with local expertise

Europe is the core market at the foundation of our global platform. For the last five years, we have been the leading European car rental organization based on revenue and have held a number one market position in each of Belgium, France, Italy, Spain, Portugal and the United Kingdom, and a number two market position in Germany. With a high degree of diversity of cultures and languages in close physical proximity, the European market demands local presence and expertise. Our positioning across the different local jurisdictions in Europe allows us to track and anticipate changing levels of demand and market trends, enabling us to better manage the size of our fleet locally as well as globally.

When including our alliance with Enterprise in the U.S., the extensive scope of our global network, with access to over 3,598 locations in over 140 countries, also allows us to provide a better service to our European corporate customers operating internationally, as well as to the increasing number of leisure customers travelling abroad. Our leading market position enables us to generate more and better quality of revenues through our size, scope, geographical diversity and diversified mix. These factors enable us to continue to adapt and take advantage of new growth opportunities in Europe as the market continues to evolve, supporting our objective of strengthening our leading market position in Europe by improving market share.

Our Europcar Network footprint allows us access to the same countries in Europe as those in which our principal competitors, Hertz and Avis, are present. The chart below sets out our revenue market share (based on total revenues, including franchising revenues) in the seven largest vehicle rental markets in Europe (Belgium, France, Germany, Italy, Portugal, Spain and the United Kingdom) and the revenue market share of certain of our competitors in those markets in 2011.

2011 Market Share Based on Revenue for Top Seven European Markets



Source: Euromonitor International.

Recognized brand reflecting our commitment to quality service

Our operations and our extensive network of franchisees position the Europcar Network as one of only three global car rental organizations. On a global basis, our operations are primarily conducted under the widely recognized Europcar brand, which is owned by ECI and has a book value of €674.5 million in EGSA Consolidated Statements as of December 31, 2011. We aim to ensure favorable brand recognition worldwide through uniform branding and strict quality controls to ensure the reliability and consistency of high-standard service, as well as through our policy to continue investing in marketing and sales initiatives to support our brand image. See "*—Our Brands*" and "*Sales, Marketing and Distribution*". We have received a number of best-in-class awards for car rental service at both the European and international levels, including six awards in 2011 for World's Leading Car Rental Company, World's Leading Leisure Car Rental Company, Europe's Car Hire Leading Company, Middle East's Leading Car Hire Company, Africa's Leading Car Hire Company and Central America's Leading Car Hire Company. We believe that our widely recognized brand and our standard of service have enabled us to create and maintain a high level of customer loyalty and to attract companies to enter into quality partnerships on an exclusive or preferential basis, such as easyJet, TUI and Air Berlin.

Proven operating flexibility resulting in strong fleet utilization rate, corporate cash generation and control of net debt

In recent periods, we have proven our ability to adapt our operations rapidly in anticipation of, as well as in response to, changes in market conditions, both through management of our fleet and control of operating costs. This has allowed us to maintain strong fleet utilization rates and, together with optimization of non-fleet working capital, maximize our corporate cash generation and control our levels of net debt.

Our operational presence at the local level, both directly and via our franchising partners, enables us to track and anticipate evolutions within each market. To enhance this presence, our global IT infrastructure, including our proprietary GreenWay® system, provides us with the instrumental support for our fleet management, helping us to achieve improvements in our operations generally and, more particularly, in our fleet utilization rate.

The following features enable us to adapt the size of our fleet rapidly in response to anticipated changes in demand:

- our global platform and diversified sourcing of vehicles gives us substantial negotiating leverage with car manufacturers, allowing us to adjust the terms of purchasing contracts with our manufacturers to match anticipated changes in demand;

- the flexibility of our fleet structure enables us to reduce the size of our fleet rapidly to respond to seasonal fluctuations in demand and market conditions and resulting changes in rental volumes. As of December 31, 2011, approximately 89% of our fleet residual value was covered by manufacturer buy-back provisions. These clauses provide us with significant flexibility to choose when we return the car to the manufacturer for repurchase.

The combination of these factors has allowed us to maintain favorable fleet utilization rates in recent periods, despite adverse market conditions. For example, for the year ended December 31, 2011, in line with weaker-than-expected demand, we decreased our average fleet to 190,002 units while improving our utilization rate, which rose to a historical high of 74.0%. For the year ended December 31, 2010, as market demand began to recover as from March of that year, we increased our average fleet to 193,154 units compared to 191,074 units for 2009, while maintaining a stable utilization rate of 73.6% (as compared with 73.7% in 2009). For the basis of calculation of our fleet utilization rate, see "*Europcar's Fleet—Fleet Management*".

Furthermore, our management has demonstrated its ability to leverage our flexible business model to manage our operating costs in response to market conditions, through implementation of headcount reductions and other reductions in operating, selling, general and administrative expenses. Implementation of such reductions resulted in fixed operating expenses (personnel, network, head office overheads, IT and sales and marketing) remaining largely stable between 2009 and 2011, offsetting the impact of inflation on the cost basis, in each case at constant exchange rates.

Our experience with respect to the management of our fleet and our operating costs, together with our diversified fleet financing (including operating leases), and our ability to control non-fleet working capital requirements (notably by harmonizing payment terms across the Group) which contributes to stronger cash generation, have allowed us to manage our total net debt, giving us a stable financing basis as well as financial flexibility to respond to market conditions.

Well-diversified business mix

Our business mix of customers (corporate and leisure) and station locations (airport and non-airport) as well as our geographic diversity provide us with a broad customer base that ranges from multinational corporations and tour operators to individuals.

For the year ended December 31, 2011, we derived approximately 50% of our revenue from our corporate customers and 50% from our leisure customers. This reflects our goal to manage seasonality by maintaining a strong focus on corporate rentals, for which demand is less volatile than seasonal demand for leisure rentals. Our contractual relationships with numerous large corporate customers (such as major insurance and leasing companies), as well as with small and medium-sized businesses across multiple industries, contribute to the stability of our corporate rental revenue.

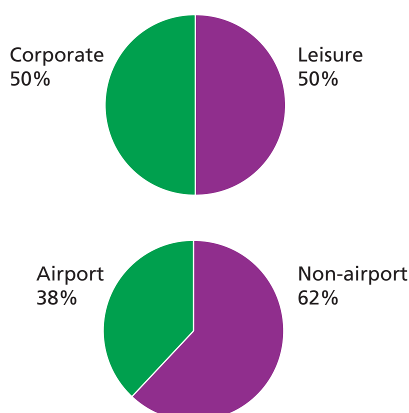
On the other hand, our leisure customer business involves rentals that are typically longer in duration and generate more revenue per transaction than corporate rentals. Our leisure business is enhanced by our growing portfolio of partnerships with recognized leaders in the travel industry, including major European airlines, tour operators and hotel groups such as easyJet (Europe's leading short-haul airline), TUI (one of the world's leading tour operators) and Accor (the largest hotel group in Europe).

Through the Europcar Network, we are present at car rental stations at more than 280 airports in Europe, where customer traffic is higher than at other stations. While approximately 14% of the Europcar Network's stations in the Corporate Countries were airport stations as of December 31, 2011, we derived approximately 38% of our Corporate Countries revenue from airport stations in 2011.

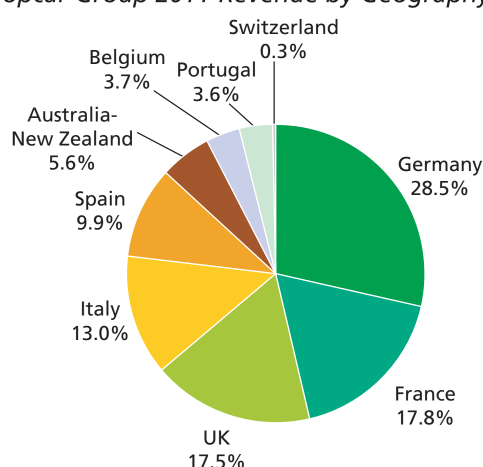
Our rental revenues also benefit from geographical diversity. For example, for the year ended December 31, 2011, rental revenue was derived as follows: Germany (28.5%), France (17.8%), the UK (17.5%), Italy (13.0%), Spain (9.9%) and elsewhere internationally (13.3%). See *"Management's Discussion and Analysis of Financial Conditions and Results of Operations—Year ended December 31, 2011 compared with year ended December 31, 2010—Revenue"*

The charts below set out our revenue by source and by geographic region for the year ended December 31, 2011

*Europcar Group 2011 Revenue by Source**



*Europcar Group 2011 Revenue by Geography***



Source: Management Accounts.
* Percentages have been rounded.
** In May 2011 we divested Europcar Switzerland.

Experienced management supported by strong equity sponsorship

We benefit from our experienced management team. All the members of our Executive Committee have had significant experience in the car rental industry and/or in the management and control of global companies. In particularly, our newly-appointed Chief Executive Officer, Mr. Roland Keppler, benefits from his three years of experience heading our operations in Germany, which is our largest geographical market in terms of revenue, in addition to his previous experience at TUIfly as Chief Executive Officer. Our Executive Committee is further supported by a management team comprising local and corporate-level managers in each of the Corporate Countries.

Furthermore, since 2006, EGSA's major shareholder has been Eurazeo, a leading European listed investment company with a diversified portfolio of approximately €4 billion in accounts or assets, significant investment capacity and a strong track record of actively supporting its investments and seeking to create value in the companies that it has acquired. It, along with ECIP Europcar SARL (a vehicle for co-investors with Eurazeo in Europcar) and Eureka Participation S.A.S., are the only Ordinary Equity Investors in EGSA. In addition, members of the board of directors of EGSA hold a legal minimum of shares and certain members of Europcar management hold preferred B class shares. In connection with the acquisition of control in 2006, the Ordinary Equity Investors injected approximately €780 million of equity into Europcar. In order to provide support for the refinancing of the Outstanding Floating Rate Notes, Eurazeo and ECIP Europcar SARL are committed to inject €110 million of equity on the Issue Date, enabling EGSA to decrease its leverage ratios.

Our strategy

Our primary objectives in the current environment are to concentrate our efforts on addressing the changing preferences of our customers and the increased demand for quality, reliability, mobility and cost-effective solutions, by leveraging our premium brand together with other brands and by continuing to offer innovative customer solutions. While pursuing these objectives, we aim to hold our leadership position while maintaining strict control on costs, indebtedness and working capital in order to maximize our flexibility and provide for future growth for our activities. The key elements of our strategy include:

Continue to strengthen our leading position in the growing European market

We believe that the European market, which is simultaneously one of the largest markets in the world and one of the most difficult to access, will continue to provide strong growth potential for our company given our solid competitive advantage that has been gained through our established presence and our thorough understanding of the many local particularities of the European market. In particular, we believe that there continues to be significant growth potential for the car rental business in Europe, where the ratio of car rentals to licensed drivers remains low compared to the U.S. market. In addition, we anticipate that declining levels of car ownership in urban centers should provide us with new market possibilities, especially in light of the high level of urban density in Europe and the continually increasing market trends towards mobility and other innovative service offerings.

We aim to increase both our market share and overall market penetration across Europe. We believe that our coverage of all major European travel hubs, together with our strong regional and local presence, are important factors that provide us with a diversified customer mix and enable us to capture growth potential in the industry in Europe, as well as to influence the growth and development of the industry generally. To this end, we intend to continue, in a cost-efficient and flexible manner, to undertake initiatives to promote our cross-border and international bookings and, in particular, to enhance our European in-bound traffic, as well as to maintain our strong commitment to quality service.

Develop new customer segments through innovative service offerings and expanded distribution channels

We are continuing to actively identify new customer segments and market opportunities in order to formulate new offers to address a changing customer mix focusing, in particular, around the new mobility concept. The mobility concept, resulting from continuously changing market trends, is at the center of many of our new initiatives, products and services, and we believe it represents a significant opportunity for us to expand into new markets. Recent market studies indicate that there is an emerging trend in the attitude of European consumers towards car usage and ownership, with many urban European drivers opting for car rental over ownership. Our goal is to provide our customers with innovative mobility solutions that enable them to conveniently satisfy this option and otherwise to meet their personal needs. We intend to continue to support our customers' individual mobility needs by, among other things, continuing to design and offer short-term car rental solutions that are increasingly customized, innovative, convenient and environmentally friendly.

Our efforts in this respect include:

- looking at innovative car sharing/rental concepts that are increasingly replacing traditional car ownership in urban centers across Europe. For example, in October, 2010 we created a joint venture called car2go with a subsidiary of Daimler. Car2go makes rental vehicles available to subscriber customers on an immediate basis in cities throughout Europe, first launched in Hamburg, Amsterdam and Vienna, followed by Lyon at the beginning of 2012 and soon in Berlin. See "*—The Europcar Network—Partnership*";

- marketing vehicles with new fuel technologies (fuel efficient diesel, hybrid, electric) in response to changing market perceptions, such as by incorporating electric vehicles into our fleets for the first time (including Citroen C-zéro in Germany, Peugeot i-On in France, Portugal and the United Kingdom, and our agreement with Opel with respect to the roll-out of Opel Ampera, an electric vehicle with gasoline-powered generator reserves);
- continuing to develop new marketing facilities (such as web, e-ticketing and personal devices). For example Europcar has recently launched a new program for its mobile phone application for iphone (Apple operating systems) customers and another for its Android (Google operating systems) customers. The goal of these applications is to provide Europcar customers with a new, convenient and technologically advanced means of booking rentals through their mobile phones; and
- developing and offering innovative new services. For example, in late 2011 we launched our "Value for Money" offer in Spain and Portugal, and we aim to further expand the reach of this offer into other countries. "Value for Money" is a product offering that is differentiated from our regular product offerings by providing customers with fewer options and a more limited choice of vehicle, thereby permitting them to access more attractive prices.

Finally, we intend to continue to enhance our customer-centric focus by optimizing our distribution network whenever possible, including through exploring new distribution channels such as the development of new mobile phone applications and smartphone technologies mentioned above. These types of applications are becoming more and more heavily utilized in everyday life, and particularly more and more by everyday consumers. Europcar's new mobile phone applications have also been developed to assist customers to search for the nearest Europcar station and to find a designated parked rental car.

Maintain and leverage our efficient cost structure and leverage the benefits of our combined local/global positioning to further improve operating profitability

We have implemented an efficient cost structure that we believe should enable us to further improve profitability. We intend to maintain strict price and cost control policies, as well as our objective to increase our average fleet utilization rate, as market conditions improve. In addition, in our ongoing efforts to maintain and improve our operating profitability, we have reviewed segment profitability to identify and respond appropriately to less profitable aspects of our businesses. Furthermore, we intend to use our positioning as both a local and global operator to further leverage our global platform to create additional synergies at the local level across the numerous jurisdictions where we are present. We intend to further improve our operating profitability as market conditions improve by maintaining our current efficient cost base and leveraging the advantages of our platform through better fleet management and focus on maintenance, optimizing processes across the Group, and reinforcing purchasing policies.

Continue to enhance our global IT infrastructure

Our Europcar Network is supported by our global IT infrastructure. We aim to optimize our operating flexibility and efficiency by further enhancing our underlying infrastructure, in particular, in order to support our customer-centric focus and respond to trends in market demand, such as increased mobility. In particular, we aim to gain additional benefits from leveraging our proprietary GreenWay® system, in order to take advantage of additional modalities and functionalities that will help us improve cost efficiency.

Continue our strong financial discipline, focusing on cash flow generation

In addition to our flexible business model, which enables us to quickly adjust the size of our fleet to demand, resulting in a rapid adjustment of our fleet level, our close monitoring of non-fleet working capital contributes to stronger cash generation. This strategy, which rests on a strong financial discipline implemented across our platform, has been a key driver utilized by our

management, allowing us to report a significant improvement in corporate free cash flow generation in 2011, even while revenue declined by 0.3% at constant exchange rates. While our Corporate EBITDA declined in 2011, our free cash flow rose, reflecting a strong non-fleet working capital and fleet asset base reduction.

Selectively expand in international markets

We aim to expand our presence in international markets by developing our international franchise network in selected countries and regions where attractive business opportunities exist. For example, we are currently seeking to expand our presence in Latin America and the Asia Pacific region. In addition, we will continue to explore alternative expansion opportunities outside of our international franchise network.

Corporate history and organizational structure

Europcar Groupe S.A. was formed in connection with the acquisition by Eurazeo of ECI in 2006 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. EGSA's 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.

We trace our origins back to 1949, with the founding of the *L'Abonnement Automobile* car rental company in Paris 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 and became a 50% shareholder of Europcar while Volkswagen AG held 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 Eurazeo acquired, through EGSA, its subsidiary formed for such purpose, 100% of the share capital of ECI from Volkswagen AG. The ECI Acquisition had a total value of approximately €3.1 billion.

In June 2006 the Europcar Group acquired all of the shares in Keddy N.V. and the remaining 50% shares in Ultramar Cars S.L. through its Germany subsidiary Europcar Autovermietung GmbH.

In February 2007, ECUK, an indirect wholly-owned subsidiary of EGSA, acquired the UK-based European car rental operations of National Car Rental and Alamo Rent A Car from PremierFirst Vehicle Rental EMEA.

In 2008, we acquired ECA Car Rental, our master franchisee in Asia Pacific with corporate operations in Australia and New Zealand.

In May 2011 we divested our corporately-run operations in Switzerland to our Swiss franchisee.

In March 2011 we also entered into a strategic joint venture with a subsidiary of Daimler in Germany to create car2go, a car-sharing service aimed at making rental vehicles available to subscriber customers on an immediate basis in cities throughout Europe, initially commencing in Hamburg in the first quarter of 2011.

The Europcar network

Europcar is organized through the Europcar Network on a worldwide basis into two business segments. These operating segments are:

- *Corporate Countries:* this segment consists of the rental activity directly operated by us with our own fleet in the nine Corporate Countries, as well as the franchising activity in these Corporate Countries.

- *International Franchising:* this segment consists of our international franchising activities outside of the Corporate Countries, with franchising operations in 132 countries around the world.

As of December 31, 2011, the Europcar Network included 3,598 rental locations in over 140 countries. The Europcar Network includes a combination of corporate, agent and franchise operations in the Corporate Countries, and national and regional franchise operations in the rest of the world.

The following table shows the contribution to total revenue from the top five Corporate Countries, the other Corporate Countries and our international franchising operations for the years ended December 31, 2011 and 2010:

	Year ended December 31	
(In millions of €)	**2011**	**2010 (Restated at 2011 exchange rates)**
Revenue		
Germany	535.6	527.7
United Kingdom	364.3	371.2
France	352.9	347.7
Italy	249.7	242.7
Spain	189.7	198.1
Other Corporate Countries*	249.6	262.6
International Franchising	27.5	25.7
Total	**1,969.2**	**1,975.8**

* "Other Corporate Countries" includes activities in Switzerland until the divestiture of Europcar Switzerland in May 2011

The Europcar Network offers a wide variety of recent model passenger cars, vans and trucks for rental on a daily, weekly or monthly basis, 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.

Our consolidated revenue is derived from the corporate and agent-operated car rental operations in the Corporate Countries and through royalties and fees from the Europcar Network's franchises. In addition to rental revenue, we generate revenue from other activities associated with car rental (largely revenue from sale of fuel).

The following table shows a breakdown of our total revenue by business segment for the year ended December 31, 2011:

Revenue (In millions of €)	Year ended December 31, 2011 Corporate Countries	International Franchising
Corporate-owned rental business	1,826.0	
Other revenue associated with car rental[1]	88.4	
Franchising Business	27.3	27.5
Total segment revenue	**1,941.7**	**27.5**

(1) Consist essentially of revenue derived from the sale of fuel to rental customers.

Corporate Countries

The table below sets out the number of rental stations as at December 31, 2011 in each of the Corporate Countries:

	As at December 31, 2011 Stations			
	Corporate	Agent	Franchisee	Total
Germany	253	250		503
United Kingdom	211	7	18	236
France	206	36	253	495
Italy	18	254		272
Spain	153	42	6	201
Australia	38	8	76	122
New Zealand	15	2		17
Belgium	15	15		30
Portugal	27	49	10	86
Switzerland*		36	35	71
Group	**936**	**699**	**398**	**2033**

* Our corporately-run operations in Switzerland are included as a Corporate Company until the sale Europcar Switzerland in May 2011.

In addition to the above locations, our customers have access to 636 rental locations in Europe under the brand names National and Alamo.

We believe that the extensive scope of the Europcar Network in the Corporate Countries enhances our 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 our financial performance and prospects are dependent on any one location or customer account. For the year ended December 31, 2011, no single corporate or agent-run rental station in the Corporate Countries accounted for more than 2% of our consolidated revenue, and no single customer account generated more than 4% of our consolidated revenue.

As of December 31, 2011, the Europcar Network included 1,962 rental car stations located in the Corporate Countries. We directly manage 936 of these stations through our 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 Corporate Country and for overseeing the local sales and marketing, human resources, legal and accounting functions.

The remaining stations in the Corporate Countries are operated either by agents or by franchisees. 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 Corporate Countries. Relationships with agents and franchisees in the Corporate Countries are managed at the operating subsidiary level.

As of December 31, 2011, agents operated 663 stations located in the Corporate Countries, using a rental fleet owned (or leased) by us. The sites and employees of agent-operated stations are the responsibility of the agents. The revenue generated by the agent operated locations, however, are included in our revenue and the agents are paid a commission based on their respective station's revenue.

As of December 31, 2011, franchisees operated the remaining 363 stations in the Corporate Countries, using their own fleet (which in certain cases is leased from us) and employees. In the case of stations operated as franchises, franchisees have the exclusive right to use our franchise rights in the country or area covered by the franchise agreement.

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

International Franchising

In addition, outside of the Corporate Countries, the Europcar Network includes approximately 1,600 stations in over 140 countries, all of which are operated exclusively by franchisees.

As of December 31, 2011, the Europcar Network's international franchises covered approximately 132 countries. The top ten Franchise Countries, in terms of royalties paid, for the year ended December 31, 2011, were South Africa, Sweden, Switzerland, The Netherlands, Denmark, Ireland, Finland, Austria, Norway and Mexico. No single Franchise Country paid more than 12% of the royalties received by us from its international franchisees for the year ended December 31, 2011.

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. We are currently seeking to expand the Europcar Network by adding new franchisees in the few countries in which we do not have a presence. The current focus of the expansion of our international network includes important markets in Latin America and the Asia Pacific region.

Our 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.

Compliance with the terms of our 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 our 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. We support the promotion of the corporate image by franchisees in both the 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.

Characteristics of franchise operations

Franchisees initially pay an entrance fee, and, upon renewal of their contracts, a territory fee, for the exclusive right to use our franchise rights in the area covered by the franchise agreement. Franchisees pay royalties representing a percentage of rental revenue generated by their vehicle rental operations, and also pay a reservations fee based on the number of reservations booked through our reservations systems. Franchisees are required to send monthly financial reports to us which form the basis of the calculation of royalties. In return for payment of fees and royalties, franchisees benefit from access to our 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 Corporate Countries and the Franchise Countries totaled €54.8 million for the year ended December 31, 2011. Entrance and territory fees and royalties received from franchisees are recorded by us as revenue, while reservations fees are recorded by us as other income. The underlying rental revenue generated by the franchisees are recorded as revenue only by the franchisees themselves.

Franchising arrangements throughout the Europcar Network follow a standard format under which we grant 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). 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 us 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, our franchise contracts do not permit the franchisee to terminate the agreement prior to the expiration of the agreed term. We retain 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 our brand and reputation. Franchisees may generally also terminate the agreements concluded with us in the event of a material breach by us.

Partnerships

To reinforce our global footprint and access new customer bases in key markets, we have and will continue to consider expansion opportunities on a highly selective basis. Such opportunities could include acquisitions of medium-sized businesses with limited equity requirements, or investments in partnerships or joint-ventures.

As part of this strategy of seeking expansion opportunities, in 2007, we acquired the UK-based operations of National Car Rental and Alamo Rent A Car from PremierFirst Vehicle Rental EMEA, covering Europe, the Middle East and Africa. Vanguard Car Rental Holdings LLC was subsequently acquired by Enterprise Rent-a-Car ("**Enterprise**"), which entered into a strategic commercial alliance with Europcar (the "**Alliance**") relating to the Europcar, National and Alamo brands. The goal of Alliance was to allow a smooth cooperation between Europcar and Enterprise, in particular, in the territories in which the two groups are complementary. We now operate on an exclusive basis, directly or through franchisees, the National and Alamo brands in Europe, the Middle East and Africa, and we cooperate with Enterprise to leverage our respective brands and geographical reach to offer a broader service to our customers in North America.

In March 2011 we also entered into a strategic joint venture with a subsidiary of Daimler in Germany to create car2go, a car-sharing service aimed at making rental vehicles available to subscriber customers on an immediate basis in cities throughout Europe. Initially launched in Hamburg, Amsterdam and Vienna in 2011 the service was launched in Lyon in early 2012 and will

soon launch in Berlin. Europcar's 25% interest in the joint venture will allow us to access additional customer segments throughout Europe, and in particular, within the German market, which is one of our Corporate Countries.

Source and location of rental sales

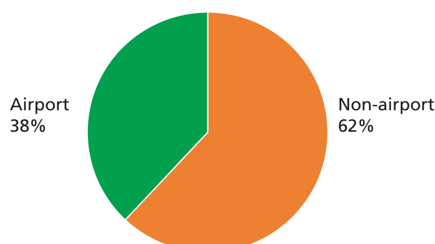
Airport and non-airport stations

The Europcar Network rents vehicles to its customers from stations located at 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, 2011, approximately 14% of the Europcar Network's rental stations in the Corporate Countries were airport stations and accounted for 38% of Corporate Countries revenue (including corporate country franchisees in the Corporate Countries) while 86% were non-airport stations accounting for 62% of Corporate Countries revenue.

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 Corporate Countries, while franchise and agent-operated stations are located inside the Corporate Countries in smaller cities and airports, and outside the Corporate Countries, to provide full and cost-effective coverage.

The following table shows the breakdown of 2011 Corporate Country revenue between airport and non-airport stations:

2011 Revenues between Airport and Non-airport Stations



Source: Management Accounts.

Airport stations

Through its extensive network of airport stations, including 257 in the 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 entered into concession or similar leasing, licensing or other such 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 Corporate Country, except for those airports where Europcar's franchisees already operate rental locations. Europcar's concessions are awarded by the airports' operators, which are typically governmental bodies or authorities, following either negotiation or bidding for the right to operate a car rental business in such airports. Access to airports is relatively costly, and the airports' operators control the number of locations made available to car rental companies. The terms of an airport concession agreement 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 concession arrangements, Europcar must also pay fixed rent for terminal counters or other leased properties and facilities. Some

concession arrangements 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 arrangements generally impose on Europcar specific covenants which include certain price restrictions and quality of service requirements. Under most concession agreements, if the revenue generated by the concessionaire increases or decreases, the airports' operators may modify the concession, in particular with respect to the number of parking lots granted to the concessionaire and the rate of concession fees, depending on the evolution of the revenue generated by the concessionaire. Airport operators may also conduct audits of the business operated by airport stations and of the type of services provided to airport customers.

The terms of Europcar's concession arrangements 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 a greater range 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 for airport stations. 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 utilize 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), 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 components of a single, unitary car rental business.

Domestic and international rentals

While the density of the Europcar Network's presence in the Corporate Countries enables us to address customer demand for proximity and convenience, the international scope of the Europcar Network significantly enhances our 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 has actively developed its international rental business in which vehicles are reserved through Europcar's direct and indirect distribution channels in one country and checked-out in another country. Internationally sourced rentals represent an additional source of reservations and revenue for Europcar's domestic operations.

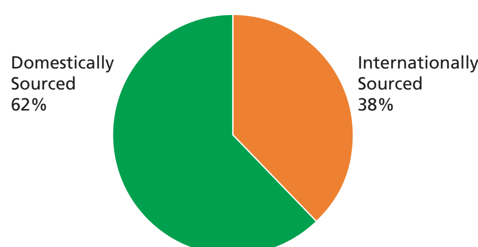
Europcar expects that the international car rental business will benefit from the anticipated growth in international tourism over the coming years forecast by the International Air Transport Association.

In an effort to further develop its international business, management has defined key regional markets outside the Corporate Countries in which it is actively promoting the development of

cross-border inbound business to the Corporate Countries. In addition to the promotion of international business through cross-country conferences between 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.

The table set forth below shows the breakdown of 2011 Corporate Country revenue between domestically sourced and internationally sourced business. For the purposes of this table, domestically sourced rentals are reserved, checked-out and returned in the same country, while internationally sourced rentals are rentals in which vehicles are reserved through our direct and indirect distribution channels in one country and checked-out in another.

2011 Revenues Breakdown by Source



Source: Management Accounts.

Our brands

We operate throughout the Europcar Network primarily through the leading and established brand name Europcar. The National and Alamo brands operate, depending on the country, either directly in the Corporate Countries through the Europcar Network, or through dedicated National and Alamo franchisees. National is a well recognized brand in the United Kingdom serving both corporate and leisure customers. 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.

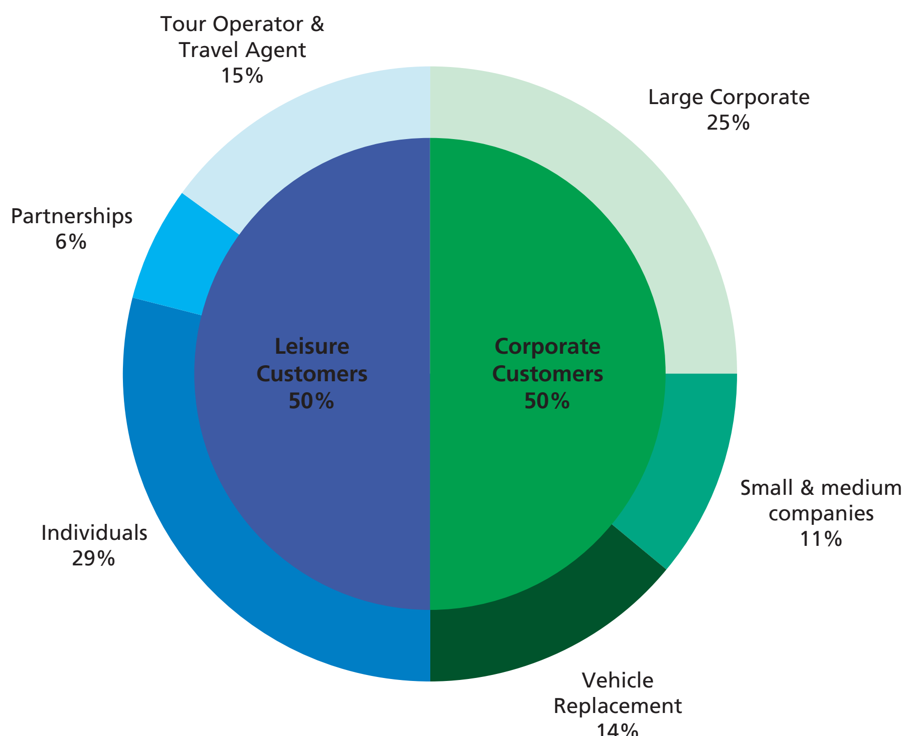
Our customers

We build relationships with a large range of customers, whose rental needs can be both corporate and leisure related. Corporate rentals and leisure rentals have different characteristics and place different types of demands on our operations. We believe that maintaining an appropriate balance between the business mix of corporate and leisure rentals is important in maintaining and enhancing the profitability of our business and the consistency of our operations. For the year ended December 31, 2011, leisure-related business accounted for approximately 50% of our revenue from rental activities (excluding franchise fees and royalties) in the Corporate Countries, with corporate-related business accounting for the remaining 50%.

With more than 5.3 million active customers in 2011, being the number of customers recorded on Europcar's reservation system, which does not capture the number of customers booking through franchise locations, as having made at least one car rental reservation during the year, we believe that our portfolio and diversity of customers is unrivaled by any of our competitors within the European car rental industry.

The following table shows the contribution of components of corporate (including large corporate, small and medium-sized businesses and vehicle replacement) and leisure (including individuals, partnerships and tour operators and travel agents):

Breakdown of Europcar Group 2011 Revenue by Customer Category



Source: Management Accounts.

Corporate customers

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 we have negotiated with their employers (either directly or, in the case of small and medium-sized enterprises, through travel agencies). We also categorize rentals to customers of companies offering vehicle replacement services through negotiated arrangements with the Europcar Network as corporate rentals.

Revenue from corporate customers is less subject to seasonal change and tends to be characterized by only a marginal decrease in activity during the summer vacation months.

Large corporates

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 houses customers have direct access to Europcar's IT system via dedicated micro-sites, providing such customers 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" rental station directly on the customer's premises. Large corporates represent the leading customer segment for Europcar,

with proven resilience during past downturn cycles. Revenues for large corporates increased by 4% in 2011 compared to 2010, while leisure customers increased by 2.2% in the same period.

Small and medium-sized businesses

Europcar is also party to contracts with small and medium-sized companies in which it serves as exclusive or preferred provider of rental vehicles to their employees at pre-negotiated rates and subject to agreed service-level guarantees. Contrary to large corporates, Europcar does not usually have micro-sites or "implant" dedicated to small and medium-sized companies. This segment is characterized by a large number of accounts, which limits exposure to any single customer. Although this segment remained stable in 2011, we believe that it offers further potential and we continue to target this segment with adapted sales efforts.

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 vehicle dealers, repair shops and other entities offering vehicle replacement services, with whom Europcar has a direct contractual relationship. Such customers include individuals whose vehicles were damaged following accidents, or who expect to lease vehicles that are not yet available from their leasing companies or who need vehicles while their existing vehicles are being repaired or are temporarily unavailable for other reasons. In order to build and maintain this business, Europcar has entered into agreements with a diverse group of insurers (including AXA and Mondial Assistance, among others), dealerships, repair shops and vehicle-leasing companies to establish the rental terms, including the arrangements made for billing and payment.

Although we have seen a decrease in the demand for replacement vehicles, we believe that we remain the leader in the European vehicle replacement market, based on number of rental days, for the year ended December 31, 2011.

Leisure customers

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 come through partnerships or have been arranged through tour operators or travel agents. Leisure rentals are typically longer in duration and generate more revenue per transaction than corporate rentals, although corporate vehicle replacements are characterized by a long average duration. 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*".

Individuals

This segment includes all customers contracting directly with Europcar, *i.e.* without intermediaries such as travel agents, tour operators or partnerships. Individuals book essentially through Internet, call centers and car rental stations (See "*Distribution—Direct distribution*").

Partnerships

The Europcar Network reaches part of its leisure customers through Europcar's portfolio of partnerships. 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.

Europcar currently has international partnerships with airlines, major hotel groups, railway companies and credit card companies. These partnerships are managed at ECI level. Partners of Europcar are usually compensated by commissions based on the revenues generated by Europcar through the partnership agreements.

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, thereby directing leisure customers to the Europcar Network.

Through its "strategic partnerships", Europcar is a preferred partner of easyJet, a low-cost airline in Europe and Accor, the largest hotel group in Europe and one of the largest in the world. Certain of these agreements may be terminated at will by Europcar's partners. See "*Risk Factors—Risks Related to Our Business*".

Tour Operators and Travel Agents

Europcar has global and local agreements with major travel agency chains. Travel agencies support Europcar corporate business and are also a source of discretionary business, mainly leisure. Europcar reaches this customer segment through its presence in the various Global Distribution Systems ("**GDS**").

In addition, Europcar contracts on a multi-year basis with major tour operators such as TUI for their customer needs in leisure destinations. Europcar's extensive network, fleet availability and quality of service are key drivers to the success in this market segment.

Sales, marketing and distribution

Sales and marketing

Europcar's international sales and marketing team is supported by local teams in each of the Corporate Countries. The international sales and marketing team based at Europcar's headquarters is responsible for:

- studying market trends and identifying key customer insights;
- developing and implementing initiatives to maintain and develop strong brands and state of the art products and services;
- strengthening Europcar's brand image throughout the world;
- ongoing efforts to digitize the customer experience through innovation & e-commerce;
- delivering data and feedback to management for the development of the corporate revenue management strategy;
- negotiating and managing agreements with major corporate customers and international partners;
- defining the Group cross border and sales strategy; and
- defining Europcar's policies with respect to, among other things, service level guarantees, which are applied at the local level in each of the Corporate Countries.

Europcar's international sales and marketing team also includes specialized sales forces dealing with vehicle replacement customers and the development of inbound and outbound international business. Europcar's corporate and leisure sales forces in each Corporate Country carry out sales and marketing initiatives at the local level, contacting 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.

A key focus of Europcar's sales and marketing efforts is ensuring positive brand recognition 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.

Europcar markets its car rental offerings through a variety of channels: search engines, display, mobile and Customer Relationship Management (CRM). Europcar has taken an innovative role in developing co-marketing initiatives with car manufacturers, such as through its "be the first" advertising platform for every major international model launch and its mobility partnerships with Peugeot, Renault and Smart. Pro-cycling sponsorship has proven to be a successful vector to develop Europcar's brand awareness and brand image around the "moving your way" tag line.

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 2011 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, at the World Travel Awards in 2011, Europcar received awards for World's Leading Car Rental Company, World's Leading Leisure Car Rental Company, Europe's Car Hire Leading Company, Middle East's Leading Car Hire Company, Africa's Leading Car Hire Company and Central America's Leading Car Hire Company. The World Travel Awards is an organization representing 183,000 travel professionals worldwide in 2011.

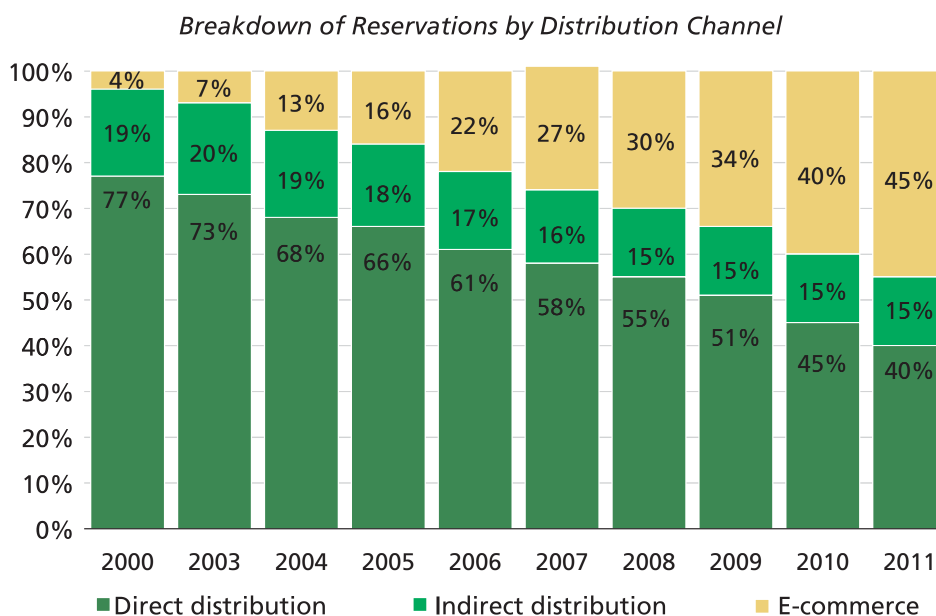
Distribution

Europcar reaches its customers through both direct and indirect distribution channels. E-commerce represents an additional layer of marketing and sales activity functioning in parallel with traditional direct and indirect distribution channels.

Europcar's use of distribution channels has significantly changed over the last decade. While indirect distribution (global distribution systems and on-line travel agencies) has stabilized at 15% over the period from 2000 to 2011, there has been a progressive switch between layers for direct distribution, from call centers and Europcar stations to e-commerce (including Europcar's websites and partner websites). In 2011, e-commerce represented the Company's most important layer of distribution, generating 45% of total Europcar Network bookings (as recorded on Europcar's reservations system) which have increased as illustrated in the chart below, of 41% since 2000.

The following chart sets forth the breakdown in reservations by means of direct (through the Europcar Network), indirect (through intermediaries) and e-commerce distribution channels over the period from 2000 to 2011.

Breakdown of Reservations by Distribution Channel



Source: Management Accounts

E-commerce

Europcar has responded to the increasing use of the Internet as a distribution portal by investing heavily in its e-commerce capabilities. 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.

Reservations through Europcar's websites continued to experience strong growth in 2011, exceeding 1.5 million bookings for the year. As illustrated in the table above, reservations through the Internet have increased from 34% of total Europcar Network reservations (recorded on Europcar's reservations systems) for the year ended December 31, 2009 to 45% for the year ended December 31, 2011. While online reservations increase competitive pressure in the industry due to price transparency, such reservations also incur lower costs than traditional distribution channels. 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*".

Direct distribution

Direct distribution channels refer to reservations made directly through the Europcar Network, either via Europcar's call centers and websites, or in person at any car rental station. Direct distribution through channels other than e commerce has become less significant over the past several years as customers' booking habits have evolved in the direction of "smart buying" by means of e-commerce. However, certain characteristics of direct distribution, including higher service levels for customers and the possibility to optimize sales by offering customers the option to upgrade and select insurance and other ancillary services to suit the customers needs, ensure that direct distribution has remained an important channel.

Reservations at rental stations decreased from 26% for the year ended December 31, 2010 to 24% for the year ended December 31, 2011; similarly reservations through call centers decreased from 19% to 17% over the same period.

Indirect distribution

Indirect distribution channels refer to 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 GDS, operated by third parties to make the reservations with the Europcar Network. Reservations received through GDSs are more costly to Europcar than those received directly from a customer because Europcar must 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, in which it is the first choice provider of rental car services.

Europcar has agreements with most major travel agency networks at the European level. These agreements allow 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 mark-ups of net rates provided by Europcar. In contrast, travel agents are normally paid a commission by Europcar based on gross rental rates.

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.

Rental car brokers represent another type of indirect distribution channel. Under brokerage arrangements, customers reserve through the rental car broker, and the broker reserves a car from Europcar or one of its competitors.

Information Technology

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 Europcar Information Services ("EIS") is an important element of this strategy, resulting in timely enhancements to our systems and a high quality of customer service.

Europcar's significant investment in technology is intended to further enhance our ability to offer innovative and cost-effective services. All IT projects are centrally and continuously evaluated against business needs. Technical projects, which are aimed at establishing and securing the

continuity of services, are given special attention. Business projects, which are aimed at maintaining and enhancing systems' capabilities, are assessed against the expected added value to the business, including, in particular, revenue growth, cost reduction and legal risk avoidance.

EIS is responsible for Europcar information technology systems and services across the Group. Its primary purpose is to foster the economic activities of Europcar and each of the operating subsidiaries in the Corporate Countries. As of December 31, 2011, Europcar employed around 189 full-time employees on behalf of EIS, covering the international services. An additional 81 full-time employees worked in the IT departments of the operating subsidiaries in the Corporate Countries, supporting local IT activities. A sophisticated IT system is critical to the successful and efficient operation of a vehicle rental business.

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 managing a very large number of rental agreements (9.6 million in 2011). In addition, over 200,000 vehicles are tracked by the system in order to analyze fleet activity. Additional capacity can be provisioned by adding hardware and/or software resources.

The full functionalities of the system are available in the nine Corporate Countries, as well as in Switzerland and Austria. Certain Franchise Countries have access to Europcar's marketing, sales and reservation systems. 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, reporting, data warehousing and analysis, and Internet reservations processing, are run on a centralized hardware platform in both Europcar's parallel dual site datacenters located in Paris, France. The rental stations in those Corporate Countries and in 2 Franchisees are linked directly to Europcar's central datacenters. Other rental stations throughout the Europcar Network are generally linked via private networks or secured public Internet to Europcar's central reservation systems.

Fleet application

GreenWay® fleet application which covers the whole lifecycle of a vehicle in the fleet, is 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, maximum manufacturer brand or model concentrations, in order 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 geographically dispersed structure of the IT network and to the wide potential accessibility of those systems and applications.

In an effort to prevent Europcar from suffering major data losses, EIS has a defined backup policy for the datacenters (including external storage): the two datacenters function by backing up each other. In the event of a telecom network outage, rental stations are generally capable of running manual procedures autonomously to ensure business continuity. Once the network connections are re-established, the GreenWay® system is updated from the rental stations.

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 Corporate Countries.

Europcar's 936 corporate-operated rental stations are essentially located at or near airports or train stations and in central business districts and suburban areas. 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 revenue 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, 2011, EGSA and its consolidated subsidiaries had an average full-time equivalent headcount of approximately 6,498 persons. Following the economic downturn in 2008 and 2009, Europcar's workforce was reduced as part of reductions in operating and selling, general and administrative expenses. Europcar distinguishes between operations staff and total staff. Operations staff includes all employees based at Europcar's corporate-operated rental locations and "implant" stations at customer premises, while total staff includes all corporate staff including those at central and local headquarters. The chart below illustrates the evolution of Europcar's workforce over the past three years.

	Year ended December 31		
	2011	**2010**	**2009**
Average headcount total[1]	6,498	6,487	6,965
Average staff in operations	4,067	4,090	4,420
Average staff in headquarters	2,432	2,397	2,545

(1) Includes only full time personnel directly employed by Europcar.

Europcar's employees are located throughout the Corporate Countries, with an average of approximately 345 employees based in Guyancourt, France. Excluding these headquarters and EIS employees, the largest Corporate Country in terms of employees is Germany, followed closely by France, reflecting the relative percentage of revenue generated in these countries.

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 within the industry, and Europcar has repeatedly received a number of international awards in this area in the past years, including the Investors in People (IIP) award in 2011.

Training

Europcar fosters the long-term career development of its employees through specialized training programs in each of the 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. In 2011, nearly 84% of our total headcount participated in at least one training program.

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 Belgium, 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.

Europcar meets with workers' unions at a national and European level. At the national level, the meetings are held in accordance with the legal requirements of the respective country. Europcar holds a European Works Council meeting once a year with representatives from the Corporate Countries.

Europcar has had no significant work stoppage as a result of labor problems during the last 10 years.

Risk management

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

A dedicated insurance and risk management department centrally manages Europcar fleet insurance and related risk management processes, in liaison with dedicated staff in each Corporate Country.

Motor vehicle third-party liability

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

Operations in Belgium, France, Germany, Italy, Portugal the UK and Switzerland (until divestiture of the Swiss affiliate in May 2011) address third-party liability risk through Europcar's "Europrogramme". Under the Europrogramme, operating subsidiaries in each participating country purchase the required third-party liability insurance from a local affiliate of Chartis Europe S.A. or Chartis UK Ltd. ("Chartis"), and, for third party liability losses below a threshold of €500,000, Chartis, while paying the loss indemnities to third parties under the local insurance policies, get reimbursed from (i) Euroguard Cell 0 acting as a fund manager on behalf of Europcar Belgium, France, Italy and Portugal under a deductible funding agreement (DFA) up to a certain per country aggregate limit per year, (ii) Europcar Germany and Europcar UK under a loss retention agreement (LRA) and (iii) Euroguard Cell 9 acting as Europcar group's reinsurance cell captive hosted within Gibraltar based Euroguard Protected Cell Company (PCC) under a

reinsurance transaction. Euroguard operates many cells, each "cell" being a separate entity insuring and reinsuring separate classes and origins of business and protected (i.e., insulated) from the results of other cells. These other cells are held by other major service and industrial groups, unrelated to Europcar. Europcar maintains excess insurance coverage with Chartis for portions of losses exceeding €500,000 per loss. The maximum coverage per incident provided under such excess insurance policies—including the retention of €500,000 mentioned above—is in aggregate no less than €100 million and in certain countries can exceed this amount where so required by local law. For the year ended December 31, 2011, the expected aggregate amount of losses within the retention funded by Europcar under the Europrogramme was approximately €91.2 million. The insurance policies forming the component parts of the Europrogramme were renewed with effect from January 1, 2012 on terms which are comparable to those for 2011.

Europcar's operations in Spain are currently not covered under the Europrogramme. Since January 1, 2009, Europcar in Spain has insured its motor fleet third-party liability risk by means of a traditional risk-transfer policy placed with Allianz Spain. This policy is currently in force and has a two-year duration (i.e., until December 31, 2012). Policy limits are €70 million but, subject to certain conditions, these can be increased by up to €50 million additional cover (so-called "voluntary" cover).

Europcar's Australian and New Zealand operations benefit from the state-run "Third Party Bodily Injury" cover automatically provided by virtue of the vehicle's registration, and a combined "Own Damage" and "Third Party Property Damage" policy with Allianz, with an annual premium of approximately €0.3 million.

For the year ended December 31, 2011, Europcar's total cost for covering its motor third party liability risk (Europrogramme, Spain, Australia and New Zealand combined) was approximately €123.4 million, of which €115.3 million was for the Europrogramme. Fleet liability insurance premiums, expressed on a comparable basis (i.e., per rental day) have historically varied both downwards and upwards, reflecting the underlying claims costs trends and the economic, social, legal and insurance market environment at a given point in time. These two factors are expected to continue to be the driving forces with respect to insurance premiums in the future. Accordingly, there can be no assurance that Europcar's insurance premiums will not increase in the coming years, especially in countries in which the insurance policies entered into by Europcar are not profitable for insurance companies. See "*Risk Factors—Risks Related to Our Business*".

As is customary for such policies, 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 not a third party with respect to him- or herself. In such cases, customers who have not taken out their own personal accident insurance can obtain coverage via the optional "Personal Accident Insurance" product available at the rental counter at Europcar's stations in certain Corporate Countries. Europcar's "Personal Accident Insurance" product is underwritten by third party insurers, and, with the exception of a minimal amount in the UK, 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 customer is, subject to certain exceptions, responsible for damage to or loss (including loss through theft) of the 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 against the customer such damage or loss. To the extent a customer purchases or has the benefit of such a waiver, Europcar retains the risk of such damage or loss.

Collision damage costs and the costs of stolen or missing vehicles, along with other damage to Europcar's property, are charged to expense as incurred. For the year ended December 31, 2011, charges related to fleet damage (including reconditioning) and loss or theft, net of recoveries, were approximately €137.7 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 can be obtained on commercially reasonable terms.

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.

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.

Europcar's Fleet

Fleet composition

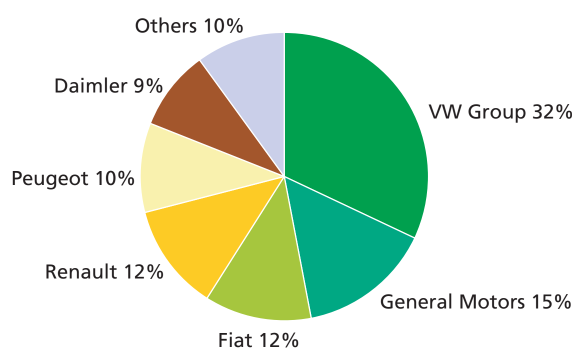
Unless otherwise indicated, the discussion in this section relates solely to the fleet operated directly by Europcar under the brands of Europcar, National and Alamo (including vehicles sub-leased by Europcar to franchisees in the Corporate Countries), and not to the fleets independently owned (or leased from third parties) and operated by franchisees.

Europcar's fleet is sourced from a number of manufacturers, including Volkswagen (with the brands VW, Audi, Seat and Skoda), General Motors, Fiat, Renault, Peugeot, Daimler, Ford, BMW and Toyota. Volkswagen AG has historically been Europcar's largest supplier of vehicles. During the year ended December 31, 2011, approximately 32% of Europcar's fleet was acquired from the Volkswagen group, 15% from General Motors, 12% from Fiat, 10% from Peugeot, 12% from Renault, 9% from Daimler and the remaining 10% 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 chart below illustrates the diversity of Europcar's fleet in terms of deliveries by manufacturer (expressed as a percentage of Europcar's total acquisitions) for the year ended December 31, 2011. See "*Europcar's Business—Our Strengths—Leading Market Position in Europe with Global Reach*".

Diversity of Europcar's Total Fleet Purchases in 2011



Source: Management Accounts

We believe that Europcar is one of the largest purchasers of vehicles in Europe and the largest in the European car rental industry. During the year ended December 31, 2011, Europcar operated an average rental fleet in Europe of approximately 190,000 leisure and utility vehicles, including vehicles sub-leased to Europcar's franchisees in the Corporate Countries, and took delivery of over 280,000 vehicles. For the year ended December 31, 2011, Europcar's approximate average holding period was 8 months. 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*" below).

Fleet management

Europcar's central fleet department, supported by the local fleet departments in each of the Corporate Countries, manages the overall fleet planning process. In addition to negotiating the

acquisition of fleet vehicles from manufacturers, the fleet department is involved in the process of organization and disposal of vehicles, vehicle in-fleeting and de-fleeting, auditing and the control of fleet utilization.

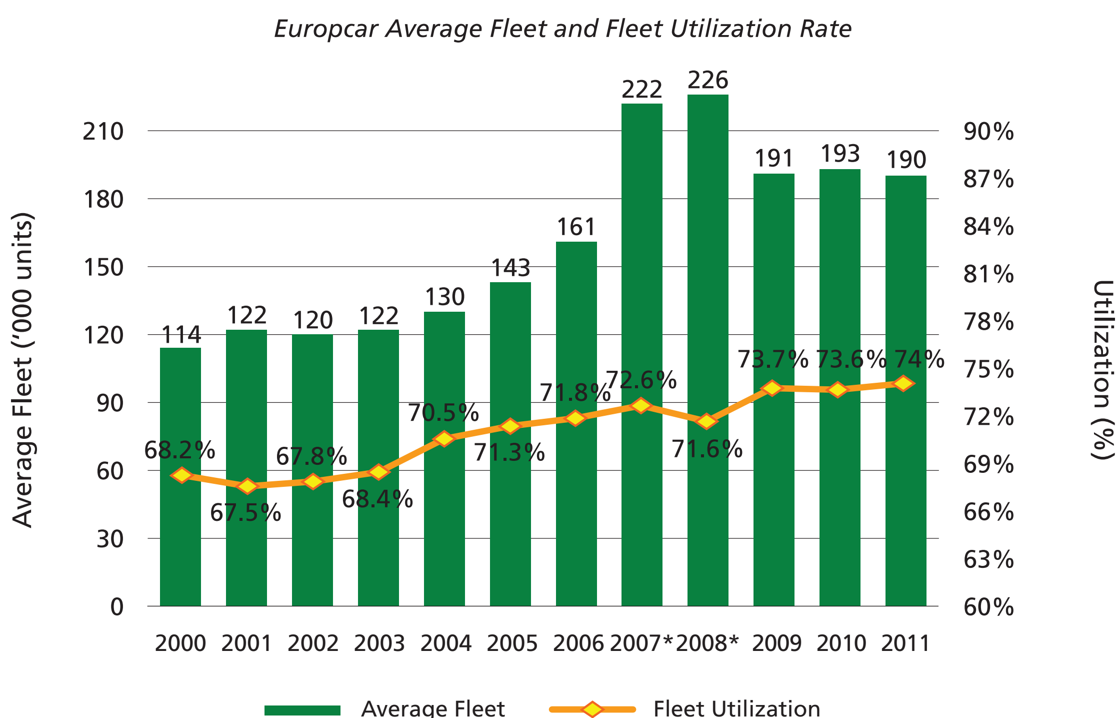
Europcar's fleet is managed to optimize costs, including economic depreciation, volume rebates, acquisition and disposal costs, taxes and financing costs, against a set of pre-defined needs and constraints, including marketing needs, maximum fleet movements (*i.e.*, the maximum quantity of vehicles that 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 "*Europcar's Business—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*". 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 generally 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 71.3% in 2005 to 74% for the year ended December 31, 2011. 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.

The chart below sets out our average fleet size and fleet utilization rate for the years indicated.

Europcar Average Fleet and Fleet Utilization Rate



Source: Management Accounts.

* *On a pro forma basis.*

We calculate our fleet utilization rate based on the number of actual rental days as a percentage of the theoretical total potential number of days of our fleet. For this purpose, the theoretical total potential number of days is calculated as the number of vehicles held over the period multiplied by the total number of days in the period. Another methodology used in the industry is based on the number of rental days per actual available days of fleet, which excludes the days when the fleet is held but not available for rental (vehicle preparation at fleet-in, maintenance periods, vehicle preparation at fleet-out). If we were to use this methodology, our fleet utilization rate in 2011, would have been higher. Through continuous optimization of the fleet management and flexible contracts with vehicle manufacturers, we have been able to react to peaks in demand at short notice and thus further optimize our fleet utilization rate.

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

Acquisition and resale of fleet

Fleet sourcing and overall fleet planning processes are overseen by Europcar's fleet department, which negotiates Europcar's international fleet purchase contracts. The agreements define the acquisition and disposal terms (buy-back, leasing, or "at risk") and the volumes of vehicles and model mix to be acquired over the contract period. The acquisition by Europcar of its fleet is financed in a number of ways, including by leasing arrangements, the New Senior Asset Revolving Facility, the Notes and other banking facilities. See "*Description of Certain Europcar Financing Arrangements*".

Buy-back vehicles

Europcar acquires, subject to availability, a majority of its vehicles pursuant to various fleet purchase programs established by the manufacturers. Under these contractual programs, Europcar purchases from the vehicle manufacturers or dealers and the vehicle manufacturers undertake, subject to certain terms and conditions, to grant Europcar the right to sell back to them those vehicles at a pre-determined price observing a specified time window (after which the repurchase transaction is automatically triggered if it has not already occurred). If the vehicle is bought from a vehicle dealer, the obligations of the vehicle dealer under the Buy-Back Commitment must be guaranteed by a vehicle manufacturer. Vehicles purchased by car rental companies under a Buy-Back Commitment 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 economic depreciation amount, in either case subject to adjustments depending upon the condition of the car, mileage and holding period requirements.

As of December 31, 2011, approximately 89% of Europcar's fleet in value was covered by repurchase programs with Buy-Back Commitments and during the year then ended approximately 95% of Europcar's fleet purchases in units were covered by such Buy-Back Commitments. The proportion of the total fleet covered by Buy-Back Commitments at any given time may be less than the proportion so covered by current purchases given that "at risk" vehicles have a significantly longer holding period. 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*" above. 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. These programs operate to the benefit of the car manufacturers as well, since the return

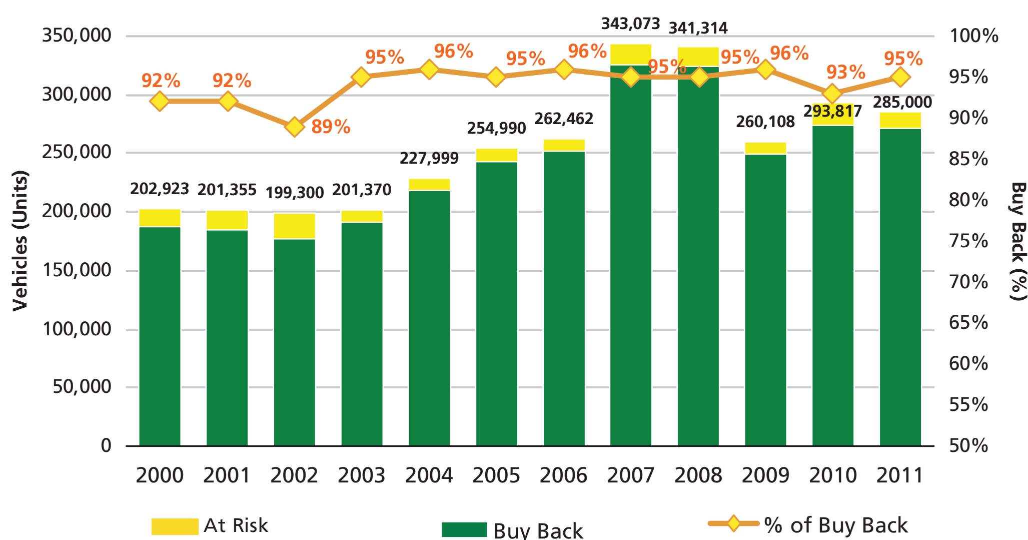
of the vehicles to them within a short time period enables them to resell the vehicles more quickly through their dealership networks as newer models.

"At risk" vehicles

A number of vehicles are acquired by Europcar from the vehicle manufacturers or the vehicle dealers without the benefit of any Buy-Back Commitment. These vehicles fall under the category of "at risk" vehicles. See "*Risk Factors—Risks Related to Our Business*".

Europcar disposes of "at 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, buy-back and lease, or "at risk" vehicles.



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, Europcar must follow the maintenance specifications of the respective manufacturers in order to maintain the warranty and repurchase covenant on the vehicle. Europcar operates vehicle maintenance centers at certain rental stations in the Corporate Countries, providing maintenance and light repair facilities for Europcar's rental fleet. Collision damage and major repairs are generally performed by independent contractors.

Europcar operates its own petrol facilities in the majority of its major airport stations in the Corporate Countries, 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.

The Securitifleet Companies

The Securitifleet Companies were set-up to purchase and own vehicles and to lease them to local Europcar operating companies ("**Operating Companies**"), including Europcar France S.A.S in

France (“**Europcar France**”), Europcar Italia S.p.A. in Italy (“**Europcar Italy**”), Europcar IB S.A. in Spain (“**Europcar Spain**”), and Europcar Autovermietung GmbH in Germany (“**Europcar Germany**”).

The financing of the Securitifleet Companies’ vehicle fleet is provided by drawings made by Securitifleet Holding under the New Senior Asset Revolving Facility, together with the proceeds of the EC Finance Notes onlent to Securitifleet Holdings. Securitifleet Holdings makes such funds available to the Securitifleet Companies through various on-loan agreements. The repayment of interest and principal on these drawings is made through the lease rent each Securitifleet Company receives from the Operating Companies under the various master operating lease agreements in each jurisdiction (the “**Master Operating Lease Agreements**”), and from the proceeds of the sale-back of its vehicles to the vehicle manufacturers or vehicle dealers (“**Vehicle Providers”)** in accordance with the terms of the agreement with such Vehicle Providers (the “**Vehicle Provider Agreements**”). See “*Europcar’s Fleet—Master Operating Lease Agreements*”.

Master Operating Lease Agreements

The Master Operating Lease Agreements are entered into between the Securitifleet Companies and the Operating Companies and take the form of “framework” agreements, containing the terms and conditions under which individual vehicle lease agreements are entered into. Securitifleet Companies lease to Operating Companies such vehicles purchased from time to time pursuant to specific agreements with car manufacturers under the Vehicle Provider Agreements. Operating Companies are committed to pay a lease rent by way of one lease per vehicle (“**Base Operating Leases**”).

Under the leasing process, an Operating Company requests the lease of a number of vehicles from its respective Securitifleet Company. Once the request is received and accepted, such Securitifleet Company orders such vehicles. Once such Securitifleet Company’s vehicle order becomes irrevocable, the Operating Company will be obliged to lease each relevant vehicle as soon as the Securitifleet Company takes delivery of it or, if earlier, the date on which the Securitifleet Company is required to pay for such vehicle.

The Operating Company will, in its ordinary course of business, sub-lease to its clients the vehicles so leased from the Securitifleet Company in accordance with its usual terms of business.

The Operating Company (as lessee) is responsible for paying rent, maintaining and repairing the vehicles, paying fees, penalties and traffic fines in respect of the vehicles, discharging any default payments payable by the Securitifleet Company under the Vehicle Provider Agreements incurred due to the Operating Company’s activity, such as excess mileage or vehicle damage payments, but also maintaining the agreed level and scope of insurances, covering itself and, in respect of third party liabilities and any other coverage required by law from the Securitifleet Company such as vehicle registration requirements and redelivery to the manufacturer or dealer.

The lease rent is “fixed” or “base” rent in an amount equal to the monthly depreciation and reconditioning costs of each vehicle it leases from the Securitifleet Company with any necessary adjustments and reconditioning costs. The Lease is also a “variable” rent in an amount corresponding to the Securitifleet Company’s funding costs under the New Senior Asset Revolving Facility and the Securitifleet Company’s transaction and other expenses, including the servicing fee and costs.

The lease rent is paid monthly in arrears, although the Operating Company may have the right to prepay any amount of rent to enable the Securitifleet Company to pay its various obligations under the transaction documents as and when they fall due. The Operating Companies are also entitled to extend to the Securitifleet Companies located in their jurisdiction subordinated advances in order to finance working capital needs of these Securitifleet Companies if required.

In addition, under the Master Operating Lease Agreements, each respective Operating Company, as lessee (and as third party holder and services provider under certain additional third party holder and services agreements) has agreed to provide various administrative and operational services to the corresponding Securitifleet Company in the relevant jurisdiction, including, among other things, payment, administration, operational and calculation services in connection with the respective Securitifleet Companies' activities.

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 Europcar's consolidated financial position, results of operations or cash flows.

We may also be subject to requirements related to the remediation of, or the liability for remediation of, substances that have been released into the environment at properties owned or operated by us or at properties to which we send substances for treatment or disposal. Such remediation requirements may be imposed without regard to fault, and liability for environmental remediation can be substantial. See "*Risk Factors—Changes of laws or regulations applicable to us could adversely affect our business or subject us to liability for fines or damages*".

Europcar has obtained ISO 14001 certification for its environmental management systems in Germany, France, United Kingdom, Italy, Spain, Portugal and Belgium as well as for ECI.

Additionally, each operating subsidiary in the Corporate Countries has established a compliance program for its tanks that is intended to insure 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, 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 customers, 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.

Loss damage waiver

A traditional revenue source for the vehicle rental industry has been the sale of loss damage waivers, by which rental companies agree to relieve a customer from financial responsibility arising from vehicle damage incurred during the rental period if there has been no breach of the rental agreement. Certain jurisdictions in which we operate have enacted legislation which requires disclosure to each customer at the time of rental that damage to the rented vehicle may be covered to some extent by the customer's personal automobile insurance and that loss damage waivers may not be necessary. In addition, legislation may be enacted which may cap the daily rate that can be charged for loss damage waivers.

Franchise regulation

The sale of franchises is regulated by various laws in the countries in which we operate. Certain laws require that franchisors make extensive disclosure to prospective franchisees, but does not require registration. Certain laws require registration or disclosure in connection with franchise offers and sales. In addition, several jurisdictions have enacted "franchise relationship laws" or "business opportunity laws" that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. Although our franchising operations have not been materially adversely affected by such existing regulations, we cannot predict the effect of any future franchising legislation or regulation. See "*Risk Factors—Our business relies on contractual relationships with certain key customers, partners, franchisees and agents*".

Management

Europcar Groupe S.A., was formed as a *société par actions simplifiée* 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 EGSA is managed by its Board of Directors (*Conseil d'administration*).

EGSA owns 100% of the share capital of ECI and the Ordinary Equity Investors own 100% of EGSA (other than certain single A class ordinary shares held by the members of the board of directors and the B class preferred shares held by certain members of Europcar management).

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 Chief Executive Officer (*Directeur général*).

The members of EGSA's Board of Directors and its Chief Executive Officer, their age, date of appointment and expiration of term consist of the following:

	Age	Position	Expiry of term
Roland Keppler	47	Chief Executive Officer of EGSA and Chief Executive Officer of Europcar Autovermietung GmbH	–
Jean-Charles Pauze	65	Member of the Board and Chairman of the Board of EGSA	2018
Patrick Sayer	54	Member of the Board of EGSA and Chief Executive Officer of Eurazeo	2018
Bruno Keller	56	Member of the Board of EGSA and Member of the Board and Chief Operating Officer of Eurazeo	2018
Philippe Audouin	54	Member of the Board of EGSA and Chief Financial Officer of Eurazeo	2018
Eurazeo represented by Fabrice de Gaudemar	37	Member of the Board of EGSA	2018

Additional directors and executive officers may be appointed from time to time. The address for each of the directors and executive officers of EGSA is 3 avenue du Centre 70280 Guyancourt, France.

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 and Fabrice de Gaudemar. 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.

On February 13, 2012, the Board of Directors announced the appointment of Jean Charles Pauze as a Member of the Board and President of the Board, as well as the appointment of Roland Keppler as Chief Executive Officer of EGSA. The appointment took effect on February 13, 2012.

Management

The Chief Executive Officer and the Executive Committee supervise the daily management of EGSA 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 EGSA's Senior Management and Executive Committee and its executive officers, their age and their management position within EGSA.

	Age	Position
Roland Keppler	47	Chief Executive Officer
Caroline Parot	40	Chief Financial Officer
Rafael Girona	49	Chief Operating Officer

The address for each of the members of EGSA's Senior Management, the Executive Committee and its executive officers is 3 avenue du Centre 78280 Guyancourt, France.

Roland Keppler

Educated as an engineer, Roland Keppler began his career in 1992 as controller at Preussag AG, before joining airline Hapag Lloyd in 2002, where he was appointed Finance Director of its low-cost branch, Hapag Lloyd Express and Chief Executive Officer in 2005. Following the merger of Hapag Lloyd and Hapag Lloyd Express to form TUIfly, and having developed the company's digital subsidiary (TUI Interactive) and organized the integration of TUIfly in Central Europe, Roland Keppler was named Chief Executive Officer of TUIfly in 2007. In 2009, he was appointed Chief Executive Officer of Europcar's German subsidiary, Europcar Autovermietung GmbH, which today represents approximately 30% of Europcar revenues and which became, under his leadership, the company's most profitable subsidiary. As of the date of this Offering Memorandum Roland Keppler remains Chief Executive Officer of Europcar Autovermietung GmbH.

Caroline Parot

Caroline Parot was previously in charge of Group Controlling for the Group. Prior to joining Europcar, Caroline Parot held senior finance positions within the Technicolor Group (formerly Thomson) as Group Controller and Technology Segment Chief Financial Officer. Caroline Parot started her career as Senior Manager of Audit at Ernst & Young. She holds a Master in Finance from ESCP Business School, and a post-graduate degree in Economics & Mathematics from Paris I Pantheon Sorbonne.

Rafael Girona

Rafael Girona has been Chief Operating Officer of Europcar Groupe S.A. since May 31, 2006, and Chief Operating Officer of ECI since 2001. He has also been Europcar Group's Chief Information Officer since 2005. His responsibilities include overseeing Europcar's operations, Information Technology, the international reservations and data center, procedures and global service quality. Since joining ECI in 1987, Mr. Girona has held various positions with Europcar in Spain and France, notably serving as Controller and Regional Director. He also served as Europcar France's Director of Operations from 1996 to 2001.

A Spanish national, Rafael Girona was born in 1962. He holds a degree in science and a certificate from INSEAD in financial control, management, quality, sales and managerial skills for international business.

Jean-Charles Pauze

Jean-Charles Pauze, who holds an engineering degree from IDN-EC in Lille and an MBA from INSEAD, began his career with Total in 1971 before joining Alfa Laval in France in 1974; he served as Chief Executive Officer of Alfa Laval Industrie from 1981 to 1984 and then Chief Executive Officer of Bran & Luebbe, a German subsidiary of Alfa Laval, before joining Strafor Facom in 1986 as Chairman and CEO of Clestra-Hausermann. In 1991 he was appointed Chairman and Chief Executive Officer of Steelcase Strafor. In 1998 he moved to PPR as Chairman of the Board of Guilbert, Europe's leader in office supplies and furniture. Appointed Chairman of Rexel in 2002, he returned the company to growth, making it the world leader in electrical distribution. In February 2007, he became Chairman of the Board of Rexel S.A. and managed its return to a publicly listed company as well as numerous acquisitions. Rudy Provoost succeeds him as Chairman of the Rexel Board.

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 S.A.S., a company created for that purpose and which holds 0.44% of the share capital of EGSA. In the summer of 2011, this program was terminated. With the exception of one, all of the managers and former managers of Europcar exited the program and most of the shares of Eureka Participation SAS are now owned by Eurazeo.

The 2006 program was replaced by another stock incentive program pursuant to which the management of Europcar invested directly in EGSA by acquiring preferred B class shares issued by EGSA.

Principal Shareholders

As a *société anonyme*, each of EGSA's directors must, in accordance with French law, hold at least one share in EGSA. Additionally, under applicable French law, as a *société anonyme*, EGSA must have at least seven shareholders. In addition to four of EGSA's directors, each of whom holds one ordinary A class share in EGSA, Eurazeo, ECIP Europcar SARL, and Eureka Participation S.A.S., hold the remaining 99.99% of EGSA's ordinary A class shares. In addition, Eurazeo and certain Europcar management hold preferred B class shares.

ECIP Europcar SARL is a special purpose vehicle incorporated under the laws of Luxembourg for the purpose of investing in EGSA. ECIP Europcar SARL 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.

With a diversified portfolio of approximately €4 billion in assets, significant investment capacity and a long-term investment strategy, Eurazeo is a leading European listed investment company.

Eurazeo is one of the leading listed investment companies in Europe, with close to €4 billion in diversified assets. It is present in almost all investment capital segments: mid and large-scale investments and small and medium-sized enterprises (SMEs) through Eurazeo PME, and high-growth companies through Eurazeo Croissance.

Eurazeo is either a majority or key shareholder of Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar, Foncia, Fonroche Energie, Moncler, Rexel, 3S Photonics, Leon de Bruxelles and Dessange International. With significant resources, a strong family and institutional based shareholder structure, an absence of debt and a flexible investment horizon, Euzazeo is able to support companies in which it invests throughout the lifetime of their projects. Eurazeo's purpose and "*raison d'être*" is to detect, accelerate and enhance the transformation potential of the companies in which it invests. Eurazeo takes a dynamic approach, based on a vision of the companies' futures which is shared with their management. Commitment, respect and pragmatism are its trademark and at the origin of its many successes.

Eurazeo's shares are listed on the Paris Euronext Eurolist.

Voting rights

The share capital of EGSA is divided into two classes of shares: (i) ordinary A class shares, and (ii) preferred B class shares. Each ordinary A class share confers the right to one vote at the shareholders' meetings. No voting rights are attached to the preferred B class shares.

Certain Relationships and Related Party Transactions

Shareholders agreement

As of the date of this Offering Memorandum, Eurazeo has entered into a shareholders' agreement with ECIP Europcar SARL (the "**ECIP Agreement**") and a management agreement with EGSA and certain management of EGSA (the "**Managers**") having invested in preferred B class shares issued by EGSA (the "**EGSA Management Agreement**").

The ECIP Agreement provides that investors in EGSA through the ECIP Europcar SARL 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 SARL. Eurazeo or ECIP Europcar SARL 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 SARL 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 SARL will be treated *pro rata* or *pari passu*, as appropriate, in any offering by selling shareholders.

EGSA Management Agreement

EGSA Management Agreement entered into on July 29, 2011 sets out certain provisions relating to prior approval of several decisions made by EGSA board of directors and other provisions relating to the transfer of shares held in EGSA. EGSA Management Agreement provides that the Managers shall not sell their shares in EGSA prior to the date on which Eurazeo's results for the fiscal year ending on December 31, 2015 are published, except if Eurazeo exercises its drag-along right, or the Managers exercise their tag-along right or change of control put option. In the event of an initial public offering of the shares of EGSA or ECI, Eurazeo and the Managers shall be treated *pari passu* in any offering by selling shareholders, and the Managers may convert (but shall not be obliged to do so) their preferred shares into new ordinary shares as at the time of the initial public offering. If EGSA sells any of its shares in ECI for cash, the Managers will be entitled to an amount proportional to their holding in EGSA. The preferred shares held by the Managers are convertible into a number of new ordinary shares of EGSA, depending on the level of performance reached by the Europcar Group (determined on the basis of the investment multiple of Eurazeo). In the absence of a conversion event (exit by Eurazeo or initial public offering) prior to the date on which Eurazeo's results for the fiscal year ending on December 31, 2015 are published, the preferred shares shall be automatically converted into ordinary shares. Following the expiration of the inalienability period mentioned above, the shares of the Managers shall be freely transferable subject to a pre-emption right granted to Eurazeo. Finally, EGSA Management Agreement contains a specific anti-dilution commitment granted to the Managers by Eurazeo in the event of any external growth transaction or financing of an internal operation requiring a supplemental investment in equity by Eurazeo.

General service agreements

Europcar and Eurazeo have entered into agreements for the provision of certain services. These services include financing and treasury functions, financial reporting, investor relations, budgeting and forecasting models, policy monitoring and enforcement, human resources and other services as mutually agreed. To the extent Eurazeo provides or procures the provision of the services, we pay an annual fee. As of December 31, 2011 there were no such fees accrued and outstanding.

Description of Certain Europcar Financing Arrangements

The Refinancing

Debt Refinancings

We have recently completed or are currently engaged in amending, extending and/or refinancing a number of our existing debt facilities, including:

- Our Outstanding Floating Rate Notes;
- Our Senior Revolving Credit Facility;
- Our Senior Asset Revolving Facility; and
- Our UK fleet financing facility.

On the Issue Date, Eurazeo will extend the Subordinated Shareholder Funding in the amount of €110 million.

Outstanding Floating Rate Notes

On or prior to the Completion Date, EGSA intends to publish, in accordance with the provisions of the Indenture governing our Senior Subordinated Secured Floating Rate Notes due 2013 (the "**Outstanding Floating Rate Notes**"), a conditional notice of Redemption. Such notice of redemption will provide for the redemption in full of the Outstanding Floating Rate Notes. The date of redemption will be 30 days after the giving of such notice of redemption, conditional upon the release of the proceeds of the Offering from escrow on the Completion Date.

The net proceeds from the issuance of the Notes, together with the €110 million in proceeds from the subordinated shareholder loan from Eurazeo to Europcar Group on the Issue Date for the Notes, together with cash on hand at Europcar, will be used (i) to redeem the remaining Outstanding Floating Rate Notes, and (ii) to pay the transaction fees and expenses in connection with the issuance of the Notes offered hereby.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility was amended and restated on April 19, 2012, with a group of new and existing lenders, principally to extend its maturity. The amended and restated agreement was signed subject to customary conditions precedent, including the refinancing of the Outstanding Floating Rate Notes and the UK fleet financing facilities. The Senior Revolving Credit Facility, as so amended and restated, consists of a senior secured revolving credit facility providing for loan advances denominated in euro, or such other currencies as may be agreed upon with the lenders, in a total aggregate principal amount already committed at the Issue Date of €300 million (which amount may be increased by up to an additional €50 million if additional commitments are obtained, subject to the Limitation on Indebtedness covenant of the Indenture) outstanding at any one time and available from time to time under certain conditions to EGSA and ECI and certain operating companies of the Group. The purpose of the facility is to provide funding mainly for working capital needs and general corporate purposes of the Group.

The Senior Revolving Credit Facility, when amended and restated in accordance with the commitments referred to above, will mature on April 19, 2015, subject to two one year extension options (which the lenders may individually accept or reject) and a final maturity date of April 19, 2017.

Senior Asset Revolving Facility

The Senior Asset Revolving Facility was initially entered into on July 30, 2010 and amended on August 26, 2010, November 4, 2010 and January 11, 2011. The Senior Asset Revolving Facility was further amended on April 5, 2012 in certain respects, principally to obtain an 'A' rating from Standard & Poor's with respect to Securitifleet Holdings, reduce the total amount of the facility commitment from €1.3 billion to €1.1 billion, provide for increased flexibility on vehicle concentration and eligibility criteria, and to reduce the margin payable on the FCT Senior Notes (referred to below) issuable under the facility (from 3.0% to 2.7%). The Senior Asset Revolving

Facility provides a committed facility to Securitifleet Holding, as borrower. Drawings are made available to Securitifleet Holding for the sole purpose of financing fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet Companies only. The Senior Asset Revolving Facility terminates on the date that is the earlier of (i) the date that is four years after the Closing Date; (ii) upon an event of default being declared; (iii) the date on which the Senior Revolving Credit Facility is repaid (unless refinanced); and (iv) on or prior to the date on which the Outstanding Fixed Rate Notes are fully paid.

On April 12, 2012, in light of the amendments made to the Senior Asset Revolving Facility, Standard & Poor's granted an 'A' rating to the senior notes issuable by Securitifleet Holdings.

Europcar UK Group Fleet Financing

As our current long-term UK fleet financing facilities mature at the end of 2012, we have been in negotiations with Lloyds TSB Bank plc ("**Lloyds**") and Lombard North Central plc, a unit of The Royal Bank of Scotland ("**Lombard**") for their renewal. As of April 24, 2012, we have received commitments, subject to certain customary conditions precedent, from Lloyds and Lombard relating to new vehicle financing facilities to be provided by them to ECGUK in the amount of £200 million and £175 million, respectively. Pursuant to these facilities, vehicles will be acquired from the manufacturers, then sold to lessors and operated through lease-back agreements.

Our current facilities include two working capital facilities and two leasing facilities, one with Lloyds for £250 million and the other with Lombard for £295 million. These two facilities, with a total committed amount of £545 million, mature on December 31, 2012. The amount outstanding under these facilities as at December 31, 2011 was £261 million (2010: £337.3 million).

The Group believes that the refinanced facilities amounting to £375 million will provide sufficient funding for its ongoing operations . Nevertheless, the Group will continue to pursue opportunities to refinance or add other facilities where possible.

Amended Swap Agreements

In December 2010, the Group entered into an interest rate swap agreement with a starting date of December 18, 2011 and maturity date of January 17, 2015 (the "2011 Swap Agreement"). According to this agreement, the Group has agreed to pay a fixed interest expense ranging from 2.42% to 2.45% on the outstanding notional amount of €1.3 billion and received interest income calculated at a rate equal to one-month EURIBOR. On April 18, 2012, Europcar entered into certain amendments to this agreement (the "2012 Swap Amendments"), pursuant to which the notional principal amount subject to this agreement was reduced to €900 million and the fixed interest expense that the Group would be required to pay was reduced from 2.42% to 0.66%.

In July 2011, the Group entered into an additional new interest rate swap agreement (the "Additional 2011 Swap Agreement") with a starting date of December 19, 2011 and a maturity date of December 19, 2014. According to this agreement, the Group pays a fixed interest expense ranging from 2.985% on the outstanding notional amount of €0.3 billion and receives interest income calculated at a rate equal to six-month EURIBOR.

The Group continues to actively manage its hedging structures and available swap agreements.

Senior credit facilities

Crédit Agricole Corporate and Investment Bank (then known as CALYON), Deutsche Bank AG, London Branch, Goldman Sachs International Bank, J.P. Morgan Europe Limited and Société Générale, among other lenders (the "**Lenders**" or the "**Senior Asset Lenders**" as the case may be) and certain of their affiliates have provided Senior Credit Facilities, including the Senior Revolving Credit Facility as well as the Prior Senior Asset Financing Loan, which was redeemed in full on August 27, 2010.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility was amended and restated on April 19, 2012 with a group of new and existing lenders, principally to extend its maturity which had been scheduled for May of 2013. The amended and restated agreement was signed subject to customary conditions precedent, including the refinancing of the Outstanding Floating Rate Notes and the UK fleet financing facilities. As so amended and restated, 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 €300 million (which amount may be increased by up to an additional €50 million if additional commitments are obtained, subject to the Limitation on Indebtedness covenant of the Indenture) outstanding at any one time. The purpose of the facility is to provide funding for (i) working capital and general corporate purposes of the Group, (ii) interest payments due by EGSA or any other obligor pursuant to the Senior Revolving Credit Facility and certain other outstanding indebtedness of EGSA, (iii) repayment of inter-company loans, provided that the Senior Revolving Credit Facility may not be used to finance payments of principal related to the Fixed Rate Notes or the Floating Rate Notes or any refinancing thereof

Advances

Advances under the Senior Revolving Credit Facility are available to EGSA, ECI, Europcar Holding S.A.S., Europcar Autovermietung GmbH, Europcar International S.A. und Co. OHG, Europcar France S.A.S., Europcar S.A. and Europcar IB as original borrowers (each a "**Borrower**"); *provided, however*, that borrowings by EGSA under the facility are limited to €30 million. In addition, other subsidiaries may accede to the facility in the future. Advances may be made in euro, UK pounds sterling in the limit of an amount corresponding to €20 million 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 made available by the Lenders to the Borrowers from time to time continuing to a date that is one month prior to Maturity (as defined below), 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 3.75% with respect to an Advance to any Borrower subject to a margin ratchet.

Maturity; repayments

The Senior Revolving Credit Facility, when amended and restated in accordance with the terms of the lenders commitments, will mature in April, 2015 subject to two one year extension options, which the lenders may individually accept or reject, and a final maturity date of April 19, 2017 (as applicable, 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, when amended and restated in accordance with the terms of the lenders commitments, will 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) Eurazeo and/or its affiliates when taken together, cease to be, directly or indirectly, the largest single shareholder of EGSA, or if (ii) Eurazeo and/or its affiliates cease to control more than 33⅓% of the ordinary issued share capital or voting rights of EGSA; or
- on a disposal of all or substantially all of the assets or business of Europcar taken as a whole.

Cleandown

EGSA is required to insure that (i) the aggregate amounts of all Advances (excluding documentary credits issued under the Senior Revolving Credit Facility) and all advances under Ancillary Facilities (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 €120 million for a period of five successive days at least once in each 12 month period thereafter, and (ii) all Advances to ECGA, together with all advances made to EGSA under all ancillary facilities, do not exceed €0 for a period of ten consecutive Business Days at least once in each 12-month period. 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 have guaranteed the outstanding amounts due under the Senior Revolving Credit Facility from time to time. Guarantees have been granted by EGSA, ECI, Europcar Holding S.A.S., Europcar Autovermietung GmbH, Europcar France S.A.S., Europcar International S.A. und Co OHG, Europcar S.A., Europcar IB S.A., Europcar Italia SpA, Europcar UK Limited and Europcar International Aluguer de Automovers S.A. and may be granted by others.

Termination

Undrawn amounts under the Senior Revolving Credit Facility may be canceled by the Borrowers at any time in whole or in part on five business day prior 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 pledge over certain assets of Europcar including, in particular, trademarks, subsidiaries' shares and bank accounts.

The Senior Revolving Credit Facility is secured on an effective first ranking basis by the shares of ECI.

Fees

The Borrower pays (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 ranks senior to the Outstanding Notes and any other subordinated indebtedness of each Borrower.

The Senior Revolving Credit Facility ranks *pari passu* with the hedging transactions in right of payment.

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.

Senior Asset Revolving Facility

The Senior Asset Revolving Facility was entered into on July 30, 2010 (the "**Closing Date**") and amended on August 26, 2010, November 4, 2010, January 11, 2011 and April 5, 2012 (the "**Latest Restructuring Completion Date**") between Crédit Agricole Corporate and Investment Bank acting as Senior Facility Fronting Bank and as lender and Securitifleet Holding as borrower. The most recent amendments were made principally to obtain an 'A' rating from Standard & Poor's with respect to Securitifleet Holding, reduce the total amount of the facility commitment from €1.3 billion to €1.18 billion (to be further reduced to €1.1 billion upon completion of the refinancing of the Revolving Credit Facility), provide for increased flexibility in vehicle concentration and eligibility criteria, and to reduce the margin payable on the FCT Senior Notes (referred to below) from 3.0% to 2.7%.

The Senior Facility Fronting Bank assigned its claims arising under the Senior Asset Revolving Facility Agreement, together with all security and ancillary rights related thereto, to an FCT EGSA in accordance with an FCT Purchase Agreement. With respect to such claims, the FCT EGSA issues (i) FCT Senior Notes to be subscribed for from time to time by Crédit Agricole Corporate and Investment Bank (or, as the case may be, LMA, its sponsored, multi-seller asset-backed commercial paper conduit), Thames Asset Global Securitisation No. 1. Inc. (or, as the case may be, The Royal Bank of Scotland plc), Société Générale, Deutsche Bank AG, London Branch, Natixis, BNP Paribas and any other entity which may subscribe for or acquire the FCT Senior Notes as senior subscriber(s), in an aggregate amount of €1.18 billion, and (ii) FCT Junior Notes to be subscribed from time to time by ECI.

The amount of the draw down under the Senior Asset Revolving Facility is determined by reference to a base rate plus a margin (currently 2.7%). The Senior Asset Revolving Facility will

terminate on the date that is the earlier of: (i) the date that is four years from the Closing Date; (ii) the date on which an event of default under the Senior Asset Revolving Facility is declared (subject to certain cure periods); (iii) the date on which the Senior Revolving Credit Facility is repaid (unless such facility is partly or fully refinanced for amounts equal to or greater than the existing amount of such facility); and (iv) on or prior to such date on which the Outstanding Fixed Rate Notes are fully repaid (unless such notes are refinanced for amounts equal to or greater than the existing amounts of such notes) (the earliest of such dates, the "**Senior Asset Revolving Facility Termination Date**"). The scheduled amortization commencement date is July 30, 2014. The final maturity date is the later of the date falling on the fourth anniversary of the amortization commencement date and August 1, 2017.

The Permitted Take-Out Securitization Program and Related Restructurings

After the Completion Date, the Senior Asset Revolving Facility was funded by new senior notes issued by the FCT EGSA to replace senior notes it issued on the Completion Date.

As from January 11, 2011, KPMG Corporate Finance S.A.S. was appointed as vehicles disposition agent (the "**Disposition Services Provider**") pursuant to the terms of a vehicle fleet disposal services agreement (the "**Vehicle Fleet Disposal Services Agreement**").

On or about the Latest Restructuring Completion Date, the senior notes have been assigned an 'A' rating by Standard & Poor's following the implementation of certain changes to the Securitisation Program agreed with Standard & Poor's. In particular, the parties have agreed to re-determine the credit enhancement mechanism of the Securitisation Program, to modify certain concentration limits in respect of car manufacturers and change the static Advance Rate under the Senior Asset Revolving Facility into a dynamic one.

In addition, as from the Latest Restructuring Completion Date, Crédit Agricole Corporate and Investment Bank in its capacity as Senior Subscriber may elect, under certain conditions, to transfer its commitment to subscribe for FCT Senior Notes to LMA, its sponsored multi-seller asset-backed commercial paper conduit.

The consummation of the above-mentioned permitted take-out securitization program and its related restructurings (the "**Permitted Take-Out Securitization Program**") is subject to the satisfaction of certain conditions, including, among others, confirmation by the ratings agencies of the bankruptcy remoteness of the Securitifleet Companies. Finally, subject to market condition and the satisfaction of certain conditions, we anticipate that the FCT EGSA may issue asset backed security term notes as part of this permitted take-out securitization program.

Advances, Revolving Period and the Amortization Period

During the period beginning on August 27, 2010 (the "**Funding Date**") and ending on the Senior Asset Revolving Facility Termination Date (the "**Revolving Period**"), advances (the "**Advances**") are made, subject to certain terms and conditions of the Senior Asset Revolving Facility, to Securitifleet Holding. Following the occurrence of the Senior Asset Revolving Facility Termination Date and until the Final Maturity Date (as defined below) (the "**Amortization Period**"), Securitifleet Holding is required to apply all available amounts towards the amortization of the outstanding Advances in accordance with the priority of payments set out in the SF Intercreditor Agreement, as defined below. All Advances will be fully due and payable on the Final Maturity Date.

Advance Rate

As from the Latest Restructuring Completion Date, the advance rate under the Senior Asset Revolving Facility (the "**Advance Rate**") is determined on a dynamic basis in light of the aggregate "*Borrower Asset Value*" of all Securitifleet Companies, the revised credit enhancement

mechanics confirmed with Standard & Poor's and the revised concentration limits applicable to car manufacturers and vehicles as defined in the Senior Asset Revolving Facility, the Master Framework Agreement and the FCT Junior Notes Terms and Conditions.

In particular, the Advance Rate is now calculated by reference to the "*Senior Asset Funding Limit*" which is sized principally on the basis of (A) the aggregate Borrower Asset Value of all Securitifleet Companies as the same is reduced by (B) the applicable "*Credit Enhancement Amount*".

The Borrower Asset Value of the Securitifleet Companies is calculated principally on the basis of: (i) the residual value of vehicles and the value of the newly delivered vehicles, (ii) buy-back receivables against eligible car manufacturers and dealers and (iii) VAT funding receivables. From this calculation are excluded: (a) ineligible vehicles, (b) ineligible buy-back receivables and (c) eligible vehicles and buy-back receivables that are in excess of the revised concentration limits.

The Credit Enhancement Amount is principally determined by aggregating: (i) the "*Asset Enhancement Amount*" that can vary depending on the category of the assets and the jurisdiction involved from 2.58% to 100% and (ii) the "*General Enhancement Amount*" that covers financing and servicing expenses of the securitisation structure.

Borrowing Base

Drawing under the Senior Asset Revolving Facility by Securitifleet Holding depends on the aggregate of all Borrower Asset Values ("**Borrowing Bases**") of the Securitifleet Companies.

In relation to any Securitifleet Company acting as borrower under the Securitifleet On-Loan Agreements (as hereinafter defined), the Borrowing Base is calculated monthly as the aggregate of the main following items:

- the vehicle fleet residual value—which is comprised of aggregate residual value of the vehicle fleet plus capitalized costs for any purchased vehicles for which registration is pending, less any aggregate provisions for badly damaged, stolen or converted vehicles—of the vehicle fleet owned by the relevant Securitifleet Company;
- the amount of the vehicle provider receivables—which are comprised of the receivables owed to such Securitifleet Company by any car dealer or manufacturer pursuant to the relevant Securitifleet Company's disposal of any vehicle under any buy-back agreement—payable to the relevant Securitifleet Company;
- the amount of VAT Receivables, which are comprised of any VAT repayment receivables owed or to be owed to the relevant Securitifleet Company that are payable to such Securitifleet Company;

minus

- the aggregate amount of any debt outstanding and due by the relevant Securitifleet Company to vehicle providers and (excluding any amount in respect of VAT related thereto);
- the amount of the all capitalized costs related to the vehicle fleet accounted for by the relevant Securitifleet Company but for which the corresponding invoice has not yet been received or booked and
- the aggregate amount of all VAT payments owed by the relevant Securitifleet Company.

Fleet Servicing

Each Europcar operating company in France, Germany, Spain and Italy (each an "**Operating Company**"), pursuant to the terms of a servicing agreement (each, a "**Servicing Agreement**"), acts as the servicer (each, in such capacity, a "**Servicer**") in respect of the vehicle fleet (and other assets) owned by the related Securitifleet Company.

Upon its activation pursuant to the terms of the Vehicle Fleet Disposal Services Agreement, the Disposition Services Provider shall provide certain disposition services in relation to the recovery of the fleet under certain conditions.

ECI Performance Guarantee

ECI has granted in favor of each Securitifleet Company certain performance guarantees (together, the "**ECI Performance Guarantee**") pursuant to which it guarantees as *caution solidaire* the payment when due of all amounts (including without limitation rental payments under the Master Operating Leases, expenses, fees, costs, indemnity and other amounts due as a result of the non-performance or incomplete performance by the relevant Operating Company of any of its obligations) due to each Securitifleet Company by the relevant Operating Company with respect to certain of their respective payment obligations under in particular the Master Operating Lease Agreements and the management services agreements, up to an amount equal to the available cash. The benefit of the ECI Performance Guarantee was assigned in favor of the Senior Facility Fronting Bank.

Final Maturity Date

The date that is six months after the Senior Asset Revolving Facility Termination Date.

Fees

The Borrower pays fees on the unused underwriting commitments of the Senior Subscribers, documentary credit fees, and other customary fees in respect of the Senior Asset Revolving Facility (including arrangement fees, ticking fees and agency fees).

Ranking

The Senior Asset Revolving Facility ranks senior to the Securitifleet Proceeds Loan both in interest and principal and any other subordinated indebtedness of each Borrower. See *"—SF Intercreditor Agreement"*.

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 Securitifleet Holding, (ii) restrictions on the granting of loans by Securitifleet Holding, (iii) a limitation on financial indebtedness of Securitifleet Holding, (iv) a limitation on the granting of guarantees by Securitifleet Holding, (v) maintenance of bankruptcy remoteness criteria which should, among other things, restrictions on disposals of assets, (vi) restrictions on mergers and joint ventures, and (viii) limitations on permitted acquisitions and investments.

The Securitifleet Collateral

The obligations of Securitifleet Holding under the Senior Asset Revolving Facility together with its obligations to repay the proceeds of the EC Finance Notes to the issuer thereof under a proceeds loan agreement (the "**Securitifleet Proceeds Loan**") are secured directly or indirectly by:

- a first priority share pledge over the shares of Securitifleet Holding held by ECI;
- a first priority security over all shares of the Securitifleet Companies;
- first priority security over receivables and/or bonds by Securitifleet Holding for the receivables it owns in respect of each of the Securitifleet Companies under the Securitifleet Advances (other than in respect of Securitifleet Italy for the secured party under the Securitifleet Proceeds Loan only);

- a first priority pledge over Securitifleet Holding's bank accounts;
- first priority security over certain receivables (including under buy-back agreements from vehicle manufacturers) of each of the Securitifleet Companies (other than Securitifleet Italy for the secured party under the Securitifleet Proceeds Loan only), subject to certain exceptions in Spain for the secured party under the Securitifleet Proceeds Loan only; and
- first priority security over certain assets (including bank accounts and the vehicle fleet) of each Securitifleet Company (other than Securitifleet Italy for the secured party under the Securitifleet Proceeds Loan only), subject to certain exceptions in Spain, *provided* that if not granted directly to EC Finance plc ("**ECF**"), the benefit of which will be transferred to ECF, and finally the Notes Security Agent, the Trustee and the holders of the Notes, in connection with the security granted in respect of the Securitifleet Advances or the Securitifleet Proceeds Loan, as applicable (except with respect to Italy).

All assets subject to the liens in the foregoing paragraph are collectively referred to herein as the "**Securitifleet Collateral**". The Securitifleet Collateral secures the Senior Asset Revolving Facility and the Securitifleet Proceeds Loan on a shared *pari passu* basis and enforcement proceeds from such collateral will be paid first to the senior lenders under the Senior Asset Revolving Facility pursuant to the amortization priority of payments in the SF Intercreditor Agreement. Such lenders, in addition, benefit from direct security over the assets of Securitifleet Italy. The holders of the EC Finance Notes indirectly benefit only from a negative pledge in respect of the assets of Securitifleet Italy.

The Notes Security Agent acts as agent for the Trustee for the EC Finance Notes and the holders of such EC Finance Notes in respect of the EC Finance Notes Collateral. The Common Security Agent acts as the agent for the creditors under the Senior Asset Revolving Facility and the EC Finance Notes Trustee, the EC Finance Notes Security Agent and the holders of EC Finance Notes in respect of the shared Securitifleet Collateral in accordance with, and subject to the provisions of, the SF Intercreditor Agreement.

Events of Default

"**Level 1 Events of Default**" consist of the events of default set out under the Senior Asset Revolving Facility, the Master Operating Lease Agreements, the priority agreements of the Securitifleet Companies and the terms and conditions of the FCT EGSA which are not material but which are deemed sufficient to trigger the consequences set out below.

The occurrence of a Level 1 Event of Default will commence a "**Non-Enforcement Amortization Period**" during which, in particular:

(i) any outstanding advance will become a term advance repayable on a monthly basis during the amortization period via all cash collections received;

(ii) each Securitifleet Company will be prohibited from:

(1) drawing—down new advances under the New Senior Asset Revolving Facility,

(2) ordering new vehicles from vehicle providers; and

(iii) each Operating Company, as lessee under the relevant Master Operating Lease Agreement, will be prohibited from:

(1) extending the duration of any base operating lease in force on the amortization commencement date;

(2) entering into any new base operating lease with the relevant Securitifleet Company.

"**Level 2 Events of Default**" consist of events of default which substantially and adversely affect any of the Securitifleet Companies, Securitifleet Holding, ECI and the Operating Companies and are deemed sufficient to trigger the consequences set out below.

The occurrence of a Level 2 Event of Default will commence an "**Enforcement Amortization Period**" during which, in particular: (i) the relevant instructing party is entitled to accelerate all advances granted to Securitifleet Holding in accordance with the provisions of the SF Intercreditor Agreement; and (ii) the security package granted to the FCT EGSA may be enforced in accordance with the provisions of the SF Intercreditor Agreement.

The Securitifleet On-Loan Agreements

Securitifleet Holding acts as the financing entity for the fleet purchasing and leasing activities of the Securitifleet Companies. Starting on the Completion Date and from time to time thereafter, Securitifleet Holding has used the proceeds from (i) funding under the Securitifleet Proceeds Loan; (ii) drawings under the Senior Asset Revolving Facility to on-lend, directly or indirectly, as required by certain jurisdictional limitations, such amounts to the Securitifleet Companies (each such transaction a "**Securitifleet Advance**") pursuant to the Securitifleet On-Loan Agreements as set out below:

- Securitifleet Holding entered into revolving facilities with Securitifleet Spain, Securitifleet Italy, Securitifleet Germany and Securitifleet France on the Completion Date pursuant to which Securitifleet Holding will advance funds to Securitifleet Spain, Securitifleet Italy, Securitifleet Germany and Securitifleet France from time to time.

Except as otherwise required by law, all payments under the Securitifleet Advances will be made without deductions or withholding for, or on account of, any applicable tax. In the event that any Securitifleet Company is required to make any such deduction or withholding, it shall gross-up each payment to Securitifleet Holding to ensure that Securitifleet Holding receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

Each Securitifleet On-Loan Agreement provides that the Securitifleet Companies will make all payments pursuant thereto on a timely basis in order to insure that Securitifleet Holding can satisfy its payment obligations under the Senior Asset Revolving Facility and the Securitifleet Proceeds Loan, taking into account administrative and timing concerns and limitations, including under the SF Intercreditor Agreement. As the SF Intercreditor Agreement only permits payments to be made on a settlement date falling on the 17th of each month, semi-annual interest payments on the EC Finance Notes will be funded by Securitifleet Holding to ECF on the settlement date preceding the relevant semi-annual interest payment date on the EC Finance Notes (which will be on the first of the following month). ECF has been permitted to invest such funds in highly-rated liquid securities held in an account pledged for the benefit of the EC Finance Noteholders. Any surplus funds in such account following an EC Finance Notes interest payment date may be remitted to Securitifleet Holdings for investment in the Securitifleet Companies.

Each Securitifleet Company has been created with a limited corporate purpose and is required by the terms of the Securitifleet On-Loan Agreements to which it is a party, to use the proceeds of the relevant Securitifleet Advances made available under its Securitifleet On-Loan Agreement to acquire and lease vehicles to the Europcar operating company in its jurisdiction.

FCT Junior Notes

The subscription proceeds of the FCT Junior Notes subscribed by ECI have provided the overall credit enhancement and, as applicable, a liquidity requirement, which is an amount determined by application of a fixed percentage of the vehicle fleet residual value (which is comprised of

aggregate residual value of a given Securitifleet Company's vehicle fleet plus capitalized costs for any purchased vehicles for which registration is pending, less any aggregate provisions for badly damaged, stolen or converted vehicles), the amount of the securitization financing (as defined below) at the level of the FCT EGSA, on a cross—collateralized basis among all the Securitifleet Companies (including any residual risk, such as interest rate risk). The amount and rate of the credit enhancement and liquidity required amount is calculated monthly (the amount being however adjusted on the date on which each advance is made under the Senior Asset Revolving Facility) and is applied towards the determination of the amount of the FCT Junior Notes to be issued in connection with each advance drawdown from time to time under the Senior Asset Revolving Facility on the basis of the advance rate as specified below and the liquidity required amount.

EC Finance Notes

On July 2, 2010, ECF issued €250,000,000 9¾% Senior Secured Notes due 2017 (the "**EC Finance Notes**"). On May 31, 2011 ECF issued an additional €100,000,000 of EC Finance Notes.

The EC Finance Notes were issued pursuant to an indenture, dated as of July 2, 2010 (the "**EC Finance Notes Indenture**") among ECF as issuer, The Bank of New York Mellon as trustee, transfer and principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as registrar and as Luxembourg paying and transfer agent. The ECF Notes Indenture was supplemented by a First Supplemental Indenture, dated as of August 27, 2010 pursuant to which ECI guaranteed the EC Finance Notes. The EC Finance Notes are obligations of ECF, and are guaranteed by ECI on a senior unsecured basis.

Deustche Bank AG, London branch, acting as a lender under the Securitifleet Proceeds Loan and further transferring its rights and obligations to ECF, entered into the Securitifleet Proceeds Loan Agreement with Securitifleet Holding pursuant to which funding was made available to Securitifleet Holding in an amount equal to the aggregate principal amount of the EC Finance Notes. Securitifleet Holding entered into the Securitifleet On-Loan Agreements with the Securitifleet Companies in order to make Securitifleet Advances to such Securitifleet Companies. ECF and ECI entered into a subordinated funding agreement (the "**ECI Subordinated Loan**") pursuant to which ECI has the option to extend to ECF amounts sufficient to enable ECF to satisfy its payment obligations under the EC Finance Notes that are not funded through payments on the Securitifleet Proceeds Loan.

Guarantee of the EC Finance Notes

Capitalized terms in this section "—*Guarantee of the EC Finance Notes*" have the meaning ascribed to them in the EC Finance Notes Indenture unless otherwise indicated.

The EC Finance Notes are the obligations of ECF and are guaranteed on a senior unsecured basis by ECI (the "**ECI Guarantee**"). The ECI Guarantee is a general senior obligation of ECI, which ranks equally in right of payment with all existing and future indebtedness of ECI that is not subordinated in right of payment to the ECI Guarantee, including the Senior Revolving Credit Facility indebtedness and, in the event of an enforcement of the ECI Guarantee, the *caution solidaire* provided by ECI to each Securitifleet Company and Securitifleet Holding to guarantee payments due to Securitifleet Holding or a Securitifleet Company by a Europcar Opco (the "**Performance Guarantee**"). Such ECI Notes Guarantee ranks senior in right of payment to all existing and future Indebtedness of ECI that is subordinated or otherwise junior in right of payment to the ECI Guarantee.

The ECI Guarantee is effectively subordinated to any existing and future Indebtedness and other liabilities of ECI that is secured by property and assets of ECI and its subsidiaries, to the extent of the value of the property and assets securing such Indebtedness and other liabilities, including

Indebtedness under the Senior Revolving Credit Facility and certain Fleet Financings. In the event of a bankruptcy or insolvency, ECI's secured lenders have a prior secured claim to any collateral of ECI securing the debt owed to them.

The obligations of ECF under the Indenture and the EC Finance Notes are secured by (1) a charge and assignment of the English bank accounts of ECF and ECF's rights under the ECI Subordinated Loan and (2) an assignment of ECF's rights under the Securitifleet Proceeds Loan (the assets that will be subject to such security together, the "**EC Finance Notes Collateral**"). The EC Finance Notes also indirectly benefit from Liens on the Securitifleet Collateral.

The obligations of Securitifleet Holding under the Securitifleet Proceeds Loan are secured directly or indirectly by the Securitifleet Collateral. See "*—Senior Asset Revolving Facility—The Securitifleet Collateral*":

Ranking of the EC Finance Notes

The EC Finance Notes:

- are general senior obligations of ECF;
- are guaranteed on a senior unsecured basis by ECI;
- rank equally in right of payment with all existing and future Indebtedness of ECF that is not subordinated in right of payment to the EC Finance Notes; and
- rank senior in right of payment to all existing and future Indebtedness of ECF that is subordinated or otherwise junior in right of payment to the EC Finance Notes.

EC Finance Notes Collateral

The EC Finance Notes benefit directly from the following security interests granted to the Notes Security Agent on behalf of the EC Finance Notes Trustee and the holders of the EC Finance Notes in the following rights, property and assets:

- the English bank accounts of ECF and ECF's rights under the ECI Subordinated Loan; and
- ECI's rights under the Securitifleet Proceeds Loan.

As lender under the Securitifleet Proceeds Loan, ECF (and indirectly the EC Finance Noteholders) also benefits, indirectly, from the Securitifleet Collateral. See "*—Senior Asset Revolving Facility—The Securitifleet Collateral*".

Optional Redemption

Except for redemption for tax reasons, the EC Finance Notes are not redeemable before August 1, 2014. Thereafter, ECF or ECI may redeem all or, from time to time, a part of the EC Finance 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 EC Finance Notes' 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 August 1 of the years set out below:

Year	Notes
2014	104.875%
2015	102.438%
2016 and thereafter	100.00%

At any time prior to August 1, 2014, the EC Finance Notes may also be redeemed or purchased (by ECF or any other Person) in whole or, from time to time, in part, at ECF's or ECI'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 EC Finance Notes' 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 ECF Notes' 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 August 1, 2013, ECF or ECI may, at their option, use the Net Cash Proceeds of one or more Equity Offerings to redeem up to 35% of the principal amount of the EC Finance Notes issued under the Global EC Finance Notes Indenture at a redemption price of 109.750% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption (subject to the right of the EC Finance Notes' 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 EC Finance Notes originally issued under the Global EC Finance Notes Indenture (excluding EC Finance Notes held by ECF, ECI and their respective Affiliates) remains outstanding immediately after any such redemption; and

(2) ECI makes such redemption not more than 90 days after the consummation of any such Equity Offering.

Any optional redemption made under this section shall be irrevocable.

Change of Control

Upon the occurrence of certain change of control events, each holder of the EC Finance Notes may require ECF or ECI to repurchase all or a portion of its EC Finance Notes at a purchase price equal to 101% of the principal amount of the EC Finance Notes, plus accrued interest to, but not including, the date of purchase.

If ECI sells assets under certain circumstances, ECI is required to make an offer to purchase the EC Finance Notes at 100% of the principal amount of the EC Finance Notes, plus accrued interest to, but not including, the date of purchase, with the excess proceeds from the sale of the assets.

In addition, in the event that ECI becomes obligated to pay additional amounts (as defined in the EC Finance Notes Indenture) to EC Finance Notes' holders as a result of changes affecting withholding taxes applicable to payments on the EC Finance Notes, ECI may redeem the EC Finance Notes in whole but not in part at any time at 100% of the principal amount of the EC Finance Notes plus accrued interest to the redemption date.

Covenants

The EC Finance Notes Indenture contains covenants that, among other things, limit the ability of ECF, ECI, Securitifleet Holding, Securitifleet Companies and the ability of their Restricted Subsidiaries to:

- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain liens;
- sell assets;
- in the case of our restricted subsidiaries, enter into arrangements that restrict dividends or other payments to us;
- in the case of our restricted subsidiaries, guarantee or secure debt;

- engage in transactions with affiliates;
- create unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- take any action that would materially impair the security interest.

These covenants are subject to important exceptions and qualifications. Currently, all of the subsidiaries of ECF, ECI, Securitifleet Holding and Securitifleet Companies are Restricted Subsidiaries (as defined in the EC Finance Notes Indenture).

Events of Default

The EC Finance Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the EC Finance Notes, certain failures to perform or observe any other obligation under the EC Finance Notes Indentures or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of ECF and ECI. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Global EC Finance Notes.

SF Intercreditor Agreement

Overview

In connection with entering into the Senior Asset Revolving Facility, an intercreditor agreement was entered into with, *inter alios*, the Senior Facility Fronting Bank on July 30, 2010 (the "**SF Intercreditor Agreement**").

The SF Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debts of Securitifleet Holding;
- when payments can be made in respect of debts of Securitifleet Holding;
- when and by whom enforcement action can be taken in respect of these debts;
- the terms pursuant to which any part of these debts will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions;
- security amendment principles setting out when security and guarantees may be modified by the Common Security Agent without prior consent required from the Trustee or the holders of the Notes; and
- limitation to any petition action during certain time periods and to the recourse which may be taken against Securitifleet Holding and any of the Securitifleet Companies.

The following description is a summary of certain provisions contained in the Intercreditor Agreement and does not restate the SF Intercreditor Agreement in its entirety.

Ranking and Priority

The SF Intercreditor Agreement provides that the liabilities of Securitifleet Holding in respect of the Senior Asset Revolving Facility made available by the Senior Facility Fronting Bank or the FCT as assignee of any advance under the Senior Asset Revolving Facility (in either case, the "**SARF Creditor**") under the Senior Asset Revolving Facility, the Securitifleet Proceeds Loan and certain

other liabilities, in summary, ranks in the following order and are postponed and subordinated to any prior ranking liabilities of Securitifleet Holding as follows:

- first, on *a pari passu* basis:
  - the obligations due under the Senior Asset Revolving Facility and related senior finance documents (excluding such portion of the amounts payable to the SARF Creditor corresponding to amounts owed in respect of the FCT Junior Notes subscribers (the "**Junior SARF Amount**"));
  - the senior expenses being any fees, commission, costs, expenses, indemnities, liabilities or other amounts, including VAT if any (other than Junior Expenses (as defined below), unless their payment is required as a result of the contract from which they originate being an on-going contract (*contrat en cours*) under applicable insolvency proceedings affecting any creditor), payable by Securitifleet Holding to its auditors, agents, administrators, insurers, legal counsel and other service providers or sub-contractors generally, or in connection with the setting up, operation, repayment, amortization (scheduled or early amortization), liquidation or unwind of the Senior Asset Revolving Facility, any tax or other compulsory liabilities, any unforeseen or exceptional expenses, security enforcement costs, as well as any such other amounts as the SARF Creditor may classify as "Senior Expenses" from time to time (the "**Senior Expenses**");
  - together with the Securitifleet Companies' (or any third party's) claims against Securitifleet Holding (the "**SF Advance Obligations**") in connection with the making available of funds, directly or indirectly (whether in the form of the extension of loans, acquisition of receivables arising from the extension of loans by any third party, including the Italian Fronting Bank, subscription of notes or otherwise) (an "**SF Advance**") to any Securitifleet Company (or to such third party) (together, the "**SF Advance Creditors**");
- second, the obligations due to ECF and its successors and assignees (including the Trustee) under or in connection with the Securitifleet Proceeds Loan and related finance documents; and
- third, the obligations due to the certain junior creditors in respect of any fees commission, expenses or other amounts payable by Securitifleet Holding to any Europcar entities acting in their various service provider or sub-contractor capacities in the transaction or such other amounts as the SARF Creditor may classify as "Junior Expenses" and such portion of the amounts payable to the SARF Creditor corresponding to the Junior SARF Amount (the "**Junior Expenses**"),

all in accordance with the more detailed priority of payment order defined therein.

The parties to the SF Intercreditor Agreement agree that the security provided by Securitifleet Holding and the Securitifleet Companies shared between the SARF Lender and ECF will secure obligation for all purposes in the following order:

- first, the obligations due under the Senior Asset Revolving Facility and related senior finance documents (excluding the Junior SARF Amount);
- second, the obligations due to ECF under or in connection with the Securitifleet Proceeds Loan and related finance documents; and
- third, the obligations due under the Senior Asset Revolving Facility corresponding the Junior SARF Amount.

Under the SF Intercreditor Agreement, all proceeds from enforcement of the security will be applied as provided below under "—*Priority of Payments*".

Priority of Payments

Revolving Priority of Payments

Prior to the commencement of an Amortization Period following the occurrence of an Event of Default under or in connection with the Senior Asset Revolving Facility (see "*Description of Certain Securitifleet Financing Arrangements—Senior Asset Revolving Facility*"), Securitifleet Holding shall apply any available funds on each settlement date falling under the Senior Asset Revolving Facility on the 17th of each month (a "**Settlement Date**") in making the following payments (or reserves, as the case may be) in the following order of priority (the "**Revolving Priority of Payments**"):

- first, on a *pro rata* basis and in no order *per se* any Senior Expenses and to establish a reserve in relation to those foreseen Senior Expenses that will become due and payable before the immediately following Settlement Date;

- second, on a pro rata basis, and in no order per se, the making available of an SF Advance to any SF Advance Creditor, to the extent such SF Advances are exclusively granted to finance such items specifically set forth on the Securitifleet On-Loan Agreements.

- third, up to the amount of senior obligations due to the SARF Lender (the "**Senior SARF Amount**") as at such date; all moneys and liabilities (whether principal, interests, fees, costs, indemnities (including as compensation for the swap breakage costs incurred by the FCT EGSA) or otherwise) owing or incurred to the SARF Creditor as at such date in accordance with the provisions of the Senior Asset Revolving Facility Agreement;

- fourth, all amounts (other than principal amounts) payable to ECF in connection with the Securitifleet Proceeds Loan (including any interest, fees, costs, expenses and indemnities payable thereunder) before the immediately following Settlement Date (such amounts to be paid on the Settlement Date to ECF and to be held by ECF in an account pledged for the benefit of the Noteholders);

- fifth, on a *pro rata* basis and in no order *per se*, any Junior Expenses due and payable on such Settlement Date (provided that their payment is authorized under the Securitifleet Proceeds Loan and related documents) and to establish a reserve in relation to the same that will become due and payable before the immediately following Settlement Date (provided their payment is authorized under the Securitifleet Proceeds Loan and related documents);

- sixth, up to the Junior SARF Amount determined as at such date;

- seventh, annually, an amount not to exceed €10,000 per year to be distributed to the charitable trust as controlling shareholder as net dividend; and

- eighth, annually, the *bénéfice distribuable* allocable to the minority shareholder pursuant to the terms of Securitifleet Holding's articles of association and/or the applicable shareholder agreement (if any).

For a description of expected cash flows with respect to interest payments on the Notes, see "*Description of Certain Securitifleet Financing Arrangements—The Securitifleet On-Loan Agreements*".

Amortization Priority of Payments

Upon the commencement of an Amortization Period under or in connection with the Senior Asset Revolving Facility (see "*Description of Certain Securitifleet Financing Arrangements—Senior Asset Revolving Facility*"), Securitifleet Holding or, as applicable, the Common Security Agent

shall apply any available funds on each Settlement Date in making the following payments (or reserves, as the case may be) in the following order of priority (the "**Amortization Priority of Payments**"):

- first, on a *pro rata* basis and in no order *per se*, any Senior Expenses and to establish a reserve in relation to those foreseen Senior Expenses that will become due and payable before the immediately following Settlement Date;

- second, *pari passu* and in no order *per se,* the making available of an SF Advance to any SF Advance Creditor, to the extent such SF Advances are exclusively granted to finance such items specifically set out in the arrangements entered into on or about the date of the Senior Asset Revolving Facility by, among others, each Securitifleet Company under which such Securitifleet Company will be granted SF Advances from time to time, including the purchase price of vehicles: (i) delivered but unpaid on the commencement of the Amortisation Period: (ii) ordered before the commencement of the Amortization Period but neither delivered nor paid on such date; or (iii) ordered from vehicle providers after the commencement of the Amortization Period, to the extent any mandate granted to the relevant lessee to make vehicle orders has not been cancelled;

- third, up to the amount of senior obligations due to the SARF Lender under the Senior SARF Amount as at such date all moneys and liabilities (whether principal, interests, fees, costs, indemnities (including as compensation for the swap breakage costs incurred by the FCT EGSA) or otherwise) owing or incurred to the SARF Creditor as at such date in accordance with the provisions of the Senior Asset Revolving Facility Agreement; and

- fourth, on a *pro rata* basis and in no order *per se*, all amounts payable to ECF in connection with the Securitifleet Proceeds Loan (including any principal amount, interest, fees, costs, expenses and indemnities payable thereunder);

- fifth, on a *pro rata* basis and in no order *per se* any Junior Expenses due and payable on such Settlement Date and to establish a reserve in relation to the same that will become due and payable before this immediately following Settlement Date (provided their payment is authorized under the Securitifleet Proceeds Loan and related documents);

- sixth, up to the Junior SARF Amount determined as at such date;

- seventh, the remainder shall be retained by Securitifleet Holding.

Common Security Agent

The Senior Asset Revolving Facility Lenders and ECF have appointed a common security agent to act on their behalf (the "**Common Security Agent**"). The Common Security Agent has been vested with all the rights, powers, authorities and discretion to execute, take, release and enforce any security as agent for the secured parties in its capacity as agent, and will act in particular in Germany as trustee (*Treuhänder*) for administering, enforcing and releasing all German Securitifleet Collateral assigned by way of security.

Cash Management Principles

The SF Intercreditor Agreement provides for cash management principles under the terms of which, subject to limited exceptions, any payments shall be made and received in accordance with the terms of a cash management agreement and under the supervision of a cash manager by credit or debit (as applicable) of a dedicated bank account and only on a Settlement Date or any other date with respect to any advance under the Senior Asset Revolving Facility which can be made on a non-Settlement Date.

Entitlement to Enforce

The SF Intercreditor Agreement provides that the Common Security Agent will (subject to certain exceptions) enforce the senior security only at the direction of the SARF Creditors.

Subject to certain exceptions provided for subordinated permitted actions, until the senior discharge date under the Senior Asset Revolving Facility, the Security Agent shall act in accordance with the instructions of the SARF Lender and the FCT EGSA, and the Notes Security Agent shall not take any Enforcement Actions.

However, the Notes Security Agent shall be entitled to take the following Enforcement Actions:

- further to the occurrence of certain insolvency events which are continuing, the Notes Security Agent and the holders of the Notes may exercise the rights referred to under sub-paragraph (a) of the definition of "Enforcement Action" as set out in the Intercreditor Agreement, *i.e.,* the right to demand payment of any obligation including against any obligor in relation to any guarantee, indemnity or other assurance against loss in respect of any obligation;

- any demand of payments made by the Notes Security Agent to ECI under the ECI Guarantee according to the conditions thereof;

- the enforcement by the Notes Security Agent of the Notes Collateral (*i.e.*, the Security granted by ECF over its assets which are Notes-only Security) as contemplated by the related Security Document and under the conditions thereof; and

- if the EC Finance Notes have become due and payable in full by reason of having been accelerated pursuant to the provisions of the Indenture; *provided* that the rights of the holders of the EC Finance Notes under the ECI Guarantee to make a demand for payment have been exercised pursuant to the terms thereof and the Noteholders are not satisfied in full, the Notes Security Agent or ECF (as applicable), if so instructed by 25% of the then aggregate principal amount outstanding of the EC Finance Notes (defined in the SF Intercreditor Agreement as the "**Requisite Minority HY Notes holders**"), will be entitled to require the SARF Creditor to declare an event of default under the Senior Asset Revolving Facility which shall give rise to the amortization of the Senior Asset Revolving Facility and enforcement of the security (the "**Instruction Notice**") within 10 Business Days of the instruction received from the Requisite Minority HY Notes holders, the SARF Creditor will nevertheless be entitled, within 5 Business Days from the receipt of such Instruction Notice, to suspend such declaration (the "**Suspension Notice**") for a period not exceeding 30 calendar days from the date of the Instruction Notice (the "**Suspension Period**"), *provided* that if the SARF Creditor has issued a Suspension Notice, the holders of the EC Finance Notes may, not earlier than 5 calendar Business Days prior to the expiry of the Suspension Period and no later than 10 Business Days following the expiry of the Suspension Period, confirm in writing (on behalf of the same requisite minority as required for the service of the Instruction Notice) their Instruction Notice (and, likewise, within the same timeframe, ECF may confirm in writing its instruction to the SARF Creditor), to have an Event of Default declared. Absent such confirmation, the Requisite Minority HY Notes holders and ECF's or the Notes Security Agent's instructions shall both be deemed not to have been notified to ECF and the SARF Creditor, respectively.

The declaration by the SARF Creditor of an Event of Default as provided under the Senior Asset Revolving Facility shall automatically trigger the commencement of an Amortization Period and allow the SARF Creditor to enforce the Security.

An "Enforcement Action" is defined in the SF Intercreditor Agreement as any of the following actions:

(a) designating payment of any obligation including against any obligor in relation to any guarantee, indemnity or other assurance against loss in respect of any obligation;

(b) exercising any right to require any obligor to acquire any obligation (including any put or call option against any obligor for the redemption or purchase of any obligation);

(c) designating an event of default (howsoever described in the relevant legal documentation) in respect of any obligation;

(d) declaring any obligation due and payable prior to its stated maturity;

(e) enforcing any obligation by way of attachment, set—off or otherwise;

(f) taking of any steps to enforce or require the enforcement of any security in relation to any obligation;

(g) making of any demand against any obligor in relation to any guarantee, indemnity or other assurance against loss in respect of any obligation or exercising any right to require any obligor to acquire any obligation (including any put or call option against any obligor for the redemption or purchase of any obligation). For the avoidance of doubt, the exercise by the holders of the Global EC Finance Notes of their rights under the Global EC Finance Notes Guarantee shall not been deemed to be an Enforcement Action for the purposes of the SF Intercreditor Agreement;

(h) suing for, commencing or joining any legal or arbitration proceedings against any obligor to recover, or in respect of, any obligation;

(i) entering into any composition, assignment or arrangement with any obligor;

(j) giving any instruction (including any instruction to terminate any contract); or

(k) taking any other step, or exercising any right, in relation to the recovery of any obligation.

Enforcement instructions

Until the senior discharge date under the Senior Asset Revolving Facility, the Common Security Agent shall act in accordance with the instructions of the SARF Creditor.

At all times the SARF Creditor shall, subject to the provisions below, have absolute discretion to take or refrain from taking (or to instruct or refrain from instructing any person acting on its behalf or for its benefit to take) any Enforcement Action in relation to the whole or part of the senior obligations owed to it in accordance with the relevant legal documentation.

Notwithstanding the foregoing, in relation to the liquidation of the vehicle fleet of any Securitifleet Company, the SARF Creditor shall apply recovery maximization principles (the "**Recovery Maximization Principles**") whereby the Common Security Agent or, where appointed, the relevant liquidation agent should, in relation to the liquidation of the vehicle fleet of the Securitifleet Companies, use its reasonable efforts to implement the procedures (including attempting to conduct the sale process, to the extent permitted by applicable law, otherwise than through a court or other legal proceeding) that it determines would obtain the Asset Best Price for the relevant asset, taking into account all commitments and contractual obligations of the relevant Securitifleet Company *vis-à-vis* third parties (including remarketing agents and vehicle providers) in relation to the resale of its vehicle fleet.

"**Asset Best Price**" means, in relation to the disposal of any asset, the highest price that the Common Security Agent or relevant liquidation agent, as applicable, reasonably considers it can obtain subject to:

- the then current condition and age of such asset;
- the then market conditions for the resale of this type of asset (taking into account in particular the condition and size of the vehicle fleet to be disposed); and

- all other factors affecting the value of such asset (or the costs related thereto) over time, including depreciation, maintenance, storage, insurance, contractual penalties.

Under the Recovery Maximization Principle, the SARF Creditor shall:

- ensure that the disposition agent under the SARF is aware of and has accepted to act in accordance with the Recovery Maximization Principles, it being provided that, in the absence of a liquidation agent (or in case of its refusal to agree to such principle), the Common Security Agent will act, under the instruction of the SARF Creditor, in accordance with the Recovery Maximum Principle; and
- when giving instructions or taking decisions in relation to the entry into of agreements with vehicle manufacturers or dealers or making sales on the market, for the purpose of the liquidation of the vehicle fleet of any Securitifleet Company (taking into account, for program vehicles, all commitments, contractual obligations and penalties applicable in the relevant vehicle buy-back agreements), ensure that such instructions do not breach the Recovery Maximization Principles;

  provided however that the SARF Creditor shall not be obligated to monitor or insure the compliance by the relevant liquidation agent or the Common Security Agent (as applicable) with the Recovery Maximization Principle and shall not be liable of any breach of such principle by such parties.

The Recovery Maximization Principles will also apply to the enforcement of shared collateral over shares according to which, if any shares in any Securitifleet Company is purchased or otherwise transferred to the SARF Creditor (whether upon enforcement of the relevant share pledge or otherwise) and then sold by the latter to any third party, then the SARF Creditor shall use its reasonable efforts to obtain from the relevant purchaser the Share Best Price

"**Share Best Price**" means, in relation to the disposal of any shares in any Securitifleet Company by the SARF Creditor, the highest price that the latter reasonably considers it can obtain in relation to the disposal of such shares, taking into account in particular (i) the indebtedness of the relevant Securitifleet Company at that time (including any agreed reduction of the same in the context of such disposal) and (ii) the value of the assets belonging to such Securitifleet Company having regard to:

- the then current condition and age of such assets;
- the then market conditions for the resale of this type of assets (taking into account in particular the condition and size of the vehicle fleet to be disposed); and
- all other factors affecting the value of such assets (or the costs related thereto) over time, including depreciation, maintenance, storage, insurance, contractual penalties.

Security Amendment Principles

The SF Intercreditor Agreement provides that each of the Notes Security Agent and ECF shall be required to consent to any amendment to any security shared between the SARF Creditors and ECF (the "**Shared Security**") to the extent such amendment complies with the following principles (the "**Security Amendment Principles**"):

(a) any new security interest may be granted by any party to the extent that such new security interest is granted in addition to or in replacement of any existing shared security interest comprised in the Shared Security (an "**Existing Security**");

(b) any Existing Security may be partially or fully released to the extent that a new security interest is granted (by the same or another party) in replacement thereof; and

(c) any Existing Security may be modified if necessary to secure any existing or new finance party (including any new liquidity facility provider, hedge counterparty, agent, etc.) under the transaction or to reflect any change in the transaction structure,

in each case, to the extent that:

(i) ECF remains or becomes (as the case may be) directly or indirectly beneficiary of such security interest;

(ii) any amendment to Shared Security shall be applicable in the same terms and conditions for the SARF Creditors and ECF (and in particular shall not result in the creation of different rankings between the SARF Creditors and ECF);

(iii) ECF benefits from a first priority security interest over at least the same proportion of shares in the Securitifleet Companies as the one it benefited from before such security amendment; and

(iv) the maximum amount the SARF Lender is committed to lend to Securitifleet Holding under the Senior Asset Revolving Facility is at least equal to 50% of the aggregate of: (i) such maximum amount; and (ii) the principal amount outstanding of the Securitifleet Proceeds Loan or, if lower, ECF has been provided with satisfactory legal opinions in relation to any applicable insolvency hardening period.

Non-Securitization refinancing of the SARF

In the event that Securitifleet Holding incurs any additional debt with a view to refinance in whole only (but not in part) the facilities extended to it under the SARF (otherwise than in the context of the Permitted Take-Out Securitization Program) (a "**Non-Securitization Refinancing**"), then it is agreed that the parties to the SF Intercreditor Agreement (other than the senior creditors that have been fully satisfied) and the lender(s) providing such additional debt shall enter into a separate intercreditor agreement on terms satisfactory to them (including the refinanced senior creditors) in order to, among other things, regulate the rights and obligations of the relevant creditors under such additional debt *vis-à-vis* the rights and obligations of the parties in connection with the obligations under the SF Intercreditor Agreement.

Subordination

Upon the occurrence of an insolvency event in relation to Securitifleet Holding, claims against Securitifleet Holding in respect of the debt incurred under the Securitifleet Proceeds Loan will be subordinated in right of payment to the claims against Securitifleet Holding in respect of the senior liabilities as provided for in the Amortization Priority of Payments.

Turnover

The SF Intercreditor Agreement provides that if: (i) Securitifleet Holding (or any insolvency officer appointed in relation thereto or any other person acting on its behalf) makes any payment in cash, in kind or otherwise, or grants the benefit of a security over any of Securitifleet Holding's assets; or (ii) any relevant creditor receives all or any amount in cash or in kind of an obligation (in both cases whether by way of payment, repayment, prepayment, set-off, netting or in any other manner or on account of the enforcement of any security or payment under any guarantee for any obligations), in each case in contravention of the Revolving Priority of Payments or the Amortization Priority of Payments and the other provisions of the SF Intercreditor Agreement, the recipient or beneficiary of that payment, distribution, set-off or netting will promptly pay all amounts and distributions received to the cash manager or the Common Security Agent for application under the applicable priority of payments set out in the SF Intercreditor Agreement

(as detailed above, see "*Priority of Payments*") 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 cash manager or the Common Security Agent.

Further to a payment in performance of a turnover obligation as provided for under the SF Intercreditor Agreement by ECF and/or the Notes Security Agent, the original recipient or beneficiary of the relevant payment will be subrogated (or exercise any such right of subrogation) to any rights, security or moneys held, received or receivable by any other creditor (or any trustee or other agent on its behalf or for its benefit) or be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of its liability under the SF Intercreditor Agreement, such right being only enforceable after the senior discharge date under the Senior Asset Revolving Facility. After such senior discharge date, to the extent ECF and/the Notes Security Agent are entitled to exercise rights of subrogation, the SARF Creditor (subject to being indemnified to its reasonable satisfaction against any resulting costs, expenses and liabilities) will give such assistance to enable such rights to so be exercised as any relevant creditor may reasonably request, provided however that, following the exercise of such right of subrogation in respect of SARF Creditor's rights, the rights and obligations in which ECF and/the Notes Security Agent is subrogated shall be deemed to be mezzanine subordinated obligations under the SF Intercreditor Agreement for all purposes.

If (a) ECF or the Notes Security Agent receives any amount in contravention of the Priority of Payments and the other provisions of the SF Intercreditor Agreement and (b) is unable, for any reason whatsoever, promptly to pay all such amount to the cash manager, then the cash manager or the Common Security Agent shall deduct such amount from any future payments to be received by ECF or the Notes Security Agent under the Securitifleet Proceeds Loan until this amount is fully discharged in accordance with the terms of the relevant turnover provisions of the SF Intercreditor Agreement.

It is specified that neither the Trustee nor the Notes Security Agent shall be charged with knowledge of the existence of any facts that would prohibit a payment to be made under the relevant priority of payments set out in the SF Intercreditor Agreement, unless and until a responsible officer thereof has received a written notice indicating it. In addition, the Trustee and the Notes Security Agent will have full power and authority to receive, or apply, any such payments for the purposes for which they were received.

Additional loans and notes issues

Additional EC Finance Notes and additional Securitifleet Proceeds Loans may be made available to Securitifleet Holding, provided that amounts in excess of an agreed threshold will be subject to the SARF Creditor's prior approval.

Amendment

The SF Intercreditor Agreement may only be amended with the written agreement of all the Parties, it being specified that pursuant to the terms of the Indenture and the SF Intercreditor Agreement (as applicable), the holders of the EC Finance Notes, the Notes Security Agent and the Trustee will irrevocably and definitively give their consent (and no further consent, authorization or instruction from the holders of the EC Finance Notes, the Notes Security Agent or the Trustee or any other person shall be required therefor) to any such amendments to the SF Intercreditor Agreement and the Security shared between the SARF Creditor, the Notes Security Agent and the holders of the EC Finance Notes, which may be made from time to time after the signature of the SF Intercreditor Agreement, provided that such amendments are not reserved matters defined as such under the SF Intercreditor Agreement (the "**Reserved Matters**").

The Reserved Matters under the SF Intercreditor Agreement are the following matters:

- Clause 5.2 (*Recovery Maximization Principle*) and the definition of "Recovery Maximization Principle";
- any amendment to the ranking of debt as set out in Clause 2.1.1 (see "*—Ranking of debt*" above) and in the priorities of payments set out in Clause 4 (*Priority of Payments*), provided that, any amendments that:
  - create or suppress any sub-priority of payments within or change the ranking among the items senior to the payments related to the Securitifleet Proceeds Loan in the Revolving Priority of Payments and in the Amortization Priority of Payments; or
  - subdivide the Priority of Payments into pre-enforcement (which itself may be divided into a revolving and amortization) priority of payments and a post-enforcement priority of payments,

shall not be deemed to be Reserved Matters for the purposes of the SF Intercreditor Agreement;

- Clause 3.2 (*Permitted Enforcement Actions*), clauses 4.4.4 (*Evidence of Good Application*), 4.5 (*Turnover*), 5.3.1 (*Prohibition from paying Subordinated Debt*), 5.3.2 (*Prohibition from taking Enforcement Actions*) 5.3.3 (*Right to instruct the SARFA Creditor to declare an Event of Default*), 6 (*Amendments*), 8.3 (*Term of this Agreement*) 8.10 (*Remedies and Waivers*), 8.11 (*Governing Law*) and 8.12 (*Enforcement*).

Limited Recourse and No petition

Each party to the SF Intercreditor Agreement accepts thereunder that it will have limited recourse to the assets of Securitifleet Holding and the Securitifleet Companies and will be prohibited from any petition during a twenty—four (24) months period and one day after the occurrence of the senior discharge date under the Senior Asset Revolving Facility.

Each of the parties to the SF Intercreditor Agreement expressly acknowledges and agrees that:

(a) it shall have no recourse against any shareholder, manager or director of Securitifleet Holding or any Securitifleet Company (but will have recourse against Securitifleet Holding) by any court proceedings or by virtue of any statute or other provision, save for the exercise of any of its rights under the Security;

(b) it shall not, until the expiry of twenty—four (24) months and one day after the senior discharge date under the Senior Asset Revolving Facility: (i) have the right to take or join any person in taking any steps against Securitifleet Holding or any Securitifleet Company for the purpose of obtaining payment of any amount due from it (other than serving a written demand subject to the terms of the SF Intercreditor Agreement); or (ii) take any action or other steps in relation to the winding—up, dissolution, bankruptcy or re—organization (including any proceedings under Book VI of the French *Code de commerce* or any analogous procedure or step in any jurisdiction), or for the appointment of a receiver, an administrative receiver, trustee, liquidator, sequestrator or similar officer, of Securitifleet Holding, any Securitifleet Company or of any or all of Securitifleet Holding's or of any Securitifleet Company's revenues and assets; and

(c) despite any provision to the contrary in any agreement:

- all amounts that contractually fall due for payment by Securitifleet Holding on a relevant payment date will become payable (*exigible*) on that date only to the extent of the portion of the available funds allocable to such payment on that date under the applicable Priority of Payment (or the revenue constituted for the payment thereof); and

- the payment of the portion of Securitifleet Holding liabilities that remains unpaid on that date (if any) will be automatically deferred to the next payment date (or on a daily basis during the Amortization Period), subject to the same limitation principle as that set out in the above paragraph,

it being specified that: (i) in any event all amounts deferred in accordance with the preceding paragraph (c) shall become due and payable on the fourth anniversary of the commencement of the Amortization Period; and (ii) the above payment deferral provisions shall not prohibit the Trustee from exercising its rights against any third parties (including to demand payment under the Global EC Finance Notes Guarantee) or to declare a default (howsoever described) under the Global EC Finance Notes pursuant to the Indenture.

Trustee and Notes Security Agent

The SF Intercreditor Agreement provides for a description of the role of the Trustee and the Notes Security Agent in their capacities as agent and sets forth the duties and responsibilities of the Trustee and the Notes Security Agent under the SF Intercreditor Agreement. In accordance therewith, neither the Trustee nor the Notes Security Agent shall be responsible for any action taken or omitted to be taken by it under the SF Intercreditor Agreement except for gross negligence or willful misconduct or for any recitals, statements, representations or warranties made by Securitifleet Holding under the SF Intercreditor Agreement.

Hierarchy of documents

Unless expressly stated otherwise in the SF Intercreditor Agreement, in the event of a conflict between the SF Intercreditor Agreement and any other finance document, the terms of the SF Intercreditor Agreement will prevail.

Governing Law

The SF Intercreditor Agreement is governed by French law.

Europcar UK Group Fleet Financings

We currently finance our UK fleet on a stand-alone basis through our UK subsidiaries including ECGUK, ECUK and certain subsidiaries of ECUK under two working capital facilities (in the total aggregate amount of £30 million) and two leasing facilities (in the total aggregate amount of £545 million). As these facilities are due to mature in December 2012, we are in the process replacing them with new facilities.

In this respect, we have received commitments for the refinancing of our UK group fleet financing facilities in the aggregate amounts of £375 million, as described below.

The New Lombard Facility

On April 24, 2012, Europcar Group UK Limited received a commitment letter from Lombard, subject to certain conditions precedent, pursuant to which Lombard will grant to Europcar Group UK Limited, as Hirer, a £175 million committed vehicle finance facility with a term of three years to finance the purchase of the Group's UK fleet vehicles. The intention is that the obligations of the Hirer under the facility will be guaranteed by ECI or another guarantor, Europcar UK Ltd., PremierFirst Vehicle Rental EMEA Holdings Ltd., PremierFirst Vehicle Rental Holdings, Ltd., PremierFirst Vehicle Rental Franchising Ltd. and Provincial Assessors Ltd. (collectively, the "**Guarantors**").

The commitment provides that the existing borrowings will continue to be governed by the terms of the existing master lease purchase agreement and will be run-off in accordance with the existing Lombard facility documentation. A new override agreement containing, among other

things, financial covenants and fleet covenants and a master lease purchase agreement (incorporating a license to sub-let and a purchase agency) will form the principal new documents and terms and conditions for the new facility, together with all security documents, including an assignment of the Manufacturer's Buybacks, as required.

Security

The Hirer's obligations under the new facility will be secured by way of (i) title in the assets funded, (ii) fixed charges on the bank account into which such proceeds are paid, (iii) guarantees from the Guarantors, (iii) debentures from each of the Hirer, PremierFirstVehicle Rental Franchising Limited and Provincial Assessors Limited, and (iv) a security assignment of the Manufacturer's Buybacks relating to assets funded by Lombard.

Covenants

The facility will contain affirmative and negative covenants customary for this type of facility, including the periodic delivery of financial and other information, and will contain certain financial covenants and fleet covenants.

Events of Default

The facility will contain events of default customary for these types of agreements, including, (i) breach of any of the Lombard agreements, (ii) breach of the terms of the financing, subject to cure periods, (iii) breach of certain other funding or rental agreements, and (iv) insolvency and cross default provisions.

The New Lloyds Facility

In addition, on April 24, 2012, Europcar Group UK Limited received a commitment letter from Lloyds, subject to certain conditions precedent, relating to new vehicle financing facilities for Europcar Group UK Limited aggregating £200 million. The commitments will be made available through various Lloyds corporate brands, including United Dominians Trust Limited (UDT") and Lex Autolease Limited ("Lex Autolease"), as follows:

- a £100 million, three year vehicle funding from UDT;
- a £90 million three year operating lease facility provided by Lex Autolease;
- a £10 million secured overdraft facility, the terms of which will remain unchanged from the existing facility.

The UDT and the Lux Auto Lease Facilities will be granted to Europcar Group UK Limited, as Hirer, each with a term of three years, to finance the purchase of the Group's UK fleet vehicles. The obligations of the Hirer under the facilities will be guaranteed by ECI, Europcar UK Ltd., PremierFirst Vehicle Rental EMEA Holdings Ltd., PremierFirst Vehicle Rental Holdings, Ltd., PremierFirst Vehicle Rental Franchising Ltd. and Provincial Assessors Ltd. (collectively, the "**Guarantors**").

The UDT Commitment

The UDT commitment provides that the existing borrowings will continue to be governed by the terms of the existing master hire purchase agreement in the current UDT facility and will be run-off in accordance with the existing facility documentation. A new master lease purchase

agreement (incorporating a license to sub-let and a purchase agency) and security documents, including an assignment of the Manufacturer's Buybacks, as required, will form the principal new documents and terms and conditions for the new facility.

The Hirer's obligations under the new UDT facility will be secured by way of (i) title in the assets funded (ii) guarantees and indemnities from the Guarantors, (iii) debentures from each of the Hirer, PremierFirstVehicle Rental Franchising Limited and Provincial Assessors Limited, (iv) fixed changes on the bank account into which such proceeds are paid, and (v) a security assignment of the Manufacturer's Buybacks relating to assets funded by UDT.

The UDT facility will contain affirmative and negative covenants customary for this type of facility, including the periodic delivery of financial and other information, and will contain certain financial covenants and fleet covenants

The UDT facility will contain events of default customary for these types of agreements.

The Lex Autolease Commitment

The Lex Autolease commitment provides for a new master hire purchase agreement, together with related security documents.

The borrowers' obligations under the new Lex Autolease facility will be secured by way of (i) title in the assets funded and (ii) guarantees and indemnities from the Guarantors. Additional security may be required pursuant to the agreed upon final documentation.

The facility will contain affirmative and negative covenants customary for this type of facility, including but not limited to the covenants and undertakings set out in the UDT commitment letter. The facility will also contain customary events of default for this type of facility.

The Existing Facilities

The HP facility and the Lombard facility

On March 26, 2010 (and as subsequently amended on July 8, 2010) ECGUK, ECUK and ECUK's subsidiaries, PremierFirst Vehicle Rental EMEA Holdings Limited ("**P1 EMEA**") and PremierFirst Vehicle Rental Holdings Limited ("**P1 Holdings**") and Lloyds (previously Bank of Scotland plc ("**BoS**")) and United Dominions Trust Limited ("**UDT**") as lenders entered into a facility terms letter (the "**HP Facility Terms Letter**") pursuant to which Lloyds and UDT granted a £250 million committed hire purchase facility for ECGUK (the "**HP Facility**") to finance the purchase of vehicles under a master hire purchase agreement between, among others, Lloyds, ECGUK, ECUK and P1 Holdings. The HP Facility matures on December 31, 2012.

On December 3, 2004, among others, ECGUK as a borrower and Lombard, Lombard Vehicle Management Limited ("**LVM**") as lenders entered into a vehicle finance agreement (the "**Lombard Agreement**") pursuant to which Lombard and LVM granted a £295 million committed vehicle finance facility (the "**Lombard Facility**") to finance the purchase of vehicles. Under the Lombard Agreement, (i) Lombard and ECGUK may enter into sale and leaseback arrangements in respect of vehicles for leasing to ECGUK, (ii) Lombard and ECGUK may enter into lease purchase agreements in respect of vehicles, and (iii) Lombard may procure that LVM and others enter into contract hire agreements with ECGUK in respect of vehicles. In addition to paying rental charges, ECGUK is also required to pay commitment fees under the Lombard Facility. The Lombard Agreement matures on December 31, 2012.

The HP Facility and the Lombard Facility are referred to herein as the "**UK Vehicle Finance Facilities**". The HP Facility Terms Letter and the Lombard Agreement are referred to herein as the "**UK Vehicle Finance Facilities Agreements**".

Ancillary Agreements

In connection with the HP Facility, Lloyds (previously BoS), UDT and certain of our UK subsidiaries have entered into master hire purchase agreements and self-drive hire rental master agreements. In connection with the Lombard Facility, Lombard and LVM and our UK subsidiaries, among others, have entered into master lease purchase agreements and master contract hire agreements. The agreements set out the terms for leasing and hiring the vehicles under each facility, contain the forms of the relevant lease and hire contracts, set out the warranties given by ECGUK, and events of default.

Security

The borrowers' obligations under each of the UK Vehicle Finance Facilities Agreements are secured by way of fixed charges (i) on the proceeds of the sale of the financed vehicles and (ii) on the bank accounts into which such proceeds are paid, along with floating charges on all or substantially all of each borrowers' assets. The priority of the claims of the vehicle financiers are governed by an intercreditor agreement between the vehicle financiers, and certain members of the Europcar UK Group.

Covenants

The HP Facility Terms Letter 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 (as defined below) and the Lombard Facility. The Lombard Facility Agreement contains affirmative and negative covenants customary to this type of agreement, including restrictions on the creation of security interests over the assets of certain members of the Europcar UK Group, periodic delivery of financial information and maintenance of certain financial performance targets.

Events of Default

Each of the UK Vehicle Finance Facilities Agreements contains events of default customary for these types of agreements, including, subject to certain cure periods, events of default for non-payment, breaches of representations and warranties and undertakings, and insolvency related events. Upon an event of default occurring and being declared, Lloyds and UDT can reduce the facility limit under the HP Facility to zero upon notice to ECGUK. The Lombard Facility can also be canceled upon an event of default occurring and being declared.

Europcar UK Group Working Capital Facility

On December 3, 2004, ECGUK, P1 Holdings, P1 EMEA and certain of ECUK's subsidiaries as borrowers and Lloyds (previously BoS) as lender entered into a facility agreement pursuant to which Lloyds provides a £20 million revolving credit facility (previously a £30 million overdraft and revolving credit facility) (the "**Working Capital Facility Letter**") to ECGUK and certain of its subsidiaries for general working capital purposes. The Working Capital Facility was amended and restated on December 21, 2007, again on March 26, 2010 and amended on December 19, 2011 and matures on December 31, 2012.

In addition, on December 19, 2011, ECGUK and P1 Holdings as borrowers and Lloyds as lender entered into an overdraft facility agreement pursuant to which Lloyds provides a £10 million overdraft facility (the "**Overdraft Facility Letter**") to ECGUK and certain of its subsidiaries for general working capital purposes and matures at the end of 2012 (the Overdraft Facility Letter and the Working Capital Facility Letter together, the "**Working Capital Facility**").

Interest is payable on all advances under the Working Capital Facility Letter at the annual rate which is the sum of the then applicable margin, LIBOR and the mandatory costs (if any). In addition to the interest charges, commitment fees are payable. Interest is payable on all amounts owing under the Overdraft Facility Letter at the annual rate which is the sum of the applicable margin and the then applicable base rate.

On the occurrence of certain events, including a change of control, the Working Capital Facility may be canceled and all outstanding advances, together with accrued interest, may become immediately due and payable.

Obligations under the Working Capital Facility are secured by English law debentures granted by certain members of the Europcar UK Group in favor of Lloyds.

The Working Capital Facility contains affirmative and negative covenants customary to this type of agreement, including periodic delivery of financial information and maintenance of certain financial performance targets.

The Working Capital Facility Letter contains events of default customary for these types of facilities, including, subject to certain cure periods, events of default for non-payment, breaches of representations and warranties and undertakings, and insolvency related events.

Australia Asset Financing

National Australia Bank (the NAB), Toyota Financial Services (TFS), Volkswagen Financial Services and Alphabet Financial Services have provided Europcar Australia and New Zealand with senior credit facilities (the "Australian Asset Financing Facilities"), including revolving and non-revolving fleet operating and finance leases up to AUD 230 million. These facilities are renewed annually.

NAB Facilities are secured by fixed and floating charges over Europcar Australia assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned. There are also performance guarantees for the facilities.

Substantial operating leases

We finance a portion of our fleet in all our Corporate Countries, including Germany, France, Italy and Spain, through operating leases. In certain countries, our operating companies have entered into large framework operating lease agreements with financial institutions and manufacturers. Our main operating lease agreements are:

CM-CIC Agreement in Germany

Our German Operating Company and CM-CIC Leasing GmbH, Frankfurt/Main entered into a vehicle sale and leaseback master agreement dated January 30, 2009 (as amended by two supplemental agreements dated July 1, 2009 and March 1, 2010, June 24, 2010 and June 24, 2011) for a term of three years and with a volume of up to €360 million (as of June 24, 2011) for the sale and leaseback of vehicles to be purchased from the manufacturers Volkswagen AG, Audi AG, Seat Deutschland GmbH, SkodaAuto Deutschland GmbH, Volkswagen AG Marke Volkswagen Nutzfahrzeuge and Volkswagen Gebrauchtfahrzeughandels- und Service GmbH under certain purchase agreements. The term of vehicle sale and leaseback master agreement expired on January 30, 2012 and the parties have agreed to extend the term of the agreement until the end of May, with a new agreement starting in June 2012, for the term of 1 year.

Renault

While coordinated by respective headquarters, Europcar International S.A.S.U and RCI Banque, our operating entities in France, Italy, Spain, Portugal and Germany, have entered into local operating lease agreements with respective subsidiaries of RCI Banque in each country; based on

a detailed fleet plan per country shared and agreed on, with a volume of up to €245 million, for the sale and leaseback of vehicles to be purchased from the manufacturer Renault SAS. The agreement rolls on a yearly basis.

In addition, we have entered into several operating leases for the purposes of fleet purchasing and leasing activities as described under the headings "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" and "*Summary Europcar Financial and Other Data*".

Outstanding Notes

As of the date hereof, EGSA has two series of high yield notes outstanding (together the "**Outstanding Notes**"):

- €425,000,000 Senior Subordinated Secured Floating Rate Notes due 2013 (the "**Outstanding Floating Rate Notes**"), based on the rate EURIBOR 3 months plus a margin of 3.50%; and
- €400,000,000 9.375% Senior Subordinated Unsecured Notes due 2018 (the "**Outstanding Fixed Rate Notes**").

It is anticipated that the Outstanding Floating Rate Notes will be redeemed in full with the proceeds of the Notes, together with €110 million in proceeds from the Subordinated Shareholders Funding from Eurazeo and ECIP Europcar SARL and cash on hand at EGSA. EGSA intends to publish, in accordance with the provisions of the Indenture governing the Outstanding Floating Rate Notes, a conditional notice of redemption on or prior to the Completion Date. Such notice of redemption will be conditional upon the release of proceeds from escrow on the Completion Date and will provide that the redemption date will be 30 days after the giving of such notice. See "*Use of Proceeds*".

The Outstanding Fixed Rate Notes

The Outstanding Fixed Rate Notes were issued pursuant to an indenture, dated as of November 26, 2010 (the "**Outstanding Fixed Rate Notes Indenture**") among EGSA as issuer, The Bank of New York Mellon as trustee, transfer and principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as registrar and as Luxembourg paying and transfer agent. The Outstanding Fixed Rate Notes are obligations of EGSA, and are not guaranteed by ECI or any of its subsidiaries.

The Outstanding Floating Rate Notes

The Outstanding Floating Rate Notes were issued pursuant to an indenture, dated as of May 12, 2006 (the "**Outstanding Floating Rate Notes Indenture**") among EGSA as issuer, The Bank of New York Mellon as trustee, transfer and principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as registrar and as Luxembourg paying and transfer agent and Crédit Agricole Corporate and Investment Bank as security agent. The Outstanding Floating Rate Notes Indenture was supplemented as of April 27, 2007 to increase certain permitted indebtedness baskets.

Guarantees of the Outstanding Floating Rate Notes

Capitalized terms in this section "*—Guarantees of the Outstanding Floating Rate Notes*" have the meaning ascribed to them in the Outstanding Floating Rate Notes Indenture unless otherwise indicated.

The Outstanding Floating Rate Notes are the obligations of EGSA and are guaranteed on a joint and several basis by certain German and UK subsidiaries. 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, 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 is, by its terms, subordinated in right of payment to its Subsidiary Guarantee.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are 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.

Security for the Outstanding Floating Rate Notes

The Outstanding Floating Rate Notes are secured by a second-ranking security interest over the shares of ECI owned by EGSA.

Ranking of the Outstanding Notes

Capitalized terms in this section "*—Ranking of the Outstanding Notes*" have the meaning ascribed to them in the Outstanding Notes Indentures, as applicable, unless otherwise indicated.

The Outstanding Notes:

- are general Senior Subordinated Indebtedness of EGSA;
- are subordinated in right of payment to all existing and future Senior Credit Facility Indebtedness of EGSA;
- rank equally in right of payment with all existing and future Senior Subordinated Indebtedness of EGSA (and rank equally with each other); and
- are senior in right of payment to all existing and future Subordinated Indebtedness of EGSA.

Optional Redemption

Outstanding Floating Rate Notes

EGSA is currently entitled to redeem all or, from time to time, a part of the Outstanding Floating Rate Notes upon not less than 30 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof, 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).

Outstanding Fixed Rate Notes

Except as described below the Outstanding Fixed Rate Notes are not redeemable before November 15, 2013. Thereafter, EGSA may redeem all or, from time to time, a part of the Outstanding 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 November 15 of the years set out below:

Year	Redemption Price
2013	107.031%
2014	104.688%
2015	102.344%
2016 and thereafter	100.000%

Change of Control

Upon the occurrence of certain change of control events, each holder of the Outstanding Rate Notes may require EGSA to repurchase all or a portion of its Outstanding Notes at a purchase price equal to 101% of the principal amount of the Outstanding Notes, plus accrued interest to, but not including, the date of purchase.

If EGSA sells assets under certain circumstances, EGSA is required to make an offer to purchase the Outstanding Notes at 100% of the principal amount of the Outstanding Notes, plus accrued interest to, but not including, the date of purchase, with the excess proceeds from the sale of the assets.

In addition, in the event that EGSA becomes obligated to pay additional amounts (as defined in the Outstanding Notes Indentures) to holders of the Outstanding Notes as a result of changes affecting withholding taxes applicable to payments on the Outstanding Notes, EGSA may redeem the Outstanding Notes in whole but not in part at any time at 100% of the principal amount of the Outstanding Notes plus accrued interest to the redemption date.

Covenants

The Outstanding Notes Indentures contains covenants that, among other things, limit EGSA's ability and the ability of its subsidiaries to:

- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain liens;
- sell assets;
- in the case of our restricted subsidiaries, enter into arrangements that restrict dividends or other payments to us;
- in the case of our restricted subsidiaries, guarantee or secure debt;
- engage in transactions with affiliates;
- create unrestricted subsidiaries;
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- in the case of the Outstanding Floating Rate Notes, take any action that would materially impair the security interest;

These covenants are subject to important exceptions and qualifications. Currently, all of EGSA's subsidiaries are Restricted Subsidiaries (as defined in the Outstanding Notes Indentures).

Events of Default

The Outstanding Notes Indentures contain customary events of default, including, among others, the non-payment of principal or interest on the Outstanding Notes, certain failures to perform or observe any other obligation under the Outstanding Notes Indentures or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of EGSA, any EGSA, Subsidiary Guarantor or any Significant Subsidiary (each as defined in the Outstanding Notes Indentures). The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Outstanding Notes.

Intercreditor Agreement

On or prior to the Completion Date, the Intercreditor Agreement will be amended and restated to reflect the issuance of the Notes and the redemption in full of the Outstanding Floating Rate Notes.

The Intercreditor Agreement, as so amended and restated, will provide for the subordination of the Outstanding Fixed Rate Notes, and the Notes in light of payment of up to the Maximum Subordination Amount of existing and future Senior Credit Facility Indebtedness (each as defined in "*Description of the Notes—Certain Definitions*") and the subordination of the Subsidiary Guarantees to senior indebtedness of the applicable Subsidiary Guarantor thereunder. It will also contain limitations on the taking of enforcement action in respect of the Outstanding Fixed Rate Notes, the Notes or any Subsidiary Guarantee thereof 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*".

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 and in favor of the Trustee for the benefit of the Holders of the Notes (the "Share Pledge"). In addition, it provides that the Trustee for the Notes will, in connection with certain enforcement actions, release the Share Pledge if:

(a) the Trustee for the Notes confirms to the senior security agent that the release has been approved by Holders of 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 actions 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, EGSA 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 set out in the Intercreditor Agreement taken by the senior security agent and the senior security agent applies for foreclosure (*attribution*) of such shares are:

(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 for the Notes 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 for the Outstanding Floating Rate Notes or the Notes) 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 EGSA, the Trustee for the Notes, the Security Agent for the Notes and Holders of the 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 relating to mergers and consolidations 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 Notes in connection with such enforcement;

- Sixth, in payment of any amounts unpaid and outstanding in respect of the Notes; and

- Seventh, in payment of the surplus to EGSA or other persons entitled to payment.

Description of the Notes

Europcar Bond Funding Limited (the "**SPV Issuer**") will issue the Notes under an indenture (the "**Indenture**") to be dated as of the date the Notes are issued upon completion of the Offering between the SPV Issuer and The Bank of New York Mellon as trustee (the "**Trustee**"). The Notes will be issued in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"). See "*Transfer Restrictions*". On the Completion Date, Europcar Groupe S.A. (a corporation organized under the laws of France) ("**EGSA**"), as a successor issuer of the Notes will accede to the Indenture through a supplemental indenture or accession agreement ("**Accession Agreement**"), each of the Subsidiary Guarantors (as defined below) will accede to the Indenture and will provide for the guarantee of payment of the Notes and Crédit Agricole Corporate and Investment Bank will accede to the Indenture as security agent (the "**Security Agent**").

The SPV Issuer is an unaffiliated special purpose financing company that has no material assets other than its interest in the Escrow Account. All of the SPV Issuer's Capital Stock is held by SPV Issuer Share Trustee (the "**Parent**") on trust for charitable purposes. The obligations of the SPV Issuer under the Indenture and the Notes, will be limited as set forth in the Indenture. Upon completion of the Offering and release of the proceeds of the Offering from escrow, the SPV Issuer will cease to have any rights and will be released from all of its obligations under the Indenture and the Notes, and EGSA will assume all such rights and obligations thereafter.

This "**Description of the Notes**" is a summary of the material provisions of the Notes and the Indenture and refers to the Intercreditor Agreement pursuant to which the Notes will be subordinated in right of payment to the Maximum Subordination Amount of Senior Credit Facility Indebtedness, the Successor Intercreditor Agreement, if any, and the Security Documents (each as defined below). The Description of the Notes does not restate those agreements in their entirety. These agreements, not this summary, define your rights as Holders, and therefore you should refer to such agreements for complete descriptions of the obligations of the SPV Issuer, EGSA, the Subsidiary Guarantors and your rights. Copies of the forms of the Indenture, the Notes, the Intercreditor Agreement, any Successor Intercreditor Agreement and the Security Documents will be available as set forth under "*—Where You Can Find Additional Information*". By acquiring a Note, each holder agrees to take the position that the Notes will be characterized as debt for United States federal income tax purposes.

You will find definitions of certain capitalized terms used in this Description of the Notes under the heading "*Certain Definitions*".

The term "Assumption of the Notes" means, collectively, the following transactions among others:

(1) the assumption by EGSA of all of the SPV Issuer's obligations under the Notes and the Indenture pursuant to the Accession Agreement, on and after the Completion Date;

(2) the release of the SPV Issuer from all of its obligations under the Notes and Indenture (including in respect of any interest accrued prior to the Completion Date);

(3) the Subsidiary Guarantors accession to the Indenture and the guarantee by each Subsidiary Guarantor of EGSA's obligations under the Notes and the Indenture, on and after the Completion Date, described below under the caption "*—Ranking of the Notes, Guarantees and Security on and after the Completion Date—Subsidiary Guarantees*"; and

(4) the granting of the security in respect of the Notes, as of and on the Completion Date, described below under the caption "*—Ranking of the Notes, Guarantees and Security on and after the Completion Date—Security*".

For the avoidance of doubt, any references to “EGSA” in the covenants and related definitions shall be references to EGSA, as the context may require, and not to any of its Subsidiaries.

Prior to the consummation of the Assumption of the Notes on the Completion Date, the SPV Issuer will be prohibited from engaging in any business activity or any other activity, other than certain activities related to the Indenture and the Notes. See “*—Limitation on Activities of the SPV Issuer Prior to the Completion Date*”. The release of the proceeds of the Offering of the Notes from the escrow account will be subject to certain conditions. See “*—Escrow Arrangements*”.

The Notes will initially not be held in definitive form and the registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Except as the context otherwise requires, the provisions described elsewhere in this “Description of the Notes” refer to the provisions of the Indenture as will be in effect beginning on the Completion Date.

Principal, maturity and interest

The Notes initially will be issued in the aggregate principal amount of €324 million. EGSA may issue additional Notes (the “**Additional Notes**”) under the Indenture from time to time after the Completion Date *provided* that in order for such Additional Notes to have the same identification number as the Notes offered hereby, any such Additional Notes shall be fungible with the Notes for U.S. federal income tax purposes. Any issuance of Additional Notes is subject to all of the conditions and covenants in the Indenture. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Notes will be in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will only be issued in minimum denominations of €100,000 principal amount.

The Notes will mature on May 15, 2017 and be payable at 100% of their face amount upon redemption at maturity. Interest on the Notes will accrue at the rate of 11.50% per annum from (and including) the Issue Date 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 in each year, commencing on November 15, 2012 to the holder of record of the Notes on the May 1 and November 1 immediately preceding the related interest payment date. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on overdue principal and, to the extent permitted by law, on overdue installments of interest and Additional Amounts (as defined herein) will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

If the due date for any payment in respect of any 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.

Ranking of the Notes prior to the Completion Date

The Notes will be limited recourse obligations of the SPV Issuer. Prior to the Completion Date, the SPV Issuer will not be permitted to incur any Indebtedness or any other liabilities, except as permitted under the first paragraph of “*—Certain Covenants—Limitation on Activities of SPV Issuer Prior to the Completion Date*”.

Ranking of the Notes and Subsidiary Guarantees on and after the Completion Date

General

The Notes:

- will be general Senior Subordinated Indebtedness of EGSA;
- will be secured by a second-ranking security interest over the shares of Europcar International S.A.S.U. owned by EGSA as described in "*—The Collateral*" and "*—Escrow Arrangement*";
- will be subordinated in right of payment to all existing and future Senior Credit Facility Indebtedness of EGSA (in an amount not to exceed the Maximum Subordination Amount, which will be €300.0 million as of the Issue Date, subject to increase as described under "*—Subordination of the Notes*");
- are effectively subordinated to all secured Indebtedness of EGSA 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);
- will be effectively subordinated to all Indebtedness and other liabilities (including Trade Payables) of each Subsidiary of EGSA that is not a Subsidiary Guarantor;
- will rank equal in right of payment with all existing and future Senior Subordinated Indebtedness of EGSA; and
- will rank senior in right of payment to all existing and future Subordinated Indebtedness of EGSA.

As of the Completion Date, only a limited number of EGSA's Subsidiaries will guarantee the Notes, although under certain circumstances in the future, one or more Restricted Subsidiaries of EGSA may guarantee the Notes. See "*—Certain Covenants—Future Subsidiary Guarantees*". All the operations of EGSA are conducted through its Subsidiaries. Claims of creditors of the Subsidiaries of EGSA that are not Subsidiary Guarantors, including trade creditors, and claims of preferred shareholders (if any) of Subsidiaries of EGSA that are not Subsidiary Guarantors will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of EGSA, including holders of the Notes. The Notes, therefore, are effectively subordinated to creditors (including trade creditors) and preferred shareholders (if any) of Subsidiaries of EGSA that are not Subsidiary Guarantors.

As of December 31, 2011, after giving effect to the Refinancing, including the offering of the Notes, the Assumption of the Notes and the application of the proceeds therefrom:

- EGSA (including Subsidiaries and consolidated Special Purpose Entities) would have had third-party debt of €2,014.3 million (excluding estimated debt equivalent of fleet operating leases); and
- Subsidiaries of EGSA and consolidated Special Purpose Entities would have total outstanding borrowings of €1,290.3 million (excluding estimated debt equivalent of fleet operating leases).

Although the Indenture will contain limitations on the amount of additional Indebtedness that EGSA 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.

Subsidiary Guarantees

Note Guarantees

On and after the Completion Date, the Notes and the Indenture will be guaranteed on an unsecured senior subordinated basis by each of:

- Europcar International SA und Co OHG (Germany);
- Europcar Autovermietung GmbH (Germany); and
- Europcar UK Limited (England and Wales).

As of and for the year ended December 31, 2011, the Subsidiary Guarantors accounted for 27.2% of EGSA's consolidated revenue and 17.7% of EGSA's Consolidated Total Assets.

The Subsidiary Guarantors will unconditionally guarantee EGSA's obligations under the Indenture and the 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*", 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 Indenture and (b) such Subsidiary Guarantor is simultaneously and unconditionally released from its obligations with respect to the Senior Credit Facilities and the Senior Asset Revolving Facility;

(2) upon legal or covenant defeasance as described below under "*—Defeasance*" or upon satisfaction and discharge of EGSA's obligations under the Indenture as described below under "*—Satisfaction and Discharge*"; or

(3) in the event EGSA designates the Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the 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, EGSA will notify the Luxembourg Stock Exchange of such release.

A Subsidiary Guarantor may consolidate with or merge into or sell its assets to EGSA 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 Indenture. See "*—Certain Covenants—Merger and Consolidation*".

As of the Issue Date, all of EGSA's Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below under the definition of Unrestricted Subsidiaries, EGSA will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". Any Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. Consolidated Special Purpose Entities are not Subsidiaries for purposes of the Indenture, although their results are included in certain covenants under the Indenture that are tested on a consolidated basis.

Future Guarantors

Under certain circumstances in the future, certain Restricted Subsidiaries of EGSA may guarantee the Notes. See "*—Certain Covenants—Future Subsidiary Guarantees*".

Security

Share Pledge

On or after the Completion Date, EGSA, the Trustee and the Security Agent will enter into a share pledge agreement (the "**Share Pledge**" and, together with all other pledge agreements providing for the pledges described below pursuant to the terms of the Indenture, the "**Security Documents**") providing for a second-ranking pledge over the shares of ECI owned by EGSA (the "**Collateral**") granted to the Trustee for the benefit of the Holders pursuant to a "*nantissement de compte d'instruments financiers*" according to articles L. 431-4 et seq. of the French Monetary and Financial Code, ranking after security interests in the same shares granted to secure certain existing and future Senior Credit Facility Indebtedness of EGSA. 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 EGSA under the Indenture in respect of the 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. 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 Indenture.

The Share Pledge will provide 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 EGSA, EGSA 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 EGSA 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 and the Security Agent 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 in accordance with the Indenture, the Trustee and the Security Agent, for the benefit of the Holders of the 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*", EGSA is permitted to pledge the Collateral in limited circumstances in connection with future issuances of the Notes and certain other Indebtedness, in each case permitted under the 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 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 EGSA from time to time secured by the Collateral is established by the terms of the Intercreditor Agreement, the Indenture, 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:

(1) the obligations under the Senior Credit Facilities secured by the Collateral are secured by an effective first-priority interest in the Collateral; and

(2) the obligations in respect of the Parallel Debt and in respect of any other Senior Subordinated Indebtedness of EGSA 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:

(1) in accordance with the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*"; and

(2) upon legal or covenant defeasance as described below under "*—Defeasance*" or upon satisfaction and discharge of EGSA's obligations under the Indenture as described below under "*—Satisfaction and Discharge*".

The Trustee will agree to any release of the Share Pledge that is in accordance with the 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 EGSA, release) the security interest in the Collateral securing the 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 EGSA). EGSA will, immediately after such security interest in the Collateral is granted in respect of the new Indebtedness, grant to the Trustee a security interest in the Collateral securing the Notes; provided that (A) the release and grant of any security interest in the Collateral securing the Notes in accordance with the terms of this paragraph shall only be undertaken to the extent necessary, as determined in good faith by EGSA and (B) EGSA shall provide the Trustee with an opinion of counsel regarding the validity and enforceability of any security interest securing the Notes that is granted 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.

Subordination of the Notes

The Notes will be subordinated to Senior Credit Facility Indebtedness pursuant to the Intercreditor Agreement. Certain provisions of the Intercreditor Agreement will be incorporated by reference in the Indenture and made applicable to the Notes and the Trustee.

The Intercreditor Agreement in effect on the Completion Date will provide that the Notes will be subordinated to €300.0 million of Senior Credit Facility Indebtedness and any portion of Senior Credit Facility Indebtedness that exceeds €300.0 million will rank equal in right of payment with the Notes. Only Indebtedness of EGSA that is Senior Credit Facility Indebtedness will rank senior to EGSA's obligations with respect to the Notes. EGSA's obligations with respect to the Notes will rank equal in right of payment with all other Senior Subordinated Indebtedness of EGSA.

Upon a Public Offering (as defined in the Indenture), the Indenture will allow EGSA, subject to the relevant consents under the Intercreditor Agreement, at its option to discharge the obligations of the Trustee and the Holders of the Notes under the Intercreditor Agreement at which time the Successor Intercreditor Agreement will be entered into among EGSA, the Representative for the Senior Credit Facility Indebtedness and the Trustee, pursuant to which the Notes will become subordinated in right of payment to the outstanding amount of Senior Credit Facility Indebtedness permitted to be incurred under the Indenture (a principal amount of €320.0 million as of the Issue Date, but which amount may increase pursuant to clause (1) of the second paragraph of the covenant "*—Limitations on Indebtedness*"). The provisions of the Intercreditor Agreement pursuant to which the Notes are subordinated in right of payment to Senior Credit Facility Indebtedness and which are summarized below will continue to apply to the Notes pursuant to the Successor Intercreditor Agreement, and the other provisions of the Intercreditor Agreement will have no further force or effect.

Certain provisions of the Intercreditor Agreement are summarized below. Capitalized terms used in this section "*—Subordination of the Notes*" and not defined under "*—Definitions*" have the meanings given to them in the Intercreditor Agreement.

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 EGSA or the other obligors thereunder (or their successor(s)) under the documents governing such Senior Credit Facility Indebtedness have expired, EGSA will not make to or for the account of any Holder, the Trustee or the Security Agent (or a person acting as a fiduciary for or on behalf of any such person), and neither any Holder, the Trustee nor

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 Indenture without the prior written consent of the Representative of Senior Credit Facility Indebtedness. These provisions will also prevent EGSA 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) EGSA 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) EGSA 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) EGSA may make payments of principal on the Notes on their originally scheduled repayment date; and

(d) EGSA may make payments of amounts (other than those described in paragraphs (a) through (c) above) payable under covenants (including, without limitation, asset disposals and change of control covenants), redemption payments (other than described in paragraphs (a) through (c) above) in respect of the Notes and other payments (other than described in paragraphs (a) through (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 Revolving Discharge Date (as defined in the Intercreditor Agreement), 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 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

Except as set forth below, the Intercreditor Agreement provides that, until the Senior Discharge Date, neither any Holder, the Trustee nor 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 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 EGSA) 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 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 Holders, the Trustee or the Security Agent 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 Indenture (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 the Relevant 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

(C) 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 Indenture; or

(iv) 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.

The Trustee, 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; *provided*, in the case of the Trustee, that it has received from the Holders an indemnity satisfactory to it.

The Trustee, 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 Indenture.

Turnover

If at any time on or before the Senior Discharge Date:

(i) the Trustee, 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 Indenture 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, 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, the Security Agent or any Holder receives or recovers an amount as a result of any member of the Group making any payment or distribution of any kind whatsoever in relation to the purchase or other acquisition of any liabilities or obligations under the Indenture or the Notes;

(iv) any liabilities or obligations under the Indenture 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, the Security Agent or any Holder receives any distribution in cash or in kind in respect of any liabilities or obligations under the Indenture 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 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 EGSA, claims against EGSA in respect of the Notes will be subordinated in right of payment to the claims against EGSA in respect of Senior Credit Facility Indebtedness (other than in respect of any portion of Senior Credit Facility Indebtedness that exceeds €300.0 million). The

Successor Intercreditor Agreement, which will be entered into when, and if, the Intercreditor Agreement is terminated, will provide that, upon the occurrence of an Insolvency Event in relation to EGSA, claims against EGSA in respect of the Notes will be subordinated in right of payment to the claims against EGSA in respect of the total amount of permitted Senior Credit Facility Indebtedness.

Upon the occurrence of an Insolvency Event in relation to EGSA, 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 EGSA.

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 EGSA 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.

Certain definitions contained in the Intercreditor Agreement

The following is a summary of certain defined terms used above and defined in the Intercreditor Agreement. Capitalized terms within the below definitions have the meaning given to them 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 Group to acquire any Debt (including exercising any put or call option against any member of the 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 RCF Debt (as defined in the Intercreditor Agreement) as a result of any Senior Revolving Creditor (as defined in the Intercreditor Agreement) being unlawful for any holder thereof or agent thereunder to perform any obligation, or right granted to it, thereunder; or

(v) a Senior Revolving Creditor 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, reorganisation, administration or voluntary administration (including any "*procedure de sauvegarde*", "*sauvegarde financière accelérée*", "*redressement judiciaire*", "*cession partielle ou totale de l'entreprise*" or "*liquidation judiciaire*" under articles L.620-1 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 conciliation proceedings under articles L.611-4 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*", "*administrateur provioire*", "*conciliateur*" "*mandataire ad hoc*" 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.

Subordination of the Subsidiary Guarantees

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 Indenture, and Supplemental Indenture and/or the Intercreditor Agreement are substantially similar to the analogous provisions applicable to EGSA 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) EGSA's obligations thereunder, in the case of a Subsidiary Guarantee, each of (a) Senior Credit Facility Indebtedness, and (b) any other Senior Indebtedness of such Subsidiary Guarantor permitted to be incurred under the 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 Senior Indebtedness of such Subsidiary Guarantor.

Escrow Arrangement

Upon initial issuance, the Notes will be obligations of the SPV Issuer and not an obligation of EGSA and will not be guaranteed by the Subsidiary Guarantors nor secured by the Collateral. The SPV Issuer is an unaffiliated special purpose financing company with no operations and no ability to generate revenue.

Concurrently with the closing of the Offering of the Notes on the Issue Date, the SPV Issuer and EGSA will enter into an Escrow Agreement with the Trustee and JPMorgan Chase Bank, N.A. as escrow agent (the "**Escrow Agent**"), pursuant to which the Initial Purchasers will deposit into an account (the "**Account**") with the Escrow Agent in the name of the Trustee on behalf of the holders of the Notes, the net proceeds of the offering and EGSA will deposit into the Account an amount in cash in the form of a subordinated loan such that when, taken together with the amount deposited by the Initial Purchasers, the Account will be funded with cash sufficient to pay the Special Mandatory Redemption Price (as defined below). Prior to the release of such funds from the Account, such funds will be kept in cash. The initial funds deposited in the Account, and all other funds, securities, interest, distributions and other property and payments credited to the Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to as the "Escrowed Property".

Pursuant to the Escrow Agreement, subject to, and immediately prior to or concurrently with, the satisfaction of the following conditions:

(1) the continued effectiveness of the Senior Revolving Credit Facility on substantially the same terms as described in the Offering Memorandum under the heading "*Description of Certain European Financing Arrangements—Senior Revolving Credit Facility*" and the satisfaction or waiver (other than any such waiver that would be materially adverse to the holders of the Notes) of the conditions precedent to first utilization as set forth in Schedule 3, Part 1, to the Senior Revolving Credit Facility, together with the obtaining and continued effectiveness of all necessary consents from lenders under the Senior Revolving Credit Facility to the consummation of the redemption of the Outstanding Floating Rate Notes in the manner contemplated by the Offering Memorandum;

(2) the continued effectiveness and ability to borrow under the Senior Asset Revolving Facility on substantially the same terms, as described in the Offering Memorandum under the heading "*Description of Certain European Financing Arrangements—Senior Asset Revolving Facility*";

(3) satisfaction and discharge of all obligations of EGSA and the guarantors thereof in respect of the Outstanding Floating Rate Notes pursuant to the irrevocable deposit by or at the direction of EGSA with the Trustee under the Indenture governing the Outstanding Floating Rate Notes of funds in euro or European Government Obligations or a combination thereof in an amount sufficient to pay and discharge the entire Indebtedness represented by the Outstanding Floating Rate Notes not theretofore delivered to the Trustee for cancellation, together with irrevocable instructions from EGSA directing the Trustee to apply such funds to the payment thereof at redemption and, on or prior to the date of such deposit, the giving of notice of such redemption of not less than 30 days (which notice may be conditioned on the release of funds from the Escrow Account) under arrangements satisfactory to the Trustee for redemption of the Outstanding Floating Rate Notes by the Trustee in the name and at the expense of EGSA;

(4) the execution by Europcar UK Group and the financing parties thereto of definitive long-term facility agreements which will replace or extend the existing long-term financing facilities of the Europcar UK Group for an amount equal to at least £375.0 million and which are available for drawing on the expiration date for the existing long-term financing facilities of the Europcar UK Group, or may be available for drawing prior to such expiration date, subject to compliance with customary utilization conditions precedent for fleet financing transactions (and for the avoidance of doubt, not including conditions precedent relating to business and financial due diligence).

(5) the consummation of the Assumption of the Notes;

(6) the absence of a Change of Control occurring at EGSA since the Issue Date;

(7) there being no Default or Event of Default under the Indenture;

(8) those documents, legal opinions and certificates attached as exhibits to the Escrow Agreement having been delivered in accordance with the terms of the Escrow Agreement;

(9) the delivery to the Trustee of an Officers' Certificate signed by a director of the SPV Issuer certifying that there has been no Event of Default under the Indenture as to the SPV Issuer since the Issue Date; and

(10) the delivery to the Trustee of an Officers' Certificate signed by two Officers of EGSA certifying that the foregoing conditions (1) through (8) have been, or immediately following release of the Escrow Property will be, satisfied,

the Escrowed Property shall be released (i) to EGSA and (ii) the SPV Issuer shall be released from its obligations under the Indenture, the Notes and any related transaction documents. In the event that (i) satisfaction of such conditions (the date of such satisfaction, the "Completion Date") does not take place on or prior to July 5, 2012 (such date, the "Date of Determination"); or (ii) an Event of Default arises from certain events of bankruptcy or insolvency, with respect to EGSA prior to the Date of Determination, the funds in the Account will be released on the Special Redemption Date for the purpose of effecting the mandatory redemption (the "Special Mandatory Redemption") of the Notes in accordance with the requirements of the Indenture as described under "—Special Redemption". Any excess Escrowed Property remaining in the Account after the Special Redemption Date will be released to EGSA after payment of fees, expenses, indemnities and other amounts.

No provisions of the Escrow Agreement (including, without limitation, those relating to the release of the Escrowed Property) and, to the extent such provisions relate to the SPV Issuer's obligation to redeem the Notes in a Special Mandatory Redemption, the Indenture, may be

waived or modified in any manner materially adverse to the holders of the Notes without the written consent of Holders of at least 90% in aggregate principal amount of Notes outstanding.

On and following the Completion Date and in order to determine compliance with the condition described under clause (7) of the escrow release conditions described above, all restrictive covenants will be deemed to have been applicable beginning on the Issue Date (but assuming that all actions that take place on the Completion Date had occurred on the Issue Date) and, to the extent that EGSA and its Restricted Subsidiaries took any action or inaction after the Issue Date and on or prior to the Completion Date that is prohibited by the Indenture, the SPV Issuer will be in Default on such date and the funds in the Account will not be released to EGSA.

Special mandatory redemption

In the event that the Completion Date has not occurred on or prior to the Date of Determination, the SPV Issuer will be required to redeem the Notes, on the date that is no later than five Business Days after the Date of Determination (the "Special Redemption Date"), at a cash redemption price of 91.216% of the aggregate principal amount of the Notes, plus accrued interest and Additional Amounts (defined below), if any, to the date of redemption (the "Special Mandatory Redemption Price"). The Escrow Agreement will provide that the Trustee, after receiving from the Escrow Agent an amount of Escrowed Property equal to the Special Mandatory Redemption Price, will send a notice of such redemption on behalf of the SPV Issuer to the Holders on the date of Date of Determination if the Completion Date has not occurred on or prior to such Date of Determination.

If the Special Mandatory Redemption Date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest and Additional Amounts, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to Holders whose Notes will be subject to redemption by the SPV Issuer.

On or after the Completion Date or the payment of the Special Mandatory Redemption Price by the SPV Issuer (as applicable), the SPV Issuer will have no further obligations under the Indenture or the Notes and will commence voluntary liquidation proceedings.

Optional redemption

Except as described below and under "*—Redemption for Taxation Reasons*" and "*—Special Mandatory Redemption*", the Notes are not redeemable prior to maturity. On or after the Completion Date, the Notes may be redeemed or purchased (by EGSA or any other Person) in whole or, from time to time, in part at EGSA's option, upon not less than 10 days nor more than 60 days' notice, 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).

On or after the Completion Date, EGSA may, at its option, use the Net Cash Proceeds of one or more Equity Offerings (other than an Initial Public Offering) to redeem up to 40% of the principal amount of the Notes issued under the Indenture (including any Additional Notes) at a redemption price of 111.5% 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 60% of the principal amount of Notes originally issued under the Indenture (excluding Notes held by EGSA and its Affiliates) remains outstanding immediately after any such redemption; and

(2) EGSA makes such redemption not more than 90 days after the consummation of any such Equity Offering.

In addition, on or after the Completion Date, EGSA may, at its option, use the Net Cash Proceeds of an Initial Public Offering to redeem up to 100% of the principal amount of the Notes issued under the Indenture (including any Additional Notes) at a redemption price of 111.5% 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).

Selection and notice of redemption

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry, Delivery and Form*", based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee will not be liable for selections made by it in accordance with this paragraph.

No Notes of a principal amount of €100,000 or less shall be redeemed in part. Notice of redemption will be mailed by first-class mail at least 10 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

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. Notes called for redemption become due on the date fixed for redemption. On and after the date of redemption, interest will cease to accrue on Notes or portions thereof called for redemption as long as EGSA has deposited with the Paying Agent funds in satisfaction of the applicable redemption price.

At least 10 days but not more than 60 days before a redemption date, any such notice to the holders of the relevant Notes shall be published through the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency).

For Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the

Luxembourg Stock Exchange and, in connection with any redemption, EGSA will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Withholding taxes

All payments made by the SPV Issuer, EGSA, Subsidiary Guarantors, if any, or a successor of any of the foregoing (each, a "**Payor**") under, or with respect to, the Notes or Subsidiary Guarantee, if any, 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) Ireland, the Republic of France or any political subdivision or governmental authority of Ireland or the Republic of France having power to tax; (2) any jurisdiction from or through which payment on the Notes or Subsidiary Guarantee, if any, 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, including, in the case of each of (1), (2) and (3), any political subdivision or governmental authority thereof or therein having the power to tax (each of (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 Subsidiary Guarantee, if any, 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 or the Security Agent, 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 acquisition, ownership or holding of such Notes or the related Subsidiary Guarantee, if any, or the receipt of payments in respect thereof or exercising any rights or remedies thereunder);

(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 the Payor's reasonable written request provided reasonably in advance, with certification, information or other reporting requirements concerning the nationality, residence or identity of the Holder or such beneficial owner if (i) such compliance is required or imposed by a statute, treaty or regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax and (ii) such Holder or beneficial owner is legally able to comply with such request;

(d) any Note presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(e) any Taxes that are payable otherwise than by deduction or withholding from payments on or in respect of any Note;

(f) any estate, inheritance, gift, sale, excise, transfer, personal property or similar tax, assessment or governmental charge; or

(g) 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 "**E.U. Savings Tax Directive**") on the taxation of savings income which was adopted by the ECOFIN Council (the Council of E.U. Finance and Economic Ministers) on June 3, 2003, or any law implementing or complying with, or introduced to conform to, such E.U. 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 Official List of the Luxembourg Stock Exchange and admitted for trading 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, any other Relevant Taxing Jurisdiction (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 Indenture and will apply *mutatis mutandis* to any jurisdiction in which any (1) successor Person to a Payor is organized or (2) Subsidiary of EGSA which becomes a Subsidiary Guarantor after the date of the Indenture is organized, or any political subdivision or taxing authority or agency thereof or therein.

Whenever in the Indenture 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 SPV Issuer or EGSA, as applicable, 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 has not been publicly announced before, and becomes effective on or after, the date hereof (or, in the case the Relevant Taxing Jurisdiction changes after the date hereof, the date on which then current Taxing Jurisdiction becomes the applicable Taxing Jurisdiction under the Indenture) (a "**Change in Tax Law**") the SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, will deliver to the Trustee (a) an Officers' Certificate stating that the SPV Issuer or EGSA, as applicable, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the SPV Issuer or EGSA, as applicable, so to redeem have occurred and (b) an Opinion of Counsel qualified under the laws of the Relevant Taxing Jurisdiction to the effect that the conditions precedent to the right of the SPV Issuer or EGSA, as applicable, 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 at any time after the Completion Date, each Holder will have the right to require EGSA to repurchase all or a portion (in a minimum amount of €100,000 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 and all Additional Amounts (if any) 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 Indenture.

No later than the date that is 30 days after any Change of Control which occurred after the Completion Date, EGSA 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 that EGSA 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 and all Additional

Amounts (if any) 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 EGSA, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, EGSA, will, to the extent lawful:

(5) accept for payment all Notes or portions of Notes properly tendered and not withdrawn pursuant to the Change of Control Offer;

(6) 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;

(7) deliver or cause to be delivered to the Trustee an Officers' Certificate stating the Notes or portions of Notes being purchased by EGSA in the Change of Control Offer;

(8) 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 EGSA; and

(9) deliver, or cause to be delivered, to the relevant Register for cancellation all Definitive Notes accepted for purchase by EGSA.

The Paying Agent will promptly mail to each Holder of Notes properly 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 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 €100,000 and an integral multiple of €1,000 thereof.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange shall so require, EGSA 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 Luxembourg Stock Exchange and (iii) notify the Luxembourg Stock Exchange. In addition, EGSA 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 general circulation in Luxembourg (if required by the rules of the Luxembourg Stock Exchange) 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 Indenture does not contain provisions that permit the Holders to require that EGSA repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require EGSA to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire EGSA or its Subsidiaries in a transaction that would constitute a Change of Control or make such an acquisition more difficult.

EGSA 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 Indenture applicable to a Change of Control Offer made by EGSA, and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

EGSA's ability to repurchase Notes 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 event and/or default due to a breach of undertaking under the Senior Credit Facilities, the Outstanding Fixed Rate Notes and the EC Finance Notes. 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 Indenture. Future Indebtedness of EGSA and 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 EGSA 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 EGSA.

The ability of EGSA to pay cash to the holders of the Notes following the occurrence of a Change of Control may be limited by then existing financial resources, and sufficient funds may not be available when necessary to make any required repurchases. We expect that we would seek third party financing to make an offer to purchase outstanding Notes pursuant to a Change of Control Offer. However, there can be no assurance that we would be able to obtain such financing. Any failure by EGSA to offer to purchase Notes would constitute a Default under the Indenture, which, in turn, could constitute a default under the Senior Revolving Credit Facility Agreement and any Fleet Financing.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of EGSA and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require EGSA to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of EGSA and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions of the Indenture relating to the obligation to make an offer to repurchase the Notes as a result of a Change of Control will be subject to waiver or modification with the written consent of Holders of a majority in outstanding principal amount of the Notes governed thereby.

EGSA will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent Rule 14e-1 and those 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 Indenture, EGSA 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 Indenture by virtue thereof.

Certain Covenants

Limitation on activities of the SPV Issuer Prior to the Completion Date

Notwithstanding any other provision of the Indenture, prior to the Completion Date:

(1) the SPV Issuer will not engage in any business activity or undertake any other activity, except any activity: (a) relating to the offering, sale, or issuance of the Notes and any other activities in connection with the foregoing, (b) undertaken with the purpose of, and directly related to, fulfilling any other obligations under the Indenture (including for the avoidance of doubt, any repurchase or purchase, repayment, redemption, prepayment of such Debt, in

each case, as permitted by the Indenture) and any other document relating to the Notes, or (c) directly related or reasonably incidental to the establishment and/or maintenance of the SPV Issuer's corporate existence;

(2) the SPV Issuer shall not Incur any liabilities other than liabilities related to the Notes, the related Escrow Agreement, the Indenture and the subordinated loan from EGSA used in part to fund the Escrow Account;

(3) the SPV Issuer shall not, directly or indirectly, declare or pay any dividend or make any distribution on or in respect of its Capital Stock, purchase, redeem or otherwise acquire or retire for value any Capital Stock of the SPV Issuer or of any direct or indirect parent of the SPV Issuer, make any principal payment on, prepay or decrease any Indebtedness, or make any Restricted Investment in any Person;

(4) the SPV Issuer shall not merge, consolidate, amalgamate or otherwise combine with or into another Person;

(5) the SPV Issuer shall have no Subsidiary;

(6) the SPV Issuer shall not (a) transfer or assign any of its assets except pursuant to the Escrow Agreement;

(7) the SPV Issuer shall not create, Incur or suffer to exist any Lien on any of its assets except pursuant to the Escrow Agreement;

(8) the SPV Issuer shall not take or omit to take any action that would have the result of impairing the Liens created by the Escrow Agreement;

(9) prior to the Completion Date, the SPV Issuer shall not commence or take any action or facilitate a winding-up, liquidation or other analogous proceeding in respect of the SPV Issuer.

Limitation on Indebtedness

EGSA will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that EGSA or a Subsidiary Guarantor may incur Indebtedness (including Acquired Indebtedness) 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 EGSA would have been greater than 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (collectively, "**Permitted Debt**"):

(1) Indebtedness of EGSA 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 €320.0 million, *plus*, measured for each period of four full fiscal quarters ending on or after December 31, 2011 (each, a "**Test Period**"), an additional amount of €20.0 million in aggregate principal amount outstanding for each incremental €7.5 million by which Corporate Consolidated EBITDA (calculated as provided for in the definition of "Corporate Consolidated Fixed Charge Coverage Ratio") for such Test Period (without duplication of incremental EBITDA increases recorded in prior Test Periods) exceeds €132.3 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 constituting Fleet Financing of (a) a Restricted Subsidiary of EGSA or (b) any Special Purpose Entity that is fully consolidated in the financial statements of EGSA (for

purposes of this covenant and the related defined terms, (a) and (b) together are referred to as the "**Group**"), in a principal amount at any one time outstanding under this clause (2) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Group thereunder) not to exceed (x) in the case of any Fleet Financing in the form of operating leases or finance leases, the Lease Financing Borrowing Base and (y) in the case of any General Fleet Financing, the General Fleet Financing Borrowing Base, in each case as of the date of such incurrence (it being understood that upon any Incurrence of Indebtedness by any member of the Group, such Indebtedness will be tested under this covenant and EGSA and its Restricted Subsidiaries will be in violation of this covenant if, *inter alia*, either the Lease Financing Borrowing Base or the Fleet Financing Borrowing Base is exceeded even if such Indebtedness was incurred by a Person described in clause (b) of the definition of Group);

(3) Indebtedness of EGSA owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by EGSA or any Restricted Subsidiary; *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 EGSA or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person other than EGSA or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the obligor thereon; and

(b) if EGSA or a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the beneficiary of such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full of all obligations of EGSA 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:

(a) the Notes (other than any Additional Notes), the Subsidiary Guarantees to be issued on the Completion Date or the Security Documents;

(b) for a period not to exceed 45 days after the Completion Date, the Outstanding Floating Rate Notes and Indebtedness of the Restricted Subsidiaries of EGSA represented by guarantees of the Outstanding Floating Rate Notes by Europcar International SA und Co OHG, *Europcar Autovermietung GmbH*, Europcar UK Limited and Europcar Group UK Limited or any guarantee of a subsidiary of Europcar UK Limited given for the purpose of replacing any of the foregoing in connection with a corporate reorganization to the extent such guarantee is required to be issued under the Outstanding Floating Rate Notes Indenture; and

(c) Indebtedness of ECI represented by the guarantee of the EC Finance Notes;

(5) any Indebtedness of EGSA or any Restricted Subsidiary (other than the Indebtedness described in clauses (1), (2), (3), (4), (7), (8), (9), (10) and (11)) outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;

(6) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses (4)(a), 4(c), (5) or this clause (6) or Incurred pursuant to the first paragraph of this covenant; *provided* that if the Indebtedness being refinanced is a Guarantee, such Refinancing Indebtedness shall take the form of a Guarantee and shall not be a primary obligation;

(7) Hedging Obligations entered into in the ordinary course of business for bona fide hedging purposes of EGSA or its Restricted Subsidiaries, Securitifleet Holding, a Securitifleet Company or the FCT and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of EGSA);

(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 €35.0 million;

(9) Indebtedness of EGSA 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 EGSA or a Restricted Subsidiary 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 EGSA 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; *provided* that the maximum liability of EGSA 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 EGSA and its Restricted Subsidiaries in connection with such disposition;

(11) Indebtedness of EGSA 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 EGSA or any Restricted Subsidiary or of Fleet Financings by a Special Purpose Entity (other than any Indebtedness Incurred by EGSA, such Restricted Subsidiary or Special Purpose Entity, as the case may be, in violation of this covenant), or (B) without limiting the covenant described under "—Limitation on Liens", Indebtedness of EGSA or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of EGSA or any Restricted Subsidiary (other than any Indebtedness Incurred by EGSA or such Restricted Subsidiary, as the case may be, in violation of this covenant);

(13) Indebtedness represented by Subordinated Shareholder Funding; and

(14) 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 EGSA; *provided*, however, that at the time of such acquisition and after giving *pro forma* effect thereto EGSA would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant.

Notwithstanding the foregoing, EGSA will not permit any of its Restricted Subsidiaries to Incur Capital Markets Debt other than (a) any Refinancing Indebtedness in respect thereof to the extent permitted under clause (4) or (6) of the second paragraph of this covenant, (b) Incurrence of Capital Markets Debt constituting Fleet Financing permitted under clause (2) of the second paragraph of this covenant, (c) Guarantees of Capital Markets Debt of EGSA to the extent permitted under clause (12) of the second paragraph of this covenant or (d) Acquired Indebtedness permitted under clause (14) of the second paragraph of this covenant.

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, EGSA, 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 and, other than with respect to Indebtedness incurred under clauses (1) or (2) of the definition of Permitted Debt in the second paragraph of this covenant, to reclassify from time to time all or any portion of such item of Indebtedness in any manner that then complies with this covenant. Indebtedness under Senior Credit Facilities outstanding on the Issue Date will initially be deemed to have been incurred pursuant to clause (1) of the second paragraph of this covenant and may not be reclassified. Indebtedness under any Fleet Financing (including any fleet operating leases) outstanding on the Issue Date or Incurred at any time thereafter will be deemed to have been incurred pursuant to clause (2) of the second paragraph of this covenant and may not be reclassified.

(2) 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;

(3) 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;

(4) 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;

(5) 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;

(6) the amount of Indebtedness attributable to fleet operating leases shall be estimated at 100% of the estimated Aggregate Leased Fleet Net Book Value; 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, EGSA 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 EGSA 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

EGSA 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 EGSA or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Qualified Capital Stock of EGSA; and

(b) dividends or distributions payable to EGSA or a Restricted Subsidiary of EGSA (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 EGSA or any Restricted Subsidiary or of any direct or indirect parent of EGSA held by Persons other than EGSA or a Restricted Subsidiary of EGSA (other than in exchange for Qualified Capital Stock of EGSA);

(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 EGSA 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 EGSA or such Restricted Subsidiary makes such Restricted Payment:

(I) a Default or an Event of Default shall have occurred and be continuing or would occur as a result of such Restricted Payment; or

(II) EGSA 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

(III) 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 October 1, 2010 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 EGSA from the issue or sale of its Qualified Capital Stock, other capital contributions or Subordinated Shareholder Funding, on or after the Issue Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Subsidiary of EGSA or an employee stock ownership plan, option plan or similar trust to the extent in each case such sale is funded or guaranteed by EGSA or any Restricted Subsidiary of EGSA); plus

(c) the amount by which Indebtedness of EGSA or a Restricted Subsidiary of EGSA (other than Subordinated Shareholder Funding) is reduced on EGSA's balance sheet upon the conversion or exchange (other than by a Subsidiary of EGSA) subsequent to the Issue Date of any Indebtedness of EGSA or a Restricted Subsidiary of EGSA convertible or exchangeable for Qualified Capital Stock of EGSA (less the amount of any cash, or the Fair Market Value of any other property, distributed by EGSA upon such conversion or exchange); plus

(d) the amount equal to the net reduction in Restricted Investments made by EGSA 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 EGSA or any Restricted Subsidiary of EGSA; or

(ii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment" below) not to exceed in the case of any Unrestricted Subsidiary, the amount of Investments previously made by EGSA 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 EGSA made by exchange for, or out of the proceeds of the substantially concurrent sale of, Qualified Capital Stock of EGSA (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 EGSA or any Restricted Subsidiary of EGSA); *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 EGSA 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 EGSA or a Restricted Subsidiary of EGSA made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Capital Stock of EGSA 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 EGSA or any Restricted Subsidiary of EGSA or any direct or indirect parent of EGSA held by any existing or former employees or management of EGSA or any Subsidiary of EGSA 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 EGSA since the Issue Date from, or as a capital contribution from, the issuance or sale to Management Investors of Capital Stock of EGSA or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of EGSA (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; **and, *provided further* that, prior to the consummation of an Initial Public Offering, any purchase, repurchase, redemption or other acquisition, cancellation or retirement for value made pursuant to this clause (5) will only be permitted to the extent that, on or after the Completion Date, Eurazeo or an other Ordinary Equity Investor has previously invested in EGSA in the form of equity contribution or Subordinated Shareholder Funding an amount equal to or greater than the amount of such payment proposed to be made pursuant to this Clause (5)**; ***provided*** **that such investment has not been included in the aggregate amount of Restricted Payments permitted under clause (III) of this Limitation on Restricted Payments**;

(6) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following a Public Offering of the Capital Stock of EGSA or a Parent Holdco, the payment of dividends on the Capital Stock of EGSA in an amount per annum not to exceed the greater of:

(x) 6% of the aggregate gross cash proceeds received by EGSA in or from such Public Offering or the aggregate gross cash proceeds of any such Public Offering of the Capital

Stock of a Parent Holdco that are contributed in cash to EGSA's equity (other than through the issuance of Disqualified Stock), and

(y)(a) 5% of the Market Capitalization; *provided*, that after giving *pro forma* effect to the payments of such dividend, EGSA's Consolidated Leverage Ratio would have been less than 4.0 to 1.0; or (b) 3% of the Market Capitalization; *provided*, that after giving *pro forma* effect to the payments of such dividend, EGSA's Consolidated Leverage Ratio would have been greater than or equal to 4.0 to 1.0 but less than 4.5 to 1.0.

provided, that if such Public Offering was of Capital Stock of a Parent Holdco, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of the Parent Holdco; and *provided*, *further*, that the amount of any such payments will be included in subsequent calculations of the amount of Restricted Payments;

(7) to the extent constituting Restricted Payments, management or consulting fees paid to a Permitted Holder or any Affiliate thereof not to exceed €7.0 million in any calendar year provided, however, that the amount of any such amount 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; and

(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, EGSA 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.

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 EGSA 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 EGSA 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, EGSA 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 Indenture.

Limitation on Liens

EGSA 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 EGSA), whether owned

on the date of the Indenture 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 Indenture 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 EGSA, 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

EGSA will not incur any Indebtedness if such Indebtedness is subordinate or junior in right of payment to any Senior Indebtedness of EGSA 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 it is contractually subordinated in right of payment to, the Subsidiary Guarantee of such Subsidiary Guarantor.

Limitation on dividend and other payment restrictions affecting Restricted Subsidiaries

EGSA 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 EGSA 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 EGSA or any other Restricted Subsidiary of EGSA;

(2) make loans or advances to EGSA or any other Restricted Subsidiary of EGSA; or

(3) transfer any of its property or assets to EGSA or any other Restricted Subsidiary of EGSA.

The preceding provisions will not prohibit:

(1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date or the Completion Date or, to the extent not included in the foregoing, the Senior Credit Facilities, the Indenture, the Notes, the Intercreditor Agreement, the Successor Intercreditor Agreement and the Securitifleet Intercreditor Agreement as in effect on such date and any agreements entered into in connection with a Fleet Financing under paragraph (2) of the covenant described under "—Limitation on Indebtedness" that is not expected to adversely effect, in any material respect, EGSA's ability, directly or indirectly, to repay the Notes, as determined in good faith by EGSA's Board of Directors;

(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 EGSA (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 EGSA 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 EGSA 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 renewal, 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, restatement or modification 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 amendments, restatements, modifications, renewals, refundings, replacements or refinancings are not, in the good faith judgment of EGSA's Board of Directors, materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreements referred to in clauses (1) or (2) of this paragraph;

(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 Indenture securing Indebtedness of EGSA 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 EGSA or any Restricted Subsidiary;

(5) Purchase Money Obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations permitted under the 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 EGSA or any Restricted Subsidiary in the ordinary course of business;

(8) restrictions on the transfer of assets subject to any Lien permitted under the 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 as required by any regulatory authority; 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

EGSA will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) EGSA 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 EGSA (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 of EGSA, 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 €20.0 million or more, at least 75% of the consideration from such Asset Disposition received by EGSA 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 EGSA 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 EGSA or an Affiliate of EGSA); *provided* that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this sub clause (a), EGSA 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, EGSA 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, EGSA 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 of EGSA or any Restricted Subsidiary ("**Other Asset Disposition Indebtedness**") that require EGSA 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 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 €100,000 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, EGSA may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. 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, EGSA 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**"), EGSA 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, EGSA 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 €100,000 and integral multiples of €1,000 thereof. EGSA will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by EGSA in accordance with the terms of this covenant. EGSA 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 EGSA for purchase, and, in the case of the Notes, EGSA will promptly issue a new Note, and the Trustee, upon delivery of an Officers' Certificate from EGSA 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 €100,000 or an integral multiple of €1,000. Any Note not so accepted will be promptly mailed or delivered by EGSA to the Holder thereof. EGSA 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 EGSA or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of a Subsidiary Guarantor) and the release of EGSA or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition, in which case EGSA 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 EGSA or any Restricted Subsidiary of EGSA from the transferee that are promptly converted by EGSA or such Restricted Subsidiary into cash.

EGSA 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, EGSA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

EGSA 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 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 EGSA 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 EGSA to meet its obligations in connection with the Asset Disposition Offer, and the ability of EGSA 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 EGSA when necessary to make any necessary repurchases.

Limitations on transactions with Affiliates

EGSA 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 EGSA (an "**Affiliate Transaction**") unless:

(1) the terms of such Affiliate Transaction are no less favorable to EGSA 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 EGSA, 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 of EGSA;

(3) loans or advances to employees, officers or directors in the ordinary course of business of EGSA 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 EGSA, any Restricted Subsidiary or any Special Purpose Entity (including, for the avoidance of doubt, Securitifleet Holding or any Securitifleet Company);

(5) the receipt by EGSA on the Issue Date of €110.0 million in cash proceeds in the form of Subordinated Shareholder Funding;

(6) to the extent not covered under clause (1) above, management, consulting and acquisition related payments described in clauses (7) and (10) of the covenant described under "*—Limitations on Restricted Payments*" and related transactions and contractual commitments; and

(7) the performance of obligations of EGSA or any Restricted Subsidiary under the terms of any agreement to which EGSA or any Restricted Subsidiary is a party on the Issue 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 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.

Future Subsidiary Guarantors

If any Subsidiary of EGSA that is not a Subsidiary Guarantor guarantees any Indebtedness of EGSA under the Senior Credit Facilities (any such guarantee, the "**Triggering Indebtedness**"), EGSA 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 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, EGSA 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.

EGSA 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 Non-Public Debt. EGSA will not be obliged to cause any Restricted Subsidiary to become a Subsidiary Guarantor if EGSA 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 EGSA (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 EGSA, any Subsidiary thereof (including such Subsidiary Guarantor);

(3) any violation of the provisions of the Senior Credit Facilities, the Senior Asset Revolving Facility 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, the Successor Intercreditor Agreement and any Additional Intercreditor Agreements and the subordination provisions of the 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 EGSA under the 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 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 EGSA, 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 EGSA 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 EGSA, 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 Indenture (including the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*") by EGSA 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 EGSA, (b) upon the merger or consolidation of such Subsidiary Guarantor with or into EGSA 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 EGSA or another Subsidiary Guarantor, or upon such Subsidiary Guarantor becoming EGSA, (c) concurrently with such Subsidiary Guarantor becoming an Unrestricted Subsidiary, (d) upon legal or covenant defeasance of EGSA'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 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 EGSA 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 Luxembourg Stock Exchange and the rules of such stock exchange shall so require, EGSA 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

EGSA will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral (it being understood that for the purposes of this paragraph the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens or any release and granting described under "*—Security—Release of security*" shall under no circumstances be deemed to materially impair the liens with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and EGSA will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Trustee, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except as permitted by the Indenture or in the Security Documents, but subject to the second paragraph of this covenant, EGSA and its Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of EGSA and without the consent of the holders of the Notes, the Trustee and the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent permitted under the Indenture, (iii) comply with the terms of the Intercreditor Agreement and any Additional

Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to EGSA and the assumption by such successor of the obligations under the Indenture, the Notes and the Security Documents, in each case, in accordance with "*—Certain Covenants—Merger and Consolidation*", (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, (vii) conform the Security Documents to this Description of the Notes, (viii) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent or (ix) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided*, *however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (ii) (in connection with the creation of Permitted Collateral Liens of the types described in clauses (a) and (d) of the definition thereof), (iii) (in connection with any enforcement action) and (iv) through (ix)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, EGSA delivers to the Trustee, either:

(1) a solvency opinion, in form and substance satisfactory to the Trustee, from an investment banking firm, appraisal firm or accounting firm of international standing confirming the solvency of EGSA and its Restricted Subsidiaries, taken as a whole on a consolidated basis, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement;

(2) a certificate from the board of directors or chief financial officer of EGSA (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of EGSA and its Restricted Subsidiaries, taken as a whole on a consolidated basis, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(3) an opinion of counsel acceptable to the Trustee, in form and substance satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement which shall be substantially in the form attached to the Indenture.

In the event that EGSA complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Reports

EGSA will provide to the Trustee and the Holders and make available to potential investors:

(1) within 120 days after the end of EGSA's fiscal year, 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*", "*Europcar's Business*", "*Management*" and "*Certain Relationships and Related Party Transactions*;"
(b) EGSA's 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 EGSA on a consolidated basis and any material changes between such two fiscal years, (ii) any material developments in the business of EGSA and its Restricted Subsidiaries and (iii) any financial developments and trends in the business in which EGSA and its Restricted Subsidiaries are engaged; (d) material risk factors relating to the business of EGSA and its Restricted Subsidiaries not previously disclosed; (e) supplemental data showing "rental fleet" as classified on EGSA's balance sheet on the last day of each month during the fourth fiscal quarter of such fiscal year;

(2) within 60 days after the end of each of the first three fiscal quarters in each fiscal year of EGSA, quarterly reports containing: (a) EGSA's 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 EGSA 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 EGSA and its Restricted Subsidiaries, (iii) any financial developments and trends in the business in which EGSA 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 EGSA's balance sheet on the last day of each month during such fiscal quarter;

(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 EGSA or any of its 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 EGSA and its Restricted Subsidiaries, (e) any change in the fiscal year of EGSA or its Restricted Subsidiaries, and (f) any information that EGSA is required to make publicly available under the requirements of the Luxembourg Stock Exchange.

If EGSA has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of EGSA, 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 EGSA and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of EGSA.

In addition, so long as the Notes remain outstanding and during any period during which the SPV Issuer or EGSA, as applicable, is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the SPV Issuer or EGSA, as applicable, 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, EGSA 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 EGSA's website and (c), for so long as the

Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and 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

EGSA will not, in a single transaction or through a series of related transactions, consolidate, amalgamate, merge or otherwise combine 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 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 EGSA) will expressly assume all the obligations of EGSA under the Notes, the Indenture, the Intercreditor Agreement, the Successor Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is party, pursuant to supplemental indenture and other agreements executed and delivered to the Trustee, in form satisfactory to the Trustee;

(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) EGSA 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 EGSA, which properties and assets, if held by EGSA instead of the such Subsidiaries, would constitute all or substantially all of the properties and assets of EGSA on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of EGSA.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, EGSA under the Indenture, the Intercreditor Agreement, the Successor Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is party 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 EGSA may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to EGSA or any Wholly Owned Subsidiary of EGSA and (b) EGSA may consolidate or otherwise combine with or merge into an Affiliate solely for the purpose of incorporating or organizing EGSA in another jurisdiction to realize tax benefits.

Limitation on Lines of Business

EGSA will not, and will not permit its Restricted Subsidiaries to, engage in any business which is not a Permitted Business.

The Intercreditor Agreement, the Successor Intercreditor Agreement and Additional Intercreditor Agreements

The Notes will be subject to the restrictions contained in the Intercreditor Agreement, certain provisions of which are summarized above under "*—Subordination of the Notes*". The Indenture will provide that upon the consummation of a Public Offering, EGSA may, at its option, discharge the obligation of the Trustee and the Holders of the Notes under the Intercreditor Agreement at which time it shall enter into a successor intercreditor agreement (the "**Successor Intercreditor Agreement**") pursuant to which the Notes will become subordinated in right of payment to the permitted outstanding amount of Senior Credit Facility Indebtedness (a principal amount of €350.0 million as of the Issue Date, but which amount may increase pursuant to clause (1) of the second paragraph of the covenant "*—Limitations on Indebtedness*"). In addition, the Indenture will provide that, at the request of EGSA, in connection with the Incurrence by EGSA 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 EGSA), EGSA, 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, release of guarantees (or such other terms or with such changes as contemplated by the last paragraph under "*—Certain Covenants—Future Subsidiary Guarantors*") and priority and release of the Collateral (or such other terms or with such changes as EGSA 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 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 EGSA or a Subsidiary Guarantor to the extent such designation is permitted under the Indenture with respect to such Indebtedness.

The Indenture also will provide that, at the direction of EGSA and without the consent of Holders, the Trustee shall at the expense of EGSA from time to time enter into one or more amendments to any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any

Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement that may be Incurred by EGSA or any of its Subsidiaries that is subject to any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes or any Subsidiary Guarantor, 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, Successor Intercreditor Agreement or 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 Indenture, any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement, (5) make provision for pledges of the Collateral securing Additional Notes to rank *pari passu* with the Security Documents or to implement any Permitted Collateral Lien, (6) provide for the assumption by a successor of the obligations of EGSA under any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement that would limit or terminate the benefits available to the holder of Senior Indebtedness of EGSA or any 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, Successor Intercreditor Agreement or Additional Intercreditor Agreement to any provision of this "*Description of the Notes*", or (9) make any other change of any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. EGSA shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement, Successor 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 EGSA 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 Indenture or any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement, Successor Intercreditor Agreement or 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*". The 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 the Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of the Intercreditor Agreement, Successor Intercreditor Agreement or 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 SPV Issuer or EGSA, as applicable, 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 for or as an inducement to any consent, waiver or amendment of any of

the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, will list the Notes on another internationally recognized exchange.

Events of Default

The following events are defined in the Indenture 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 Indenture or any Intercreditor Agreement, Successor 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 Indenture or any Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement);

(3) a default in the observance or performance of any covenant or agreement contained in the Notes, the Indenture (other than those described in clauses (1) or (2) above), any Intercreditor Agreement, Successor Intercreditor Agreement, Additional Intercreditor Agreement or the Security Documents, which default continues for a period of 60 days after EGSA receives written notice specifying the default from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (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 EGSA or any of its Restricted Subsidiaries ("**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 EGSA 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 EGSA or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 30 days after such judgment or judgments become final and non-appealable (the "**judgment default**" provision);

(6) certain events of bankruptcy affecting the SPV Issuer (prior to the Completion Date), EGSA or any Significant Subsidiary (or any group of Restricted Subsidiaries that taken together (as of the date of the SPV Issuer or EGSA's, as applicable, most recently available financial statements) would constitute a Significant Subsidiary) (the "**bankruptcy provision**");

(7) failure by the SPV Issuer to comply with any term of the Escrow Agreement that is not cured within 10 days to the extent such non-compliance would reasonably be expected to materially and adversely impact the Holders of the Notes;

(8) failure to consummate a Special Mandatory Redemption as provided for in the Indenture;

(9) at any time prior to the Completion Date, failure of the Parent to own and hold on trust for charitable purposes 100% of the issued outstanding Capital Stock of the SPV Issuer;

(10) 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

(11) any default by EGSA in the performance of any of its obligations under the Security Documents (after the lapse of any applicable grace periods) or the 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 EGSA, 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 SPV 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 SPV Issuer or EGSA) shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may (subject to the terms of the Intercreditor Agreement, Successor Intercreditor Agreement or Additional Intercreditor Agreement) declare the principal of and accrued interest on all the Notes to be due and payable by notice in writing to the SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Notes 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.

The Indenture will provide that, at any time after a declaration of acceleration with respect to the Notes 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 SPV Issuer or EGSA, as applicable, 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 may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of or interest on any Notes.

EGSA will deliver to the Trustee, on or before 120 days after the end of the its fiscal year, a certificate indicating whether the signing officers know of any Default or Event of Default that occurred during the previous year, and whether EGSA has complied with its obligations under the Indenture. In addition, EGSA will be required to notify the Trustee of the occurrence and continuation of any Default or Event of Default within five business days after it becomes aware of the same.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it. Subject to the provisions of the Indenture and applicable law, the Holders of a majority in principal amount of the outstanding Notes 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 the Indenture, the SPV Issuer or EGSA, as applicable, will be 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.

Limited recourse

Each of the Trustee, the Security Agent, any Paying Agent, the Registrar and each Holder will agree that its rights against the SPV Issuer under the Indenture and the Notes will be limited to the extent that it will not take any action or proceedings against the SPV Issuer to recover any amounts due and payable by the SPV Issuer to it under the Indenture or the Notes except as expressly permitted by the provisions of the Indenture and the Notes. Each of the Trustee, the Security Agent, any Paying Agent and the Registrar and each Holder will further agree that it will not, and in the case of a Holder will not request that the Trustee on its behalf, petition a court for, or take any other action or commence any proceedings for, the liquidation or winding-up of the SPV Issuer or any other bankruptcy or insolvency proceedings or appoint any liquidator, receiver, administrator or other insolvency practitioner with respect to the SPV Issuer or any of its assets whether under Irish law or other applicable bankruptcy laws; *provided* that the foregoing is solely for the benefit of the SPV Issuer and will not apply to EGSA or the Subsidiary Guarantors and *provided further* each of the Trustee, the Security Agent, any Paying Agent, the Registrar and each Holder will have the full and unconditional right to claim against the SPV Issuer for all amounts due and payable under the Notes and the Indenture, but only to the extent of the amount in the Account.

To the extent that the amount in the Account is not sufficient to meet all amounts payable by the SPV Issuer under the Notes and the Indenture, (such negative amount being referred to herein as a "**shortfall**"), the obligations of the SPV Issuer in respect of the Notes and the Indenture to the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and to the

Holders of the Notes will be limited to such amount which shall be applied in accordance with the Indenture and the Escrow Agreement. In such circumstances the SPV Issuer will not be obligated to pay, and the other assets (if any) of the SPV Issuer will not be available for payment of, such shortfall, the rights of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and the Holders of the Notes to receive any further amounts in respect of such obligations shall be extinguished and shall not thereafter revive and none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and the Holders of the Notes may take any further action to recover such amounts against the SPV Issuer.

Defeasance

EGSA, at any time may terminate all its obligations under the Notes, the Indenture and the Security Documents and all of the obligations of the Subsidiary Guarantors with respect to the Guarantees ("**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.

EGSA at any time may terminate its, and the Guarantors' 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**").

EGSA may exercise their legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If EGSA 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 EGSA 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 SPV Issuer to comply with clause (3) under the first paragraph of "*—Certain Covenants—Merger and Consolidation*" above.

In order to exercise either defeasance option, EGSA 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 EGSA to the effect that the Holders of the outstanding Notes 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 EGSA, 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 EGSA with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of EGSA 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) EGSA delivers to the Trustee all other documents or other information that the Trustee may require in connection with either defeasance option.

Satisfaction and discharge

The 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 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 SPV Issuer or EGSA, as applicable, and thereafter repaid to the SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, or any Subsidiary Guarantor 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 SPV Issuer or EGSA, as applicable, directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the SPV Issuer or EGSA, as applicable, or any Subsidiary Guarantor has paid all other sums payable under the Indenture; and

(3) the SPV Issuer or EGSA, as applicable, has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with

Without limiting the above, following the release of the Escrowed Property on the Completion Date, the SPV Issuer will have no further obligations under the Indenture and the Notes, and will commence voluntary liquidation proceedings.

Amendments and waivers

Subject to certain exceptions provided for under the Intercreditor Agreement, Successor Intercreditor Agreement or any Additional Intercreditor Agreement, the Indenture, the Notes, any Security Documents and any Subsidiary Guarantees may be amended or supplemented with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, 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 then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by the Holders of at least 90% in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each Holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

(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 provisions of the 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;

(8) make any change in the subordination provisions of the Indenture affecting the Holders of the Notes in a manner adverse to the Holders;

(9) 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 Indenture, as

applicable, except in accordance with the terms of the Indenture and the Intercreditor Agreement (and any Successor Intercreditor Agreement or Additional Intercreditor Agreement);

(10) 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), the Successor Intercreditor Agreement or as otherwise permitted by the Indenture; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the foregoing and to the extent not already permitted, without the consent of any Holder, the SPV Issuer, EGSA the Subsidiary Guarantors and the Trustee may amend the Indenture, the Notes, any Subsidiary Guarantee, the Security Documents, the Intercreditor Agreement, the Successor Intercreditor Agreement or any Additional Intercreditor Agreement to:

(1) cure any ambiguity, defect or inconsistency;

(2) provide for the assumption by a successor corporation of the obligations of the SPV Issuer, EGSA or any Subsidiary Guarantor under any of the documents referenced above;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add Guarantees with respect to the Notes;

(5) secure the Notes or any Subsidiary Guarantees;

(6) add to the covenants of the SPV Issuer, EGSA or any Subsidiary Guarantor for the benefit of the Holders or surrender any right or power conferred upon the SPV Issuer, EGSA or any Subsidiary Guarantor;

(7) conform the text of the 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 Indenture of a successor Trustee pursuant to the requirement thereof.

The consent of the Holders is not necessary under the Indenture 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 Indenture by any Holder of Notes 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 have given any request, demand, authorization, consent, vote or waiver in connection with the Indenture and the Notes, Notes owned by the SPV Issuer, EGSA or any Affiliate of the SPV Issuer or EGSA, as applicable, 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 which the Trustee actually knows to be so owned shall be so disregarded.

The SPV Issuer or EGSA, as applicable, will publish a notice of any material amendment, supplement or waiver in accordance with the provisions of the Indenture described under "—Notices", and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and the rules of the Luxembourg Stock Exchange so require, the SPV Issuer or EGSA, as applicable, will notify the Luxembourg

Stock Exchange of any such amendment, supplement and waiver.

Governing Law; Waiver of Jury Trial

The Indenture, the Notes and the Subsidiary Guarantees are governed by, and construed in accordance with, the laws of the State of New York. The SPV Issuer and EGSA will submit 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 and any Subsidiary Guarantee. The SPV Issuer, EGSA each Subsidiary Guarantor, the Trustee and each Holder of a Note by its acceptance thereof, will waive, to the fullest extent permitted by applicable law, any and all right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to the Indenture or 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 will have 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 Mellon is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care in their exercise that a prudent person would use in conducting his or her own affairs.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the SPV Issuer or EGSA, as applicable, 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.

The Indenture will set 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.

The Indenture will provide for certain rights, benefits, privileges and immunities of the Trustee and the indemnification of the Trustee in connection with its actions under the Indenture and each other agreement to which it is a party.

Concerning the Paying Agent and Registrar

The Trustee will initially act as Paying Agent for the Notes. The Bank of New York Mellon (Luxembourg) S.A. will initially act as Registrar and Luxembourg Paying Agent with regard to the Notes (the "**Luxembourg Paying Agent**"). For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, the SPV Issuer or EGSA, as applicable, will maintain the Luxembourg Paying Agent. The SPV Issuer or EGSA, as applicable, may change the Paying Agent or Registrar for the Notes, and the SPV Issuer or EGSA, as applicable, may act as Paying Agent or Registrar for the Notes. In the event that a Paying Agent is replaced, the SPV Issuer or EGSA, as applicable, will provide notice thereof in accordance with the procedures described under "Notices". In addition, the SPV Issuer or EGSA,

as applicable undertakes that it will ensure that the SPV Issuer or EGSA, as applicable, maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive.

Concerning the Security Agent

Crédit Agricole Corporate Investment Bank will initially act as Security Agent under the Share Pledge on behalf of the Trustee and the Holders. 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. Crédit Agricole Corporate Investment Bank also acts as Security Agent under the Senior Revolving Credit Facility and the Senior Asset Revolving Facility. 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 €100,000 or in multiples of €1,000 in excess thereof.

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 SPV Issuer or EGSA, as applicable, 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 Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and the rules of the Luxembourg 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 SPV Issuer or EGSA, as applicable, to mail payments in accordance with the terms of the Indenture. The SPV Issuer or EGSA, as applicable, 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. Holders of Definitive Notes 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 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 SPV Issuer or EGSA, as applicable, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the SPV Issuer or EGSA, as applicable, 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 Indenture. The SPV Issuer or EGSA, as applicable, are not required to register the transfer or exchange of any Note selected for redemption. Also, the SPV Issuer or EGSA, as applicable, are not required to transfer or exchange any Notes:

(1) for a period of 10 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 10 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 10 days prior to the record date with respect to any Interest Payment Date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

Ownership of interests in the Notes in global form and interests therein will be subject to restrictions on transfer and certification requirements summarized under "*Transfer Restrictions*".

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 SPV Issuer or EGSA, as applicable, under or in connection with the Notes, the Subsidiary Guarantees and the Indenture, 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 SPV Issuer or EGSA, as applicable, or otherwise, by any Holder or by the Trustee or the Security Agent in respect of any sum expressed to be due to it from the SPV Issuer or EGSA, as applicable, will only constitute a discharge of the SPV Issuer or EGSA, as applicable, 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 Holder or the Trustee, the SPV Issuer or EGSA, as applicable, will indemnify them against any loss sustained by such recipient as a result. In any event, the SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, or the Subsidiary Guarantor shall have any liability for any obligations of the SPV Issuer, EGSA or the Subsidiary Guarantors under the Notes, any Subsidiary Guarantee, the Security Documents, the Indenture, the Intercreditor Agreement, the Successor Intercreditor Agreement or any Additional Intercreditor Agreement 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 applicable securities laws.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Subsidiary Guarantees, the SPV Issuer, EGSA and any Subsidiary Guarantor will in the 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 SPV Issuer, EGSA and any Subsidiary Guarantor are outside the United States, any judgment obtained in the United States against the SPV Issuer, EGSA or any Subsidiary Guarantor, 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 any Subsidiary Guarantee, may not be collectable within the United States. See “Enforceability of Certain Civil Liabilities”.

Prescription

Claims against the SPV Issuer or EGSA, as applicable, 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). 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. So long as the Notes are listed on the Luxembourg Stock Exchange any notices to holders will either be published in a leading newspaper in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu). 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 SPV Issuer or EGSA, as applicable, 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.

Notice will be given to the Luxembourg Stock Exchange on the Completion Date of the change of the issuer.

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 EGSA 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 EGSA 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.

"**Additional Securitifleet Company**" means any Special Purpose Entity incorporated as a limited liability company in France, Germany, Spain or Italy for the purpose of 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) and any other activity in which a Securitifleet Company is engaged in on the date of determination and that is fully consolidated in the financial statements of EGSA which has entered a Securitifleet On-Loan Agreement and whose assets are pledged directly or indirectly for the benefit of the holders to the same extent as the assets of the Securitifleet Companies pledged for the benefit of the Holders and to the same extent as such assets are pledged for the benefit of the Senior Asset Revolving Facility or any other Fleet Financing.

"**Additional Securitifleet Proceeds Loan**" means any loans from a financial intermediary to Securitifleet Holding and assigned to EGSA as such assignment is funded with the proceeds from the issuance of additional notes permitted by the EC Finance Notes Indenture pursuant to an indenture with such terms and conditions substantially similar to those contained in the Securitifleet Proceeds Loan Agreement (with such adjustments as are necessary to reflect changes in principal amount, accreted value, original issue discount, issue date, currency, maturity and other differences so that the payment terms of such Additional Securitifleet Proceeds Loan are substantially equivalent to those of the additional notes) and, all funding directly or indirectly replacing or refinancing such loan or any portion thereof.

"**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.

"**Aggregate Leased Fleet Net Book Value**" means the aggregate net book value of the leased fleet, which amount shall be (a) estimated in good faith by the principal financial officer of ECI, (b) determined on a consistent basis with the information presented in the footnotes to EGSA's most recent financial statements prior to the Issue Date and (c) subject to agreed upon procedures by the auditors of EGSA.

"**Applicable Premium**" means at any redemption date the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of (1) the redemption price of such Note on May 15, 2017 (such redemption price being 100% of principal amount) plus (2) all required remaining scheduled interest payments due on such Note through May 15, 2017 (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 Note on such redemption date.

"**Asset Acquisition**" means:

(1) an Investment by EGSA or any Restricted Subsidiary of EGSA in any other Person pursuant to which such Person shall become a Restricted Subsidiary of EGSA or any Restricted Subsidiary of EGSA, or shall be merged with or into EGSA or any Restricted Subsidiary of EGSA; or

(2) the acquisition by EGSA or any Restricted Subsidiary of EGSA of the assets of any Person (other than a Restricted Subsidiary of EGSA) 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 EGSA 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 EGSA (other than directors' qualifying shares or shares required by law to be held by a Person other than EGSA or a Restricted Subsidiary); or

(2) any other property or assets of EGSA or any Restricted Subsidiary of EGSA 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 EGSA or by EGSA or a Restricted Subsidiary to a Restricted Subsidiary, *provided* that in the case of a disposition by EGSA or a Restricted Subsidiary to a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, EGSA 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 EGSA and its Restricted Subsidiaries and that is disposed of by EGSA and its Restricted Subsidiaries in the ordinary course of business;

(5) transactions by EGSA 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 EGSA to EGSA or to a Wholly Owned Restricted Subsidiary of EGSA;

(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 EGSA 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 EGSA 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; and

(13) any Financing Disposition or other disposition in connection with a Fleet Financing.

"**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; *provided, however*, that if such Sale and Leaseback Transaction results in a Capitalized Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capitalized Lease Obligation".

"**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.

"**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.

"**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.

"**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, 2017 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 Notes and of a maturity most nearly equal to the period from the redemption date to May 15, 2017; *provided, however*, that, if the period from such redemption date to May 15, 2017 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, 2017 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, 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 SPV Issuer or EGSA, as applicable, 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 Markets Debt**" means any Indebtedness that is not Non-Public Debt.

"**Capital Markets Proceeds Loan**" means any funding (including the Securitifleet Proceeds Loan and any Additional Securitifleet Proceeds Loan) made (directly or through a financial intermediary) by EC Finance to Securitifleet Holding with the proceeds from the issuance of Capital Markets Debt permitted by the EC Finance Notes Indenture pursuant to an indenture with such terms and conditions substantially similar to those contained in the Securitifleet Proceeds Loan Agreement (with such adjustments as are necessary to reflect changes in principal amount, accreted value, original issue discount, issue date, currency, maturity and other differences so that the payment terms of such Capital Markets Proceeds Loan are substantially

equivalent to those of the Capital Markets Debt), and all notes directly or indirectly replacing or refinancing such loan or any portion thereof.

"**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.

"**Capitalised Cost**" means, with respect to any Vehicle that has been accounted for in the books of any Restricted Subsidiary or Special Purpose Entity, the price paid or to be paid by such Restricted Subsidiary or Special Purpose Entity for the purchase of such Vehicle after deduction of any delivery charges and rebates together with any other element in relation thereto and accounted for as a fixed asset.

"**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 finance 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, U.S. dollars, Australian dollars or New Zealand dollars, as applicable, to be issued or directly and fully guaranteed or insured by the government (including, in each case, any agency or instrumentality thereof) of a Participating Member State as of January 1, 2004, the U.K., the U.S., Australia or New Zealand, 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, *provided* that such country (or agency or instrumentality) has a long-term government debt rating of "A1" or higher by Moody's or A+ or higher by Standard & Poor's or the equivalent rating category of another internationally recognized rating agency as of the date of investment;

(2) debt securities denominated in euro, pounds sterling, U.S. dollars, Australian dollars or New Zealand 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 EGSA or any of its Subsidiaries;

(3) commercial paper denominated in euro, pounds sterling, U.S. dollars, Australian dollars or New Zealand dollars maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least 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, U.S. dollars, Australian dollars or New Zealand 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) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the U.S. 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 U.S. 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 EGSA (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 U.S. Exchange Act), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of EGSA 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 EGSA (together with any new directors whose election to such board or whose nomination for election by the shareholders of EGSA 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 EGSA 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 U.S. Exchange Act) other than to one or more Permitted Holders; or

(4) the adoption of a plan or proposal for the liquidation or dissolution of EGSA.

"**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 and, for the avoidance of doubt, Special Purpose Entities on a consolidated basis determined in accordance with IFRS (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 Interest Expense**" means, for any period, the total consolidated interest expense (excluding any amortization of debt issuance costs and in each case any amortization thereof, any amortization of discount in relation to pension liabilities, any amount of Subordinated Shareholder Funding and any non-utilization fees in respect of undrawn credit lines) of EGSA and its Restricted Subsidiaries and the Special Purpose Entities that are consolidated in EGSA's financial statements prepared in accordance with IFRS, whether paid or accrued, plus, without duplication, 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) non-cash interest expense (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations and, excluding such interest in relation to the ECI Subordinated Loan or any Subordinated Shareholder Funding);

(3) commissions, discounts and other fees and charges owed with respect to letters of credit;

(4) interest actually paid by EGSA or any such Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person;

(5) net costs associated with Hedging Obligations (including amortization of fees);

(6) the consolidated interest expense of EGSA and its Restricted Subsidiaries that was capitalized during such period;

(7) Consolidated Vehicle Interest Expense;

(8) all dividends paid or payable, in cash, Cash Equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of EGSA or on Preferred Stock of its Restricted Subsidiaries payable to a party other than EGSA 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.

"**Consolidated Leverage**" means, with respect to any Person as of any date of determination, the sum without duplication of (a) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis, plus (b) an amount equal to the greater of the liquidation preference or the maximum fixed redemption or repurchase price of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person (but not giving effect to any additional Indebtedness to be incurred on the date of determination as part of the same transaction or series of transactions pursuant to the second paragraph under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*"). For the avoidance of doubt, references to 'Restricted Subsidiaries' in this definition include, where applicable, Special Purpose Entities on a consolidated basis determined in accordance with IFRS.

"**Consolidated Leverage Ratio**" means with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

For purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted

Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For the avoidance of doubt, references to 'Restricted Subsidiaries' in this definition include, where applicable, Special Purpose Entities on a consolidated basis determined in accordance with IFRS. For purposes of this definition, whenever *pro forma* effect is to be given to an Asset Disposition, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith, the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of EGSA. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

For purposes of calculating the Consolidated Leverage Ratio, the following additional definitions apply:

(1) "**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:

(a) Consolidated Interest Expense and Special Purpose Financing Fees;

(b) Consolidated Income Taxes;

(c) consolidated fleet depreciation expense;

(d) consolidated non-fleet depreciation and amortization expense;

(e) Consolidated Fleet Lease Expense less Consolidated Fleet Operating Lease Interest Expense to the extent included in Consolidated Interest Expense in clause (a) above;

(f) asset impairment expense recorded in accordance with IFRS;

(g) any foreign currency translation losses of EGSA and its Restricted Subsidiaries (including gains or losses related to currency re-measurements of Indebtedness);

(h) 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); and

(i) acquisition-related, reorganization and other non-recurring costs and expenses recorded in accordance with IFRS and presented in EGSA's most recent financial statements,

(y) *less* (1) any foreign currency translation gains of EGSA and its Restricted Subsidiaries (including gains or losses related to currency re-measurements of Indebtedness) and (2) any other non-cash items increasing Consolidated Net Income for such period.

(2) "**Consolidated Fleet Lease Expense**" means, with respect to any specified Person for any period, the aggregate fleet operating lease expense of the specified Person and its consolidated Restricted Subsidiaries determined on a consolidated basis payable in respect of such period under leases of rental fleet.

(3) "**Consolidated Fleet Operating Lease Interest Expense**" means, with respect to any specified Person for any period, the aggregate interest expense included in Consolidated Fleet Lease Expense (in the case of operating leases for which the interest expense component is not specified by the counterparty, as estimated in good faith by the principal financial officer of EGSA and determined on a consistent basis with the information presented in the footnotes to EGSA's most recent financial statements prior to the Issue Date) of the specified Person and its consolidated Restricted Subsidiaries determined on a consolidated basis payable in respect of such period under leases of rental fleet.

"**Consolidated Net Income**" means, for any period, the net income (loss) of EGSA and its Restricted Subsidiaries and, for the avoidance of doubt, Special Purpose Entities, 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 EGSA) if such Person is not a Restricted Subsidiary or a Special Purpose Entity, except that:

(a) subject to the limitations contained in clauses (4), (5) and (6) below, EGSA'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 EGSA 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) EGSA'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 EGSA or a Restricted Subsidiary;

(2) any net income (loss) of any Person acquired by EGSA or a Subsidiary of EGSA in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (III)(a) of the first paragraph under the caption "*Certain Covenants—Restricted Payments*", any net income or loss of any Restricted Subsidiary of EGSA that is not a Subsidiary Guarantor will be excluded if such Restricted 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 EGSA (or Subsidiary Guarantor that holds the Capital Stock of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary and any future restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less

favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, except that EGSA'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 or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to EGSA or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than a Subsidiary Guarantor), to the limitation contained in this clause));

(4) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of EGSA 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;

(6) the cumulative effect of a change in accounting principles (from those IFRS principles in effect on the Issue Date); and

(7) the impact of capitalized, accrued, accreting or pay-in-kind interest on the principal of any Subordinated Shareholder Funding.

"**Consolidated Total Assets**" means, as of any date of determination, total assets shown on the consolidated balance sheet of EGSA and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available. For the avoidance of doubt, references to 'Restricted Subsidiaries' in this definition include, where applicable, Special Purpose Entities on a consolidated basis determined in accordance with IFRS.

"**Consolidated Vehicle Interest Expense**" means, for any period, the sum of, without duplication, (a) the aggregate interest expense for such period on any Indebtedness of any Special Purpose Entity directly or indirectly Incurred to finance or refinance the acquisition of, or secured by, Rental Vehicles and/or related rights and/or assets plus (b) the aggregate interest expense for such period on other Indebtedness of EGSA and its Restricted Subsidiaries that is attributable to the financing or refinancing of Rental Vehicles and/or any related rights and/or assets, as determined in good faith by the Chief Financial Officer or an authorized Officer EGSA (which determination shall be conclusive) plus (c) the interest portion of any lease or rental expense payable to Special Purpose Entities plus (d) Consolidated Fleet Operating Lease Interest Expense.

"**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;

(2) Consolidated Income Taxes;

(3) consolidated non fleet depreciation and amortization expense;

(4) asset impairment expense recorded in accordance with IFRS;

(5) any foreign currency translation losses of EGSA and its Restricted Subsidiaries (including gains or losses related to currency re-measurements of Indebtedness);

(6) 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); and

(7) acquisition-related, reorganization and other non-recurring costs and expenses recorded in accordance with IFRS and presented in EGSA's most recent financial statements,

(y) *less* (1) any foreign currency translation gains of EGSA and its Restricted Subsidiaries (including gains or losses related to currency re-measurements of Indebtedness) and (2) any other non-cash items increasing Consolidated Net Income for such period.

"**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, without 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 Interest Rate Agreements, 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 EGSA. 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 EGSA as probable to be realized, as set out in an Officer's 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:

1. the amount of all dividend payments on any series of Preferred Stock of such Person and, to the extent permitted under the 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

2. 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 EGSA).

"**Corporate Consolidated Interest Expense**" means Consolidated Interest Expense less Consolidated Vehicle Interest Expense.

"**Corporate Secured Debt**" means, with respect to any Person as of any date of determination, the sum of total Indebtedness that is secured by a Permitted Collateral Lien as permitted by as permitted by clauses (b) and (c) the definition thereof.

"**Currency Agreement**" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect EGSA or any Restricted Subsidiary of EGSA 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.

"**Depreciation Charge**" means such amount as calculated with respect to each Vehicle by applying to such Vehicle's Capitalised Cost a depreciation percentage corresponding to:

(i) if such Vehicle has been purchased pursuant to a Vehicle Manufacturer Buy-Back Agreement, the monthly depreciation percentage set forth in the applicable Vehicle Manufacturer Buy-Back Agreement or, in the absence of depreciation percentage in such agreement, the depreciation percentage calculated on the basis of straight—line amortisation of such Vehicle (with the applicable rate of amortisation calculated on the basis of (i) an amortisation of the Capitalised Cost of such Vehicle from the date of registration of such Vehicle until the reasonably anticipated date of resale of such Vehicle and (ii) the specified repurchase price thereof under such Vehicle Manufacturer Buy-Back Agreement); or

(ii) if such Vehicle has not been purchased pursuant to a Vehicle Manufacturer Buy-Back Agreement, a monthly percentage calculated on the basis of straight line amortisation of such Vehicle (with the applicable rate of amortisation calculated on the basis of (i) an amortisation of the Capitalised Cost of such Vehicle from the date of registration of such Vehicle until the reasonably anticipated date of resale of such Vehicle and (ii) the reasonably anticipated residual value thereof as of such date (such residual value to be consistent with the residual value of Vehicles of the same type and age (and in particular with the residual value of Vehicles of the same type and age purchased pursuant to a Vehicle Manufacturer Buy-Back Agreement)).

"**Disinterested Directors**" means, with respect to any Affiliate Transaction, one or more members of the Board of Directors of EGSA 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 EGSA, 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 EGSA 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 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.

“**EC Finance**” means EC Finance plc, a public limited company organized under the laws of England and Wales.

“**EC Finance Notes**” means the €350,000,000 9¾% senior secured notes due 2017 of EC Finance and guaranteed on a senior basis by ECI issued pursuant to the EC Finance Notes Indenture.

“**EC Finance Notes Indenture**” means the indenture dated July 2, 2010, as supplemented on August 27, 2010 between, among others, EC Finance as issuer, ECI as guarantor and the Bank of New York Mellon, as trustee, as supplemented from time to time.

“**ECI**” means Europcar International S.A.S.U., a corporation organized under the laws of France and not to any of its subsidiaries.

“**ECI Subordinated Loan**” means the subordinated funding agreement dated July 2, 2010 between EC Finance as borrower and ECI as lender.

“**Equity Offering**” means any offering of (1) ordinary shares (or the equivalent thereof) or Preferred Stock (other than Disqualified Stock) of EGSA or (2) Capital Stock of a Parent Holdco the proceeds of which are contributed as equity share capital to EGSA.

“**Escrow Agreement**” means the Escrow Agreement to be entered into on the Issue Date among the SPV Issuer, EGSA, the Escrow Agent and the Trustee, in respect of the deposit of the proceeds of the Notes in the Account.

“**Eurazeo**” or “**Eurazeo Group**” means collectively (1) Eurazeo, a *société anonyme à directoire et conseil de surveillance* incorporated under the laws of France; (2) any subsidiary of Eurazeo, (3) 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; (4) any Person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and (5) any of their respective successors in interest.

“**Europcar Opco**” and “**Europcar Opcos**” means respectively, any and all of Europcar France S.A.S, Europcar Autovermietung GmbH, Europcar IB S.A., and Europcar Italia S.p.A.

“**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 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, as applicable, thereof; *provided* that such country (or agency or instrumentality) has a long-term government debt rating of “A1” or higher by Moody’s or A+ or higher by Standard & Poor’s or the equivalent rating category of another internationally recognized rating agency as of the date of investment.

“**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 EGSA acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of EGSA 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 EGSA to exceed €10 million.

“**FCT**” means *fonds commun de titrisation* created in connection with the Refinancing to issue senior notes subscribed by banks and/or their conduits and junior notes subscribed by ECI.

“**FCT Junior Notes**” means the junior notes issued by the FCT (*fonds commun de titrisation*) and subscribed by ECI or any of its successor.

“**Financing Disposition**” means any sale, transfer, conveyance, lease or other disposition of, or creation or incurrence of any Lien on, property or assets by EGSA or any Subsidiary thereof 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.

“**Fleet Financing**” means any asset-backed financing for the purpose of financing, acquiring, leasing or refinancing Vehicles and/or related rights (including under leases, manufacturer warranties and buy-back programs and insurance policies) and/or related assets, together with any related working capital financing (including for the avoidance of doubt the Senior Asset Revolving Facility together with any other fleet financing incurred by the Securifleet Companies).

“**General Fleet Financing**” means any Fleet Financing other than a lease financing.

“**General Fleet Financing Borrowing Base**” means, on the date of incurrence of any General Fleet Financing, the aggregate amount of all General Fleet Financings in an amount not exceeding 95.0% of the General Fleet Financing Total Asset Value taking into account the General Fleet Financing to be incurred.

“**General Fleet Financing Total Asset Value**” means without double counting, the aggregate of:

(i) the Vehicle Residual Value of all the Vehicles of the Group (as defined in the covenant “*—Limitation on Indebtedness*”) that are financed under General Fleet Financings minus for such Vehicles, the aggregate of the provisions (if any) for badly damaged Vehicles and the provision for stolen Vehicles and Vehicles non-returned by customers, together with any provision reflecting an expected loss or decrease in value of a Vehicle; and

(ii) the Receivables Amount to the extent financed under such General Fleet Financings.

“**Government Obligations**” means European Government Obligations and U.S. Government Obligations.

“**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, all Attributable Indebtedness of such Person and the debt equivalent of fleet operating leases estimated at 100% of the Aggregate Leased Fleet Net Book Value;

(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 any “parallel debt” or any “parallel debt” obligations created in connection with a Lien created to secure other indebtedness permitted to be incurred under the Indenture.

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.

"**Intercreditor Agreement**" means the existing intercreditor agreement dated May 31, 2006, as amended and restated on February 28, 2007, amended on November 15, 2007, amended and restated on March 26, 2010, November 5, 2010 and on the Completion Date, between among others, EGSA, The Bank of New York Mellon, as trustee, the facility agent under the Senior Revolving Credit Facility and Crédit Agricole Corporate and Investment Bank (formerly known as CALYON), as security agent, as amended and restated, waived, supplemented or otherwise modified from time to time in compliance with the Indenture.

"**Initial Public Offering**" means the first public offering of the Capital Stock of EGSA or any Parent Holdco, provided that a result of such first public offering at least 20% of the total issued and outstanding ordinary shares or common equity of EGSA or such Parent Holdco, as applicable, must have been distributed to investors other than the Eurazeo Group or any of its Affiliates or any other direct or indirect shareholders of EGSA as of the Issue Date.

"**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 EGSA and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of EGSA or such Restricted Subsidiary, as the case may be. If EGSA or any Restricted Subsidiary of EGSA sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of EGSA such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, EGSA 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 EGSA or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by EGSA 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 May 14, 2012, the date of issuance of the Notes.

"**Lease Financing Borrowing Base**" means, as of any date, an amount equal to 100.0% of the net book value of Vehicles that are financed under such operating or finance lease which amount shall be (a) estimated in good faith by the principal financial officer of EGSA and (b) determined on a consistent basis with the information presented in the footnotes to EGSA's most recent financial statements prior to the Issue Date.

"**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 EGSA 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 EGSA or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of EGSA.

"**Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of EGSA or the Parent Holdco, as the case may be, on the date of the declaration of the relevant dividend (or, in the case of a dividend by EGSA to a Parent Holdco, on the date EGSA notifies the Parent Holdco of its intention to pay the relevant dividend) multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration or notification of such dividend.

"**Maximum Subordination Amount**" means the maximum amount of permitted Senior Credit Facility Indebtedness that the Notes can be subordinated in right of payment to pursuant to the Intercreditor Agreement or the Successor Intercreditor Agreement; *provided, however* that until the termination of the Intercreditor Agreement, such amount shall not exceed €300 million; *provided, further*, however that upon the entering into of the Successor Intercreditor Agreement immediately following termination of the Intercreditor Agreement, such amount shall be equal to the outstanding amount of Senior Credit Facility Indebtedness permitted pursuant to clause (1) of the second paragraph of the covenant "*—Limitations on Indebtedness*".

"**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 U.S. 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 EGSA 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).

"**Non-Public Debt**" means:

(1) Indebtedness represented by promissory notes or similar evidence of Indebtedness under bank loans or similar financing agreements, including private placements to insurance companies and mezzanine lenders; and

(2) any other Indebtedness; *provided* that it (a) is not listed, quoted or tradeable on any exchange or market, including any market for securities eligible for resale pursuant to Rule 144A under the U.S. Securities Act, (b) does not clear or settle through the facilities of the Euroclear, Clearstream, DTC or any similar facilities, (c) is not issued or sold by means of any prospectus, offering circular (but not an information memorandum of the type used in a bank syndication) or similar document typically used in connection with road show presentations, (d) is not marketed in an underwritten securities offering and (e) if placed with or through an agent, the agent does not place it with its high yield bond accounts.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

"**Officer**" means, (a) with respect to the SPV Issuer, any director or duly authorized attorney, (b) with respect to EGSA 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, the Chief Operating Officer, the General Counsel or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (c) any other individual designated as an "Officer" for the purposes of the 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 may be counsel to the SPV Issuer or EGSA, as applicable, or an Affiliate and who is acceptable to the Trustee, and delivered to the Trustee.

"**Outstanding Floating Rate Notes**" means the €425 million aggregate principal amount of Senior Subordinated Secured Floating Rate Notes due 2013 issued by EGSA.

"**Parent**" means IFG Trust Company Limited.

"**Parent Holdco**" means any Person (other than a natural person) of which EGSA is or becomes a direct or indirect Subsidiary after the Issue Date; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of EGSA.

"**Participating Member State**" means each state so described in any European Monetary Union legislation.

"**Permitted Business**" means any business in which EGSA and its Restricted Subsidiaries 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 Notes (including any Additional Notes) issued pursuant to the Indenture (and any Guarantees thereof), or (c) that are statutory Liens arising by operation of law; *provided*, that on the date of incurrence of any such Indebtedness covered by clauses (b) (as to Additional Notes) of this definition and after giving effect thereto on a *pro forma* basis, EGSA's Corporate Secured Debt Leverage Ratio (defined below), is less than 2.75 to 1.00; *provided*, *further*, that such Lien either (x) ranks equal to all other Liens on the Collateral securing Senior Indebtedness of EGSA, if the Lien secured Senior Indebtedness, (y) equal to all other Liens on such Collateral securing Indebtedness of EGSA ranking equally to the Notes or (z) otherwise junior to the Liens securing the Notes (or any Guarantee thereof).

For the purposes of this definition, the Corporate Secured Debt Leverage Ratio shall be calculated as the ratio of Corporate Secured Debt to Corporate Consolidated EBITDA (the "**Corporate Secured Debt Leverage Ratio**"), calculated as provided in the definition of "Corporate Consolidated Fixed Charge Coverage Ratio" set forth in this Description of the Notes.

"**Permitted Holder**" means any of the following: (1) the Eurazeo Group, (2) any entity formed for the purpose of investing in Capital Stock of EGSA that is owned and controlled by any of the Permitted Holders, or (3) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of EGSA. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the U.S. Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. 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 Indenture, together with its Affiliates, shall thereafter constitute Permitted Holders.

"**Permitted Investment**" means, with respect to EGSA or any of its Restricted Subsidiaries, an Investment by EGSA 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 EGSA; *provided, however*, that any Indebtedness evidencing an Investment in EGSA and held by a Restricted Subsidiary of EGSA is unsecured and subordinated, pursuant to a written agreement, to EGSA's obligations under the Notes;

(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, EGSA 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 EGSA 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 EGSA 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 EGSA or such Restricted Subsidiary not in excess of €1.0 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 EGSA 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) under the ECI Subordinated Loan;

(11) in existence on the Issue Date;

(12) in connection with 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*";

(13) in Guarantees permitted to be Incurred in accordance with "*—Certain Covenants—Limitation on Indebtedness*";

(14) acquired by EGSA or any Restricted Subsidiary in exchange for the issuance of Qualified Capital Stock of EGSA;

(15) Investments made in a Special Purpose Entity in connection with a Fleet Financing permitted under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(16) Investments in the EC Finance Notes or other Capital Markets Debt of a Special Purpose Finance Company or other Special Purpose Entity for which ECI is a guarantor on a *pari passu* or senior basis with the EC Finance Notes and (to the extent not issued by a Securitifleet Company) the proceeds of which were on lent to a Securitifleet Company pursuant to a Capital Markets Proceeds Loan;

(17) Investments in FCT Junior Notes purchased under the Senior Asset Revolving Facility and permitted under the Securitifleet Intercreditor Agreement; and

(18) other Investments (including Investments in joint ventures) which, when taken together with all other Investments pursuant to this clause (18) 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 EGSA 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 EGSA 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 EGSA 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 EGSA or any Restricted Subsidiary of EGSA 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 letters of credit;

(10) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of EGSA 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 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:

1. such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by EGSA or a Restricted Subsidiary of EGSA and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by EGSA or a Restricted Subsidiary of EGSA; and

2. such Liens are limited to all or a part of the same property or assets of EGSA or its Restricted Subsidiaries that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of EGSA or a Restricted Subsidiary of EGSA, and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by EGSA or a Restricted Subsidiary of EGSA;

(13) Liens securing Indebtedness incurred in compliance with clauses (1), (2) or (15) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*";

(14) Liens securing the Notes;

(15) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary course of business of EGSA and its Restricted Subsidiaries;

(16) 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;

(17) Liens on assets of a Restricted Subsidiary of EGSA that is not a Subsidiary Guarantor to secure Indebtedness of such Restricted Subsidiary that is otherwise permitted under the Indenture;

(18) Liens arising from U.S. Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by EGSA and its Restricted Subsidiaries in the ordinary course of business;

(19) Liens existing on the Issue Date which are in existence on the Completion Date;

(20) Permitted Collateral Liens;

(21) 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;

(22) Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, *provided* that any such Lien is limited to all or part of the same property or assets that secured the Indebtedness being refinanced; and

(24) Liens granted to the Trustee or the Security Agent for their compensation and indemnities pursuant to the Intercreditor Agreement, the Successor Intercreditor Agreement or any Additional Intercreditor Agreement.

"**Person**" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"**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.

"**Public Offering**" means a public offering of the Capital Stock of EGSA or any Parent Holdco (the "**IPO Entity**") such that at least 20% of the total issued and outstanding ordinary shares or common equity of the IPO Entity has been distributed to investors other than the Eurazeo Group or any of its Affiliates or any other direct or indirect shareholders of EGSA as of the Issue Date.

"**Purchase Money Indebtedness**" means Indebtedness of EGSA 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.

"**Receivables Amount**" means at any time and in relation to any Restricted Subsidiary or Special Purpose Entity the receivables (excluding VAT) owed by any Vehicle Manufacturer or any company of its group to such Restricted Subsidiary or Special Purpose Entity at such time pursuant to the disposition by such Restricted Subsidiary or Special Purpose Entity of any Vehicle under any Vehicle Manufacturer Buy—Back Agreement.

"**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 Indenture or Incurred in compliance with the 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);

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantor's Subsidiary Guarantee or otherwise defined as Subordinated Indebtedness, 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; and

(5) the Refinancing Indebtedness does not receive a guarantee from any Person that does not guarantee the Indebtedness being refinanced,

provided, further, however, that Refinancing Indebtedness shall not include (A) Indebtedness of a Subsidiary that Refinances Indebtedness of EGSA, (B) Indebtedness of a Subsidiary Guarantor that Refinances Indebtedness of a non-guarantor Restricted Subsidiary or (C) Indebtedness of EGSA or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary. Refinancing Indebtedness of a Restricted Subsidiary shall not be permitted to constitute Capital Markets Debt unless the Indebtedness being Refinanced is Capital Markets Debt of a Restricted Subsidiary.

"**Rental Vehicles**" means all Vehicles that are classified as "rental fleet" in the consolidated financial statements of EGSA.

"**Replacement Assets**" means properties and assets that will be used in the business of EGSA 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 EGSA or a Restricted Subsidiary of any property, whether owned by EGSA or any Restricted Subsidiary at the Issue Date or later

acquired, which has been or is to be sold or transferred by EGSA 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.

"**Securitifleet Company**" and "**Security Companies**" means respectively any and all of Securitifleet S.A.S., Securitifleet GmbH, Securitifleet SL and Securitifleet S.r.l. and any Additional Securitifleet Company; *provided* that the foregoing continue to be designated as a Securitifleet Company in compliance with the EC Finance Notes Indenture.

"**Securitifleet Intercreditor Agreement**" means the Securitifleet Intercreditor Agreement dated July 30, 2010 among EC Finance, ECI, the lenders under the Senior Asset Revolving Facility, the Bank of New York Mellon, as trustee and as notes security agent, and the other parties thereto, as amended and restated, waived or consented to from time to time.

"**Securitifleet On-Loan Agreements**" means one or more debt instruments entered into by or assigned to Securitifleet Holding for the purpose of advancing proceeds from the Securitifleet Proceeds Loan, the Senior Asset Revolving Facility, any Fleet Financing and certain other Indebtedness borrowed or incurred by Securitifleet Holding to the Securitifleet Companies.

"**Securitifleet Proceeds Loan**" means that certain funding arrangements made by EC Finance (directly or through a financial intermediary) to Securitifleet Holding on August 26, 2010, pursuant to which the EC Finance made available to Securitifleet Holding an amount equal to the aggregate principal amount of the EC Finance Notes pursuant to the Securitifleet Proceeds Loan Agreement.

"**Securitifleet Proceeds Loan Agreement**" means that certain proceeds loan agreement, dated August 26, 2010, by and between EC Finance (directly or through a financial intermediary) and Securitifleet Holding pursuant to which the Securitifleet Proceeds Loan will be made, as the same may be amended from time to time in accordance with the terms of the EC Finance Notes Indenture.

"**Security Agent**" means Crédit Agricole Corporate and Investment Bank in its capacity as security agent for the Trustee and the Holders of the Notes or any successor thereto appointed in accordance with the Indenture.

"**Senior Asset Revolving Facility**" means the senior asset revolving facility agreement entered into on July 30, 2010, and as amended on August 26, 2010, November 4, 2010, January 11, 2011 and April 5, 2012, between, among others, Securitifleet Holding, as borrower, Crédit Agricole Corporate and Investment Bank, as lender and ECI, in order to refinance prior fleet financing indebtedness in Spain, Italy, France and Germany (the Prior Senior Asset Financing Loan) and to provide funding for the acquisition and maintenance of Europcar's fleet through the Securitifleet Companies.

"**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, Indenture 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 EGSA 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 EGSA, Indebtedness under the Senior Credit Facilities, including any Guarantee of Indebtedness by EGSA thereunder. In addition, certain expenses of EGSA 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 EGSA or a Subsidiary Guarantor, all obligations of EGSA 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 EGSA 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 EGSA or such Subsidiary Guarantee, 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 Indenture;

(2) any obligations of EGSA to a Subsidiary or of a Subsidiary Guarantor to EGSA or another Subsidiary;

(3) any liability for national, local, or other taxes owed or owing by the Issue 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 EGSA, Indebtedness not constituting Senior Credit Facility Indebtedness; or

(6) any Capital Stock.

"**Senior Revolving Credit Facilities Agreement**" means the Senior Revolving Facility Agreement entered into on May 31, 2006 as amended and restated on February 28, 2007, March 26, 2010 and April 19, 2012 between, among others EGSA and certain of its Subsidiaries as borrowers and Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and Société Générale, among other lenders, as amended and/or restated from time to time.

"**Senior Subordinated Indebtedness**" means, with respect to EGSA or any Subsidiary Guarantor (x) the Outstanding Fixed Rate Notes, (y) the Notes (in the case of EGSA) or the Subsidiary Guarantee (in the case of such Subsidiary Guarantor) and (z) 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.

"**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 U.S. Exchange Act.

“**Special Purpose Entity**” means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged for the sole benefit of EGSA and its Restricted Subsidiaries 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 Finance Company**” means any corporation, association or business entity which is not controlled by, nor is any Capital Stock of such entity owned by EGSA or any of its Restricted Subsidiaries the purpose of which is for borrowing funds or issuing securities and lending the proceeds to Securitifleet Holding.

“**Special Purpose Financing**” means any financing or refinancing of assets consisting of or including Receivables and/or Vehicles of EGSA 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 EGSA 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 EGSA or any of its Restricted Subsidiaries, 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 EGSA or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

“**Special Purpose Subsidiary**” means a Subsidiary of EGSA 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 EGSA 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 EGSA 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 EGSA 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 EGSA.

"**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 EGSA's obligations with respect to the Notes and under the Indenture.

"**Subsidiary Guarantor**" means any person that executes the Indenture or who in the future executes a supplemental indenture in which such person agrees to be bound by the terms of the Indenture as a Subsidiary Guarantor.

"**Successor Intercreditor Agreement**" means that certain intercreditor agreement, with substantially the same terms as the Intercreditor Agreement (or terms more favorable to the Holders) except that pursuant thereto the Notes will become subordinated in right of payment to the outstanding amount of Senior Credit Facility Indebtedness permitted to be incurred under the Indenture, that will be entered into in the case of the termination of the Intercreditor Agreement at EGSA's option following the consummation of a Public Offering, between EGSA, the Representative for the Senior Credit Facility Indebtedness and the Trustee.

"**Tax Sharing Agreement**" means any tax sharing agreement with customary terms entered into with any Parent Holdco, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**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.

"**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 EGSA that is not a Subsidiary of the Subsidiary to be so designated.

Notwithstanding the foregoing:

(1) EGSA 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 EGSA 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, EGSA 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. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"**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, any of EGSA's Restricted Subsidiaries and vehicles owned or leased by a Securitifleet Company or a Special Purpose Entity, including automobiles, trucks, tractors, trailers, vans, sport utility vehicles, buses, campers, motor homes, motorcycles and other motor vehicles.

"**Vehicles Manufacturer**" means the entity which has sold the Vehicles to the Restricted Subsidiary or Special Purpose Entity.

"**Vehicle Manufacturer Buy—Back Agreement**" means any agreement between a Restricted Subsidiary or Special Purpose Entity and a Vehicle Manufacturer or any company of its group with respect to the purchase by such Restricted Subsidiary or Special Purpose Entity, and providing for an undertaking from such Vehicle Manufacturer to buy back the Vehicles.

"**Vehicle Residual Value**" means in relation to any Vehicle and at any time:

1. the Capitalised Cost relating to such Vehicle; *minus*

2. the Depreciation Charges accounted for from time to time from the date of registration of such Vehicle in the name of the relevant company.

"**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).

"**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

General

The 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**"). The 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 (the "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 the Common Depositary. Except under the limited circumstances described below, the 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 in book entry form 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 registered owners or holders of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the Common Depositary or its respective nominees, will be considered the sole holder of the Global Notes for all purposes under the 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 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 distribute the amount received by it in respect of the Global Notes so redeemed to the holders 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/or 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 €100,000 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 EGSA to the Common Depositary or its nominee for Euroclear and Clearstream. The Common Depositary or its nominee will distribute such payments to Euroclear or Clearstream which, in turn, will distribute such payments to their participants in accordance with their respective 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 the Indenture, we and the Trustee will treat the registered holder of the Global Notes (*i.e.*, the Common Depository or its nominee) as the absolute 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.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name".

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 Book-Entry Interests 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 their respective 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.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*".

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 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 "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes*". 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 of the same denomination 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 EGSA within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the relevant Indenture; or

(3) at any time if we, in our sole discretion, determine that all the Global Notes should be exchanged for Definitive Registered Notes.

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. None of EGSA or the Trustee, or any of their agents, the Common Depository or 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 the 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 definitive 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 Rule 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 the Common Depositary, the Trustee may have regard to, and rely on, any information provided to it by any clearing system as to the identity (either individually or by category) of its accountholders with entitlements to the 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 Indenture by the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued or any clearing system shall be recognized as the beneficiaries of the Notes to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder or such clearing system, as if they were themselves the holders of the Notes in such principal amounts.

Tax Considerations

Certain U.S. Federal Income 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 United States 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 United States 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 general discussion of the material United States 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 "issue price" (generally the first price at which a substantial amount of the Notes is sold to the public), 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. No rulings have been or will be sought from the Internal Revenue Service (the "**IRS**") with respect to the transaction described in this Offering Memorandum.

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 financial institutions, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, persons holding notes through 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, persons that have a "functional currency" other than the U.S. dollar, or persons who own (or are deemed to own) 10 per cent or more of the voting shares (or interests treated as equity) of EGSA). This discussion does not address any U.S. state, local, or non-U.S. 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 or a non-resident alien individual who is taxable as a U.S. resident (e.g., by virtue of having been physically present in the United States for at least 183 days in the current calendar year or, alternatively, by having been physically present in the United States for at least 31 days in the current year and at least 183 days during the period composed of the current year and the two preceding years (with the day count computed using a weighting formula), (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 properly 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 Noteholder 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 IRS will not contend, and that a court will not ultimately hold, that the Notes are equity. If the Notes are treated as equity for USFIT purposes, U.S. Holders would be subject to different USFIT consequences. This discussion assumes that the Notes are properly treated as debt for USFIT purposes. ***Prospective investors are urged to consult their own tax advisors as the characterization of the Notes.***

Optional Redemption—Contingent Payment Debt Instrument Rules

In certain circumstances (see "Description of the Notes—Optional Redemption" and "Description of the Notes—Withholding Taxes"), 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 cause the debt instrument to be treated as a CPDI 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 the accrued OID (as defined below), 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. Our determination that a contingency is either remote or incidental is generally binding on all U.S. Holders. However our determination is not binding on a U.S. Holder that explicitly discloses, on a statement attached to its USFIT return for the taxable year that includes the acquisition date of the Notes, that its determination is different from our determination. ***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 and Original Issue Discount

Stated interest on the Notes will constitute "qualified stated interest" and the gross amount of stated interest paid (whether or not reduced by a withholding tax), and 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 debt instrument is treated as having been issued with original issue discount ("OID") if the excess of its "stated redemption price at maturity" ("SRPM") over its "issue price" (as defined above) equals or exceeds a de minimis amount (0.25% of the SRPM multiplied by the number of

complete years to weighted average maturity, taking into account prepayment assumptions). An instrument's SRPM is the sum of all payments under the instrument other than payments of "qualified stated interest" ("QSI"), which is interest that is unconditionally payable at least annually at a single fixed rate or a qualifying variable rate. The stated interest on the Notes will be treated as QSI and the stated redemption price at maturity of the Notes will be the principal amount. The Notes will be treated as issued with OID exceeding the de minimis amount.

In general, the amount of OID included in income during the taxable year by the initial U.S. Holder of a Note described in the preceding paragraph will be the sum of the daily portions of OID with respect to such Note for each day during the taxable year during which such U.S. Holder holds such Note. The "daily portion" of OID will be determined by allocating to each day in the interest accrual period a ratable portion of the OID allocable to that period. The amount of OID allocable to each interest accrual period generally will equal the difference between (i) the product of the Note's adjusted issue price at the beginning of such interest accrual period and its yield to maturity (determined on the basis of compounding at the close of each interest accrual period and appropriately adjusted to take into account the length of the interest accrual period) and (ii) the amount of any QSI payments allocable to such interest accrual period. The "adjusted issue price" of such Note at the beginning of an interest accrual period will be the sum of the issue price of such Note plus the amount of OID allocable to all prior interest accrual periods minus the amount of any prior principal payments.

A U.S. Holder may make an election to include all interest on a Note using the constant yield method. For this purpose, interest includes stated interest, acquisition discount, OID, de minimis OID, market discount, and de minimis market discount. U.S. Holders should consult their tax advisors regarding this election, which cannot be revoked without the approval of the IRS.

Interest income (including OID) 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 complex, and ***U.S. Holders should consult their own tax advisors with regard to these rules in light of their own particular situations***

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, increased by any previously accrued OID and reduced by any principal payments previously made on the Note. Generally, gain or loss upon the sale, disposition, or retirement of a Note will be treated as U.S. 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. Non-corporate taxpayers will enjoy reduced maximum rates on long-term capital gain 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.***

Change in Obligor—Change in Security—Escrow Release—Debt Modification Rules

When EGSA assumes the Note obligations from the SPV Issuer there will be a change in obligor on the Notes and a change in the security for the Notes. In addition, the funds in the Escrow Account of the SPV Issuer will be released. The USFIT treatment of such changes will depend upon whether these changes constitute a significant modification of the Notes for USFIT purposes, individually or collectively.

The modification of the terms of a debt instrument generally is treated as a "deemed" exchange of an "old" debt instrument for a "new" debt instrument if such modification is "significant" as

specially determined for USFIT purposes. For these purposes, a modification of the terms of a debt instrument is generally "significant" if, based on all the facts and circumstances (and, subject to certain exceptions, taking into account all modifications collectively), the legal rights or obligations that are altered and the degree to which they are altered are economically significant. Although not free from doubt, we believe neither the assumption by EGSA of the SPV Issuer's obligations on the Notes nor the release of the Escrow should constitute such an economically significant change in the terms of the Notes. Accordingly, U.S. Holders generally should not recognize gain or loss on the Notes as a result of EGSA's assumption of the SPV Issuer's obligations on the Notes, and should continue to have the same tax basis and holding period with respect to the Notes after the assumption. However, there is no assurance that the IRS may not take a different position, in particular, regarding the assumption by EGSA of the SPV Issuer's obligation on the Notes. U.S. Holders are urged to consult their own tax advisors to determine whether the assumption would result in a significant modification of the applicable U.S. Holder's Notes.

If, contrary to our belief, EGSA's assumption of the SPV Issuer's obligations on the Notes (alone, or together with the release of the Escrow and other changes) results in a significant modification of the Notes for USFIT purposes, a U.S. Holder generally would be treated as having exchanged its "old" Notes for "new" Notes for such purposes, and generally would recognize gain or loss at the time of such deemed exchange in an amount equal to the "issue price" of the "new" Notes and the U.S. Holder's adjusted tax basis of the "old" Notes as of the time of such deemed exchange. The issue price of the "new" Notes would depend on whether the Notes are treated as "publicly traded" for USFIT purposes. If the Notes are treated as publicly traded for USFIT purposes, the issue price of the "new" Notes would generally equal the fair market value of the Notes as of the date of the deemed exchange. If the Notes are not so treated, the issue price would generally equal the principal amount of the Notes.

Additionally, if there is a deemed exchange, the "new" Notes generally would be treated as issued with OID in an amount equal to the excess, if any (subject to a statutorily defined *de minimis* exception), of the stated principal amount of the "new" Notes over their issue price (discussed above). A U.S. Holder that is deemed to hold "new" Notes with OID generally would be required to include the OID, if any, in gross income under a constant yield method in advance of the receipt of cash attributable to that income, regardless of the holder's method of tax accounting.

The USFIT debt modification rules are complex and U.S. Holders are urged to consult their own tax advisors regarding their potential application to the Notes, including whether the Notes qualify as securities and the likelihood of recognizing gain or loss on a deemed exchange.

Foreign Currency Considerations

Sale, Retirement or Disposition of the Notes. If a U.S. Holder receives euros on the sale, retirement or disposition of a Note, the U.S. dollar 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. However, if the Notes are considered for USFIT purposes to be traded on an established securities market, a cash basis U.S. Holder or an electing accrual basis U.S. Holder will determine the U.S. dollar amount realized by translating the euros received at the spot rate on the settlement date of the sale, retirement or other disposition. 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. If an accrual basis U.S. Holder does not make this election, such U.S. Holder will determine the U.S. dollar equivalent of the amount realized by translating that amount at the spot rate on the date of the sale, retirement or other disposition and generally will recognize exchange gain or loss (generally treated as ordinary income or loss) equal to the difference, if any, between the U.S. dollar equivalent of the amount realized based on the spot rates in effect on the date of disposition and the settlement date.

A U.S. Holder's initial tax basis in a Note generally will be the U.S. Holder's cost of the Note, which will be the U.S. dollar value of the euro purchase price of the Note, determined at the spot rate on the date of purchase. However, if the Note is considered for USFIT purposes to be traded on an established securities market, a cash basis U.S. Holder or an electing accrual basis U.S. Holder will determine the U.S. dollar value of the euro purchase price by translating the euros paid at the spot rate on the settlement date of the purchase. As described above, if an accrual basis U.S. Holder makes this 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. If an accrual basis U.S. Holder does not make this election, such U.S. Holder will determine the U.S. dollar equivalent of the purchase price by translating that amount at the spot rate on the date of the purchase and generally will recognize exchange gain or loss (generally treated as ordinary income or loss) equal to the difference, if any, between the U.S. dollar equivalent of the purchase price based on the spot rates in effect on the date of purchase and the settlement date.

To the extent that any 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 euro/U.S. dollar 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 U.S. source exchange gain or loss that is ordinary in character. However, such 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.

Interest. A U.S. Holder using the cash method of accounting determines the amount of 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.

A U.S. Holder using 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.

The U.S. Holder, regardless of such holder's method of accounting, should determine the US dollar amount includible in income as OID for each accrual period by (a) calculating the euro amount of OID allocable to each accrual period using the constant-yield method described above under *"—Stated Interest and Original Issue Discount",* and (b) translating the amount of euro so derived using either of the two methods described in the immediately preceding paragraph.

Upon the receipt of an amount attributable to accrued interest for an accrual basis U.S. Holder, or accrued OID for all U.S. Holders, such U.S. Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt) and the amount accrued (using the exchange rate applicable to such previous accrual). This foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

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 the euros determined at the spot rate on the date of receipt. Any gain or loss realized by the U.S. Holder on any subsequent sale or disposition of such euros (including the use of euros to purchase Notes or upon the exchange of euros for U.S. dollars) generally will be treated for USFIT purposes as ordinary income or loss from sources within the United States.

The rules relating to taxation of foreign exchange gains are complex. Prospective investors should consult their own tax advisors concerning such rules.

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

In certain circumstances, 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.

Medicare Tax

Certain U.S. Holders who are individuals, estate or trusts will be required to pay an additional 3.8% tax on, among other things, interest and capital gains from the sale or other disposition of investments such as the Notes for taxable years beginning after December 31, 2012.

Information Reporting with Respect to Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in IRS guidance) who hold any interest in any "specified foreign financial assets" with an aggregate value in excess of $50,000 generally are required to file an information report with respect to such assets with their USFIT returns. "Specified foreign financial assets" include any financial accounts maintained with a foreign financial institution as well as any of the following assets, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons (including the Notes), (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. Substantial penalties may be imposed, and the period of limitation on assessment and collection of USFIT may be extended, in the event of a failure to comply. *U.S. Holders should consult their tax advisers regarding the application of this requirement to their ownership of the Notes.*

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, that is not a shareholder of EGSA 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.

Payments of interest made by EGSA with respect to the Notes will not be subject to the withholding tax set out under Article 125 A-III of the French tax code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French tax code (a “**Non-Cooperative State**”), irrespective of the Holder’s residence for tax purposes or registered headquarters. The original list of Non-Cooperative States was established by a ministerial decision (*arrêté*) dated 12 February 2010. This list was updated on April 14, 2011. If such payments under the Notes are made in a Non-Cooperative State, a 50% mandatory withholding tax will be due by virtue of Article 125 A-III of the applicable French tax code (subject to certain exceptions and to the more favorable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, the 50% withholding tax will not apply in respect of a particular issue of Notes if EGSA can prove that the main purpose and effect of such issue of Notes was not to enable payments of interest or other similar revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling (*rescrit*) no. 2010/11 (FP and FE) of the French tax authorities published on 22 February 2010, an issue of notes (*obligations*) will benefit from the Exception without EGSA having to provide any proof of the purpose and effect of such issue of notes, if such notes are *(i)* offered by means of a public offer within the meaning of Article L.411-1 of the French financial code (*code monétaire et financier*) or pursuant to an equivalent offer in a State which is not a Non-Cooperative State (for this purpose, an “*equivalent offer*” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority) or *(ii)* admitted to trading on a regulated market or a multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State or *(iii)* admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French financial code, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State. Accordingly, interest payments derived from the Notes will in principle not be subject to the withholding tax set forth in Article 125 A-III of the French tax code.

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 similar taxes imposed in France, except in case of voluntary registration.

EU Savings Directive

The EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the “**Directive**”) requires that, as from 1 July 2005, each Member State

provide the tax authorities of another Member State with details of payments of interest and other similar income within the meaning of the Directive which were made by a paying agent within its jurisdiction to (or under certain circumstances, to the benefit of) an individual resident in that other Member State. Luxembourg and Austria may however impose a withholding system for a transitional period.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of tax were to be withheld from that payment, neither EGSA nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the application of such withholding tax.

Certain Irish Tax Considerations

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The SPV Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note is interest paid on a quoted Eurobond. A quoted Eurobond is a security which is issued by a company (such as the SPV Issuer), is listed on a recognised stock exchange (such as the Luxembourg Stock Exchange) and carries a right to interest. Provided that the Notes issued are listed on the Luxembourg Stock Exchange (or any other recognised stock exchange), interest paid on them can be paid free of withholding tax provided:

(i) the person by or through whom the payment is made is not in Ireland; or

(ii) the payment is made by or through a person in Ireland and either:

(A) the Note is held in a clearing system recognised by the Irish Revenue Commissioners; (DTC, Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or

(B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form and

(iii) one of the following conditions is satisfied:

(A) the Noteholder is resident for tax purposes in Ireland; or

(B) the Noteholder is a pension fund, government body or other person (other than a person described in paragraph (D) below), who is resident in a relevant territory and who, under the laws of that territory, is exempted from tax that generally applies to profits, income or gains in that territory; or

(C) the Noteholder is subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or

(D) the Noteholder is not a company which, directly or indirectly, controls EGSA, is controlled by the SPV Issuer, or is controlled by a third company which also directly or indirectly controls the SPV Issuer, and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:

(I) from whom the SPV Issuer has acquired assets;

(II) to whom the SPV Issuer has made loans or advances; or

(III) with whom the SPV Issuer has entered into a swap agreement,

where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the assets of EGSA; or

(E) the SPV Issuer is not aware at the time of the issue of any Notes that any Noteholder of those Notes is (i) a person of the type described in (D) above; and (ii) is not subject, without any reduction computed by reference to the amount of such interest or other distribution to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

where for these purposes, the term:

"**relevant territory**" means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty; and

"**swap agreement**" means any agreement, arrangement or understanding that—

(I) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and

(II) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Notes continue to be quoted on the Luxembourg Stock Exchange, are held in a recognised clearing system and one of the conditions set out in paragraph (iii) above are met, interest on the Notes can be paid by any paying agent acting on behalf of the SPV Issuer without any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and one of the conditions set out in paragraph (iii) above is met.

Encashment Tax

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or

encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Income Tax, PRSI and the Universal Social Charge

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes has an Irish source and therefore is within the charge to Irish income tax. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest made by the SPV Issuer are exempt from income tax so long as the SPV Issuer is a qualifying company for the purposes of section 110 of the TCA, the recipient is not resident in Ireland and is resident in a relevant territory (as defined above) and, the interest is paid out of the assets. Secondly, interest payments made by the SPV Issuer in the ordinary course of its business are exempt from income tax provided the recipient is not resident in Ireland and is a company which is either resident in a relevant territory which imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory or, where the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed. Thirdly, interest paid by the SPV Issuer free of withholding tax under the quoted Eurobond exemption and under the wholesale debt instruments exemption is exempt from income tax, where the recipient is a person not resident in Ireland and resident in a relevant territory. Finance Act 2012 extends the foregoing exemption to companies which are under the control, whether directly or indirectly, of person(s) who by virtue of the law of a relevant territory are resident for the purposes of tax in a relevant territory and are not under the control of person(s) who are not so resident, and to 75% subsidiary companies of a company or companies the principal class of shares in which is substantially and regularly traded on a recognised stock exchange. For these purposes, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

Capital Gains Tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs will be levied at 30 per cent) if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

EU Savings Directive

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings; income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of EGSA to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address) to the Irish Revenue Commissioners who in turn is obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The SPV Issuer, the Trustee or the Paying Agent will be entitled to require Noteholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and Noteholders will be deemed by their subscription for Notes to have authorised the automatic disclosure of such information by the SPV Issuer, the Trustee or the Paying Agent or any other person to the relevant tax authorities.

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) to the Irish Stamp Duties Consolidation Act, 1999 so long as the SPV Issuer is a qualifying company for the purposes of section 110 of the TCA and the proceeds of the Notes are used in the course of the SPV Issuer's business), on the issue, transfer or redemption of the Notes.

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 United States 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 United States 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 Code, and the prohibited transaction provisions of Section 406 of ERISA and 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 (as defined below), prior to making an investment in the Notes, prospective investors that are Plans and other employee benefit plans subject to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Laws") should consult with their legal advisors concerning the impact of ERISA, the Code and Similar Laws 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, without limitation, 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 such Plan, 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. Section 4975 of the Code 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 EGSA or an Initial Purchaser or any of the respective affiliates of either is a party in interest or a disqualified person, such acquisition could give rise to a Prohibited Transaction unless a specific exemption applies (subject, however, to the discussion below, with respect to any acquisition by a sponsor of, or investment advisor with respect to, such Plan). 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 Class Exemption ("PTCE") 96-23 (relating to transactions directed by an "in house" asset manager); PTCE 95-60 (relating to transactions involving insurance company general accounts); PTCE 91-38 (relating to investments by bank collective investment funds); PTCE 84-14 (amended effective August 23, 2005) (relating to transactions effected by qualified professional asset managers); and PTCE 90-1 (relating to investments involving insurance company pooled separate accounts). However, there is no assurance that any of these class or statutory exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Each of EGSA, the Initial Purchasers, the Trustee, 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 EGSA, the Initial Purchasers, the Trustee, 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 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 ACQUISITION AND HOLDING THEREOF, IN ITS CORPORATE AND FIDUCIARY CAPACITY, 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 ACQUIRE 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) (I) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES OR ANY INTEREST THEREIN DO 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) NONE OF THE ISSUER, THE INITIAL PURCHASERS, TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES, IS A SPONSOR OF, OR A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH SECTION) WITH RESPECT TO, THE PURCHASER, TRANSFEREE OR HOLDER IN CONNECTION WITH ANY ACQUISITION OR HOLDING OF SUCH NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH SUCH NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF THEIR AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT OR OTHER DECISION BY OR ON BEHALF OF THE ACQUIRER OR HOLDER IN CONNECTION WITH SUCH NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO SUCH NOTES; 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 MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES.

THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE SHALL BE ENTITLED TO RELY CONCLUSIVELY UPON THE REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED HEREIN BY PURCHASERS, TRANSFEREES AND HOLDERS OF ANY NOTES WITHOUT FURTHER INQUIRY. ANY SUCH PURCHASER, TRANSFEREE OR HOLDER AND ANY FIDUCIARY CAUSING IT TO ACQUIRE AN INTEREST IN ANY NOTES AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE INITIAL PURCHASERS, THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, FROM AND AGAINST ANY COST, DAMAGE OR LOSS INCURRED BY ANY OF THEM AS A RESULT OF ANY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BEING OR BECOMING FALSE. ANY PURPORTED ACQUISITION OR TRANSFER OF ANY NOTE OR BENEFICIAL INTEREST THEREIN TO AN ACQUIRER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE REQUIREMENTS OF THE ABOVE PROVISIONS SHALL BE NULL AND VOID *AB INITIO*.

The sale of a Note, or any interest therein, to a Plan or a governmental, church or non-U.S. Plan that is subject to Similar Laws is in no respect a representation by EGSA 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 SPV Issuer, EGSA, the Subsidiary Guarantees and the Initial Purchasers entered into a purchase agreement (the "**Purchase Agreement**"), dated May 4, 2012 with respect to the Notes. The Initial Purchasers are Deutsche Bank AG, London Branch, Credit Agricole Corporate and Investment Bank, Goldman Sachs International, JP Morgan Securities Ltd., The Royal Bank of Scotland plc, Société Générale, BNP Paribas and Lloyds TSB Bank plc. The Initial Purchasers have agreed, severally and not jointly, to purchase from the SPV Issuer, and the SPV Issuer has agreed to sell, all of the 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 Notes offered hereby are subject to certain conditions precedent. The Initial Purchasers are obligated to purchase and accept delivery of all the Notes if any are purchased.

The purchase price for the Notes will be the initial offering price set forth on the cover page of this Offering Memorandum less the Initial Purchasers' discount. The Initial Purchasers initially propose to offer the Notes at the initial offering price. After the Notes are released for sale, the Initial Purchasers may change the offering price and any other selling terms.

The Notes 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 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. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the 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 the 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.

We expect that delivery of the Notes will be made to investors on or about the date specified in the last paragraph of the cover page of this Offering Memorandum, which will be the fifth business day (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act")) following the date of this Offering Memorandum (such settlement being referred to as "T+5"). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market 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 Notes on the date of this Offering Memorandum or the succeeding business days will be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

We have agreed that we will not, for a period of 120 days after the date of this Offering Memorandum, without the prior written consent of the Initial Purchasers, offer for sale, sell, contract to sell, grant an option for the sale of, or otherwise dispose of, directly or indirectly, any other debt securities issued by EGSA or any member of the Europcar Group that are substantially similar to the Notes (other than the Notes or any additional Notes issued in accordance with the Indenture) or securities of EGSA or any member of the Europcar Group that are convertible into, or exchangeable with the Notes or such other debt securities.

In connection with the Offering of the Notes, Deutsche Bank AG, London Branch, or its affiliates may purchase and sell the 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 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 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.

United Kingdom Selling Restrictions

Each Initial Purchaser has also agreed that (a) 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 Financial Services and Markets Act 2000) (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 any Notes in circumstances in which section 21(1) of the FSMA does not apply to EGSA; 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 the Notes in, from or otherwise involving the United Kingdom.

Irish Selling Restrictions

Each Initial Purchaser has agreed that:

(a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts, the Central Bank Acts 1942 to 2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland; and

(d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland.

French Selling Restrictions

This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French *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 and will not be submitted for clearance to the AMF. Consequently, the 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 Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. The Notes may only be offered, directly or indirectly, to the public in France, in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*).

Please see the section entitled "*Transfer Restrictions".*

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 Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Europcar Group or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the 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 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 Notes, the distribution of this Offering Memorandum and resales of the Notes.

EGSA will agree to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. In addition, EGSA will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the Offering of the Notes.

EGSA has applied, through its listing agent, to have the 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 EGSA can assure that the 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.

The Initial Purchasers have advised us that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obliged, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—There may not be an active trading market for the Notes*".

The Initial Purchasers and their respective affiliates have from time to time performed certain investment banking and/or other financial services to EGSA and its affiliates or former affiliates for which they received customary fees and reimbursement of expenses. 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 and reimbursement of expenses.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Société Générale and BNP Paribas are lenders under our Senior Asset Revolving Facility.

In addition, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Société Générale, BNP Paribas, and affiliates of Goldman Sachs International and J.P. Morgan Securities Ltd. are lenders under our Senior Revolving Credit Facility amended and restated on April 19, 2012 and Crédit Agricole Corporate and Investment Bank is acting as agent under our Senior Revolving Credit Facility and receives customary fees for their services in such capacity.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and Société Générale are also market counterparties to certain of the group's hedging arrangements, and receive customary fees for their services in such capacity.

In addition, certain of the Initial Purchasers acted as initial purchasers for the offering of the Outstanding Floating Rate Notes, the EC Finance Notes and the Outstanding Fixed Rate Notes and received customary fees for their services in such capacity.

Finally, Lloyds TSB Bank plc has committed on April 24, 2012 to provide new vehicle financing facilities to ECUK.

See "*Description of Certain Europcar Financing Arrangements*."

Transfer Restrictions

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

Neither the SPV Issuer nor EGSA has registered and neither will register the Notes under the U.S. Securities Act and, therefore, the Notes 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 Notes are being offered and sold 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 in and in compliance with Rule 144A under the U.S. Securities Act; and
- outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We use the terms "**offshore transaction**", "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

If you purchase the Notes, you will be deemed to have acknowledged, represented and agreed with the SPV Issuer, EGSA and the Initial Purchasers as follows:

(1) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S under the U.S. Securities Act; (iii) to EGSA; or (iv) pursuant to another available exemption from registration under the U.S. Securities Act, in each case in accordance with any applicable securities laws, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to in the legend below.

(2) You are not our "affiliate" (as defined in Rule 144A) or an affiliate of EGSA or the SPV Issuer, you are not acting on our behalf or on behalf of EGSA or the SPV Issuer 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 purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the SPV Issuer or the Initial Purchasers or any person representing them has made any representation to you with respect to EGSA, 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, EGSA and the Initial Purchasers.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES 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) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION DATE") WHICH IS, IN THE CASE OF RULE 144A NOTES, ONE YEAR AND, IN THE CASE OF REGULATION S NOTES, 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER 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 SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A 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, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH 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, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (2) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

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**"), ANY ENTITY THE UNDERLYING ASSETS OF WHICH INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY, OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAWS**") 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, IN ITS CORPORATE AND FIDUCIARY CAPACITY, THAT (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 ERISA) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE CODE, APPLIES, 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 THAT IS SUBJECT TO SIMILAR LAWS, AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR AN INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) (X) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DO NOT CONSTITUTE 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 (Y) NONE OF THE ISSUER, THE INITIAL PURCHASERS, TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES, IS A SPONSOR OF, OR A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH SECTION) WITH RESPECT TO, THE PURCHASER, TRANSFEREE OR HOLDER IN CONNECTION WITH ANY ACQUISITION OR HOLDING OF SUCH NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH SUCH NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF THEIR AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT OR OTHER DECISION BY OR ON BEHALF OF THE ACQUIRER OR HOLDER IN CONNECTION WITH SUCH NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO SUCH NOTES; 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 MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE".

If you purchase the 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.

(1) You acknowledge that the Registrar will not be required to accept for registration or 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.

(2) You acknowledge that:

(a) the SPV Issuer, EGSA, 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 EGSA, 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.

(3) 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.

(4) You understand that no action has been taken in any jurisdiction (including the United States) by EGSA 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 EGSA 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 hereunder and under "*Plan of Distribution*".

Independent Auditors

The consolidated financial statements of EGSA and its subsidiaries as of and for the fiscal years ended December 31, 2011, 2010 and 2009 have been audited by PricewaterhouseCoopers Audit.

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 EGSA by Gide Loyrette Nouel A.A.R.P.I. and Gide Loyrette Nouel LLP and for the Initial Purchasers by Latham & Watkins A.A.R.P.I. and Latham & Watkins LLP.

Where You Can Find Additional Information

Each purchaser of the Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and EGSA, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either of us, EGSA or the Initial Purchasers.

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 and EGSA will, during any period in which EGSA 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 Charles Desmartis, Chief Financial Officer of Europcar Group, at +33 1 30 44 94 58.

EGSA is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, EGSA and EGSA will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Reports*".

So long as the Notes are admitted to trading on the Euro MTF Market and to listing on the Official List of the Luxembourg Stock Exchange, and the rules and regulations of such stock exchange so require, copies of certain documents, including the Indenture and the Intercreditor Agreement will be available for review during the normal business hours on any business day at the specified office of the paying agent in Luxembourg.

Enforceability of Judgments

The SPV Issuer is a private company with limited liability incorporated under the laws of Ireland. ECUK, a Subsidiary Guarantor, is incorporated under the laws of England and Wales, and Europcar International SA und Co OHG, and Europcar Autovermietung GmbH, Subsidiary Guarantors, are incorporated under the laws of Germany. EGSA is a *société anonyme* incorporated under the laws of the Republic of France. The executive officers of the foregoing entities are, and will continue to be, nonresidents of the United States and substantially all of their assets 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.

Ireland

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in Ireland. A judgment of the courts of the State of New York will be enforced by the courts of Ireland if the following general requirements are met:

(i) the courts of the State of New York must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and

(ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the Irish courts may refuse to enforce a judgment of the courts of the State of New York which meets the above requirements for one of the following reasons:

(a) if the judgment is not for a definite sum of money;

(b) if the judgment was obtained by fraud;

(c) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;

(d) the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland; or

(e) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules.

France

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 since the dispute is clearly connected to the U.S. and the choice of the court is not fraudulent;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case including defense rights;
- such U.S. judgment is not tainted with fraud; and
- 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 and French order (*Ordonnance*) No. 2000-916 of September 19, 2000 (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. Similarly, French data protection rules (law No. 78 17 of January 6, 1978 on data processing, data files and individual liberties, as modified *inter alia* by law No. 2004 801 of August 6, 2004) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in discovery context.

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.

England and Wales

We are advised by English counsel that owing to the absence of a bilateral arrangement between the United States and England and Wales for the reciprocal enforcement of judgments, a judgment rendered by a U.S. federal or state court in relation to civil liability is only enforceable under the common law regime in England and Wales by the institution of fresh legal proceedings. In such cases, the U.S. federal or state court judgment would be sued upon in England and Wales as a debt, and the judgment creditor would usually seek summary judgment on it. Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to trial.

The English court also has the power to award interest on the foreign judgment following a successful application for summary judgment.

For a judgment to be recognized in England and Wales:

- it must be final and conclusive in the court which rendered it; and
- it must have been given by a court regarded by English law as competent to do so. It does not matter that the U.S. court had jurisdiction according to its own law, but whether it had jurisdiction according to the rules of English private international law. The defendant must therefore either have been present within the jurisdiction of the court or submitted to the jurisdiction of the court.

We are further advised by English counsel that in relation to any proceedings brought in England and Wales to enforce the judgment of a U.S. federal or state court, the following defenses are available to the defendant to such proceedings:

- Lack of jurisdiction of the U.S. court (according to the rules of English private international law);
- recognition of the judgment would be contrary to English public policy or violate the Human Rights Act 1998;
- the judgment was not final and conclusive on the issue;
- the U.S. court gave judgment in breach of a jurisdiction or arbitration clause;
- the U.S. court gave judgment contrary to the rules of natural justice;
- the judgment was obtained by fraud;
- the judgment relates to foreign penal or revenue laws;
- the judgment was in conflict with a prior English judgment or judgment given in a Member State of the European Union or a Member State of the European Economic Area which the English Court must recognize and enforce under Council Regulation (EC) 44/2001 and/or the Lugano Conventions of 1988 and 2007; and/or
- the English proceedings were not commenced within the relevant limitation period.

In addition, it may not be possible to obtain an English judgment or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor. Finally, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

The process of discovery under the U.S. proceedings could potentially be impacted as the English court has no inherent jurisdiction to act in aid of a foreign court but derives its authority from the Evidence (Proceedings in Other Jurisdictions) Act 1975, and is therefore limited in terms of orders it can make to those permitted by that statute. In particular:

- Requests for assistance made by the US courts will not be acceded to unless they can be properly characterized as being made in a "civil or commercial matter" both under English law and the law of the requesting court in the United States.
- The English court has power to accept or reject the request in whole or in part, whether the U.S. Court asks for oral or documentary evidence or both.
- The English court can and should delete from the request any parts which it considers to be excessive, whether relating to witnesses or documents.
- The English court should decline to comply with a request from the U.S. court insofar as it is not proper or permissible or practicable under English law to give effect to it.

Germany

The United States and the Federal Republic of Germany are not party to a treaty providing for reciprocal recognition and enforcement of court judgments rendered in civil and commercial matters. Therefore, autonomous statutory law applies to the recognition and enforcement of U.S. judgments. According to §§ 722 et seq. of the German Code of Civil Procedure

(*Zivilprozessordnung*), a party intending to enforce a U.S. judgment has to initiate enforcement proceedings (*Exequaturverfahren*) by bringing an action or suit for judicial enforcement in accordance with, and subject to, the applicable rules of civil procedure in a competent German court to have the judgment enforced by such German court. An enforcement judgment (*Vollstreckungsurteil*) would generally be rendered without review of the legality of the foreign judgment. However, the German court would examine whether the foreign judgment is legally effective and final, and whether there is any statutory or judicial impediment to enforcement, or whether there are any defenses (within the meaning of § 767 German Code of Civil Procedure) which have arisen after the date such foreign judgment became legally effective and final. In particular, an enforcement judgment will not be rendered pursuant to §§ 723 para. 2, 328 German Code of Civil Procedure if

- the courts of the state to which the foreign court belongs are not competent pursuant to German law,
- the defendant, who has not participated (*sich eingelassen*) in the proceedings and raises such defense, has not been properly served the documents initiating the proceedings or not served in a timely manner so that it was in a position to defend itself,
- the judgment is inconsistent with a judgment rendered in Germany or with an earlier foreign judgment subject to recognition or the proceedings on which it is based are inconsistent with a proceeding in Germany which has become previously pending,
- the recognition of the judgment would give rise to a result which is manifestly incompatible with the basic principles of the German law, especially when the recognition would be inconsistent with the constitution, or
- reciprocity has not been granted, unless the judgment concerns a non-pecuniary claim and if, according to the laws of Germany, no place of jurisdiction was established in Germany.

Certain Insolvency Considerations

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

We are incorporated in France, as are many of our material subsidiaries. Consequently, we and 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*), accelerated financial safeguard (*procédure de sauvegarde financière accélérée*) 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 proceedings 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;
- in the event of subsequent judicial reorganization 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 observation period, which may last up to 18 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 3% of the total amount of the claims of all the debtor's suppliers) will then be established. To be eligible to vote, suppliers must have their claims set forth in the list provided by the debtor to the administrator as certified by the debtor's statutory auditor.

If there are any outstanding debt securities in the form of obligations (such as bonds or notes), a general meeting gathering all holders of such debt securities will be established whether or not there are different issuances and regardless of the applicable law of those obligations (the "bondholders' general assembly"). The Notes constitute obligations for the purposes of a safeguard procedure.

These two committees and the bondholders' general assembly will be consulted on the safeguard plan drafted by the debtor's management during the observation period.

In the first instance, the plan must be approved by each of the two creditors' committees. 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.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the *obligations* held by creditors who voted in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting 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, or if at least one committee fails to accept the proposed plan, proposals are made to each creditor individually. In those circumstances, the court has the right to impose unilateral debt deferrals for a maximum period of 10 years, but the court may not impose debt write-offs. The same rule applies in respect to creditors who are not members of the committees and who have not consented to the plan as adopted by the two committees and the bondholders' general meeting.

Accelerated financial safeguard

The accelerated financial safeguard procedure has been designed to "fast-track" purely financial difficulties of large companies (with more than 150 employees or turnover greater than €20 million). The procedure relates only to debt owed to financial institutions and bondholders

(i.e., debts towards credit institutions which are eligible to creditor's committees and debts towards bondholders, which are eligible to the bondholders' general assembly described above), which are subjected to an automatic stay and dealt with under the safeguard plan. The company continues to trade normally while the procedure is pending, thus reducing significantly the impact of a safeguard on operational companies. Other classes of creditors, such as trade creditors, are not affected by the procedure. The accelerated financial safeguard procedure is only available to companies which have failed to agree on a restructuring plan on a unanimous basis in the context of conciliation proceedings.

Where accelerated financial safeguard is initiated, the credit institution committee and the bondholders' general assembly are convened and are required to vote on the proposed safeguard plan within a minimum period of eight days of delivery of the proposed plan (as compared to a minimum period of 15 days for the regular safeguard).

Following the approval of the plan by the credit institutions committee and the bondholders' general meeting, the plan will be submitted for approval by the court within a month from the opening of the accelerated financial safeguard proceedings.

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 file 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) as, 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, accelerated financial safeguard, 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. In addition, in an accelerated financial safeguard, the debts held by financial creditors that took part in the conciliation negotiation are listed by the debtor and certified by its statutory auditor. Although such creditors can file claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claim as set forth on the list prepared by the debtor.

Subject to limited exceptions, from the date of the court order commencing the proceedings, the company is prohibited from paying debts (in accelerated financial safeguard proceedings, to financial creditors only) 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 Indenture 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 Indenture and our other debt instruments allow us, 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 the Noteholders as the laws of France. In the event any one or more of us or any of our 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.

Our Subsidiary Guarantor, ECUK, is subject to English insolvency laws, which may not be as favorable to you as those of another jurisdiction with which you may be familiar.

The English insolvency statutes empower English courts to make an administration order in respect of an English company. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. Alternatively, the holder of a "qualifying floating charge" over the assets of an English company may appoint an administrator out of court, provided such floating charge has become enforceable. In this case, there is no requirement under the Insolvency Act of 1986 (the "Insolvency Act") to show that the company is or is likely to become insolvent; however, the prospective administrator must be satisfied that the purpose of administration is reasonably likely to be achieved. An English company or the directors of such company may also appoint an administrator out of court if the company is or is likely to become unable to pay its debts as they fall due. The purpose of an administration is comprised of three parts which must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely if the company were wound up without first being in administration or, if neither of those objectives are reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors.

The rights of creditors, including secured creditors, are particularly curtailed in an administration. Upon the appointment of an administrator, no step may be taken to enforce security over the company's property, except with the consent of the administrator or leave of the court. The same requirements for consent or leave apply to the commencement or institution of legal process (including legal proceedings, execution, distress or diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave, in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if ECUK were to enter into administration proceedings, the ECUK Subsidiary Guarantee could not be enforced while the relevant company was in administration, without the leave of the court or consent of the administrator. There can be no assurance that the security agent would obtain this leave of the court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act 1986, dispose of the property of a company in administration.

However, the general prohibition against enforcement by secured creditors without consent of the administrator or leave of the court, and the administrators' powers with respect to floating and other security, do not apply to any security interest created or arising under a financial collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (UK). A financial collateral arrangement includes (subject to certain other conditions) a pledge over shares in a company, where both the collateral provider and collateral taker are non-natural persons.

In addition to administration, the English courts have power under English insolvency law to wind-up a company that is unable to pay its debts (under Section 123 of the Insolvency Act). Any creditor, the company, the directors of the company or any of the company's shareholders may apply to the court for the winding up of a company. Any disposition of the company's property and any transfer of shares after commencement of the winding-up is void unless sanctioned by the court. Once a winding-up order is made, a stay on all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without leave of the court.

Alternatively, the shareholders and creditors of a company have the power to appoint a liquidator to the company where the company is insolvent. There is no automatic stay on proceedings against the company, however a liquidator (or creditor or shareholder) may apply to the court for such a stay.

A liquidator has the power to disclaim any onerous property, which is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to an executed contract nor can it be used to disturb accrued rights and liabilities. The effect of liquidation is to bring the company's business to an end (except as far as it is needed to continue as part of the winding-up process), ensures that the assets of the company are used to pay off its debts and that creditors in the same class are treated equally.

Under English insolvency law, the liquidator or administrator of a company may, among other things, apply to the court to unwind a transaction entered into by such company, if such company was unable to pay its debts (as defined in section 123 of the Insolvency Act) at the time of, or as a result of, the transaction (although this requirement is presumed to be satisfied if the transaction relates to a "connected person") and enters into liquidation or administration proceedings within two years of the completion of the transaction. A transaction might be subject to a challenge if it was entered into by a company "at an undervalue," that is, it involved a gift by the company, the company received no consideration or the company received consideration of less value than the consideration provided by such company. A "connected person" includes directors or associates (including another company controlled by the same person) of the company. However, a court generally will not intervene if a company entered into the transaction in good faith for the purpose of carrying on its business and at the time it did so there were reasonable grounds for believing the transaction would benefit such company.

A liquidator or administrator of ECUK could apply to the court to unwind the issuance of its guarantee if such liquidator or administrator believed that issuance of such Note Guarantee constituted a transaction at an undervalue. The analysis of such a claim would generally be the same as set out above in relation to the issuance of the Notes. We believe that the ECUK Guarantee will not be provided in a transaction at an undervalue and that such Guarantee will be provided in good faith for the purposes of carrying on the business of ECUK and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit ECUK. However, there can be no assurance that the provision of the ECUK Guarantee will not be challenged by a liquidator or administrator or that a court would support its analysis.

If the liquidator or administrator can show that ECUK has given "preference" to any person within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, that ECUK were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position, as described above. This provision of English insolvency law may affect transactions entered into or payments made by ECUK during the relevant period prior to its liquidation or administration.

In addition, if it can be shown that a transaction entered into by an English company was made for no consideration, less than fair value or was gifted by that company and the purpose of such transaction was to shield assets from creditors or otherwise prejudice the interests of creditors,

then the transaction may be set aside as a transaction defrauding creditors. Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction.

The holder of a qualifying floating charge that has been created since September 15, 2003 over all or substantially all of the assets of an English company can generally no longer appoint an administrative receiver of that company. There is, however, an exception to this rule that applies to certain capital markets transactions that are expected to incur at least £50 million of debt.

Any interest accruing under or in respect of the Notes for any period from the date of commencement of administration or liquidation proceedings, to the extent not fully covered by the assets securing the Notes, could be recovered by holders of the Notes only from any surplus remaining after payment of all other debts provided in the proceeding and such interest accrued but was unpaid up to the date of the commencement of the proceeding.

Under English insolvency law, certain preferential claims, including unpaid contributions to occupational pension schemes in respect of the twelve month period prior to insolvency, unpaid employees' remuneration in respect of the four month period prior to insolvency, certain contracts entered into by the administrator and administrator's remuneration and expenses, will, while ranking behind the claims of holders of fixed security, rank ahead of floating charges. In addition, a prescribed part of floating charge realizations (being 50% of the first £10,000 of net realizations and 20% of the net floating charge realizations hereafter, up to a maximum of £600,000) is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of the relevant floating charge.

Some of our Subsidiary Guarantors are subject to German insolvency laws, which may not be as favorable to you as those of another jurisdiction with which you may be familiar.

Certain subsidiaries of EGSA, including some of the Subsidiary Guarantors, are organized under the laws of Germany and have their centre of main interests in Germany. Consequently, in the event of an insolvency of any of these subsidiaries, insolvency proceedings with respect to EGSA or these German subsidiaries would likely be initiated under, and be governed by, German insolvency law. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*), may be less favorable to your interests as creditors than the bankruptcy laws of the United States or another jurisdiction with which you may be familiar, including in respect of priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws. However, pursuant to the Council Regulation (EC) No. 1346/2000 on insolvency proceedings (the "*EU Insolvency Regulation*"), where a German company conducts business in more than one member state of the European Union, the jurisdiction of the German courts may be limited if the company's "centre of main interests" is found to be in a member state other than Germany. There are a number of factors that are taken into account to ascertain the center of main interests, which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which this issue will be determined is at the time when the relevant insolvency proceedings are opened. The determination of where EGSA or any of its subsidiaries has its "centre of main interests" would be a question of fact on which the courts of the different EU member states may have differing and even conflicting views. It should also be noted that no final decisions have been taken in cases that have been brought before the European Court of Justice in relation to questions of interpretation or the effects of the EU Insolvency Regulation throughout the European Union. Furthermore, "centre of main interests" is not a static concept and may change in interpretation from time to time.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings must be initiated by the debtor and can be initiated by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event that the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). The debtor is over-indebted if its liabilities exceed the value of its assets which must be assessed on the basis of an over-indebtedness balance sheet (according to temporary legislation being in force until the end of 2013, the debtor is in any case not over-indebted if its continuation as a going concern is predominantly likely). In addition, the debtor can file for insolvency proceedings if it is imminently at risk of being unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). If a German limited liability company (*Gesellschaft mit beschränkter Haftung*), a German stock corporation (*Aktiengesellschaft*) or any other company not having an individual as personally liable shareholder gets into a situation of illiquidity or over-indebtedness, the management of such company must file a petition for the opening of insolvency proceedings without undue delay but in any event no later than three weeks after such company has become illiquid or over-indebted. Management of a debtor can be the subject of criminal proceedings in the event that filings for the opening of insolvency proceedings are delayed. The insolvency proceedings are court-controlled, and upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings. The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings and may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) who, depending on the court decision, may have the right to manage and dispose of the business and assets of the debtor. During preliminary insolvency proceedings a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) can be set up if the debtor satisfies two of the following three requirements: a balance sheet total in excess of EUR 4,840,000 (after deducting an equity shortfall if the debtor is overindebted), revenues of at least EUR 9,680,000 in the twelve months prior to the last balance sheet date and/or fifty or more employees. The preliminary creditors' committee will be able to participate in certain important insolvency court decisions. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator or an insolvency administrator (*vorläufiger Insolvenzverwalter and Insolvenzverwalter*), orders for "debtor in possession" proceedings (*Anordnung der Eigenverwaltung*), and appointments of preliminary trustees (*Sachwalter*). The court orders the opening of insolvency proceedings (*Eröffnungsbeschluss*) if certain formal requirements are met, and if there are sufficient assets to cover at least the cost of the insolvency proceedings. Upon opening of the insolvency proceedings, the court usually appoints an insolvency administrator (*Insolvenzverwalter*) unless debtor-in-possession (*Eigenverwaltung*) is ordered. The insolvency administrator has full administrative and disposal authority over the debtor's assets. The insolvency administrator may incur new financial indebtedness and other liabilities in order to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings.

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings against any Subsidiary Guarantor subject to the German insolvency regime would be the following:

- the right to administer and dispose of assets of such Subsidiary Guarantor would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;

- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of such Subsidiary Guarantor after the opening of formal insolvency proceedings are null and void by operation of law;

- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*e.g.*, attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon opening of formal insolvency proceedings;

- claims against such Subsidiary Guarantor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and

- any person that has a right for separation (*Aussonderung*), *i.e.*, the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All other creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)), who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once the insolvency proceedings have been opened. Certain secured creditors have preferential rights regarding the enforcement of their security interests but German insolvency law imposes certain restrictions on their ability to enforce their security interests outside of the insolvency proceedings and in many cases the insolvency administrator will have the sole right to enforce the security. Even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts will be allocated to the insolvency estate and would, after deduction of the costs of the insolvency proceedings (*e.g.*, fees for and expenses of the insolvency administrator and the insolvency court as well as the members of the creditors' committee) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including the holders of the Notes. If a German Subsidiary Guarantor or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral securing creditors other than the holders of the Notes may not be sufficient to satisfy the holders of the Notes under the Guarantees granted by the German Subsidiary Guarantors after satisfaction of such secured creditors. The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a moveable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor for any loss of value resulting from such use.

It may take several years before an insolvency dividend, if any, is distributed to unsecured creditors. An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan)* that can be submitted by the debtor or the insolvency administrator and requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt-equity-swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-equity-swap if it does not consent to such conversion.

If a company faces imminent illiquidity and/or over-indebtedness it may also file for preliminary "debtor in possession" proceedings. In such a case and upon request of the debtor, the court will prohibit enforcement measures (other than with respect to immovable assets) and may implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During such period, the debtor shall, together with its creditors and a

preliminary trustee (*vorläufiger Sachwalter*), prepare an insolvency plan which ideally will be implemented in formal "debtor in possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity, from an insolvency law point of view, must be dealt with separately (*i.e.*, there is no group insolvency concept under German insolvency laws). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately. As a general principle, the claims arising from a Subsidiary Guarantee may be enforced against a Subsidiary Guarantor outside of the insolvency proceedings over the assets of EGSA. Any insolvency proceedings over the assets of EGSA would, however, be a rather strong indication that the overall financial situation of the entire group of affiliated companies has significantly deteriorated, which may cause a Subsidiary Guarantor to subsequently file for insolvency.

In the event of insolvency proceedings with respect to a German Subsidiary Guarantor or any other company, which would be based on and governed by the insolvency laws of Germany, any security interests granted as well as any guarantees provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*). Based on these rules, an insolvency administrator may challenge transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security, *e.g.*, guarantees, or the repayment of debt) may be avoided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that imperatively suggest such illiquidity or filing);
- any act granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggest such detrimental effect);
- a transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (*e.g.*, whereby a debtor grants security for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intent to prejudice its insolvency creditors and the other party knew of such intention at the time of such act;

- any act that provides security or satisfaction for a shareholder loan made to the debtor or a similar claim if (i) in case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; and

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for opening of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant oder Bürge*) (in which case the shareholder must compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "related party", there is a general statutory presumption that such party had "knowledge". The term "related party" includes, subject to certain limitations, in the case of debtors that are corporate persons, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and persons that are spouses, relatives or members of the household of any of the foregoing persons.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above described rules under the German Insolvency Code (*Insolvenzordnung*) and the avoidance periods are calculated from the date when a creditor exercises its right of avoidance in the courts.

The SPV Issuer may be subject to Irish insolvency risks, including the appointment of examiners, claims of preferred creditors and floating charges.

Center of Main Interest

The SPV Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its center of main interest ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in

Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the SPV Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, EGSA does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the SPV Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, Irish Insolvency proceedings would not be applicable to the SPV Issuer.

Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "1990 Act") to facilitate the survival of Irish companies in financial difficulties.

The SPV Issuer, the directors of the SPV Issuer, a contingent, prospective or actual creditor of the SPV Issuer, or shareholders of the SPV Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the SPV Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the SPV Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the SPV Issuer.

If however, for any reason, an examiner were appointed while any amounts due by the SPV Issuer under the Notes were unpaid, the primary risks to the holders of Notes would be as follows:

(i) the Trustee, acting on behalf of Noteholders, would not be able to enforce rights against the SPV Issuer during the period of examinership; and

(ii) a scheme of arrangement may be approved involving the writing down of the debt due by the SPV Issuer to the Noteholders irrespective of the Noteholders' views.

Preferred Creditors

If the SPV Issuer becomes subject to an insolvency proceeding and EGSA has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

(i) under Irish law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the Irish Revenue Commissioners for PAYE and VAT;

(ii) under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and

(iii) in an insolvency of the SPV Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges.

Europcar Bond Funding Limited

Europcar Bond Funding Limited (the "**SPV Issuer**") was incorporated in Ireland on April 12, 2012, with registered number 511880 as a private company with limited liability under the Companies Acts 1963 to 2009 (as amended) of Ireland (the "**Companies Acts**"). The registered office of the SPV Issuer is 12 Merrion Square, Dublin 2, Ireland and its phone number is +353 (0)1 631 6052.

The authorised share capital of the SPV Issuer is EUR 100 divided into 100 ordinary shares of par value EUR 1 each (the "**Shares**"). The SPV Issuer has issued 1 Share, which is fully paid and is held on trust by IFG Trust Company Limited (the "Share Trustee") under the terms of a declaration of trust (the "**Declaration of Trust**") dated April 16, 2012, under which the Share Trustee holds the Share on trust for charity. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from its holding of the Share. The Share Trustee will apply any income derived from the SPV Issuer solely for the above purposes.

The SPV Issuer has no subsidiaries.

IFG Managed Services Limited (the "**Corporate Services Provider**"), an Irish company, acts as the corporate services provider for the SPV Issuer. The office of the Corporate Services Provider serves as the general business office of the SPV Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on April 16, 2012 between the SPV Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider performs various management functions on behalf of the SPV Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the SPV Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days written notice to the other party. The Corporate Services Agreement contains provisions for the appointment of a replacement corporate services provider if necessary.

The Corporate Services Provider's principal office is 12 Merrion Square, Dublin 2, Ireland.

Principal Activities

The principal objects of the SPV Issuer are set forth in clause 2 of its Memorandum of Association (as currently in effect) and permit the SPV Issuer, *inter alia*, to lend money and give credit, secured or unsecured, to issue debentures and otherwise to borrow or raise money and to grant security over its property for the performance of its obligations or the payment of money.

Since its incorporation, the SPV Issuer has not engaged in any material activities other than those incidental to its registration as a private company under the Companies Acts and those related to the issue of the Notes. The SPV Issuer has no employees.

Directors and Company Secretary

The SPV Issuer's Articles of Association provide that the Board of Directors of the SPV Issuer will consist of at least two Directors.

The Directors of the SPV Issuer and their business addresses are as follows:

Rodney O'Rourke	12 Merrion Square, Dublin 2, Ireland.
Yolanda Kelly	12 Merrion Square, Dublin 2, Ireland.

The Company Secretary is IFG Secretaries Limited.

The Directors do not hold any direct, indirect, beneficial or economic interest in any of the Shares. The directorship of the Directors is provided as part of the Corporate Services Provider's overall corporate administration services provided to the SPV Issuer pursuant to the Corporate Services Agreement.

The Directors of the SPV Issuer may engage in other activities and have other interests which may conflict with the interests of the SPV Issuer.

Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the SPV Issuer since the date of its incorporation. Save for the issues of Notes described above and their related arrangements, the SPV Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Capitalization

The following table sets out the capitalization of the SPV Issuer as at the date of this Offering Memorandum:

Shareholders Funds:	€
Share Capital	1
Indebtedness:	
The indebtedness of the SPV Issuer as at the date of this Offering Memorandum[(1)]	0

(1) After giving effect to the Offering, the SPV Issuer will have €324 million in outstanding indebtedness represented by the Notes plus the additional indebtedness represented by the subordinated loan from EGSA used to fund the Escrow Account in part.

Financial Statements

Since its date of incorporation, the SPV Issuer has not commenced operations and no financial statements of the SPV Issuer have been prepared as at the date of this Offering Memorandum. The SPV Issuer will not prepare interim financial statements. The financial year of the SPV Issuer ends on March 31 in each year.

Each year, a copy of the audited profit and loss account and balance sheet of the SPV Issuer together with a report of the directors and the auditors thereon is required to be filed in the Irish Companies Registration Office within 28 days of the annual return date of the SPV Issuer and is available for inspection. The profit and loss account and balance sheet can be obtained free of charge from the registered office of the SPV Issuer. The SPV Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The auditors of the SPV Issuer are KPMG who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified to practise in Ireland.

Listing and General Information

Listing

Application has been made to have the Notes listed 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 und Co. OHG as at, and for the years ended, December 31, 2010 and December 31, 2009, and the auditors' reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft thereon.

(ii) The statutory audited non-consolidated financial statements of Europcar Autovermietung GmbH as at, and for the years ended, December 31, 2010, December 31, 2009, and the auditors' reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft thereon.

(iii) The statutory audited non-consolidated financial statements of Europcar UK Limited as at, and for the years ended, December 31, 2010 and December 31, 2009, 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 will be available free of charge during usual business hours at the principal executive offices of EGSA, as well as at the registered offices of the Luxembourg Paying Agent for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange:

(i) the Certificate of Incorporation and the Memorandum and Articles of Association or Europcar Bond Funding Limited;

(ii) the *statuts* (by-laws) of EGSA;

(iii) the financial statements included in this Offering Memorandum;

(iv) the following documents:

(a) the Indenture governing the Notes;

(b) the Intercreditor Agreement;

(c) the Subsidiary Guarantees;

(d) the Share Pledge;

(v) the Purchase Agreement; and

(vi) the incorporation documents, including the by-laws, of the Subsidiary Guarantors.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, EGSA 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 Mellon

(Luxembourg) S.A. as registrar and as Luxembourg Paying Agent and Listing Agent and The Bank of New York Mellon as Principal Paying Agent to make payments on, and effect transfers of, the Notes. EGSA reserves the right to vary such appointments in accordance with the terms of the Indenture.

Europcar 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 Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream. The Notes have been accorded the following common codes and international securities identification numbers (ISINs):

- for the Notes sold pursuant to Regulation S the common code is 077924647 and the ISIN is XS0779246478;
- for the Notes sold pursuant to Rule 144A the common code is 077924698 and the ISIN is XS0779246981;

Legal Information

EGSA, 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 €782,286,490. EGSA's share capital consists of 78,228,649 registered shares with a par value of €10 each, divided into 77,846,607 A class shares and 382,042 B class shares. EGSA'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 Ordinary Equity Investors. EGSA owns 100% of ECI's share capital.

The SPV Issuer was incorporated in Ireland on April 12, 2012 with registered number 511880 as a private company with limited liability under the Companies Acts 1963 to 2009 (as amended) of Ireland. The registered office of the SPV Issuer is 12 Merrion Square, Dublin 2, Ireland.

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 S.A. & Co. OHG	October 26, 1988	Tangstedter Landstrasse 81 22415 Hamburg	HRA 83202 Hamburg	Holding Company
Europcar Autovermietung GmbH	September 16, 1989	Tangstedter Landstrasse 81 22415 Hamburg	HRB 42081 Hamburg	Short term car rental business
Europcar UK Limited	March 30, 1966	James House 55 Welford Road Leicester Leicestershire LE2 7AR	875561	Short term car rental business

Europcar International SA und Co. OHG

Europcar International SA und Co. OHG is a German general commercial partnership (*Offene Handelsgesellschaft*) formed under the German commercial code (*Handelsgesetzbuch*). The partners of Europcar International SA und Co. OHG are ECI and Europcar France S.A.S.. ECI holds an interest of 99% in the partnership, and Europcar France S.A.S. holds an interest of 1% in the partnership. As at March 31, 2012 it had an equity capital of €56.2 million and reserves as at December 31, 2011 of €39.8 million. For the financial year ended December 31, 2011 its profit arising out of ordinary activities, after tax, as recorded in its statutory accounts, was €1.2 million (before profit transfer according to profit and loss transfer agreements).

Europcar International SA und Co. OHG, as a general commercial partnership, is managed by its partners, Europcar International S.A.S.U. and Europcar France S.A.S.

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, 2012 it had an issued share capital of €23.0 million, consisting of an undivided equity interest wholly owned by Europcar International SA und Co. OHG. Its reserves as at December 31, 2011 amounted to €37.3 million. For the financial year ended December 31, 2011 its profit arising out of ordinary activities, after tax, as recorded in its statutory accounts, was €26.6 million (before profit transfer according to profit and loss transfer agreement) and it received dividends of €0.5 million respect of shares held.

Mr. Roland Keppler has been managing director (*Geschäftsführer*) of Europcar Autovermietung GmbH since March 1, 2009. Before joining Europcar Germany in 2009 Mr. Roland Keppler was CEO of TUIfly GmbH. Mr. Roland Keppler was born in 1964. He holds a degree in Industrial Engineering (Dipl.-Ing.) from the Technical University in Darmstadt.

Europcar UK Limited

Europcar UK Limited is an English private limited company incorporated on March 30, 1966 under the Companies Act 1948 under the name Godfrey Davis (Car Hire) Limited. As at March 31, 2012 it had an issued share capital of UK£137,148,000 divided into 24,936,000 shares with a nominal value of UK£5.50 each and reserves of UK£18.321 million. Europcar UK Limited is indirectly wholly-owned by ECI. For the financial year ended December 31, 2011 its loss arising out of ordinary activities, after tax, was UK£1.561 million and it received no dividends in respect of shares held.

Europcar UK Limited has 3 directors, Mr. Kenneth McCall, Mr. Gary Smith and Mr. Pierre Beguerie.

Mr. Kenneth McCall joined Europcar UK Limited on November 15, 2010 and has been the managing director of Europcar UK Limited since November 22, 2010. Prior to joining Europcar Mr. McCall held the position of Chief Executive Officer at DHL Express UK & Ireland and Chief Executive of TNT Asia, Middle East, Africa and Indian Sub-Continent.

Mr. McCall is a member of the CBI London Council and a Non Executive Director of Supergroup PLC.

Mr. Gary Smith has been Finance Director of Europcar UK Limited since April 2, 2012. Mr. Smith has worked with Travelport International and prior to that spent most of his career with Avis in various Finance positions including most recently the role of UK Finance Director.

Auditors

The consolidated financial statements of EGSA as of and for the years ended December 31, 2011, 2010 and 2009 have been audited by PricewaterhouseCoopers Audit SA, statutory auditor.

Corporate Authorization

The assumption and issue of the Notes by EGSA was decided pursuant to a resolution of the board of directors of EGSA dated April 12, 2012.

The issue of the Notes was decided pursuant to a resolution of the board of directors of the SPV Issuer dated April 26, 2012.

The guarantee of the Notes by Europcar International SA und Co. OHG was authorized by the partners' meeting thereof on April 26, 2012.

The guarantee of the Notes by Europcar Autovermietung GmbH was authorized by the shareholders' meeting thereof on April 26, 2012.

The guarantee of the Notes by Europcar UK Limited was authorized by the board of directors thereof on April 26, 2012.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in EGSA's or any Subsidiary Guarantor's financial position or prospects since December 31, 2011.

There has been no material adverse change in the financial position of the SPV Issuer since its incorporation on April 12, 2012

Litigation

Except as disclosed in this Offering Memorandum, neither the SPV Issuer, EGSA, nor any Subsidiary Guarantor is involved in, and neither has any knowledge of any threatened litigation, administrative proceedings or arbitration which would have a material adverse impact on its results of operations or financial condition.

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PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Téléphone 01 56 57 58 59
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Statutory auditor's report on the consolidated financial statements (for the year ended 31 December 2011)

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders
EUROPCAR GROUPE
5, Place des Frères Montgolfier
78280 Guyancourt

Dear Sirs,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of EUROPCAR GROUPE;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the 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 consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

Accounting estimates used to prepare the consolidated financial statements have been made in an uncertain environment due to the crisis in the public finances of certain european countries of the Euro zone. This financial crisis is accompanied by an economic and liquidity crisis making it difficult to assess business forecasts. This context is described in note 2(d) and 32.2 of the notes to the consolidated financial statements. In such a context and in accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

• **Measurement of goodwill, tangible and intangible assets**

The Group tests goodwill and intangible assets with an indefinite useful life for impairment and assesses whether long term assets present an indication of impairment, in accordance with the methods set out in notes 3(c), 3(d), 13 et 14 to the consolidated financial statements. We have reviewed the methods used for the aforementioned test, the methodology applied as well as the estimated future cash flows and underlying assumptions and verified that the information provided in these notes is appropriate.

• **Provisions**

As specified in note 3(o) to the consolidated financial statements, the Group books provisions to cover risks. The types of provisions recorded under are described in note 25, 26 and 32.2(f) to the consolidated financial statements. Based on the information available at the time of our audit, we ensured that the methods and data used to determine provisions, particularly relating to the insurance claim provisions, as well as the disclosures regarding said provisions provided in the notes to the consolidated financial statements, are appropriate.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2(d) to the consolidated financial statements, actual results may differ materially from such estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information related to the Group given in the management report.

We have no matters to report regarding the fair presentation and consistency of this information with the consolidated financial statements.

Neuilly-sur-Seine, 19 March 2012

The statutory auditor
PricewaterhouseCoopers Audit

Rémi Didier François Jaumain

Remark on historical financial information

Purpose of preparing consolidated financial statements

These consolidated financial statements have been prepared to provide financial information to our shareholders, the holders of and potential investors in the notes issued by Europcar Groupe S.A. (referred to as "ECG") and not in response to any statutory obligation. ECG is exempt from any such obligation by virtue of the consolidated accounts prepared by its ultimate shareholder Eurazeo S.A.

Consolidated statement of financial positions as of December 31, 2011

In thousands of €	Notes	2011	2010
Assets			
Goodwill	*13*	439,284	477,862
Intangible assets	*14*	773,939	787,530
Property, plant and equipment	*15*	97,639	101,896
Non-current investments	*16*	36,246	36,874
Deferred tax assets	*17*	19,011	21,460
Total non-current assets		**1,366,119**	**1,425,622**
Inventories	*18*	18,141	16,137
Income tax receivable		17,310	33,454
Rental fleet and related receivables	19	1,943,191	2,125,185
Current investments	16	47,303	31,753
Trade and other receivables	20	347,967	391,074
Restricted cash	21	96,294	76,853
Cash and cash equivalents	21	255,712	263,108
Total current assets		**2,725,918**	**2,937,564**
Total assets		**4,092,037**	**4,363,186**
Equity			
Share capital	*22*	782,286	778,466
Share premium	*22*	7,075	3,445
Reserves	*22*	(95,581)	(96,801)
Retained earnings	*22*	(350,228)	(278,042)
Total equity attributable to owners of ECG		**343,552**	**407,068**
Non controlling interests	*22*	4,967	5,560
Total equity		**348,519**	**412,628**
Liabilities			
Loans and borrowings	*24*	1,149,741	1,033,597
Derivative financial instruments	*29*	73,315	12,092
Employee benefits	*25*	76,279	74,756
Provisions	*26*	3,833	145
Deferred tax liabilities	*17*	135,733	170,760
Other non-current liabilities		611	–
Total non-current liabilities		**1,439,512**	**1,291,350**
Loans and borrowings	*24*	1,016,727	1,377,887
Derivative financial instruments	*29*	–	60,476
Employee benefits	*25*	2,100	2,199
Income tax payable		72,976	43,668
Rental fleet related payables	*27*	646,950	645,887
Trade payables and other liabilities	*28*	370,463	354,794
Provisions	*26*	194,790	174,297
Total current liabilities		**2,304,006**	**2,659,208**
Total liabilities		**3,743,518**	**3,950,558**
Total equity and liabilities		**4,092,037**	**4,363,186**

The notes on pages 9 to 70 are an integral part of these financial statements.

Consolidated income statement for the year ended December 31, 2011

In thousands of €	Notes	2011	2010
Revenue	4	**1,969,245**	1,973,149
Fleet holding costs	5	(545,617)	(530,116)
Fleet operating, rental and revenue related costs	6	(701,027)	(705,955)
Personnel costs	7	(303,796)	(305,385)
Network and head office overheads	8	(213,627)	(206,453)
Depreciation and amortization expenses	14,15	(34,334)	(35,143)
Other income	9	18,034	14,385
Operating income before non-recurring items		**188,878**	204,482
Goodwill impairment charge	10,13	(40,274)	(53,786)
Other non-recurring items	10	(3,168)	(34,753)
Operating income		**145,436**	**115,943**
Financial income	11	5,172	9,409
Financial expenses	11	(165,141)	(121,990)
(Expenses) / income from interest rate swaps	11	(55,849)	(70,552)
Amortization of financing arrangement costs	11	(12,842)	(58,459)
Net financing costs		**(228,660)**	(241,592)
Profit / (loss) before tax		**(83,224)**	(125,649)
Income taxes	12	12,857	(3,056)
Share of profit / (loss) in associates		(1,800)	309
Profit / (loss) for the year		**(72,167)**	(128,396)
Attributable to:			
Owners of ECG		(71,574)	(130,447)
Non controlling interests		(593)	2,051
Basic loss per share (euro)	23	(0.915)	(1.676)
Diluted loss per share (euro)	23	(0.915)	(1.676)

The notes on pages 9 to 70 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended December 31, 2011

In thousands of €	Notes	2011 Before tax	2011 Tax income (expense)	2011 After tax	2010 Before tax	2010 Tax income (expense)	2010 After tax
Net loss for the year		**(85,024)**	**12,857**	**(72,167)**	**(125,340)**	**(3,056)**	**(128,396)**
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Actuarial gains/(losses) on defined benefit pension schemes	*25*	(137)	(194)	(331)	(3,676)	1,261	(2,415)
Items that may be reclassified subsequently to profit or loss:							
Foreign currency differences		1,683		1,683	35,003		35,003
Effective portion of changes in fair value of cash flow hedges		(1,263)	435	(828)	16,588	(5,712)	10,876
Net change in fair value of available-for-sale financial assets		109	(25)	84	56	(15)	**41**
Other comprehensive income for the year[(1)]		**392**	**216**	**608**	**47,971**	**(4,466)**	**43,505**
Total comprehensive income for the year		**(84,632)**	**13,073**	**(71,559)**	**(77,369)**	**(7,522)**	**(84,891)**
Attributable to:							
Owners of ECG				(70,966)			(86,942)
Non controlling interests				(593)			2,051

(1) €1.5 million of exchange gain have been reclassified in profit & loss following the disposal of P1 Switzerland in May 2011. There was no amount reclassified in profit & loss in 2010.

The notes on pages 9 to 70 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended December 31, 2011

In thousands of €				Attributable to	
	Share capital	Share premium	Hedging reserve	Translation reserve	Reta earn
Balance at January 1, 2010	**778,466**	**3,445**	**(58,117)**	**(89,081)**	**(141,**
Profit / (loss) for the period	**–**	**–**	**–**	**–**	**(130,**
Foreign currency differences	–	–	–	39,521	(4,
Effective portion of changes in fair value of cash flow hedges	–	–	16,588	–	
Net change in fair value of available-for-sale financial assets	–	–	–	–	
Actuarial gains/(losses) on defined benefit obligation	–	–	–	–	(3,
Income tax relating to components of other comprehensive income	–	–	(5,712)	–	1,
Other comprehensive income (loss)	**–**	**–**	**10,876**	**39,521**	**(6,**
Increase in share capital	–	–	–	–	
Dividend paid	–	–	–	–	
Acquisition of non controlling interests	–	–	–	–	1,
Transactions with owners	**–**	**–**	**–**	**–**	**1,**
Balance at December 31, 2010	**778,466**	**3,445**	**(47,241)**	**(49,560)**	**(278,**
Balance at January 1, 2011	**778,466**	**3,445**	**(47,241)**	**(49,560)**	**(278,**
Profit / (loss) for the period					**(71,**
Foreign currency differences				2,048	(
Effective portion of changes in fair value of cash flow hedges			(1,263)		
Net change in fair value of available-for-sale financial assets					
Actuarial gains/(losses) on defined benefit obligation					(
Income tax relating to components of other comprehensive income			435		(
Other comprehensive income (loss)			**(828)**	**2,048**	**(**
Increase in share capital	3,820	3,630			
Dividend paid					
Acquisition of non controlling interests					
Transactions with owners	**3,820**	**3,630**			
Balance at December 31, 2011	**782,286**	**7,075**	**(48,069)**	**(47,512)**	**(350,**

The notes on pages 9 to 70 are an integral part of these financial statements.

Consolidated cash flow statement for the year ended December 31, 2011

In thousands of €	Notes	2011	2010
Result before tax		**(83,224)**	**(125,649)**
Depreciation and impairment charge on property, plant and equipment	*15*	14,396	23,343
Amortization expense and impairment charge on intangible assets	*14*	25,189	23,873
Impairment charge on goodwill	*13*	40,591	53,786
Depreciation and impairment charge on financial assets		–	300
Changes in provisions and employee benefits		18,949	351
(Profit) / loss on disposal of fixed assets		(7,252)	166
Total net interest costs		209,554	176,721
Reversal of amortized transaction costs		13,690	52,589
Reversal of premium on notes issued amortized		(848)	5,870
Other non cash items		80	(2,089)
Financing costs		***222,476***	***233,091***
Operating profit / (loss) before changes in working capital		**231,125**	**209,261**
Changes in rental fleet		209,585	70,596
Changes in fleet working capital		(26,776)	(25,656)
Changes in non-fleet working capital [(2)]		80,915	(13,359)
Cash generated from operations		**494,849**	**240,842**
Income taxes received / (paid)		6,720	(19,885)
Net interests paid		(206,140)	(170,449)
Net cash generated from operating activities		**295,429**	**50,508**
Other investments and loans		(19,677)	(12,351)
Acquisitions of tangible and intangible assets	*13,14,15*	(23,253)	(27,773)
Proceeds from disposal of fixed assets		4,784	2,551
Proceeds from disposal of financial assets		27,225	–
Acquisition of subsidiary, net of cash acquired		(375)	–
Disposal of subsidiary, net of cash disposed of		1,655	–
Dividends received from associates		118	266
Net cash outflows from investing activities		**(9,523)**	**(37,307)**
Proceeds from issue of share capital		7,450	961
Change in senior fleet financing facilities [(1)]		(315,888)	(130,248)
Change in other fleet financing facilities		(43,562)	23,920
Payment of transaction costs		(11,016)	(87,900)
Change in other borrowings		86,835	263,713
Net cash outflows from financing activities		**(276,181)**	**70,446**
Cash and cash equivalents at the period end	*21*	344,974	337,417
Cash and cash equivalents at beginning of period	*21*	337,417	251,366
Effect of foreign exchange movements		(2,168)	2,404
Net increase in cash and cash equivalents after effect of foreign exchange movements		**9,725**	**83,647**

(1) Change in borrowings dedicated to fleet financing is reported on a net basis since they relate to buy-back agreements with a short term maturity

(2) Of which €66.0 million (refer also to Note 28) received from UK tax authorities in relation with the settlement of the Fleming VAT claim and to be paid to final beneficiaries (€48.6 million, refer also to Note 21) and to tax authorities for the income tax related (€17.4 million)

The notes on pages 9 to 70 are an integral part of these financial statements.

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Notes to the financial statements for the year ended December 31, 2011

1. Reporting entity

Europcar Groupe S.A. ("ECG") was incorporated on March 9, 2006 with an initial share capital of €235,000 and converted on April 25, 2006 into French "*société anonyme*". ECG registered offices are at 5/6 Place des Frères Montgolfier, 78280 Guyancourt, France.

The Group provides vehicles for short and medium term corporate and leisure rentals, mainly under the internationally recognized brand name Europcar. The Group also acquired in February 2007 the right to operate the trademarks of National and Alamo in Europe, Middle East, Africa.

This financial information was approved and authorized for issue by the Board of Directors on March 12, 2012.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) as at the balance sheet date. The international standards comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Existent timing differences in IFRS between the effective date according to the IASB and date of adoption by the EU do not have any impact on the Group's financial statements.

Certain comparative amounts have been reclassified to conform to the current year's presentation. The following balance sheet lines are concerned:

- Non-current investments +€29.7 million;
- Current investments -€19.8 million;
- Restricted cash -€9.9 million;
- Non-current loans and borrowings -€30.4 million;
- Current loans and borrowings +€30.4 million.

Comparative amounts presented in related notes (Note 16, Note 21 and Note 24), the consolidated cash-flow statement and the segment reporting information have been consequently restated.

(i) New standards, revisions, interpretations and amendments to existing standards effective in 2011

The Group has adopted the following new standards, interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union which are relevant to and effective for the Group's annual accounting period beginning January 1, 2011. The following interpretations and amendments to existing standards do not have any impact on the group's financial statements for the year-ended 2011:

- *IAS 24 (revised) "Related Party Disclosures":* amendment of the definition of a related party and modification of certain related party disclosure requirements for government-related entities.

The other interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union effective for the Group's annual accounting period beginning January 1, 2011 and which are not currently applied by the Group or do not have any impact on the Group's financial statements are:

- Amendment to *IAS 32 "Classification of Rights Issues":* the amendment had no impact on the consolidated financial statements for the periods presented.

- Amendment to *IFRIC 14 "Prepayments of a Minimum Funding Requirement":* this amendment had no impact on the consolidated financial statements for the periods presented.

- *IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments*": the amendment had no impact on the consolidated financial statements for the periods presented.

- Amendment to *IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters":* this standard concerns companies adopting IFRS for the first time and the revision therefore had no impact on the consolidated financial statements for the periods presented.

- Amendment to *IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters":* this standard concerns companies adopting IFRS for the first time and the revision therefore had no impact on the consolidated financial statements for the periods presented.

- *Improvements to IFRS 2010 (minor amendments concerning mostly IFRS 3, IFRS 7, IAS 1, IAS 27 and IFRIC 13)* with no impact on the consolidated financial statements for the periods presented.

(ii) Revisions, interpretations and amendments issued to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are relevant to and will be mandatory for the Group's accounting periods beginning after January 1, 2011 or later periods, but the group has not early adopted them:

- Amendment to *IFRS 7 "Disclosures—Transfers of Financial Assets"* (effective from July 1, 2011 according to IASB but not endorsed by EU).

- Amendment to *IAS 12 "Deferred Tax: Recovery of Underlying Assets"* (effective from January 1, 2012 according to IASB, not endorsed by EU).

- Amendment to *IAS 1 "Presentation of Items of Other Comprehensive Income"* (effective from July 1, 2012 according to IASB, not endorsed by EU).

- *IFRS 10 "Consolidated Financial Statements"* (effective from January 1, 2013 according to IASB, not endorsed by EU).

- *IFRS 11 "Joint Arrangements"* (effective from January 1, 2013 according to IASB, not endorsed by EU). Following adoption of IFRS 11, application of the proportionate consolidation method to jointly controlled entities will no longer be allowed. Consequently from January 1, 2013 these entities will be accounted for by the equity method if joint control is continuing or fully consolidated if exclusive control is demonstrated, with retrospective application of this method to 2012.

- *IFRS 12 "Disclosure of Interests in Other Entities"* (effective from January 1, 2013 according to IASB, not endorsed by EU): these standards, interpretations and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.

- *IFRS 13 "Fair Value Measurement"* (effective from January 1, 2013 according to IASB, not endorsed by EU).

- Amendment to *IAS 27 "Separate Financial Statements"* (effective from January 1, 2013 according to IASB, not endorsed by EU).
- Amendment to *IAS 28 "Investments in Associates and Joint Ventures"* (effective from January 1, 2013 according to IASB, not endorsed by EU).
- *IAS 19 (revised) "Employee Benefits"* (effective from January 1, 2013 according to IASB, not endorsed by EU): the revised standard introduces fundamental changes to the recognition and presentation of defined benefit plans as well as to the required disclosures. One of the main change concerns the abolition of the option allowing actuarial gains and losses to be accounted for in the P&L (for example, by the corridor method). All actuarial gains and losses will now be accounted for in OCI. The impact of the revised standard on the consolidated financial statements is not expected to be material as Europcar does not apply the corridor method.
- *IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"* (effective from January 1, 2013 according to IASB, not endorsed by EU).
- *IFRS 9 "Financial Instruments: Recognition and Measurement"* (effective from January 1, 2015 according to IASB, not endorsed by EU).
- Additions to *IFRS 9 "Financial Instruments: Recognition and Measurement"* (effective from January 1, 2015 according to IASB, not endorsed by EU).

(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.
- Assets and liabilities identified under IFRS 3 R and recognized at fair value in the opening balance sheet which then becomes the historical basis subsequent to the acquisition date.
- IFRS 5: non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(c) Functional and presentational currency

These consolidated financial statements are presented in euro (€), which is ECG's functional currency and the Group's presentational currency. All financial information presented in euro (€) has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions which impact the amounts presented for existing assets and liabilities in the consolidated balance sheet, income and expense items in the consolidated income statement, and disclosures in the notes to the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Group formulates assumptions and, on this basis, regularly prepares estimates relating to its various activities. These estimates are based on past experience and include the economic conditions prevailing at the period-end and the information then available. Those economic trends and evolutions are specifically reviewed on a by-country basis.

With respect to the vehicle rental business, estimates specifically cover:

- The residual value of "at risk" vehicles (see Note 3. (f) (iii)).
- The fair value of vehicles purchased with manufacturer or dealer buy-back commitment when badly damaged or stolen (see Note 3. (f) (i)).
- Evaluation of the ultimate cost of claims made against the Group for self-funded accidents using actuarial techniques generally accepted and used in the insurance industry.

In addition, estimates also cover:

- Fair value measurement of assets and liabilities during the allocation of the acquisition cost in the process of business combination (see Note 13).
- Value of non-listed equity investments held for sale (see Note 16) and financial instruments recorded at fair value in the Group balance sheet (see Note 29).
- Estimate of future cash flows as part of impairment tests for goodwill recorded in the balance sheet and capitalized assets (see Notes 13 and 14).
- Amounts of deferred taxes recorded in the balance sheet (see Note 17).
- Measurement of post employment benefits and other employee benefits (see Note 25).
- Provisions for disputes and litigation and valuation of contingent liabilities (see Notes 26 and 30).

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

The Europcar Group financial statements consolidate those of the parent company, i.e. ECG, and its subsidiary undertakings drawn up to December 31, 2011.

Subsidiaries are all entities (including special purpose entities), directly or indirectly controlled by ECG. Control exists when ECG 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 are currently 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.

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. These are recognized in the consolidated financial statements at the lower of cost or fair value (see Note 16).

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non controlling interests in an acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of the consideration transferred the amount of any controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of

the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non controlling interests

The Group treats transactions with non controlling interests as transactions with equity owners of the Group. For purchase from non controlling interests, the difference between the consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

(iii) Associates

Associates are entities over whom financial and operating policies the Group has significant influence, but not control or joint control (generally accompanying a shareholding of between 20% and 50% of the voting rights). The Group's interests in associates are accounted for under the equity method, i.e. equity interests are accounted for at cost, adjusted for the post-acquisition changes in the investor's share of net assets of the associate. 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.

(iv) Joint ventures

Joint ventures are 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. These are recognized in the consolidated financial statements at the lower of cost or fair value (see Note 16).

(v) Special purpose entities

Special purpose entities ("SPE"), such as SecuritiFleet companies, Euroguard, the Protected Cell Insurance & Reinsurance SPE, FCT Sinople and EC Finance plc 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 specifically 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 financial position and earnings performance of the car rental business of the Group, are not consolidated (see Note 33).

(vi) Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred.

(vii) Reclassification of exchange gains / losses in profit and loss

Exchange gains / losses recognized in other comprehensive income will be reclassified in profit and loss only in case of a partial disposal which is defined by the Group as a disposal of interest in subsidiary (and not as a decrease in investment).

(b) Foreign currency

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro ('€'), which is ECG's functional and presentational currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency 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 into euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognized 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 into euro at foreign exchange rates ruling at the date the fair value was determined.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into 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 into euro at weighted average rates. All resulting exchange differences are recognized as a separate component of equity.

(c) Goodwill

Goodwill recognized in local currency is not amortized and is subject to an impairment test performed at least annually or more often in case of a trigger event. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated by operating segment and within the corporately-owned rental business segment by geographical area.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash flow method. When this value is less than its carrying amount, an impairment loss is recognized in the income statement. The impairment loss is first recorded as an adjustment to the carrying amount of goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other long term assets of the unit on a pro rata basis.

Goodwill arising from acquisitions of associates is included in 'Investments in associates' and is tested for impairment as part of the overall balance.

(d) Intangible assets other than goodwill

(i) Trademarks and licenses

Trademarks with indefinite life

The Europcar Trademark has been recognized at cost with an indefinite useful life.

Trademarks that have an indefinite useful life are tested annually for impairment based on the relief from net royalty method.

Trademarks with definite life

The contractual right to operate the trademarks National and Alamo acquired under a business combination has been recorded in "Other intangible assets".

Trademarks and licenses that have a definite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives or the life of the underlying contract (10 years).

(ii) Computer software and operating systems

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortized over their estimated useful lives (see below). Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets according to IAS 38. Costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (see below).

(iii) Intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses. They include the right to operate trademarks acquired under a business combination.

(iv) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Subsequent costs are capitalized only when management can reliably demonstrate that the intangible asset will generate specifically attributable future economic benefits in excess of those assessed when the intangible asset was initially capitalized and these costs can be measured reliably and attributed to the asset. Costs incurred during the research phase as defined by IAS 38 are expensed as incurred.

(v) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

• Trademarks with definite life:	10 years
• Lease rights:	10 years
• Computer software:	3 years
• Operating systems:	5 to 10 years

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items of property, plant and equipment and amortized over their own useful lives. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases (lessee accounting). Owner occupied property acquired by way of a 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 and impairment losses.

(iii) Subsequent costs

The Group recognizes within 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 Group will gain future economic benefit from the item and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred. The cost of repairs and interest on borrowings are recorded as current expenses.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each element 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 specialized tools:	3 to 15 years

The residual value, if not insignificant, is reassessed annually. The useful life is reviewed annually.

(f) Rental fleet and related receivables

The rental fleet operated by Europcar is comprised of vehicles that are acquired or financed in different ways:

Type of acquisition and related financing	% of total volume of vehicles purchased	
	2011	2010
Vehicles purchased with manufacturer or dealer buy-back commitment	50%	59%
Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases	44%	33%
Total fleet purchased with buy-back arrangements	**94%**	**92%**
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	6%	7%
Vehicles financed through rental agreements qualifying as finance leases	0%	1%
Total purchases of rental fleet	**100%**	**100%**

Based on the type of financing, the Group accounts for rental fleet vehicles either in the balance sheet (all types of financing except vehicles acquired through rental agreements qualifying as operating leases) or off-balance sheet (vehicles acquired through rental agreements qualifying as operating leases).

(i) Vehicles purchased with manufacturer or dealer buy-back commitment:

One of the characteristics of the car industry is the sale/purchase of vehicles with buy-back commitment from the manufacturer or dealer. The contractual holding period usually runs for a period of less than 12 months. IFRS does not specifically provide any standards or guidance on the accounting treatment of such transactions. As a result, in line with other car rental companies, the Group applies industry specific accounting practices as described below. This accounting treatment mirrors that usually applied by car manufacturers.

Because the holding period of the vehicle is in general less than 12 months, the Group recognize these vehicles as current assets (in the "Rental fleet and related receivables" line item—see Note 19) at the inception of the arrangements.

The amount recorded under the "Rental fleet and related receivables" balance sheet account represents the acquisition cost of the vehicles (net of volume rebates) and is the sum of two amounts representing two distinct current assets:

- The "Vehicle buy-back agreement receivable", representing to the agreed buy-back price (the obligation of the manufacturer or dealer);
- The "Deferred depreciation expense on vehicles", representing the difference between the acquisition cost of the vehicle and the agreed buy-back price. This asset is depreciated through the income statement on a straight-line basis over the contractual holding period of the vehicle.

For stolen vehicles, the Group recognizes an impairment charge against the value of the corresponding "Vehicle buy-back agreement receivable" over a three-month period following the event. For badly damaged vehicles, the Group adjusts the value of the corresponding receivable on the basis of third party appraisal of the damaged vehicle.

The accounting interpretation *IFRIC 4 Determining whether an Arrangement contains a lease* requires determining whether an arrangement is, or contains, a lease based on the respective economic substance of the arrangement. In doing so, an assessment must be made as to whether (a) fulfillment of an arrangement is dependent on the use of a specific asset or assets (the asset) and (b) the arrangement conveys a right to use the asset.

The agreements with car manufacturers and dealers in respect of the rental fleet have been examined in light of IFRIC 4 and do not have an impact on the classifications described above.

(ii) Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases:

Vehicles are also acquired through rental arrangements with financial institutions and financial divisions of car manufacturers that in substance qualify as operating leases as defined under *IAS 17 Leases*. The providers of financing do not transfer significant risks and rewards of ownership to Europcar, given that:

- Europcar uses the cars for only a short period (not exceeding 18 months) compared with the economic life of the asset;
- The residual value of vehicles at the end of the agreement is significant; and
- Europcar is not exposed to any significant residual value risk (due to the buy-back commitment from the manufacturer or dealer).

Vehicles operated under operating lease arrangements are reported off balance sheet according to IAS 17. Rents paid in relation to these vehicles are disclosed in Note 30.1 Operating leases.

(iii) Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles"):

Vehicles purchased without manufacturer or dealer buy-back commitment are reported by the Group as "at risk" vehicles.

In most cases, the holding period for a car does not exceed 12 months. For vans and trucks, the holding period can range from 12 to 24 months. At the end of the year ended December 31, 2011, the net book value of "at risk" vehicles represent 11% of the total value of the rental fleet (including the estimated outstanding value of the fleet financed through operating leases) compared to 11% as at December 31, 2010. Accordingly, the Group classifies "at risk" vehicles as current assets under "Rental fleet and related receivables"—see Note 19.

The value of the vehicles is initially measured at cost, including any import duties, non-refundable purchase taxes and any costs directly attributable to bringing the vehicle to the rental location and into condition to be rented. The vehicles are accounted for net of any trade discounts and rebates. At inception, "at risk" vehicles are depreciated on a straight-line basis based on their planned holding period and projected residual value. Over the holding period, the residual value is regularly reviewed taking into account the conditions of the used vehicle market and is adjusted downward if necessary.

(iv) Vehicles financed through rental agreements qualifying as a finance lease:

When Europcar is exposed to a significant residual value risk according to rental arrangements with financial institutions and the financial divisions of car manufacturers, the arrangement is considered to be a finance lease. Vehicles under finance lease arrangements represented 0.26% of total volume of vehicles purchased in 2011 (1.21% in 2010). Furthermore, their average holding period is usually shorter than 12 months. Therefore, vehicles financed under finance lease arrangements are recorded as current assets.

(v) Rental fleet related receivables

Rental fleet related receivables include:

- Fleet receivables, due by car manufacturers or dealers repurchasing the vehicles after the vehicle has been returned to the car manufacturer at the end of the holding period (buy-back

agreements). The fleet receivables are recorded at fair value, which corresponds to their nominal value. These receivables fall due within one year and are impaired when their carrying value is greater than the estimated recoverable amount.

- The full amount of the Group's VAT receivables, since the major portion of these is fleet related.

(g) Rental fleet related payables

Rental fleet payables are amounts due to car manufacturers or dealers. These payables are recorded at fair value and fall due within one year. Rental fleet related payables include the full amount of the Group's VAT payables, since the major portion of the Group's VAT payable is fleet related.

(h) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the regular course of business which are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision is recognized in respect of impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of a receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators that a trade receivable is impaired.

The impairment loss is recognized in the income statement within 'Fleet operating, rental and revenue related costs' (refer to Note 6). When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other income and expenses' (see Note 9) to the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable 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.

(j) Cash

Cash includes cash and cash equivalents and restricted cash.

(i) Cash and cash equivalents

Cash comprises cash in hand.

Cash equivalents include short-term and highly liquid investments such as marketable securities and obligations with a maturity of less than 3 months at the acquisition date, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Financial instruments classified as cash and cash equivalents are accounted for at fair value through profit and loss.

(ii) Restricted cash

Cash and cash equivalents are considered as restricted when (i) used to cover the future settlement of insurance claims or (ii) not immediately available for financing the activity of the subsidiaries. Therefore, cash located in the following fleet and insurance special purpose entities ("SPE") is considered restricted:

- SecuritiFleet Holding and SecuritiFleet Holding Bis;
- FCT Sinople ("Fonds Commun de Titrisation");
- EC Finance plc; and
- Euroguard, Captive insurance structure.

Restricted cash and restricted cash equivalents are presented separately from cash and cash equivalents.

(k) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables, held-to-maturity investments and available for sale financial assets.

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss and other financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, which arise from the lending of money, or supply of goods or services. They include loans acquired, receivables and marketable securities not classified as cash and cash equivalents. Loans and receivables are initially recognized at fair value including transaction costs. These are subsequently valued at amortized cost, using the effective interest rate method.

For short-term receivables, amortized cost generally equals the nominal amount.

(ii) Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and a fixed maturity that the entity has the positive intention and ability to hold to maturity. These instruments are measured at amortized cost. Held-to-maturity investments are reported as non-current investments if the maturity is greater than 12 months or as current investments.

(iii) Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for those financial assets that do not meet the criteria of the other categories or that are designated as available-for-sale. This category includes investments in unconsolidated companies (see Note 16).

Financial instruments classified as "available-for-sale" are measured at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity except for

impairment losses and monetary items such as foreign exchange gains and losses. When these investments are derecognized, the cumulative gain or loss is transferred to the income statement. Where these investments are interest bearing, interest determined using the effective interest method is recognized in the income statement.

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 measured are measured at cost, less any accumulated impairment losses.

Impairment of available-for-sale assets

In the case of available-for-sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement until the sale of the equity instrument. Increases in the fair value of equity securities after impairment are recognized directly in equity.

(iv) Financial liabilities at amortized cost

These financial liabilities include:

- loans and borrowings;
- trade and other payables;
- bank overdrafts.

For short term trade and other payables amortized cost generally equals the nominal amount.

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently measured at amortized cost. The effective interest rate calculation takes into account interest payments and the amortization of transaction costs. Transaction costs are amortized on an effective interest rate basis over the life of the borrowing.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of current borrowings for the purpose of the balance sheet and statement of cash flows.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest-rate and foreign exchange risks. In accordance with its Treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

When derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking the hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in Note 29. Movements in the cash flow hedging reserve are shown in the consolidated statement of comprehensive income.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement immediately within 'Net financing costs' in Note 11.

As at December 31, 2010 and 2011, the Group held no derivative which qualified for fair value and net investment hedge accounting.

Europcar is entitled, at its option, to redeem all or a part of the Notes (Subordinated Secured Notes 2017) at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make whole" premium. Such redemption option is to be considered as an embedded derivative to be valued separately in line with IAS 39, and recognized at "fair value" in balance sheet, changes from one period to another going through P&L.

(vi) Financial assets and liabilities at fair value through profit and loss

This category includes financial instruments held for trading. Instruments are classified as held for trading if these are:

- acquired principally for the purposes of selling or repurchasing in the near term; or
- a derivative (other than a hedging derivative).

Financial instruments held for trading are measured at fair value through profit and loss. Gains and losses arising from changes in fair value are included directly in the income statement and presented within "Net financing costs".

(vii) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date (a 'loss event'), and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Impairment of trade receivables is described in Note 20 and impairment of available-for-sale assets is described above.

(l) Impairment of non financial assets other than goodwill

Non financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Non financial assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized when the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimation assumptions used to determine the recoverable amount.

(m) Equity

(i) Share capital and Share premium

The issued and subscribed capital of ECG is denominated in euro. Share capital consists of 78 228 649 issued shares, out of which, 77 846 607 shares A with a notional value of 10 euro each and 382,042 shares B with a nominal value of 10 euro each. Shares B are preferred shares without voting rights. Ordinary shares (with voting rights) are called shares A.

Share premium arises from past capital increases and from the one of this year.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(n) Employee benefits

The Group provides post-employment benefits through defined contribution plans as well as defined benefit plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity or a fund. The Group has no legal or constructive obligation to pay further contributions after its payment of the fixed contribution if the fund does not held sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. The Group contributes to state plans and insurance schemes for individual employees that are considered to be defined contribution plans. Contributions to the plans are recognized as an expense in the period in which the services are rendered by the employees.

(ii) Defined benefit plans

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan operated by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary.

The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund.

The valuation of the Group's commitments with respect to defined benefit plans is performed by an external independent actuary using the 'projected unit credit method'. This method requires specific actuarial assumptions that are detailed in Note 25 'Employee benefits'. These actuarial valuations are performed at the period end for each plan by estimating the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods by anticipating the effects of future salary increases.

Plan assets usually held in separate legal entities are measured at fair value as determined at each period end.

In accordance with IAS 19, the liability recognized in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the closing date less the fair value of plan assets, with adjustments for unrecognized past service costs.

From one accounting period to the next, any difference between the projected and actual amount of commitments in respect of pension plans and their related assets is cumulated for each benefit plan to form actuarial differences (gains or losses). These actuarial differences may result either from changes in actuarial assumptions used at the period end or from experience adjustments generated by actual developments changing, in the accounting period, from assumptions made at the end of the previous accounting period.

The Group recognizes actuarial gains/losses (including any IFRIC 14 effect) outside profit and loss through equity in the 'Statement of Comprehensive Income' in the period in which they occur.

Past service costs are recognized immediately as operating expenses in personnel costs, 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, past service costs are amortized on a straight-line basis over the average remaining vesting period.

Interest costs on benefit plans are recognized as operating expenses in personnel costs net of expected returns on plan assets.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans (or post-retirement benefit plans), is the future benefit that employees have earned in return for their service in the current and prior periods, such as "Médailles du Travail" in France and Jubilee in Germany. The obligation is calculated using the projected unit credit method and is discounted to its present value. The provision is recorded net of the fair value of any related assets (i.e. all actuarial gains/losses and past service costs are recognized immediately in the consolidated income statement).

(iv) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to ECG's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The related expenses are recognized in personnel costs (see Note 7).

(o) Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. 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 recognized 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. 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 recognized over the holding period of the vehicles.

The impact of discounting provisions is recognized as an interest expense.

(p) Revenue

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental (including fuel), 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 proportionally over the period in which the vehicles are rented out based on the terms of the rental contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

When vehicle rental income is generated by intermediaries (such as travel agencies), the gross revenue is recognized in the income statement when Europcar:

- has the ability to determine the price;
- performs part of the service; and
- has discretion in intermediary selection.

The commission fees are recorded in the fleet operating, rental and revenue related costs line item in the income statement (see Note 6).

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

(q) Expenses

(i) Fleet holding costs

Fleet holding costs include vehicle costs such as costs related to rental fleet agreements either with car manufacturers or providers of financing, fleet related taxes and costs incurred in connection with the acquisition and disposal of vehicles.

Costs related to rental fleet agreements mainly consist of vehicle depreciation expense net of rebates and off-balance sheet fleet operating lease expenses (see Significant Accounting Policies, paragraph f) Rental fleet and related receivables).

Costs related to the acquisition and disposal of vehicles include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

(ii) Fleet operating, rental and revenue related costs

Fleet operating costs relate to costs incurred during the operating cycle of the fleet:

- reconditioning;
- repairs;
- maintenance;
- impairment of badly damaged and wrecked vehicles, thefts; and
- insurance.

Rental related costs include petrol, fleet transfers, car wash, etc. Revenue related costs include commissions, airport and railway station fees, etc.

(iii) Operating lease payments

Payments made under operating leases are recognized in the income statement within fleet holding costs on a straight-line basis over the term of the lease. Lease incentives received are recognized on a straight line basis in the income statement as an integral part of the total lease expense.

(iv) 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) Non-recurring items

(i) Acquisition-related charges

Acquisition-related expenses include charges incurred in connection with the integration of acquisitions, such as legal accounting fees, severance and consultancy costs related to headcount reductions due to the rationalization of the rental station network and its support functions, asset write-off and transfer cost, lease termination and building refurbishment costs carried out in the context of the integration of acquisitions.

(ii) Amortization and impairment of Goodwill and Intangible assets

The Group also reports under "Other non-recurring items" the amortization expense in respect of intangible assets acquired through business combination. The right to operate the trade names National and Alamo is depreciated over 10 years, according to the accounting policy described in Note 3 above.

(iii) Reorganization and other non-recurring expenses

Reorganization expenses include charges incurred in connection with business restructurings carried out in response to economic downturns or to adapt local or corporate organizations to changing business conditions. They include headcount reduction expenses, consultancy fees, asset write-off and transfer cost, early lease termination cost incurred in the context of such restructurings.

Other non-recurring costs consist of charges and income considered as non-recurrent considering the nature of the operating activity of the Group.

(s) 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, financing arrangement costs, gains and losses on financial instruments that are recognized in the income statement, and any ineffective portion of the gain or loss on cash flow hedging instruments.

Interest income is recognized in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(t) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantially enacted at the balance sheet date, and subject to 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 realization 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 recognized only to the extent that it is probable that future taxable profits will be available against which the tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends to shareholders are recognized at the same time as the liability to pay the related dividend.

(u) Non-current assets held for sale and discontinued operations (IFRS 5)

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired or a group of assets acquired exclusively with a view to resale.

4. Segment reporting

The Group identified its IFRS 8 operating segments consistently with its management reporting, the performance indicators reviewed internally by the management (i.e. Executive Committee members for Europcar) and, to a lesser extent, with prevailing reporting practices in the car rental industry.

The Group is organized on a worldwide basis into two business segments earning revenues and incurring expenses and whose operating results are regularly reviewed by the Group's chief operating decision makers (Executive Committee members):

- Corporately-owned rental activity and other related revenue: this segment consists of the rental activity directly operated by the Group with its own fleet in ten countries and of the domestic franchising activity. This activity is also analyzed by geographical areas and where possible aggregated in accordance with criteria outlined in IFRS 8, such as similar economic risks and opportunities, similar nature of services and similar customers. Other revenue mainly relates to fuel sales and the domestic franchising business.

- International franchising activity: this segment is centrally managed by a dedicated team of Europcar International. It is driven by international franchising activities in all countries where the Group does not operate directly, including royalties, territory fees and other commissions associated with the Group's trademarks.

The Executive Committee members review on a regular basis the operating and financial performance of the segments, which are measured as follows:

- Revenue;
- Adjusted operating income: defined as consolidated operating income before non-recurring items and excluding estimated interest expense included in operating lease rents. These non-recurring and reorganization expenses are reviewed separately by the Executive Committee members. Estimated interest expense included in the operating lease rents are excluded from adjusted operating income and reported as financial expense;
- Financial expense: defined as consolidated net interest expense (from indebtedness related to fleet and non-fleet financing) and estimated interest expense included in operating lease rents;
- Fleet capital employed: defined as the net book value of the rental fleet including the estimated outstanding value of the fleet financed through operating leases and the net fleet working capital with the related net VAT positions;
- Net debt: defined as consolidated debt under IFRS, including notional debt representing the estimated outstanding value of the fleet financed through operating leases, net of cash and cash equivalents.

As a consequence and as required by IFRS 8, the Group discloses an overall reconciliation between the segment reporting information and the IFRS consolidated financial statements. The Group details general information (such as the type of products and services from which each reportable segment derives its revenues), the amount of profit or loss, the fleet capital employed and the net debt for each reportable segment.

(a) Segment reporting information

In thousands of €	2011			
	Corporately-owned rental business and other related revenue	International franchising activity	Total Segments	Corpor owned r business and o related reve
Corporately-owned rental revenue	1,825,970		1,825,970	1,836
Other revenue associated with car rental	88,433		88,433	86
Franchising revenue	27,347	27,495	54,842	24
Total segment revenues	**1,941,750**	**27,495**	**1,969,245**	**1,947**
Fleet holding costs[1]	(499,911)		(499,911)	(491
Other direct costs	(701,027)		(701,027)	(705
Personnel costs	(302,618)	(1,178)	(303,796)	(304
Network and head office overhead costs	(210,845)	(2,782)	(213,627)	(203
Other operating charges	(16,318)	18	(16,300)	(20
Segment adjusted operating income[1]	**211,031**	**23,553**	**234,584**	**221**
Financial expenses[2]	**(274,366)**		**(274,366)**	**(279**
Fleet capital employed[3]	**2,459,600**		**2,459,600**	**2,470**
Net debt[4]	**2,904,948**		**2,904,948**	**3,004**

(1) Excluding estimated interest expense included in operating lease rentals

(2) Including estimated interest expense included in operating lease rentals

(3) Including estimated outstanding value of the fleet financed through operating leases

(4) Including notional debt representing the estimated outstanding value of the fleet financed through operating leases (Net debt reconciliation detailed in N

(b) Reconciliation

The "Total Segments" information presented in the table above for the Group's operating segments reconciles to the key financial figures as presented in the financial statements as follows:

In thousands of €	2011	2010
Revenue		
Total segment revenue	1,969,245	1,973,149
Group revenue	**1,969,245**	**1,973,149**
Profit or loss		
Group loss before tax	**(83,224)**	**(125,649)**
Other non-recurring items	(3,168)	(34,753)
Goodwill impairment charge	(40,274)	(53,786)
Net financing costs	(228,660)	(241,592)
Group operating income before non-recurring items	**188,878**	**204,482**
Add back: Estimated interest expenses included in operating lease rents	45,706	38,239
Segment adjusted operating income ("Adjusted EBIT")	**234,584**	**242,721**
Assets		
Total segments (Fleet capital employed)	2,459,600	2,470,660
Estimated outstanding value of the fleet financed through operating leases	(1,163,359)	(991,362)
Non-current assets	1,366,119	1,425,622
Other current assets	430,721	472,418
Restricted cash	96,294	76,853
Cash and cash equivalents	255,712	263,108
Fleet payables	646,950	645,884
Group total assets	**4,092,037**	**4,363,186**
Liabilities		
Total segments (Net debt)	2,904,948	3,004,639
Cash, cash equivalents and marketable securities	399,194	368,500
Other non-current assets	25,685	29,707
Notional debt representing the estimated outstanding value of the fleet financed through operating leases	(1,163,359)	(991,362)
Other non-current liabilities	289,771	257,753
Other current liabilities	1,287,279	1,281,321
Group total liabilities	**3,743,518**	**3,950,558**

(c) Entity-wide disclosures

(i) Information about products and services

The Group considers that this information is otherwise provided as part of the reportable segment information.

(ii) Information about geographical areas

The Group operates in five main markets: France, Germany, Italy, Spain, and the United Kingdom. Revenue has been identified on the basis of the location where the rental service is provided. Non-current assets are allocated based on their physical location.

Revenue and non-current assets include items directly attributable to a geographical area as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets.

(iii) Information about major customers

The rental car industry operates with both individual and corporate customers. Europcar Group does not recognize rev
single external customer that would represent 10% or more of the Group's revenue.

In thousands of €	Germany		UK		France		Italy		Spain[4]		Other countries[2]	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	535,550	527,717	364,295	375,568	352,917	347,749	249,712	242,747	189,722	198,052	249,554	255,567
Non-current assets[1]	207,120	205,502	136,865	164,510	89,122	88,540	5,746	7,265	40,452	40,598	87,548	105,273

(1) Non-current assets reported under "Unallocated" include trademarks

(2) Other countries include Belgium, Portugal, Switzerland and Australia / New Zealand

(3) Revenue from external customers reported under "Unallocated" include international franchising revenues managed by Europcar International

(4) Non-current assets in Spain primarily consist of real estate assets acquired from Betacar in 2007

5. Fleet holding costs

In thousands of €	2011	2010
Costs related to rental fleet agreements[1]	(455,882)	(442,857)
Purchase and sales related costs[2]	(59,968)	(63,141)
Taxes on vehicles	(29,767)	(24,118)
	(545,617)	**(530,116)**

(1) Costs related to rental fleet agreements mainly consist of (i) vehicle depreciation expenses net of rebates and of (ii) off-balance sheet fleet operating lease expenses (see Significant Accounting Policies, paragraph f) Rental fleet and related receivables).

During the year ended December 31, 2011, the Group recognized depreciation expense net of volume rebates amounting to €254.9 million (2010: €270.0 million) under "Costs related to rental fleet agreements", as described in Note 5 "Fleet holding costs". This depreciation expense relates to vehicles subject to manufacturer or dealer buy-back agreements and "at-risk" vehicles.

"Costs related to rental fleet agreements" also includes rents amounting to €191.8 million (2010: €159.1 million) in relation to off-balance sheet operating leases. The related off-balance sheet rental commitments in respect of rental fleet operated under operating lease arrangements are disclosed in Note 30 Operating Leases.

(2) Fleet acquisition and disposal costs include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

6. Fleet operating, rental and revenue related costs

In thousands of €	2011	2010
Fleet operating costs[1]	(283,985)	(287,389)
Revenue related commissions and fees[2]	(218,929)	(224,006)
Of which trade receivables allowance and write-off	(9,623)	(13,864)
Rental related costs[3]	(198,113)	(194,560)
	(701,027)	**(705,955)**

(1) Fleet operating related costs mainly consist of insurance, repairs and maintenance costs as well as costs incurred in respect of damaged and stolen cars and for the reconditioning of vehicles before they are repurchased by the car manufacturers or dealers

(2) Revenue related costs include agent fees, travel agency commissions and airport concession fees

(3) Rental related costs include vehicle transferring costs incurred during the holding period, vehicle washing costs and fuel purchase

7. Personnel costs

In thousands of €	Note	2011	2010
Wages and salaries[1]		(234,224)	(235,734)
Social security contributions		(54,056)	(52,624)
Post employment benefits	*25*	(8,007)	(8,248)
Other items		(7,509)	(8,779)
		(303,796)	**(305,385)**

(1) Includes bonuses and profit-sharing expenses

8. Network and head office overheads

In thousands of €	2011	2010
Network costs[1]	(73,181)	(71,653)
IT costs	(33,940)	(35,691)
Head office costs[2]	(61,320)	(63,261)
Sales and marketing costs	(45,186)	(35,848)
	(213,627)	**(206,453)**

(1) Network costs consist of rental expenses for premises and network overheads

(2) Head office costs consist of rental and travelling expenses, local and central auditing and consulting fees

9. Other income and expenses

This category includes net income related to certain commercial agreements, the release of provisions and other items.

In thousands of €	2011	2010
Contractual income	7,044	7,022
Release of excess accruals	1,757	431
Gain/(loss) on foreign exchange on operating activities	2,781	3,521
Other items, net	6,452	3,411
	18,034	**14,385**

10. Other non-recurring items

Non recurring items reported as at December 31, 2011 are as follows:

In thousands of €	2011	2010
Amortization of rights to operate National & Alamo trademarks	**(5,255)**	**(5,729)**
Goodwill impairment charge[3]	**(40,274)**	**(53,786)**
Impairment of real estate assets in Spain	**–**	**(7,386)**
Reorganization—redundancy expenses	(2,003)	(3,128)
Reorganization—HQ and Network termination expenses	(3,347)	–
Reorganization charges[1]	(5,350)	(3,128)
Acquisition-related expenses[4]	(3,694)	(735)
Change in accounting estimates[2]	–	(6,351)
Receipt from Fleming VAT Claim[5]	7,076	–
Sale of P1 Switzerland	2,818	–
Other non-recurring expense	1,237	(11,424)
Total reorganization and other non recurring expenses	**2,087**	**(21,638)**
Total non recurring items	**(43,442)**	**(88,539)**

(1) The reorganization charge amounting to €5.4 million in 2011 and €3.1 million in 2010 was related to measures implemented in several entities of the Group to adapt their cost structure to the lower demand due to the economic downturn. In 2011, moving costs for headquarters in France were recognized as well for an amount of €2.7 million.

(2) The change in accounting estimates for an amount of €6.4 million in 2010 is related to the harmonization of the valuation policy for risk-fleet across the Group (for €3.9 million) and of the accrual policy for our captive insurance (for €2.2 million).

(3) Refer to Note 13

(4) Acquisition-related expenses include costs incurred for the integration of the business acquisitions carried out in 2007 and 2008.

(5) Europcar has recognized as a service fee 10% (i.e. £6.0 million) of the amount perceived £60.0 million from the UK administration (HM Revenue Customs—"HMRC") related to under declared or overpaid VAT receivables ("Fleming").

11. Net financing costs

In thousands of €	2011	2010
Interest income[(3)]	343	4,355
Foreign exchange gains on financing activities	4,829	5,054
Financial income	**5,172**	**9,409**
Interest expense related to:		
Bank borrowings related to fleet financing	(78,740)	(53,264)
Notes issued	(58,204)	(51,671)
Bank borrowings	(7,845)	(3,725)
Bank charges	(13,619)	(10,914)
Profit/(loss) on hedging derivatives	–	1,689
Foreign exchange loss on financing activities	(6,733)	(4,105)
Financial expense	**(165,141)**	**(121,990)**
Income/(expense) from interest rate swaps	(55,849)	(70,552)
Amortization of financing arrangement costs[(1)]	(12,842)	(16,488)
Other financing arrangement costs[(2)]	–	(41,971)
Net financing costs	**(228,660)**	**(241,592)**

(1) These costs are related to the Senior Asset Fleet Financing facility, High Yield notes and Revolving Credit Facility.

(2) Of which for 2010:

- Bank waiver fees €12.8 million
- Depreciation expense related to capitalized financing arrangement costs € 9.1 million
- Expense related to accelerated depreciation of the 2014 Notes arrangement costs € 8.0 million
- Difference between redemption price and recorded price of the 2014 Notes, net of unamortized premium €10.6 million
- Reclassification in transaction costs of non utilization fees € 1.5 million

(3) Of which €1.0 million of gain on other investments held by Euroguard, the captive insurance and reinsurance structure (€1.2 million in 2010)

For the year ended December 31, 2011 the total interest expense arising from financial liabilities at amortized cost was €206.7 million (2010: €179.8 million) and the total interest income from financial assets at amortized cost was €5.8 million (2010: €5.3 million).

12. Income taxes

In thousands of €	2011	2010
Current period	(21,020)	(22,916)
Current tax income/(expense)	**(21,020)**	**(22,916)**
Origination and reversal of temporary differences[(1)]	33,877	19,860
Deferred tax income/(expense)	**33,877**	**19,860**
Total income taxes	**12,857**	**(3,056)**

(1) Including tax losses carried forward

The current tax expense is mainly composed of the German corporate tax (€5.9 million), the impact of the withholding tax paid in Italy (€7.0 million), the corporate tax and Regional tax paid in Italy (€3.2 million) and the French CVAE "Cotisation sur la Valeur Ajoutée des Entreprises" (€3.5 million).

Theoretical tax expense based on the statutory tax rate of ECG and the reported tax expense in the income statement of the year can be reconciled as follows:

In thousands of €	2011	2010
Profit/(loss) before tax	**(83,224)**	**(125,649)**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**28,654**	**43,261**
Impact of rate differences	1,329	(6,292)
Permanent differences	5,040	(4,027)
Goodwill impairment	*(11,137)*	*(18,520)*
Financial waiver (intercompany)	*23,070*	*20,772*
Other permanent differences	*(6,893)*	*(6,279)*
Deferred taxes not recognized	(20,665)	(27,598)
Impact of tax losses[2]	*(16,316)*	*(23,091)*
Other temporary differences	*(4,349)*	*(4,507)*
Adjustments on prior years income taxes[1]	12,850	(3,029)
Impact of French CVAE	(2,290)	(3,854)
Other[3]	(12,061)	(1,517)
Income taxes	**12,857**	**(3,056)**
Effective tax rate	15.45%	(2.43)%

(1) In 2010, consists of different true ups resulting in delta between final accounts and official tax returns in Germany (€3.5 million) and UK (€1.5 million). In 2011, the amount mainly relates to Germany (€8.0 million), the UK (€2.8 million) and France (€1.6 million).

(2) Of which first-time recognition of previously unrecognized deferred tax assets on tax losses carried forward: €5.3 million in Australia and €4.3 million in France in 2010. In 2011, tax losses not recognized come from Italy (€6.0 million), Spain (€5.7 million) and the UK (€4.7 million).

(3) Of which in 2011 the Trade tax in Germany (-€8.0 million), unused withholding taxes (-€6.0 million) and release of valuation allowance in France (+€3.9 million).

13. Goodwill

In thousands of €	Gross value	Impairment loss	Carrying value
Balance as at January 1, 2010	614,677	(94,097)	520,580
Acquisitions	395	–	395
Impairment	–	(53,786)	(53,786)
Disposals	(57)	40	(17)
Effect of movements in foreign exchange	10,690	–	10,690
Balance as at December 31, 2010	**625,705**	**(147,843)**	**477,862**
Balance as at January 1, 2011	625,705	(147,843)	477,862
Acquisitions	120		120
Impairment		(40,591)	(40,591)
Disposals			
Effect of movements in foreign exchange	3,810	(1,917)	1,893
Balance as at December 31, 2011	**629,635**	**(190,351)**	**439,284**

Goodwill also arises from past acquisitions of franchisees in the normal course of the Group's business and from acquisitions of subsidiaries.

(a) Annual impairment test

Pursuant to IAS 36 "Impairment of assets", the Group has performed an impairment test of the carrying value of goodwill. The Group prepares and internally approves formal three-year

business plans for each of its geographical segments. For impairment test purposes, the three-year plan is extended over five years. The Group considers that each country reflects a Cash Generating Unit ("CGU"). When performing the impairment tests, the Group contemplates cash flow derived from the adjusted corporate EBITDA, in which the cash out flow related to the use of the rental fleet is captured through fleet depreciation, and applying the following assumptions:

- Adjusted corporate EBITDA according to the three-year plan. Adjusted corporate EBITDA is defined as the operating income before non-recurring items and before depreciation and expenses other than interest expense from certain indebtedness related to rental fleet financing.

- The cash flow includes non-fleet capital expenditure and capitalized IT expenditure.

- Valuation of the terminal value of each CGU is based on a perpetuity growth rate of 2%.

- The weighted average cost of capital (WACC) is applied to the cash flows of each CGU based on the average risk free rate (average over a 5-year period) corresponding to the German risk free rate for ten year bonds adjusted for a risk premium for each country.

(b) Goodwill allocated to corporate segment by underlying geographical cash generating unit is as follows:

In thousands of €	Germany	United Kingdom	France	Italy	Spain	Other countries	Total
Balance as at January 1, 2010	180,325	104,944	78,073	53,786	–	103,452	520,580
Disposal / Price adjustment	–	–	378	–	–	–	378
Impairment	–	–	–	(53,786)	–	–	(53,786)
Foreign exchange effect	–	2,321	–	–	–	8,369	10,690
Balance as at December 31, 2010	**180,325**	**107,265**	**78,451**	–	–	**111,821**	**477,862**
Balance as at January 1, 2011	180,325	107,265	78,451	–	–	111,821	477,862
Disposal / Price adjustment	–	–	120	–	–	–	120
Impairment[(1)]	–	(23,621)	(317)	–	–	(16,653)	(40,591)
Foreign exchange effect	–	1,375	–	–	–	518	1,893
Balance as at December 31, 2011	**180,325**	**85,019**	**78,254**	–	–	**95,686**	**439,284**

(1) Of which €40,274 thousand in other non-recurring items (see Note 10) and €317 thousand in operating income

As at December 31, 2010 the Group recognized an impairment expense of €53.8 million in relation with the goodwill allocated to the Italian Cash Generating Unit (full impairment).

As at December 31, 2011 the Group recognized an impairment expense respectively of €23,7 million in relation with the goodwill allocated to the United Kingdom Cash Generating Unit and of €16,7 million in relation with the goodwill allocated to the Australian Cash Generating Unit.

(c) WACC calculation

	France	Germany	Italy	Spain	UK	Belgium	Portugal	Australia
General								
Risk free rate	3.86%	3.47%	4.86%	4.91%	3.97%	4.29%	6.34%	5.62%
Tax rate	34.0%	29.0%	31.0%	30.0%	28.0%	40.0%	25.0%	30.0%
Net debt / equity ratio	103%	103%	103%	103%	103%	103%	103%	103%
Unlevered beta	0.931	0.931	0.931	0.931	0.931	0.931	0.931	0.931
Determination of cost of debt								
Risk free rate	3.86%	3.47%	4.86%	4.91%	3.97%	4.29%	6.34%	5.62%
Credit risk premium	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Before tax cost of debt	5.85%	5.46%	6.85%	6.90%	5.96%	6.28%	8.33%	7.61%
Cost of debt, net of tax	**3.86%**	**3.88%**	**4.73%**	**4.83%**	**4.29%**	**3.77%**	**6.25%**	**5.33%**
Determination of cost of equity								
Levered beta (adjusted beta)	1.565	1.613	1.594	1.603	1.622	1.507	1.651	1.603
Risk free rate	3.86%	3.47%	4.86%	4.91%	3.97%	4.29%	6.34%	5.62%
Equity risk premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Specific risk premium	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Cost of equity	**12.12%**	**11.97%**	**13.27%**	**13.37%**	**12.52%**	**12.27%**	**15.04%**	**14.08%**
Weighted Average Cost of Capital (WACC)								
Gearing (g)	51%	51%	51%	51%	51%	51%	51%	51%
Cost of debt, net of tax	3.86%	3.88%	4.73%	4.83%	4.29%	3.77%	6.25%	5.33%
Cost of equity	12.12%	11.97%	13.27%	13.37%	12.52%	12.27%	15.04%	14.08%
Illiquidity risk premium	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WACC calculation	**7.93%**	**7.86%**	**8.93%**	**9.03%**	**8.34%**	**7.95%**	**10.57%**	**9.63%**

The terminal value is based on normalized cash flows discounted over an indefinite period, with a perpetuity growth rate of 2%. The risk-free rate is based on a German risk-free rate for bonds with a ten-year maturity (average over a 5-year period) adjusted by a risk premium for each country and the credit risk premium based on a BBB- credit rating.

In response to the high volatility of equity risk premiums observable in the financial markets in 2011, and in line with the AMF (*Autorité des Marchés Financiers*") recommendations, the Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5.0%, in order to reflect the long-term assumptions factored into the impairment tests.

The "gearing" used when determining the WACC is based on the annual average Debt to Equity ratio issued by comparable companies on a quarterly basis.

(d) Sensitivity analysis

Goodwill was subject to an impairment test performed by the company as described in the Note 3 Significant accounting policies section (c) and above section (a).

As a consequence, an impairment charge of €16.6 million (AUD 22.5m) for Australian's CGU and an impairment charge of €23.6 million (GBP 20.5m) for UK's CGU were booked in the Group consolidated financial statements.

For UK and Australian's CGU, at December 31, 2011 a 50 basis-point increase in the discount rate would have the effect of increasing impairment losses by approximately €2.0 million.

For UK and Australian's CGU, at December 31, 2011 a 50 basis-point decrease in the long-term growth rate would have the effect of increasing impairment losses by approximately €4.5 million.

For the other CGU's, Europcar did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

14. Intangible assets

In thousands of €	Trademarks[2]	Lease rights	Intangible assets in progress	Software, operating systems	Total
Cost					
Balance as at January 1, 2010	728,358	661	9,445	188,297	926,761
Other acquisitions	–	–	14,093	1,230	15,323
Transfers	–	–	(16,575)	14,445	(2,130)
Effect of movements in foreign exchange	1,632	–	–	920	2,552
Balance as at December 31, 2010	**729,990**	**661**	**6,963**	**204,892**	**942,506**
Balance as at January 1, 2011	729,990	661	6,963	204,892	942,506
Other acquisitions	–	–	9,348	1,028	10,376
Disposals	–	(30)	–	(1,500)	(1,530)
Transfers	–	361	(7,037)	6,934	258
Effect of movements in foreign exchange	1,614	10	–	441	2,065
Balance as at December 31, 2011	**731,604**	**1,002**	**9,274**	**211,795**	**953,675**
Amortization and impairment losses					
Balance as at January 1, 2010	(17,108)	(454)	–	(114,651)	(132,213)
Depreciation and impairment charge for the year	(5,317)	(67)	–	(18,490)	(23,874)
Transfers	–	–	–	2,208	2,208
Effect of movements in foreign exchange	(445)	–	–	(652)	(1,097)
Balance as at December 31, 2010	**(22,870)**	**(521)**	**–**	**(131,585)**	**(154,976)**
Balance as at January 1, 2011	(22,870)	(521)	–	(131,585)	(154,976)
Depreciation and impairment charge for the year	(5,255)	(67)	–	(19,867)	(25,189)
Disposals	–	–	–	1480	1480
Transfers	–	–	–	214	214
Effect of movements in foreign exchange	(822)	–	–	(443)	(1,265)
Balance as at December 31, 2011	**(28,947)**	**(588)**	**–**	**(150,201)**	**(179,736)**
Carrying values					
As at December 31, 2010	707,120	140	6,963	73,307	787,530
As at December 31, 2011	702,657	414	9,274	61,594	773,939

(1) Excluding currency translation effect

(2) Of which trademark with a definite life (Alamo, Guy Salmon and National) amortized since March 1, 2007: gross value of €54,6 million, cumulative amortization of €26,4 million as at December 31, 2011 (2010: gross value of €53.0 million, cumulative amortization of €20.3 million)

(a) Trademarks

(i) Annual impairment test

Pursuant to IAS 36, "Impairment of assets" the Group has performed an annual impairment test of the carrying value of trademarks with indefinite life (€674.5 million as at December 31, 2011) based on the relief from net royalty method.

The value in use of the trademark has been determined based on 5-year projections of royalties received by the international franchising business.

(ii) Key assumptions

Valuation of the terminal value is based on a perpetuity growth rate of 2%.

The discount rate used in the weighted average cost of capital is applied to the cash flows of each CGU based on a German risk free rate for bonds with a ten-year maturity (average over a 5-year period) adjusted by a risk premium for each country, to reflect the increased risk of investing in equities. It is estimated at 9.42% in 2011.

(iii) Sensitivity analysis

A reasonably possible change in the key assumptions on which management has based its determination of the recoverable amount would not cause significant difference between the carrying amount and the recoverable amount.

	Perpetuity growth rate		
In millions of €	**1.5%**	**2.0%**	**2.5%**
WACC			
8.92%	92.5	140.5	196.1
9.42%	42.2	83.7	131.2
9.92%	(2.1)	34.1	75.1

(b) Software and operating systems

Internally generated computer software (Europcar's Greenway and PremierFirst's Speedlink) has been recognized at the acquisition date in accordance with IFRS 3—Business combinations, applying the function point methodology. This methodology is based on the calculation of function points for each segment/software of Europcar's and PremierFirst's rental reservation and fleet management systems. A function point reflects the functionality of the application which has been used as a basis to calculate its replacement value.

The net book value of this internally generated computer software amounts to €58.5 million as at December 31, 2011 (2010: €69.4 million).

Costs expensed over the period amount to €8.0 million in 2011 (2010: €6.5 million).

(c) Security

The total amount of intangible assets is held as security against the senior asset financing loan, as described in Note 24.

15. Property, plant and equipment

The Group leases buildings and other equipment under several finance lease agreements. At December 31, 2011 the net carrying amount of leased buildings and other equipment was €0.7 million (2010: €0.9 million) and €5.4 million (2010: €5.5 million).

Property, plant and equipment assets are held as security against the senior asset financing loan, as described in Note 24.

In thousands of €	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
Cost					
Balance as at January 1, 2010	106,941	14,986	139,135	2,731	263,793
Scope variations[1]	–	–	–	–	–
Other acquisitions	1,043	342	7,629	3,041	12,055
Disposals	(765)	(426)	(4,769)	(572)	(6,532)
Transfers	(15,002)	(6,781)	25,120	(3,725)	(388)
Effect of movements in foreign exchange	1,002	49	1,931	–	2,982
Balance as at December 31, 2010	**93,219**	**8,170**	**169,046**	**1,475**	**271,910**
Balance as at January 1, 2011	**93,219**	**8,170**	**169,046**	**1,475**	**271,910**
Scope variations [1]	**(129)**	**(43)**	**(156)**		**(328)**
Other acquisitions	**576**	**628**	**9,274**	**2,279**	**12,757**
Disposals	**(3,720)**	**(374)**	**(33,204)**		**(37,298)**
Transfers	**30**		**2,446**	**(2,369)**	**107**
Effect of movements in foreign exchange	**498**	**10**	**424**		**934**
Balance as at December 31, 2011	**90,474**	**8,391**	**147,830**	**1,385**	**248,080**
Amortization and impairment losses					
Balance as at January 1, 2010	(30,933)	(11,994)	(106,026)	–	(148,953)
Scope variations	–	–	–	–	–
Depreciation and impairment charge for the year	(9,416)	(393)	(14,573)	–	(24,382)
Disposals	166	412	4,323	–	4,901
Transfers	10,488	6,163	(16,342)	–	309
Effect of movements in foreign exchange	(362)	(34)	(1,493)	–	(1,889)
Balance as at December 31, 2010	**(30,057)**	**(5,846)**	**(134,111)**	**–**	**(170,014)**
Balance as at January 1, 2011	**(30,057)**	**(5,846)**	**(134,111)**	**–**	**(170,014)**
Scope variations	**126**	**42**	**154**	**–**	**322**
Depreciation and impairment charge for the year	**(1,709)**	**(418)**	**(12,269)**	**–**	**(14,396)**
Disposals	**1,012**	**336**	**32,846**	**–**	**34,194**
Transfers	**–**	**–**	**(214)**	**–**	**(214)**
Effect of movements in foreign exchange	**(152)**	**(8)**	**(173)**	**–**	**(333)**
Balance as at December 31, 2011	**(30,780)**	**(5,894)**	**(113,767)**	**–**	**(150,441)**
Carrying values					
As at December 31, 2010	63,162	2,324	34,935	1,475	101,896
As at December 31, 2011	59,694	2,497	34,063	1,385	97,639

(1) Excluding currency translation effect

16. Other investments

In thousands of €	2011	2010
Investments in non-consolidated entities	3,443	3,245
Equity-accounted investments in associates	364	395
Other non current investments[(1)]	25,685	29,707
Deposits	6,754	3,527
Non-current investments	**36,246**	**36,874**
Loans	115	3,214
Other investments[(1)]	47,188	28,539
Current investments	**47,303**	**31,753**

(1) Of which €49.7 million cover liabilities arising from our captive insurance structure (€48.3 million as at December 31, 2010), in general Obligations recognized at amortized cost. Considering the maturity, management has concluded that the fair value of those held-to-maturity investments approximates their respective carrying value as at December 31, 2011.

No impairment charge was recognized in 2011 on investments in non-consolidated entities classified as "available-for-sale financial assets" (€0.3 million in 2010).

17. Deferred tax assets and liabilities

(a) Recognized deferred tax asset and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of €	Closing 2011	Opening 2011	Closing 2011	Opening 2011	Closing 2011	Opening 2011
Property, plant and equipment	22	95	(2,525)	(2,821)	(2,503)	(2,726)
Intangible assets	54	–	(261,958)	(266,486)	(261,904)	(266,486)
Rental fleet	1,846	703	(8,968)	(9,708)	(7,122)	(9,005)
Investments in subsidiaries	98	2	(89)	(61)	9	(59)
Other financial assets	1	–	(3,443)	(977)	(3,442)	(977)
Receivables and other assets	4,468	6,019	(2,684)	(1,386)	1,784	4,633
Prepaid and deferred charges	–	48	(1,196)	(467)	(1,196)	(419)
Employee benefits	8,396	7,830	–	–	8,396	7,830
Deferred income	–	10	–	–	–	10
Provisions	7,632	6,610	–	–	7,632	6,610
Derivatives liabilities	25,244	24,809	–	–	25,244	24,809
Other liabilities	4,269	6,508	(1,440)	(2,197)	2,829	4,311
Tax losses carried-forward	113,551	82,169	–	–	113,551	82,169
Tax assets / (liabilities)	**165,581**	**134,803**	**(282,303)**	**(284,103)**	**(116,722)**	**(149,300)**
Tax set off	(146,570)	(113,343)	146,570	113,343		–
Net tax assets / (liabilities)	**19,011**	**21,460**	**(135,733)**	**(170,760)**	**(116,722)**	**(149,300)**

Deferred tax assets have not been recognized in respect of the following items:

In thousands of €	2011	2010
Temporary differences	12,786	8,489
Tax losses carried-forward[(1)]	79,298	63,939
	92,084	**72,428**

(1) Of which for 2011:

- In Portugal, with a maturity of 4 years, €0.4 million to be used before 2013, €0.3 million before 2014 and €0.3 million before 2015;
- In Spain, with a maturity of 18 years, €2.0 million to be used before 2025, €17.9 million before 2026, €61.1 million before 2027, €24.4 million before 2028 and €19.0 million before 2029;
- All other tax losses could be carried forward indefinitely.

Deferred tax assets in relation with tax losses are recognized on the basis of recoverability projections derived from business plans.

(b) Movement in temporary differences during the year

In thousands of €	Opening 2010	Reclassification	Recognized in income statement	Fair value adjustment in equity	Translation reserve	Closing 2010
Property, plant and equipment	(2,527)	–	(121)	–	(78)	(2,726)
Intangible assets	(266,611)	(24)	(263)	–	412	(266,486)
Rental fleet	(15,347)	315	6,324	–	(297)	(9,005)
Investments in subsidiaries	(43)	–	–	(15)	(1)	(59)
Other financial assets	(24)	(21,137)	2,112	–	18,072	(977)
Receivables and other assets	6,102	–	(1,554)	–	85	4,633
Prepaid and deferred charges	(702)	–	317	–	(34)	(419)
Employee benefits	7,829	(413)	(976)	1,261	129	7,830
Deferred income	573	–	(563)	–	–	10
Provisions	5,162	97	1,351	–	–	6,610
Derivative liabilities	31,418	–	(897)	(5,712)	–	24,809
Other liabilities	(601)	340	4,466	–	106	4,311
Tax losses carried forward	50,924	20,822	9,664	–	759	82,169
Net tax assets/ (liabilities)	**(183,847)**	**–**	**19,860**	**(4,466)**	**19,153**	**(149,300)**

	Opening 2011	Reclassification	Recognized in income statement	Fair value adjustment in equity	Translation reserve	Closing 2011
Property, plant and equipment	(2,726)	(95)	385	–	(67)	(2,503)
Intangible assets	(266,486)	46	4,745	–	(209)	(261,904)
Rental fleet	(9,005)	254	1,803	–	(174)	(7,122)
Investments in subsidiaries	(59)	95	1	(25)	(3)	9
Other financial assets	(977)	977	(1,998)	–	(1,444)	(3,442)
Receivables and other assets	4,633	–	(2,870)	–	21	1,784
Prepaid and deferred charges	(419)	–	(767)	–	(10)	(1,196)
Employee benefits	7,830	–	734	(194)	26	8,396
Deferred income	10	–	(10)	–	–	–
Provisions	6,610	(46)	1,046	–	22	7,632
Derivative liabilities	24,809	–	–	435	–	25,244
Other liabilities	4,311	(1,231)	(288)	–	37	2,829
Tax losses carried forward	82,169	–	31,096	–	286	113,551
Net tax assets/ (liabilities)	**(149,300)**	**–**	**33,877**	**216**	**(1,515)**	**(116,722)**

18. Inventories

No material restrictions of title or right of use exist in respect of the inventories listed below:

In thousands of €	2011	2010
Consumables	1,926	1,932
Oil and fuel	14,193	13,347
Vehicles	718	695
Spare parts	347	161
Other items	957	2
	18,141	**16,137**

Inventories are stated net of provisions of €104 thousand (2010: €10 thousand).

Vehicles reported in inventory are vehicles not put in operation yet at the end of the period.

19. Rental fleet and related receivables

In thousands of €	2011	2010
Deferred depreciation expense on vehicles	129,153	158,158
Vehicle buy-back agreement receivables	927,894	1,084,466
Receivables and current assets related to buy-back agreements	**1,057,047**	**1,242,624**
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	222,125	235,216
Vehicles acquired through rental agreements qualifying as finance leases without buy-back arrangement	45,739	41,221
Total rental fleet	**1,324,911**	**1,519,061**
Fleet receivables[1]	569,362	544,015
VAT receivables[2]	48,918	62,109
	1,943,191	**2,125,185**

(1) Includes €361.8 million (2010: €275.2 million) related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement

(2) Most of the VAT receivables amount is related to fleet acquisitions and disposals.

Vehicle buy-back agreement receivables are shown net of depreciation or impairment expense in respect of damaged and stolen vehicles amounting to €2.6 million (2010: €5.3 million).

20. Trade and other receivables

The fair values of trade and other receivables correspond to their nominal value. All trade receivables fall due within one year.

In thousands of €	2011	2010
Rental receivables	188,316	202,242
Other trade receivables	70,657	80,095
Other tax receivables	1,288	12,933
Insurance claims	18,304	22,067
Prepayments	38,695	40,169
Employee related receivables	1,348	1,950
Deposits, other receivables and loans	29,359	31,618
	347,967	**391,074**

Impairment relating to rental and other trade receivables is as follows:

In thousands of €	2011	2010
As at January 1,	(41,855)	(39,673)
Acquired through business combinations	–	–
Provision for bad debts	(8,309)	(13,236)
Receivables written off during the year/period	14,896	11,244
Unused amount reversed	235	193
Translation adjustment	(103)	(384)
As at December 31,	**(35,136)**	**(41,855)**

The creation and release of the provision for bad debts is included in Fleet operating, rental and revenue related costs in the income statement (Note 6). Amounts charged to the provision are generally written off when there is no expectation that additional cash will be received. The receivables impaired relate to multiple counterparties.

21. Cash and cash equivalents and restricted cash

In thousands of €	2011	2010
Cash-in-hand and at bank[1]	255,387	261,809
Marketable securities	–	710
Accrued interests	325	589
Cash and cash equivalents	**255,712**	**263,108**
Restricted cash	96,294	76,853
Cash and cash equivalents and restricted cash	**352,006**	**339,961**

(1) Of which €66 million received from UK tax authorities and related to Fleming VAT Claim and to be paid to the former shareholders of P1 (formerly Vanguard EMEA).

Cash-in-hand and at banks include €117.7 million of cash located in the SecuritiFleet companies, excluding the two SFH Holdings (2010: €114.1 million), and dedicated to fleet financing in France, Germany, Italy and Spain. As such, this cash is considered as non restricted.

Cash and cash equivalents in fleet and captive insurance SPEs are reported as restricted cash. For the definition of restricted cash, please refer to Significant accounting principles 3. (j) (ii).

The following table reconciles cash and cash equivalents in the balance sheet to cash and cash equivalents in the cash flow statement:

In thousands of €	2011	2010
Cash and cash equivalents	255,712	263,108
Restricted cash	96,294	76,853
Bank overdrafts[1]	(7,032)	(2,544)
Cash and cash equivalents as presented in the consolidated cash-flow statement	**344,974**	**337,417**

(1) Included in current loans and borrowings (see Note 24)

22. Capital and reserves

(a) Share capital and share premium

As at August 2, 2011 ECG has performed a capital increase, issuing 382,042 new B shares at a unit price of 19.50 euros, fully paid in cash and mainly subscribed by the management of Europcar. The remaining shares have been subscribed by Eurazeo S.A.

The subscribed capital of ECG is denominated in euro. The subscribed capital is thus composed of 78,228,649 issued shares, out of which 77,846,607 A shares and 382,042 B shares, all with a nominal value of 10 Euros each. Share premium arises from past capital increases and from the one of this year. The subscribed capital was fully paid as at December 31, 2011 and 2010.

Shareholders are entitled to receive dividends as declared on a timely basis. Each A share has one vote. B shares do not have voting rights at general meetings of shareholders of ECG.

(b) Warrants

Subsequent to the acquisition of Europcar, and as part of a management package, ECG issued 346,607 A shares with warrants attached at a nominal share value of €19.5, representing 0.44% of its share capital. These securities were fully subscribed by ECG management at the time of issuance. Since summer 2011, those shares with warrants are now owned, up to 99.56% by Eurazeo. Europcar management has directly invested in ECG through the acquisition or subscription of part of the B shares.

175 warrants ("*Bons de Souscription d'Actions*") are attached to each A share representing one new A share with a notional value of €10.0 each. 10 warrants exercised will be converted into one A share of ECG. The maximum number of A shares which will be effectively subscribed is depending on the internal rate of return ("TRI") at the date the shareholders will realize their investment.

The convertible securities would represent 6,065,623 A shares of ECG if all warrants are exercised. The conversion of B shares would represent 4,633,787 new shares of ECG.

B shares can be converted into A shares at the occurrence of certain events, especially IPO or disposal of Europcar's shares by Eurazeo. The conversion ratio results from the application of a formula, taking into account Eurazeo's exit multiple, accompanied by a maximum amount. When the conversion period is closed, B shares are automatically converted into A shares with a ratio 1-1.

(c) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. It also includes as at December 31, 2011 a foreign exchange loss amounting to €51.5 million (as at December 31, 2010: €55.3 million) resulting from an intercompany loan denominated in GBP granted by Europcar Groupe S.A. to its subsidiary Europcar UK Ltd and qualified as quasi-equity loan.

This loan had a nominal value of €171 million (denominated in GBP) and has been fully repaid by Europcar UK Ltd to Europcar Groupe S.A. in December 2011. Since the parent company continues to own the same percentage of the subsidiary and continues to control the foreign operation, no partial disposal was considered under paragraphs 48d and 49 of IAS 21. Accordingly, relevant CTA had not been reclassified in P&L.

As at December 31, 2011, Europcar International S.A.S.U. had a loan receivable from its subsidiary located in Australia amounting to AUD 15 million. The translation reserves include a foreign exchange gain amounting to €3.2 million in relation to this loan (as at December 31, 2010: €2.8 million).

23. Loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of €71.6 million in 2011 (2010: €130.4 million) and the weighted average number of ordinary shares during the year (not taking into account the shares that could be issued as these are antidilutive), as follows:

In thousands of €	2011	2010
Loss attributable to ordinary shareholders	(71,574)	(130,447)
Weighted average number of ordinary shares at December 31,	78,228,649	77,846,607
Basic and diluted loss per share (euro)	(0,915)	(1.676)
Diluted loss per share (euro)	(0,915)	(1.676)
Dilution effect (%)	0%	0%

24. Loans and borrowings

In thousands of €	2011	2010
Notes issued	1,175,000	1,075,000
Other bank loans	602	–
Transaction costs / Premium / Discount	(25,861)	(41,403)
Non-current liabilities	**1,149,741**	**1,033,597**
Senior Revolving Credit Facility	39,000	220,200
Senior Asset Revolving Facility dedicated to fleet financing	495,336	630,024
Other borrowings dedicated to fleet financing	458,618	488,608
Finance lease liabilities	984	1,430
Current bank loans and other borrowings	9,951	29,407
Transaction costs / Premium / Discount—current portion	(13,352)	(14,517)
Accrued interests	26,190	22,735
Current liabilities	**1,016,727**	**1,377,887**

Net debt reconciliation:

In thousands of €	Notes	2011	2010
Non-current loans and borrowings	*24*	1,149,741	1,033,597
Current loans and borrowings	*24*	1,016,727	1,377,887
Other non current investments	*16*	(25,685)	(29,707)
Other current investments	*16*	(47,188)	(28,539)
Cash and cash equivalents and restricted cash	*21*	(352,006)	(339,961)
Net debt on balance sheet		**1,741,589**	**2,013,277**
Debt equivalent on operating leases(1)		1,163,359	991,362
Total segment net debt	*4*	**2,904,948**	**3,004,639**

(1) Debt equivalent on operating leases represents the NBV (net book value) of applicable vehicles; this amount is calculated on the basis of the purchase prices and depreciation rates of corresponding vehicles (statistics provided by the manufacturers).

The detail of loans and borrowings by maturity date is as follows:

In thousands of €	2011	< 1 year	From 1 to 5 years	> 5 years
Notes issued	1,175,000	–	425,000	750,000
Other bank loans	602	–	602	
Transaction costs / Premium / Discount	(25,861)	–	(23,380)	(2,481)
Non-current liabilities	**1,149,741**	**–**	**402,222**	**747,519**
Senior Revolving Credit Facility	39,000	39,000	–	–
Senior Asset Revolving Facility dedicated to fleet financing	495,336	495,336	–	–
Other borrowings dedicated to fleet financing	458,618	458,618	–	
Finance lease liabilities	984	984	–	–
Current bank loans and other borrowings	9,951	9,951	–	–
Transaction costs / Premium / Discount—current portion	(13,352)	(13,352)	–	–
Accrued interests	26,190	26,190	–	–
Current liabilities	**1,016,727**	**1,016,727**	**–**	**–**

In thousands of €	2010	< 1 year	From 1 to 5 years	> 5 years
Notes issued	1,075,000	–	425,000	650,000
Transaction costs / Premium / Discount	(41,403)	–	(35,239)	(6,164)
Non-current liabilities	**1,033,597**	**–**	**389,761**	**643,836**
Senior Revolving Credit Facility	220,200	220,200	–	–
Senior Asset Revolving Facility dedicated to fleet financing	630,024	630,024	–	–
Other borrowings dedicated to fleet financing	488,608	488,608	–	–
Finance lease liabilities	1,430	1,430	–	–
Current bank loans and other borrowings	29,407	29,407	–	–
Transaction costs / Premium / Discount— current portion	(14,517)	(14,517)	–	–
Accrued interests	22,735	22,735	–	–
Current liabilities	**1,377,887**	**1,377,887**	**–**	**–**

(a) Debt covenants

The following covenants have to be complied with:

(i) For United Kingdom fleet financing facilities

Europcar UK shall ensure that:

- The Tangible Net Worth of the Europcar UK Group shall be not less than £40 million;
- The ratio of EBIT to Total Interest Cover shall be not less than 1.50;
- Fleet Cover shall be no more than 1.00; and
- Average daily Fleet Utilization shall not be less than 70%.

(ii) For Senior Revolving Credit Facility ("RCF")

The ratio of Cash flow (which shall include, for any given period of 12 months ending on a Quarter Date, cash on balance sheet at the beginning of such period) to Total Debt Service shall at no time be less than 1.10.

Total Debt Service is defined as the aggregate of the interests and associated fees charge paid during any given 12 months period plus repayment of financial indebtedness, the later being subject to certain limitations.

(iii) Loan to Value Covenant

The Group is subject to a maximum loan-to-value ratio of all Securitifleet companies' indebtedness over the total value of certain of the Securitifleet companies' assets of 95%, compliance to be tested on a quarterly basis.

(iv) For Australian Asset Financing

Europcar Australia shall ensure that:

- Minimum net worth i.e. total shareholders' equity is remaining above 50MAUD;
- The ratio of Fleet utilization is above 70% on a YTD basis;
- Minimum cumulative Net Profit Before Tax is within 85% of company's budget.

The Group met those covenants as at December 31, 2011.

(b) Notes issued

Loan notes issued are as follows:

In thousands of €	Nominal remaining due as at Dec. 31, 2011	Nominal remaining due as at Dec. 31, 2010	Carrying amount as at Dec. 31, 2011	Carrying amount as at Dec. 31, 2010
Senior Subordinated Secured Floating Rate Notes due 2013	425,000	425,000	424,108	421,792
9¾% Senior Secured Notes due 2017	350,000	250,000	355,860	244,487
Senior Subordinated Unsecured 9.375% Notes due 2018	400,000	400,000	398,301	393,443
	1,175,000	**1,075,000**	**1,178,269**	**1,059,722**

In May 2006, ECG issued:

- Senior Subordinated Floating Rate Notes due 2013 with a nominal value of €300 million; and
- Senior Subordinated Unsecured Notes due 2014 with a nominal value of €250 million.

In May 2007, ECG issued:

- Additional Senior Subordinated Floating Rate Notes due 2013, with a nominal value of €125 million; and
- Senior Subordinated Unsecured Notes due 2014 with a nominal value of €125 million each.

During the summer 2010, the Group refinanced part of its fleet financing debt for France, Italy, Germany and Spain through:

- Senior Secured Notes due 2017 with a nominal value of €250 million. Such Notes were issued by EC Finance plc, an SPE, and guaranteed on a senior basis by ECI, (the “EC Finance Notes”).
- The €1.3 billion SARF 2010, as described below.

In November 2010, ECG issued additional Senior Subordinated Unsecured due 2018 with a nominal value of € 400 million. The proceeds of such notes have been used to redeem in full all the Senior Subordinated Unsecured Notes due 2014 (for a total nominal value of €375 million).

Those Senior Subordinated Unsecured Notes due 2018 are subordinated to:

- All secured Indebtedness of ECG to the extent of the value of the assets securing such secured Indebtedness;
- All Indebtedness and other liabilities (including Trade Payables) of each subsidiary of the issuer that is not a subsidiary guarantor.

The Senior Subordinated Floating Rate Notes due 2013 are secured by a second ranking share pledge of the share capital of ECI.

Considering the maturity of financing facilities and other debts and their respective interest rates, management has concluded that the fair value of financial liabilities approximates their respective carrying values except for Loan Notes maturing in 2013, 2017 and 2018 for which the fair value has been determined using quoted prices at the Euro MTF.

In May 2011, senior secured additional notes with a nominal value of €100 million were issued by EC Finance Plc under the same conditions of the issuance made in November 2010 (due 2017, guaranteed on a senior basis by ECI, price 9.75%). In particular, the company has the option to repay these loan notes earlier as follows:

- Up to 35% of the principal at a premium of 109.750% prior to August 1, 2013. Any redemption of the loan notes under this option can only be funded by the proceeds of new equity in the company;

- The whole of the principal of €250m at a premium of 104.785% from August 1, 2014 to July 31, 2015;
- The whole of the principal at a premium of 102.438% from August 1, 2015 to July 31, 2016;
- The whole of the principal at a premium of 100.000% from August 1, 2016 until the redemption date of August 1, 2017.

(c) Senior Revolving Credit Facility

The Senior Revolving Credit Facility consists of a senior secured revolving credit facility providing for loan 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 (2009: €350 million) outstanding at anytime and available under certain conditions to ECG, ECI, Europcar Holding and the main operating companies of the Group ("the borrowers"). Maturity date of this facility is May 2013. The purpose of the facility is to provide funding mainly for:

- Financing advances to be made by a borrower to an SPE to contribute to the financing of fleet acquisition;
- Working capital needs and general corporate purposes of the Group;
- Payment to an SPE pursuant to any operating lease;
- Interest payments due by ECG or any other obligor of the Group pursuant to, *inter alia*, the Senior Revolving Credit Facility and certain other outstanding indebtedness of ECG;
- Repayment of inter-company loans.

(d) Dedicated Asset Financing

(i) Senior Asset Revolving Facility 2010 ("SARF 2010")

In 2010, the Group entered into a €1.3 billion Senior Asset Revolving Facility, which may be increased up to €1.7 billion (SARF 2010). Together with the net proceeds of the ECI Finance Notes ((€242 million), SARF 2010 finances a portion of the purchase price and costs related to the purchase of vehicles and to finance its fleet in France, Germany, Italy and Spain. SARF 2010 maturity date is the earlier of: (i) July 2014, (ii) the date on which an event of default under the SARF 2010 is declared (subject to certain cure periods), (iii) the date on which the SARF 2010 is repaid (unless such facility is partly or fully refinanced for amounts equal to or greater than the existing amount of such facility), and (iv) on or prior to such date on which the EC Finance Notes are fully repaid (unless such notes are refinanced for amounts equal to or greater than the existing amounts of such notes) (the "SARF Termination Date"). The final maturity date of the SARF 2010 will be the date occurring six months after the SARF 2010 Termination Date.

In its utilization, the SARF 2010 allows the drawn amount to be adjusted each month on the basis of the fleet assets held in the four SecuritiFleet companies, which own the fleet, at the end of the previous month.

Drawing under the SARF 2010 depends on the aggregate of all borrowing bases calculated monthly in substance as the aggregate of the vehicle fleet residual value (including vehicles for which registration is pending) and the fleet working capital, including related VAT positions.

The SARF 2010 was initially entered into on July 30, 2010 then amended from time to time, between Credit Agricole Corporate and Investment Bank acting as lender, Securitifleet Holding (as borrower) and ECI (as borrower agent). The drawings are available to Securitifleet Holding for the sole purpose of financing fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet companies exclusively. The lender assigned its claims arising under the SARF 2010, together with all security and ancillary rights related thereto, to FCT Sinople.

With respect to such claims, the FCT Sinople issues: (i) FCT Senior Notes to be subscribed from time to time by Credit Agricole Corporate and Investment Bank, the Royal Bank of Scotland plc., Société Générale, Deutsche Bank, BNP Paribas and any other entity which may subscribe for or acquire the FCT Senior Notes as senior subscriber(s), and (ii) FCT Junior Notes to be subscribed from time to time by ECI.

(ii) UK fleet financing facilities

The UK fleet on a stand-alone basis through the Group's UK subsidiaries including Europcar Group UK Limited, Europcar UK Limited and certain subsidiaries of Europcar UK Limited under a working capital facility and two leasing facilities (one with Lloyds of £250m and the other with Lombard of £295m).

Total committed amount for leasing facilities is £545 million (2010: £545 million). Vehicles are acquired from the manufacturers, then sold to lessors and operated through lease-back agreements. The amount outstanding as at December 31, 2011 was £261 million (2010: £337.3 million). Both facilities are maturing on December 31, 2012. Financing terms are under discussion with Lombard and other financing institutions. Management is confident that the existing lines will be renewed as necessary.

(e) Australia Asset Financing

National Australia Bank (the "NAB"), Toyota Financial Services, Volkswagen Financial Services and Alphabet Financial Services have provided Europcar Australia and New Zealand with senior credit facilities (the "Australian Asset Financing Facilities"), including revolving and non-revolving fleet operating and finance leases up to AUD 60 million. These facilities are renewed annually in April of each year.

NAB Facilities are secured by fixed and floating charges over Europcar Australia assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned. There are also performance guarantees for the facilities.

(f) Substantial operating leases

The Group finances a portion of its fleet in all our Corporate Countries, including Germany, France, Italy and Spain, through operating leases. In certain countries, operating companies have entered into large framework operating lease agreements with financial institutions and manufacturers.

The financing of our operating leases is mostly correlated to the six-month EURIBOR, in particular due to contractual terms matching the average length of the holding period of cars.

For information about the Group's exposure to interest and liquidity risks, see Note 32 Financial risk management.

25. Employee benefits

			2011			2010
In thousans of €	**Pensions**	**Other LT employee benefits**	**Total**	**Pensions**	**Other LT employee benefits**	**Total**
Non-current	72,865	3,414	76,279	71,223	3,533	74,756
Current	2,100	–	2,100	2,199	–	2,199
Total	**74,965**	**3,414**	**78,379**	**73,422**	**3,533**	**76,955**

(a) Liability recognized in balance sheet

The Group has defined benefit obligations related to pension benefits for some of the Group's employees in the United Kingdom, France, Germany, Italy and Belgium upon retirement.

In thousands of €	2011	2010
Present value of funded or partially funded obligations **(A)**	(51,598)	(47,294)
Fair value of plan assets **(B)**	42,721	38,894
Surplus / (Deficit) at the period end	(8,877)	(8,400)
Present value of unfunded obligations **(C)**	(66,564)	(65,592)
Unrecognized prior service costs	476	570
Net liability for defined benefit obligations at December 31,	**(74,965)**	**(73,422)**
Comprising:		
A balance sheet liability of	74,965	73,422
A balance sheet asset of	–	–

(b) Movement in defined benefit obligations

In thousands of €	2011	2010
Defined benefit obligations at January 1, **(A)+(C)**	(112,886)	(102,172)
Curtailments	–	–
Settlements	–	–
Defined benefit obligations acquired on business combinations	–	–
Benefits paid	4,454	3,780
Current service cost	(2,089)	(1,930)
Interest on obligations	(5,468)	(5,512)
Past service cost	–	–
Actuarial gains / (losses) recognized in equity	(897)	(5,946)
Exchange difference	(1,276)	(1,106)
Defined benefit obligations at December 31, (A)+(C)	**(118,162)**	**(112,886)**

(c) Movement in plan assets

In thousands of €	2011	2010
Fair value of plan assets at January 1, **(B)**	38,894	34,043
Curtailments	–	–
Settlements	(19)	–
Fair value of plan assets acquired on business combinations	–	–
Contribution paid into plan	2,038	1,191
Benefits paid by the plan	(2,314)	(1,521)
Expected return on plan assets	2,135	2,019
Actuarial gains / (losses) recognized in equity	760	2,174
Exchange difference	1,227	988
Fair value of plan assets at December 31, (B)	**42,721**	**38,894**

(d) Movement in liability recognized in balance sheet

In thousands of €	2011	2010
Net (liability) / asset for defined benefit obligations at January 1,	(73,422)	(67,465)
Curtailments	–	–
Settlements	(19)	–
Defined benefit obligations and fair value of plan assets acquired on business combinations	–	–
Contribution paid into the plan	2,038	1,095
Benefits paid	2,140	2,259
Current service cost, interest on obligations and expected return on plan assets	(5,422)	(5,424)
Past service cost	(94)	(94)
Actuarial gains / (losses) including IFRIC14 effect recognized in equity	(137)	(3,676)
Exchange differences	(49)	(118)
Net (liability) / asset for defined benefit obligations at December 31,	**(74,965)**	**(73,422)**

(e) Plan assets

	2011		2010
In % (average)	Euro zone	UK	UK
Equity	15%	41%	43%
Debt	65%	52%	49%
Other	20%	7%	8%

The actual return on plan assets is €2.7 million (2010: €4.2 million).

(f) Expense recognized in the income statement for defined benefit plans

In thousands of €	2011	2010
Current service costs	2,089	1,930
Interest on obligations	5,468	5,512
Expected return on plan assets	(2,135)	(2,019)
Past service cost	94	94
Curtailments / settlements	19	–
	5,535	**5,518**

The expense is fully recognized in personnel costs as disclosed in Note 7.

In the three main countries (France, Germany and UK), the estimated P&L charge for 2012 which is based on the assumptions as at December 31, 2011 amounts to €5.4 million.

(g) Actuarial assumptions

Group obligations are valued by an external independent actuary, based on assumptions at the balance sheet date that are periodically updated. These assumptions are set out in the table below:

	2011		2010	
	Euro zone(1)	UK	Euro zone(1)	UK
Discount rate	4.75%	4.80%	4.66%	5.50%
Inflation rate	From 1.00% to 2.00%	3.05%	From 1.00% to 2.00%	3.50%
Expected rate of salary increase(1)	From 2.00% to 3.50%	2.50%	From 0.00% to 3.50%	3.50%
Expected rate of pension increase(1)	From 0.00% to 2.00%	3.00%	From 0.00% to 2.00%	3.40%
Expected rate of return on plan assets	From 3.25% to 3.50%	4.78%	From 2.00% to 3.00%	5.67%

(1) Euro zone includes plans in Germany, Italy, France and Belgium expressed as a weighted average

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 estimated return on plan assets has been determined based on long-term bond interest rates. All of the plan assets are allocated to British and French employees.

The expected long-term investment return assumption on plan assets has been determined based on the particular asset allocation of each benefit plan, through the calculation of a specific expected return assumption for each asset class. This assumption is based on interest, dividends and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, adjusted by any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation). The expected rate of return on each major category of plan assets in 2011 is 5.95% on equity, 4.80% on debt and 5.10% on other assets.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each country.

(h) Actuarial gains and losses recognized directly in equity (net of deferred tax)

In thousands of €	2011	2010
Cumulative amount at January 1,	(8,527)	(6,112)
Gain / (loss) recognized during the year	(331)	(2,415)
Cumulative amount at December 31,	**(8,858)**	**(8,527)**

(i) Experience adjustments

In thousands of €	2011	2010	2009	2008	2007
Present value of defined benefit obligation	(42,325)	(38,098)	(35,482)	(25,033)	(37,630)
Fair value of plan assets	40,668	36,617	31,286	25,977	37,805
(Surplus) / deficit	(1,657)	(1,481)	(4,196)	944	175
Experience adjustments on plan liabilities	–	850	–	–	(237)
Experience adjustments on plan assets	679	2,434	1,469	(5,262)	(850)

(j) Contributions to defined contribution plans

In 2011, the Group made contributions to defined contribution plans amounting to €2.5 million (2010: €2.7 million).

26. Provisions

In thousands of €	Litigation costs	Insurance claim provisions	Reconditioning provisions	Other provisions	Total
Balance at January 1, 2010	2,671	87,295	27,609	55,148	173,365
Provisions made during the year	2,457	36,436	85,666	5,978	130,537
Provisions used during the year	(418)	(31,144)	(83,970)	(15,275)	(131,447)
Provisions reversed during the year	(480)	–	–	(2,492)	(2,972)
Transfer	–	1,809	–	2,033	3,842
Effect of foreign exchange	–	386	341	392	1,117
Balance at December 31, 2010	**4,230**	**94,782**	**29,646**	**45,784**	**174,442**
Non-current	–	–	–	145	145
Current	4,230	94,782	29,646	45,639	174,297
	4,230	**94,782**	**29,646**	**45,784**	**174,442**
Balance at January 1, 2011	4,230	94,782	29,646	45,784	174,442
Provisions made during the year	3,818	79,535	92,613	10,844	186,810
Provisions used during the year	(1,968)	(50,459)	(91,087)	(7,894)	(151,408)
Provisions reversed during the year	(971)	(3,097)	–	(13,571)	(17,639)
Scope variations	–	–	(455)	–	(455)
Transfer	33	–	3,613	2,033	5,679
Effect of foreign exchange	–	881	144	169	1,194
Balance at December 31, 2011	**5,142**	**121,642**	**34,474**	**37,365**	**198,623**
Non-current	–	–	–	3,833	3,833
Current	5,142	121,642	34,474	33,532	194,790
	5,142	**121,642**	**34,474**	**37,365**	**198,623**

(i) Litigation costs

Litigation costs include litigation with franchisees, employee disputes and accident claims.

(ii) Insurance claim provisions

These provisions mainly relate to insurance risks as detailed in Note 32 Financial risk management.

(iii) 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.

(iv) Other provisions

Other provisions relate mainly to reserves for:

- risks and liabilities for damages on cars financed through operating leases;
- restructuring costs (personal costs and HQ moving costs).

27. Rental fleet related payables

The fair values of rental fleet related payables correspond to the nominal value. The fleet payables relate to operating lease contracts.

In thousands of €	2011	2010
Fleet payables[1]	602,156	617,232
VAT payables	44,794	28,655
	646,950	**645,887**

(1) Includes €361.8 million (2010: €278.0 million) related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement.

28. Trade payables and other liabilities

The fair values of trade payables correspond to the nominal value. All trade and other liabilities fall due within one year.

In thousands of €	2011	2010
Trade payables, including to affiliates[1]	276,817	256,419
Other tax payable	17,792	15,616
Deposits	33,642	32,602
Employee related liabilities	42,212	50,157
	370,463	**354,794**

(1) Of which €48.6 million relating to Fleming VAT Claim to be paid to the former shareholders of P1 (formerly Vanguard EMEA).

29. Derivative financial instruments

	2011		2010	
In thousands of €	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps-cash flow hedge	–	73,315	–	72,568
Total	**–**	**73,315**	**–**	**72,568**

The fair value of a hedging derivative is recorded as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Regarding the option to redeem its Notes prior to maturity, considering the interest rate trend, the financial market environment, the market value of the bonds, the Europcar liquidity profile, the probability of exercising the option by the management and the level of transaction costs in case of redemption, the value of this option is considered close to zero.

Interest rate swap agreements

In April 2006, the Group entered into an interest rate swap in accordance with its obligations under its financing documentation. The swap agreements are denominated in euro and have variable notional amounts. The agreements stipulate that on a monthly basis the Group pays a fixed interest expense calculated at a rate ranging from 3.978% to 3.993% on the outstanding notional amount of the swap and receives interest income calculated at a rate equal to Euribor one-month. The maturity date of the swap agreements was December 17, 2011. The swap agreement qualified for cash flow hedge accounting and therefore the effective part of changes in fair value has been recognized in equity.

In December 2010, the Group entered into an interest rate swap agreement with a starting date December 18, 2011 and maturity date January 17, 2015. According this agreement, the Group will pay a fixed interest expense ranging from 2.42% to 2.45% on the outstanding notional amount of €1.3 billion and receives interest income calculated at a rate equal to Euribor one-month. The forward swap agreement qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognized in equity.

In July 2011, the Group entered into a new interest rate swap agreement with a starting date December 19, 2011 and maturity date December 19, 2014. According this agreement, the Group will pay a fixed interest expense ranging of 2.985% on the outstanding notional amount of €0.3 billion and receives interest income calculated at a rate equal to Euribor six-month. The forward swap agreement qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognized in equity.

The notional value of the outstanding interest rate swap agreements at December 31, 2011 amounts to €1,600.0 million (2010: €1,733.6 million).

30. Off-balance sheet commitments

30.1 Operating leases

As at December 31, 2011 the Group's minimum future payments relating to non-cancellable operating lease commitments are as follows:

In thousands of €	December 31, 2011	Of which related to rental fleet	December 31, 2010	Of which related to rental fleet
Payable:				
Within one year	234,330	176,787	191,340	145,841
From one to five years	103,735	17,495	98,020	13,273
Over five years	26,140	–	25,513	–
	364,205	**194,282**	**314,873**	**159,114**

The Group leases vehicles in Germany, Belgium, Portugal, France, Spain, Australia and New Zealand. The Group also leases facilities and other assets. Facilities and other assets leases run for a period of 3 to 9 years in most instances, usually with an option to renew the lease after that date.

During the year ended December 31, 2011 €191.8 million was recognized as an expense in the income statement in respect of operating leases related to the rental fleet (2010: €159.1 million). For assets other than the rental fleet leased under operating leases (mainly rental station facilities), expenses recorded in the 2011 income statement were €61.7 million (2010: €60.9 million).

30.2 Capital commitments

During the year ended December 31, 2011 the Group entered into contracts to purchase vehicles. As at December 31, 2011 outstanding capital commitments for vehicles were €1,043.2 million (2010: €627.9 million), and for property, plant and equipment and intangible assets were €0.03 million (2010: €0.4 million).

Fleet capital commitments correspond to a large portion of the forecast needs of the Group for the first part of the following year and are mostly subject to buy-back commitments from car manufacturers.

30.3 Contingencies and guarantees

Neither ECG nor any of the Group companies is party to any current or foreseeable legal or arbitration proceedings that may have a material effect on the financial position of the Group or has had such an effect within the last two years.

The Group has provided various guarantees (mostly joint and several guarantees) to certain third parties (mainly for fleet leasing transactions) within the normal course of business, as well as some specific purpose guarantees of which a €46.3 million guarantee to Chartis (formerly AIG) for the performance of certain obligations of its self-insurance program (Loss Retention Agreement), which could be exercised in the highly unlikely event that Europcar were unable to meet its commitments under such Loss Retention Agreement.

As at December 31, 2011, ECG had €116.5 million as guarantees with suppliers, including Chartis, (2010: €185.9 million). Contingent assets amount to €2.5 million (2010: €1.4 million).

ECG received a guarantee of liabilities and assets granted by the group Volkswagen during the acquisition of the group Europcar in 2006. This guarantee is expired and cannot anymore be implemented. However, relating to previous implementations, the company can yet receive compensations subject to the completion of on-going litigations or pre-litigations and in accordance with Volkswagen on the final amount of these compensations.

The Group has granted various pledges on some of its assets, in particular trademarks, subsidiaries' shares, receivables, banks accounts and business assets. The assets of the Securitifleet group of companies or related to the Securitifleet group operations are pledged in favor of the EC Finance Notes holders and of the lenders of the SARF 2010. The other assets are pledged in favor of the lenders of the Senior Revolving Credit Facility, except for some United Kingdom based assets and some Australia/New Zealand based assets which are pledged in favor of the local lenders for those respective territories.

Securitifleet S.A.S. and Securitifleet S.L. respectively own a substantial part of the fleet leased by, respectively, Europcar France S.A.S. and Europcar IB S.A. to their respective clients and have granted a pledge over their vehicles, with respect to Securitifleet S.A.S., for the benefit of *Crédit Agricole Corporate and Investment Bank* and its successors and assignees and, more particularly, for the benefit of the French mutual debt fund (*fonds commun de titrisation*) FCT Sinople, in accordance with the provisions of articles 2333 *et seq.* of the French civil Code and with respect to Securitifleet S.L., for the benefit of its creditors and its successors and assignees pursuant to a contract called "Spanish Securitifleet Financing Agreement" and in accordance with the provisions of article 1863 of the Spanish civil Code. For the needs of such pledges, Europcar France S.A.S. and Europcar IB S.A. were respectively appointed as third party holder (*"tiers convenu" and "tercero poseedor de conformidad"*) in accordance with respectively the provisions of article 2337 of the French civil Code and article 1863 of the Spanish civil Code. Consequently, any return of vehicle by a client of Europcar France S.A.S. or Europcar IB S.A. will have to be made, as the case may be, to Europcar France S.A.S. or Europcar IB S.A. in their capacity as third party holder (*"tiers convenu" and "tercero poseedor de conformidad"*) or, as the case may be, to any other entity that would be substituted to them in such capacity and in no event to Securifleet France S.A.S. or Securitifleet S.L..

31. Related parties

Related parties under the terms of IAS 24 are parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted on standard market terms. Several members of the Management and the Board of Directors of the Group are members of supervisory board with which Europcar Groupe S.A. has relations in the normal course of its business activities. All transactions with these parties are conducted on standard market terms.

(a) Transactions with related parties controlled by Eurazeo S.A., the ultimate Parent company

The Group has a related-party relationship with Eurazeo limited to management services provided by Eurazeo and billed directly to Europcar Groupe S.A.

At December 31, 2011 the Group has no accrued expense in respect of services to be invoiced by Eurazeo S.A in relation to finance structuring (2010: €0 million).

In relation to the management services described above, nothing was paid to Eurazeo as at December 31, 2011. €18.5 million was paid in 2010.

(b) Compensation of key management members

In addition to their salaries, the Group also provides non-cash benefits to executive officers and contributes to a post-employment defined benefit plan on their behalf. There was no significant transaction with any company related directly or indirectly to key management members disclosed in the management report of the Europcar subsidiaries. The remuneration of the main members of the management amounts to €3.4 million during the year 2011 (€3.8 million in 2010).

The remuneration of the Directors and other key management personnel of the Group are set out below in aggregate by category. Salaries and short-term employee benefits include wages, salaries and social security costs.

In thousands of €	2011	2010
Salaries and short term employee benefits	3,315	2,819
Post-employment benefits	91	108
Termination amounts	–	836
Share-based payments	–	–
	3,406	**3,763**

32. Financial risk management

This note presents the Group's financial instrument fair value measurement methodology and how the Group manages financial risk exposure.

32.1 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price: level 1 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows: level 2 in the fair value hierarchy.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Considering the maturity of the financing facilities and other debts and their respective interest rates, management has concluded that the fair value of the financial liabilities approximates their respective carrying value except for Loan Notes maturing in 2013, 2017 and 2018 for which the fair value has been determined using quoted prices as at December 31, 2011 and as at December 31, 2010 at the Euro MTF.

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, are as follows:

December 31, 2011 Fair value in thousands of €	Notes	Carrying amount	Fair value	Fair value through the income statement	Fair value through equity	Financial instruments at amortized cost
Trade receivables	*20*	258,973	258,973	–	–	258,973
Deposits and current loans	*16*	6,869	6,869	–	–	6,869
Vehicle buy-back agreement receivables	*19*	927,894	927,894	–	–	927,894
Fleet receivables	*19*	569,362	569,362	–	–	569,362
Deposits, other receivables and loans	*20*	29,359	29,359	–	–	29,359
Total of loans and receivables		**1,792,457**	**1,792,457**	**–**	**–**	**1,792,457**
Investments in non consolidated entities	*16*	3,443	3,443	–	3,443	–
Other investments	*16*	73,237	73,237	–	–	73,237
Restricted cash	*21*	96,294	96,294	–	–	96,294
Cash and cash equivalents	*21*	255,712	255,712	255,712	–	
Derivative assets	*29*	–	–	–	–	–
Total financial assets		**2,221,143**	**2,221,143**	**255,712**	**3,443**	**1,961,988**
Notes and borrowings	*24*	1,149,741	771,774	–	–	771,774
Trade payables	*28*	276,817	276,817	–	–	276,817
Fleet payables	*27*	602,156	602,156	–	–	602,156
Bank overdraft and portion of loans due in less that one year	*24*	1,016,727	1,016,727	–	–	1,016,727
Derivative liabilities	*29*	73,315	73,315	–	73,315	–
Total financial liabilities		**3,118,755**	**2,740,789**	**–**	**73,315**	**2,667,474**

December 31, 2010 Fair value in thousands of €	Notes	Carrying amount	Fair value	Fair value through the income statement	Fair value through equity	Financial instruments at amortized cost
Trade receivables	*20*	282,337	282,337	–	–	282,337
Deposits and current loans	*16*	6,741	6,741	–	–	6,741
Vehicle buy-back agreement receivables	*19*	1,084,466	1,084,466	–	–	1,084,466
Fleet receivables	*19*	544,015	544,015	–	–	544,015
Deposits, other receivables and loans	*20*	31,618	31,618	–	–	31,618
Total of loans and receivables		**1,949,177**	**1,949,177**	**–**	**–**	**1,949,177**
Investments in non consolidated entities	*16*	3,245	3,245	–	3,245	–
Other investments	*16*	58,641	58,641	–	–	58,641
Restricted cash	*21*	76,853	76,853			76,853
Cash and cash equivalents	*21*	263,108	263,108	263,108	–	–
Derivative assets	*29*	–	–	–	–	–
Total financial assets		**2,351,024**	**2,351,024**	**263,108**	**3,245**	**2,084,671**
Notes and borrowings	*24*	1,033,597	1,026,681	–	–	1,026,681
Trade payables	*28*	256,419	256,419	–	–	256,419
Fleet payables	*27*	617,232	617,232	–	–	617,232
Bank overdraft and portion of loans due in less that one year	*24*	1,377,887	1,377,887	–	–	1,377,887
Derivative liabilities	*29*	72,568	72,568	–	72,568	–
Total financial liabilities		**3,357,703**	**3,350,787**	**–**	**72,568**	**3,278,219**

The level in the fair value hierarchy at which fair value measurements are categorized, for assets and liabilities measured in the statement of financial position, is as follows:

Assets measured at fair value in thousands of €	December 31, 2011	Level 1	Level 2	Level 3
Other investments	3,443	3,443	–	–
Cash and cash equivalents	255,712	255,712	–	–
Total	**259,155**	**259,155**	**–**	**–**

Liabilities measured at fair value in thousands of €	December 31, 2011	Level 1	Level 2	Level 3
Derivative liabilities	73,315	–	73,315	–
Total	**73,315**	**–**	**73,315**	**–**

32.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk; fair value interest rate risk; cash flow interest rate risk and security price risk); credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as specific guidance in areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. 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.

The Group assesses continuously the financial risks identified (including market risk, credit risk and liquidity risk) and documents its exposure in its financial statements. The Group considers that its exposure as at December 31, 2011 did not change significantly during the last 12 months and therefore the policy implemented to mitigate such exposure remains consistent with prior years.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP. Foreign exchange risk arises from translation into euro of the results and net assets of the subsidiaries having a functional currency different from the euro, from financial intra-group transactions and to a lesser extent from transactions with franchisees.

As at December 31, 2011 the Group does not have any investments in foreign operations whose net assets are exposed to foreign currency translation risk other than in the United Kingdom, Australia and New Zealand.

Group summary quantitative exposure to foreign exchange risk arising from translation into functional currency

In thousands of €	GBP	AUD	CHF	Total 2011
Trade and receivables (including fleet)	95,831	13,005	–	108,836
Other financial assets				
Non-current investments	4,664	531	–	5,195
Derivatives financial instruments	–	–	–	–
Other investments	–	–	–	–
Cash and cash equivalents	96,383	6,795	–	103,178
Total financial assets	**196,878**	**20,331**	**–**	**217,209**
Trade and other payables (including fleet)	139,113	14,590	–	153,703
Loans and borrowings	313,111	124,218	–	437,329
Impact of hedging derivatives	–	–	–	–
Total financial liabilities	**452,224**	**138,808**	**–**	**591,032**
Total net exposure (arising from translation)	**(255,346)**	**(118,477)**	**–**	**(373,823)**

In thousands of €	GBP	AUD	CHF	Total 2010
Trade and receivables (including fleet)	89,566	11,339	2,539	103,444
Other financial assets				
Non-current investments	3,250	492	258	4,000
Derivatives financial instruments	–	–	–	–
Other investments	–	–	–	–
Cash and cash equivalents	72,117	1,551	995	74,663
Total financial assets	**164,933**	**13,382**	**3,792**	**182,107**
Trade and other payables (including fleet)	84,188	10,487	1,573	96,248
Loans and borrowings	396,658	98,444	–	495,102
Impact of hedging derivatives	–	–	–	–
Total financial liabilities	**480,846**	**108,931**	**1,573**	**591,350**
Total net exposure (arising from translation)	**(315,913)**	**(95,549)**	**2,219**	**(409,243)**

At December 31, 2011, if the euro had strengthened by 15% against the GBP with all other variables held constant, net income for the year would have decreased by €4.2 million (2010: € 0.6 million) and equity would have increased by €22.5 million (2010: €11.1 million).

At December 31, 2011, if the euro had weakened by 15% against the GBP with all other variables held constant, net income for the year would have increased by €4.2 million (2010: €0.6 million) and equity would have decreased by €22.5 million (2010: €11.1million).

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to hedge approximately 80% of its floating interest rate borrowings with fixed interest rate instruments. During 2011 and 2010, the Group's borrowings at variable rate were denominated in Euros.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration, among other things refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings for the revolving financing of fleet at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

None inefficiency was detected through the tests performed for those hedging instruments; accordingly no impact was recorded in P&L in 2011.

In 2011, as all variable rate borrowings are hedged, the impact after hedging on Group loss after tax would be nil. Based on the simulations performed, the impact after hedging on Group loss after tax for the year of a 100 basis-point increase / decrease in interest rates would have been a maximum increase / decrease of €5.3million in 2010.

At December 31, 2011, if the interest rates had strengthened by 100 basis-point, the fair value booked in other comprehensive income would have increased by €45,6 million (€54.8 million at December 31, 2010).

At December 31, 2011, if the interest rates had weakened by 100 basis-point, the fair value booked in other comprehensive income would have decreased by €47,5 million (€28.4 million at December 31, 2010).

At the reporting date the interest profile of the Group's interest-bearing borrowings was as follows.

In thousands of €	**2011**	**2010**
Fixed rate borrowings	736,190	628,005
Variable rate borrowings	413,551	405,592
Of which variable rate hedged	*413,551*	*333,574*
Of which variable rate not hedged	–	*72,018*
Non-current liabilities	**1,149,741**	**1,033,597**
Fixed rate borrowings	17,971	9,925
Variable rate borrowings	998,756	1,367,962
Of which variable rate hedged	*998,756*	*663,562*
Of which variable rate not hedged	–	*704,400*
Current liabilities	**1,016,727**	**1,377,887**

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to car manufacturers and dealers and to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. The utilization of credit limits is regularly monitored.

The table below shows the credit limit and balance of the three major counterparties at the balance sheet date.

	2011		**2010**	
In thousands of €	**Credit limit**	**Utilized**	**Credit limit**	**Utilized**
Revolving credit[(1)]	350,000	39,000	350,000	220,200
Senior asset financing lines related to fleet financing	1,300,000	495,336	1,300,000	630,024
Financing other that senior financing asset loan related to fleet financing[(2)]	1,236,435	807,268	754,529	508,550

(1) "Utilized" amounts include the revolving credit facility for €39 million as at December 31, 2011 (2010: €220.2 million) and guarantees given as part of the operating activities of the Group.

(2) Primarily consists of fleet operations in the United Kingdom financed through different credit lines other than the senior financing asset loan.

(c) Loans and receivables credit risk analysis

In thousands of €	**2011**	**2010**
Neither past due nor impaired [(1)]	1,681,961	1,802,317
Past due but not impaired	173,406	191,683
Impaired	35,367	42,156
Total	**1,890,734**	**2,036,156**

(1) Net of provisions for stolen and badly damaged cars, please refer to Note 19

The maximum exposure to credit risk at the reporting date is the carrying amount of loans and receivables. The Group does not hold any collateral as security.

The credit quality of loans and receivables neither past due nor impaired relates to a number of independent counterparties for whom there is no recent history of default or expected default.

The Group's credit risk exposure to car manufacturers and dealers primarily arises from:

- Risk of non-recoverability of receivables on US manufacturers' European subsidiaries arising from the buy-backs
- Directly related to the above, risk of having to self-finance the same receivables. In case of default of a European subsidiary of a US manufacturer, the corresponding fleet becomes "non-eligible" under the senior asset financing facility
- As an ancillary risk, a bankruptcy of a significant supplier and the subsequent uncertainty surrounding future supplies.

Europcar Groupe does not derive revenues from transactions with a single external customer that would represent 10% or more of the Group's revenue.

The Group has implemented procedures to monitor and reduce credit risk exposure, including reduction of purchases, implementation of a receivable risk monitoring reporting process and specific fleet management actions to minimize risk exposure. The ageing analysis of loans and receivables past due but not impaired is as follows:

In thousands of €	**Not yet due**	**Less than 3 months**	**From 3 to 6 months**	**Over 6 months**	**Total**
Vehicle buy-back agreements receivables	927,894				**927,894**
Fleet receivables	507,830	60,665	546	321	**569,362**
Rental receivables	111,050	68,863	7,401	1,002	**188,316**
Trade receivables	9,245	7,023	2,027	8,813	**27,108**
Other receivables	31,542	10,776	3	1,228	**43,549**
Total as at December 31, 2011	**1,587,561**	**147,327**	**9,977**	**11,364**	**1,756,229**

In thousands of €	**Not yet due**	**Less than 3 months**	**From 3 to 6 months**	**Over 6 months**	**Total**
Vehicle buy-back agreements receivables	1,084,466	–	–	–	**1,084,466**
Fleet receivables	486,201	55,865	156	1,793	**544,015**
Rental receivables	114,287	70,194	10,414	7,347	**202,242**
Trade receivables	11,691	8,004	3,309	10,594	**33,598**
Other receivables	37,506	7,378	898	715	**46,497**
Total as at December 31, 2010	**1,734,151**	**141,441**	**14,776**	**20,450**	**1,910,818**

(d) Price risk

The Group is not exposed to equity securities price risk considering the materiality of the investments held by the Group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss. The Group is not directly exposed to commodity price risk but the Group is exposed to the risk of increasing holding costs for vehicles.

(e) Liquidity risk

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows determined on a consolidated basis. Internal reporting of cash forecast and availability forecast is performed by each operational entity. Those forecast are consolidated at Group Treasury level and discussed between Europcar Group Management and operational units.

The budget, on which is based the cash forecast for fiscal year 2012, has been built on assumptions taking into account the impact of the actual uncertain economic environment.

Our liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Two leasing facilities in the United Kingdom (£545 million) will expire in December 2012 (refer also to Note 24). Management is confident that the existing lines will be renewed as necessary.

The table below analyses the Group's financial liabilities including hedging derivatives by relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying values, as the impact of discounting is not significant.

		Up to 1 year		From 1 year to 5 years		Later than 5 years		Total	
In thousand of €		**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
December 31, 2011									
Notes issued	**1,178,269**	–	96,305	425,000	286,500	750,000	166,250	1,175,000	549,055
Bank borrowings and finance lease liabilities	**497,922**	459,602	19	39,000	–	–	–	498,602	19
Senior asset financing facility	**478,974**	–	741	495,336	–	–	–	495,336	741
Other borrowings	**11,303**	9,978	723	602	–	–	–	10,580	723
Derivative liabilities	**73,315**	–	–	–	73,315	–	–	–	73,315
Trade and fleet payables	**878,973**	878,973	–	–	–	–	–	878,973	–
Deposits	**33,642**	33,642	–	–	–	–	–	33,642	–
Total financial liabilities	**3,152,397**	**1,382,195**	**97,788**	**959,938**	**359,815**	**750,000**	**166,250**	**3,092,133**	**623,853**
December 31, 2010									
Notes issued	**1,059,722**	18,254	21,704	425,000	278,247	650,000	150,000	1,093,254	449,951
Bank borrowings and finance lease liabilities	**708,432**	189	34,060	708,808	38,027	–	–	708,997	72,087
Senior asset financing facility	**610,567**	936	42,358	630,024	112,673	–	–	630,960	155,031
Other borrowings	**32,763**	32,763	–	–	–	–	–	32,763	–
Derivative liabilities	**51,560**	–	38,405	–	12,768	–	387	–	51,560
Trade and fleet payables	**873.651**	873,651	–	–	–	–	–	873,651	–
Deposits	**32,602**	32,602	–	–	–	–	–	32,602	–
Total financial liabilities	**3,369,297**	**958,395**	**136,527**	**1,763,832**	**441,715**	**650,000**	**150,387**	**3,372,227**	**728,629**

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(g) Insurance risks

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal, Belgium, Switzerland, Italy (effective January 1, 2008) and Germany (effective April 1, 2008), buy local automobile liability insurance policies with Chartis (formerly AIG) entities, which reinsure part of such risks with a reinsurance cell hosted by Euroguard, a protected cell company. The Group owns a reinsurance cell (9) within Euroguard such cell being consolidated since January 2006. But the local Europcar entities fund a significant portion of the risk through a Deductible Funding mechanism which is managed via another cell (0) located within Euroguard and acting as a mere fund manager. The funds hosted in this cell are also consolidated.

As from January 1, 2009 the Group's operating subsidiary located in Spain has placed its Fleet Motor Liability risk with another insurer in a traditional risk transfer way.

(i) Frequency and severity of claims

The risk covered by an insurance contract has to do with the probability of occurrence of the insured event and the uncertainty as to the amount of the resulting claim. The risk that the Group addresses through its auto fleet liability insurance programme is the one of property damages and bodily injuries caused by the driver of a Europcar vehicle to a third party. The auto liability insurance being a mandatory insurance the risk is transferred from ground up to the insurer in the first place but partly funded and reinsured by Europcar as a group on the back end side through various risk self financing techniques.

Europcar's auto fleet liability risk is a combination of frequency and severity events. Europcar has developed a strategy around self financing frequency risks and effectively transferring severity risk to the insurer (applicable to main corporate countries but Spain for reason developed above):

- Operating a large fleet entails the occurrence of a multiplicity of small amount third party claims. The loss charge stemming from these small claims can be predicted with a good level of certainty by actuaries, factoring in the variation of activity and the trends witnessed in the various countries. The losses up to a €500,000 any one occurrence threshold are self insured.
- Operating a fleet also entails the more random occurrence of costly events which are essentially severe bodily injury caused to third party as a consequence of the driver of a Europcar vehicle being at fault. This part cannot be anticipated by actuaries with good level certainty which is why the portion of risk exceeding €500,000 is borne by the insurer.

The trend observed is an average cost increase in severity claims due to economical, legal and social factors.

(ii) Sources of uncertainty in the estimation of future claim payments

Claims under Fleet Motor Liability policies are payable on a claims-occurrence basis. The Group, by virtue of the self financing component of the programme is liable for all insured events that occur during the insured period (typically a given calendar year). A portion of the ultimate loss charge of a given insurance period develops after that insurance period expiration date because of late claims notification and post insurance period claim development (typically as a result of deterioration in the health of a victim). As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

(iii) Changes in assumptions and methodology

The Group did not change its main assumptions and methodology for the insurance contracts disclosed in this note other than updating the cost of its contents for the time value of money.

33. Group entities

Company name	Registered office (Town)	Country	Method[(1)] (FC / EM)	% of interest	% of voting rights
PARENT COMPANY					
Europcar Groupe S.A.	Guyancourt	France	FC		
1. Information on consolidated companies					
Europcar International S.A.S.U.	Guyancourt	France	FC	100.00%	100.00%
EC1	Guyancourt	France	FC	100.00%	100.00%
Europcar Holding S.A.S.	Guyancourt	France	FC	100.00%	100.00%
Securitifleet Holding S.A.	Guyancourt	France	FC	99.28%	8.26%
Securitifleet Holding Bis S.A.S.U.	Guyancourt	France	FC	0.00%	0.00%
EC Finance Plc	Guernsey	United Kingdom	FC	0.00%	0.00%
FCT Sinople	Paris	France	FC	0.00%	0.00%
EIS E.E.I.G.	Guyancourt	France	FC	100.00%	100.00%
Europcar France S.A.S.	Guyancourt	France	FC	100.00%	100.00%
Securitifleet S.A.S.U.	Guyancourt	France	FC	99.28%	8.26%
Securitifleet France Location S.A.S.U.	Rouen	France	FC	99.28%	8.26%
Parcoto Services E.U.R.L.	Rouen	France	FC	100.00%	100.00%
Europcar International S.A. und Co OHG	Hamburg	Germany	FC	100.00%	100.00%
Europcar Autovermietung GmbH	Hamburg	Germany	FC	100.00%	100.00%
Securitifleet GmbH	Hamburg	Germany	FC	9.96%	5.41%
InterRent Immobilien GmbH	Hamburg	Germany	FC	100.00%	100.00%
Car2Go GmbH	Hamburg	Germany	EM	75.00%	50.00%
Ultramar Cars S.L.	Palma de Mallorca	Spain	FC	100.00%	100.00%
Europcar S.A.	Zaventem	Belgium	FC	100.00%	100.00%
Europcar IB S.A.	Madrid	Spain	FC	100.00%	100.00%
Securitifleet S.L.	Madrid	Spain	FC	4.96%	0.41%
Europcar United Kingdom Limited	Watford	United Kingdom	FC	100.00%	100.00%
Europcar Italia S.p.A.	Roma	Italy	FC	100.00%	100.00%
Securitifleet S.p.A.	Roma	Italy	FC	99.32%	13.76%
Europcar Internacional Aluguer de Automoveis S.A.	Lisbon	Portugal	FC	99.99%	100.00%
Monaco Auto Location SAM	Monaco	Monaco	FC	100.00%	100.00%
PremierFirst Vehicle Rental EMEA Holdings Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
PremierFirst Vehicle Rental Holdings Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
PremierFirst Vehicle Rental Group Ltd	Leicester	United Kingdom	FC	100.00%	100.00%

Company name 1. Information on consolidated companies (continued)	Registered office (Town)	Country	Method(1) (FC / EM)	% of interest	% of voting rights
PremierFirst Vehicle Rental Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
Diplema 272 Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
Diplema 274 Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
Provincial Assessors Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
PremierFirst Vehicle Rental Properties Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
PremierFirst Vehicle Rental Pension Scheme Trustees Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
PremierFirst Vehicle Rental Insurances Guernsey Ltd	Guernsey	United Kingdom	FC	99.99%	100.00%
Europcar Group UK Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
Provincial Securities Ltd	Leicester	United Kingdom	FC	73.00%	100.00%
PremierFirst Vehicle Rental German Holdings GmbH	Wiesbaden	Germany	FC	100.00%	100.00%
PremierFirst Vehicle Rental GmbH	Wiesbaden	Germany	FC	100.00%	100.00%
PremierFirst Autovermietung GmbH & Co KG	Wiesbaden	Germany	FC	100.00%	100.00%
PremierFirst Vehicle Rental Franchising Ltd	Leicester	United Kingdom	FC	100.00%	100.00%
Euroguard	Gibraltar	Gibraltar	FC	100.00%	100.00%
Europcar Holding Property Ltd	Melbourne	Australia	FC	100.00%	100.00%
Europcar Australia Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
G1 Holdings Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
CLA Holdings Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
CLA Trading Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
Eurofleet Sales Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
Delta Cars & Trucks Rentals Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
Eurofleet Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
E Rent a car Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
MVS Holdings (Australia) Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
MVS Trading Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
JSV Trading Pty Ltd	Victoria	Australia	FC	100.00%	100.00%
BAJV Pty Ltd	Victoria	Australia	EM	50.00%	50.00%
SMJV Ltd	Christchurch	New Zealand	FC	100.00%	100.00%
BVJV Ltd	Christchurch	New Zealand	FC	100.00%	100.00%
2. Information on non-consolidated companies					
BCR Holdings Ltd	Watford	United Kingdom	NC	100.00%	100.00%
Europcar Chauffeurdrive UK Ltd	Watford	United Kingdom	NC	100.00%	100.00%
Europcar Inc.	Dover	United States	NC	100.00%	100.00%

Company name 2. Information on non-consolidated companies (continued)	Registered office (Town)	Country	Method[1] (FC / EM)	% of interest	% of voting rights
Godfrey Davis (Car Hire) Ltd	Watford	United Kingdom	NC	100.00%	100.00%
InterRent Ltd	Dublin	Ireland	NC	100.00%	100.00%
Rovard Facilities Ltd	Watford	United Kingdom	NC	100.00%	100.00%
Vehitel 2000 France S.A.S.	Suresnes	France	NC	20.00%	20.00%
Vehitel 2000 S.N.C.	Suresnes	France	NC	33.33%	33.33%
PremierFirst Marketing Enterprises Middle East Ltd	Dubai	United Arab Emirates	NC	25.00%	25.00%
SVV Stadthausbrücke Vermögensverwaltungsgesellschaft mbH	Hamburg	Germany	NC	100.00%	100.00%
Travset Business Travel + Service GmbH	Hamburg	Germany	NC	100.00%	100.00%

(1) FC: full consolidation method; EM: equity method; NC: not consolidated

Consolidated Special Purpose Entities

As part of the securitization program for part of the fleet financing for Germany, France, Italy and Spain, some Special Purpose Entities have been incorporated under the name Securitifleet in each of those countries and are either 100% owned or controlled (above 90%) by either of the following Special Purpose Entities "Securifleet Holding S.A." or "Securifleet Holding Bis S.A.S.", both incorporated in France. The Group consolidates all Securitifleet entities, i.e. the four local Securitifleet companies as well as the two Securitifleet holding companies, since they have been created by specific objectives defined by Europcar Group.

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal, Belgium, Switzerland, Italy (effective January 1, 2008) and Germany (effective April 1, 2008), buy local automobile liability insurance policies with Chartis (formerly AIG) entities, which reinsure part of such risks with a reinsurance cell hosted by Euroguard, a protected cell company. The Group owns a reinsurance cell (9) within Euroguard such cell being consolidated since January 2006. But the local Europcar entities fund a significant portion of the risk through a Deductible Funding mechanism which is managed via another cell (0) located within Euroguard and acting as a mere fund manager. The funds hosted in this cell are also consolidated.

PremierFirst Vehicle Rental Holdings Limited owns 100% of PremierFirst Vehicle Rental Insurances Guernsey Limited, a captive company based in Guernsey in the Channel Islands. ECG has two types of business: roadside assistance (RAC) and personal accident insurance (PAI). The profits from the RAC and PAI businesses can largely be distributed by the captive company under strict rules. 90% of the profits must be distributed within 18 months after the year end.

Since January 2008, PremierFirst Vehicle Rental Limited has participated in the Group insurance scheme described in the first paragraph above

34. Subsequent events

Management is not aware of any subsequent event that occurred between January 1, and March 12, 2012 that could significantly affect the result, assets, activity and overall financial situation of the Group.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Téléphone 01 56 57 58 59
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Statutory auditor's report on the consolidated financial statements (for the year ended 31 December 2010)

To the Shareholders
Europcar Groupe
5 Place des Frères Montgolfier
78280 Guyancourt

Dear Sirs,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2010, on:

• the audit of the accompanying consolidated financial statements of Europcar Groupe;
• the justification of our assessments;
• the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the 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 consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of articles L.823-9 of the French Commercial Code (code de commerce) relating to justification of our assessments, we bring to your attention the following matters:

• **Measures of intangible assets**

The Group tests goodwill and intangible assets with an indefinite useful life for impairment and assesses whether long term assets present an indication of impairment, in accordance with the

methods set out in notes 3(c), 3(d)i, 13 and 14 to the consolidated financial statements. We have reviewed the methods used for the aforementioned test, the methodology applied as well as the estimated future cash flows and underlying assumptions and verified that the information provided in these notes is appropriate.

• **Provisions**

As specified in note 3(o) to the consolidated financial statements, the Group books provisions to cover risks. The types of provisions recorded under are described in note 26 and 32.2(F) to the consolidated financial statements. Based on the information available at the time of our audit, we ensured that the methods and data used to determine provisions, particularly relating to the insurance claim provisions, as well as the disclosures regarding said provisions provided in the notes to the consolidated financial statements, are appropriate.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2(d) to the consolidated financial statements, actual results may differ materially from such estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information related to the Group given in the management report.

We have no matters to report regarding the fair presentation and consistency of this information with the consolidated financial statements.

Neuilly-sur-Seine, 29 March 2011

The statutory auditor
PricewaterhouseCoopers Audit

Rémi Didier

Remark on historical financial information

Purpose of preparing consolidated financial statements

On 31 May 2006, Eurazeo S.A., a French investment company, acquired through Europcar Groupe S.A. (formerly Legendre Holding 14 S.A.S.), a subsidiary formed for this purpose, 100% of the share capital of Europcar International S.A.S.U. ("ECI") from Volkswagen AG. The enterprise value of ECI was €3.1 billion, comprising equity of €1.3 billion and ECI's debt of €1.8 billion as at 31 December 2005.

These consolidated financial statements have been prepared to provide financial information to our shareholders, the holders of and potential investors in the notes issued by Europcar Groupe S.A. (referred to as "ECG") and not in response to any statutory obligation. ECG is exempt from any such obligation by virtue of the consolidated accounts prepared by its ultimate shareholder Eurazeo S.A.

Consolidated statement of financial positions as at 31 December 2010

In thousands of €	Notes	2010	2009
Assets			
Goodwill	13	**477,862**	520,580
Intangible assets	14	**787,530**	794,548
Property, plant and equipment	15	**101,896**	114,840
Non-current investments	16	**7,167**	6,352
Deferred tax assets	17	**21,460**	22,761
Total non-current assets		**1,395,915**	1,459,081
Inventories	18	**16,137**	15,177
Income tax receivable		**33,454**	9,318
Rental fleet and related receivables	19	**2,125,185**	2,154,770
Current investments[(1)]	16	**51,561**	45,828
Trade and other receivables	20	**391,074**	370,554
Restricted cash[(1)]	21	**86,752**	35,194
Cash and cash equivalents[(2)]	21	**263,108**	231,076
Total current assets		**2,967,271**	2,861,917
Total assets		**4,363,186**	4,320,998
Equity			
Share capital	22	**778,466**	778,466
Share premium	22	**3,445**	3,445
Reserves	22	**(96,801)**	(147,198)
Retained earnings	22	**(278,042)**	(141,725)
Total equity attributable to owners of ECG		**407,068**	492,988
Non controlling interests	22	**5,560**	3,570
Total equity		**412,628**	496,558
Liabilities			
Loans and borrowings	24	**1,064,031**	795,398
Derivative financial instruments	29	**12,092**	91,245
Employee benefits	25	**74,756**	67,449
Provisions	26	**145**	274
Deferred tax liabilities	17	**170,760**	206,607
Total non-current liabilities		**1,321,784**	1,160,973
Loans and borrowings	24	**1,347,453**	1,449,538
Derivative financial instruments	29	**60,476**	
Employee benefits	25	**2,199**	
Income tax payable		**43,668**	17,063
Rental fleet related payables	27	**645,887**	669,199
Trade payables and other liabilities	28	**354,794**	354,576
Provisions	26	**174,297**	173,091
Total current liabilities		**2,628,774**	2,663,467
Total liabilities		**3,950,558**	3,824,440
Total equity and liabilities		**4,363,186**	4,320,998

(1) Of which €73.7 million (€48.3 million in current investments and €25.4 million of cash and cash equivalents) cover liabilities arising from our captive insurance structure (€78.2 million as at 31 December 2009: €43.0 million in current investments and €35.2 million of cash and cash equivalents)

(2) Of which €114.1 million located in the SecuritiFleet companies, dedicated to fleet financing in France, Germany, Italy and Spain

The notes on pages F-10 to F-72 are an integral part of these financial statements.

Consolidated income statement for the year ended 31 December 2010

In thousands of €	Notes	2010	2009
Revenue	4	**1,973,149**	1,851,356
Fleet holding costs	5	**(530,116)**	(509,180)
Fleet operating, rental and revenue related costs	6	**(705,955)**	(646,119)
Personnel costs	7	**(305,385)**	(297,724)
Network and head office overheads	8	**(206,453)**	(202,740)
Depreciation and amortisation expenses	*14,15*	**(35,143)**	(34,266)
Other income	9	**14,385**	6,753
Operating income before non-recurring items		**204,482**	168,080
Goodwill impairment charge	*10,13*	**(53,786)**	(90,872)
Other non-recurring items	10	**(34,753)**	(56,292)
Operating income		**115,943**	20,916
Financial income	11	**9,409**	6,747
Financial expenses	11	**(121,990)**	(117,549)
(Expenses)/income from interest rate swaps	11	**(70,552)**	(61,088)
Amortisation of financing arrangement costs	11	**(58,459)**	(17,248)
Net financing costs		**(241,592)**	(189,138)
Profit/(loss) before tax		**(125,649)**	(168,222)
Income taxes	12	**(3,056)**	19,965
Share of profit/(loss) in associates		**309**	340
Profit/(loss) for the year		**(128,396)**	(147,917)
Attributable to:			
Owners of ECG		**(130,447)**	(150,225)
Non controlling interests		**2,051**	2,308
Basic loss per share (euro)	23	**(1.676)**	(1.930)
Diluted loss per share (euro)	23	**(1.676)**	(1.930)

The notes on pages F-10 to F-72 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2010

In thousands of €	Notes	2010 Before tax	2010 Tax income (expense)	2010 After tax	2009 Before tax	2009 Tax income (expense)	2009 After tax
Net loss for the year		**(125,340)**	**(3,056)**	**(128,396)**	(167,882)	19,965	(147,917)
Foreign currency differences		**35,003**		**35,003**	23,779		23,779
Effective portion of changes in fair value of cash flow hedges		**16,588**	**(5,712)**	**10,876**	(36,278)	12,491	(23,787)
Actuarial gains/(losses) on defined benefit pension schemes	*25*	**(3,676)**	**1,261**	**(2,415)**	(13,559)	4,056	(9,503)
Net change in fair value of available-for-sale financial assets		**56**	**(15)**	**41**			
Other comprehensive income for the year[(1)]		**47,971**	**(4,466)**	**43,505**	(26,058)	16,547	(9,511)
Total comprehensive income for the year		**(77,369)**	**(7,522)**	**(84,891)**	(193,940)	36,512	(157,428)
Attributable to:							
Owners of ECG				**(86,942)**			(159,736)
Non controlling interests				**2,051**			2,308

(1) There was no amount reclassified in profit & loss in 2010 or in 2009.

The notes on pages F-10 to F-72 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2010

In thousands of €	Attributable to owners o				
	Share capital	Share premium	Hedging reserve	Translation reserve	Ret ear
Balance at 1 January 2009	778,466	3,445	(34,330)	(112,950)	1
Profit/(loss) for the period	–	–	–	–	(15
Foreign currency differences	–	–	–	23,869	
Effective portion of changes in fair value of cash flow hedges	–	–	(36,278)	–	
Actuarial gains/(losses) on defined benefit obligation	–	–	–	–	(1
Net change in fair value of available-for-sale financial assets	–	–	12,491	–	
Deferred income tax relating to components of other comprehensive income	–	–	–	–	
Other comprehensive income (loss)	–	–	(23,787)	23,869	
Increase in share capital	–	–	–	–	
Dividend paid	–	–	–	–	
Transactions with owners	–	–	–	–	
Balance at 31 December 2009	778,466	3,445	(58,117)	(89,081)	(14
Balance at 1 January 2010	778,466	3,445	(58,117)	(89,081)	(14
Profit/(loss) for the period	–	–	–	–	(13
Foreign currency differences	–	–	–	39,521	
Effective portion of changes in fair value of cash flow hedges	–	–	16,588	–	
Actuarial gains/(losses) on defined benefit obligation	–	–	–	–	
Net change in fair value of available-for-sale financial assets	–	–	–	–	
Deferred income tax relating to components of other comprehensive income	–	–	(5,712)	–	
Other comprehensive income (loss)	–	–	10,876	39,521	
Increase in share capital	–	–	–	–	
Dividend paid	–	–	–	–	
Acquisition of non controlling interests	–	–	–	–	
Transactions with owners	–	–	–	–	
Balance at 31 December 2010	778,466	3,445	(47,241)	(49,560)	(27

The notes on pages F-10 to F-72 are an integral part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2010

In thousands of €	Notes	2010	2009
Result before tax		**(125,649)**	(168,222)
Depreciation and impairment charge on property, plant & equipment	*15*	**23,343**	19,220
Amortisation expense and impairment charge on intangible assets	*14*	**23,873**	28,287
Impairment charge on goodwill	*13*	**53,786**	90,872
Depreciation and impairment charge on financial assets		**300**	
(Profit)/loss on disposal of property, plant & equipment and intangible assets		**166**	462
Total net interest costs		**176,721**	158,062
Reversal of amortised transaction costs		**52,589**	6,082
Reversal of premium on notes issued amortised		**5,870**	11,166
Other non cash items		**(2,089)**	3,077
Financing costs		***233,091***	178,387
Operating profit/(loss) before changes in working capital & provisions		**208,910**	149,006
Changes in rental fleet and related receivables		**70,596**	486,285
Changes in rental fleet payables and related payables		**(25,656)**	92,936
Change in Fleet working capital		**44,940**	579,221
Changes in trade and other receivables		**11,780**	42,976
Changes in inventories		**(758)**	2,410
Changes in liabilities (excluding borrowings)		**(24,381)**	(2,614)
Changes in provisions and employee benefits		**351**	8,459
Cash generated from operations		**240,842**	779,458
Interest paid		**(173,298)**	(165,236)
Income taxes received/(paid)		**(19,885)**	11,697
Net cash generated from operating activities		**47,659**	625,919
Other investments and loans		**(7,302)**	(4,449)
Acquisitions of tangible and intangible assets	*14,15*	**(14,317)**	(12,685)
Development expenditure		**(13,456)**	(16,660)
Proceeds from disposal of fixed assets		**2,551**	1,590
Interest received		**4,086**	5,643
Dividends received from associates		**266**	–
Net cash outflows from investing activities		**(28,172)**	(24,284)
Proceeds from issue of share capital		**961**	
Change in senior fleet financing facility(1)		**(130,248)**	(570,145)
Change in other fleet financing facilities		**23,920**	(61,715)
Payment of transaction costs		**(87,900)**	12
Change in other borrowings		**254,966**	9,895
Net cash outflows from financing activities		**61,699**	(621,953)
Cash and cash equivalents at the period end(2)	*21*	**349,860**	266,270
Cash and cash equivalents at beginning of period		**266,270**	280,044
Effect of foreign exchange movements		**2,404**	6,544
Net decrease in cash and cash equivalents after effect of foreign exchange movements		**81,186**	(20,318)

(1) Change in borrowings dedicated to fleet financing is reported on a net basis since they relate to buy-back agreements with a short term maturity

(2) Including restricted cash in the amount of €86.8 million (€35.2 million as at 31 December 2009)

The notes on pages F-10 to F-72 are an integral part of these financial statements.

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Notes to the financial statements for the year ended 31 December 2010

1. Reporting entity

Europcar Groupe S.A. ("ECG") was incorporated on 9 March 2006 with an initial share capital of €235,000 and converted on 25 April 2006 into a French "*société anonyme*". ECG registered offices are at 5/6 Place des Frères Montgolfier, 78280 Guyancourt, France.

The Group provides vehicles for short and medium term corporate and leisure rentals, mainly under the internationally recognised brand name Europcar. As disclosed in note 5, the Group acquired in February 2007 the right to operate the trademarks of National and Alamo.

This financial information was approved and authorized for issue by the Board of Directors on 23 March 2011.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted the European Union (EU) as at the balance sheet date (namely by regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 and effective as at 31 December 2009). The international standards comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Existent timing differences in IFRS between the date of issuance by the IASB and date of adoption by the EU do not have any impact on the Group's financial statements.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

(i) Revisions, interpretations and amendments to existing standards effective in 2010

The Group has adopted the following new standards, interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union which are relevant to and effective for the Group's annual accounting period beginning 1 January 2010. The following interpretations and amendments to existing standards do not have any impact on the group's financial statements for the year-ended 2010:

- *IAS 27 (Amended), 'Consolidated and separate financial statements',* (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and as a consequence these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting method when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group applies IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- *IFRS 3 (Revised), 'Business combinations'* (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group applies *IFRS 3 (Revised)* prospectively to all business combinations from 1 January 2010.

- *IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations'* (and consequential amendment to *IFRS 1, 'First-time adoption'*) (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The Group applies IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

- *IFRIC 16*, 'Hedges of a net investment in a foreign operation' (effective from 1 July 2009). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentational currency, and that hedging instruments may be held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', apply to the hedged item. The group applies IFRIC 16 from 1 January 2009.

The other interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union effective for the Group's annual accounting period beginning 1 January 2010 and which are not currently applicable to the Group or do not have any impact on the Group's financial statements are:

- *IFRS 2, Amendment relating to Group Cash-settled Share-based Payment Transactions* (effective from 1 January 2010)

- *IAS 39, Amendments relating to Financial Instruments, recognition and measurement: Eligible hedged Items* (effective from 1 July 2009)

- *IFRIC 17, 'Distribution of non-cash assets to owners'*

- *IFRIC 18, 'Transfers of assets from customers'* (effective for transfer of assets)

- *IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement'*

- *IFRIC 15, Agreements for the Construction of Real Estate*

(ii) Revisions, interpretations and amendments issued to existing standards that are not yet effective and have not been early adopted by the group.

The following standards and amendments to existing standards have been published and are relevant to and will be mandatory for the Group's accounting periods beginning after 1 January 2010 or later periods, but the group has not early adopted them:

- *IFRS 9, Financial Instruments* (effective from 1 January 2013). The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. However, the standard has not yet been endorsed by EU.

(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

- Assets and liabilities identified under IFRS 3 and recognised at fair value in the opening balance sheet which then becomes the historical basis subsequent to the acquisition date (see note 5)
- *IFRS 5:* non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(c) Functional and presentational currency

These consolidated financial statements are presented in euro (€), which is ECG's functional currency and the Group's presentational currency. All financial information presented in euro (€) has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions which impact the amounts presented for existing assets and liabilities in the consolidated balance sheet, income and expense items in the consolidated income statement, and disclosures in the notes to the consolidated financial statements.

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.

The Group formulates assumptions and, on this basis, regularly prepares estimates relating to its various activities. These estimates are based on past experience and include the economic conditions prevailing at the period-end and the information then available.

With respect to the vehicle rental business, estimates specifically cover:

- the residual value of "at risk" vehicles (see Note 3.f.iii)
- the fair value of vehicles purchased with manufacturer or dealer buy-back commitment when badly damaged or stolen (see Note 3.f.i)
- evaluation of the ultimate cost of claims made against the Group for self-funded accidents using actuarial techniques generally accepted and used in the insurance industry.

In addition, estimates also cover:

- fair value measurement of assets and liabilities during the allocation of the acquisition cost in the process of business combination (see Note 13)
- value of non-listed equity investments held for sale (see Note 16) and financial instruments recorded at fair value in the Group balance sheet (see Note 29)
- estimate of future cash flows as part of impairment tests for goodwill recorded in the balance sheet and capitalized assets (see Note 13)
- amounts of deferred taxes recorded in the balance sheet (see Note 17)
- measurement of post employment benefits and other employee benefits (see Note 25)
- provisions for disputes and litigation and valuation of contingent liabilities (see Notes 26 and 30)

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

The Europcar Group financial statements consolidate those of the parent company, i.e. ECG, and its subsidiary undertakings drawn up to 31 December 2010.

Subsidiaries are all entities (including special purpose entities), directly or indirectly controlled by ECG. Control exists when ECG 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 are currently 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.

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. These are recognised in the consolidated financial statements at the lower of cost or fair value (see Note 16).

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non controlling interests in an acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of the consideration transferred the amount of any controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non controlling interests

The Group treats transactions with non controlling interests as transactions with equity owners of the Group. For purchase from non controlling interests, the difference between the consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

(iii) Associates

Associates are entities over whom financial and operating policies the Group has significant influence, but not control or joint control (generally accompanying a shareholding of between 20% and 50% of the voting rights). The Group's interests in associates are accounted for under the equity method, ie equity interests are accounted for at cost, adjusted for the post-acquisition changes in the investor's share of net assets of the associate. 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.

(iv) Joint ventures

Joint ventures are 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. These are recognised in the consolidated financial statements at the lower of cost or fair value (see note 16).

(v) Special purpose entities

Special purpose entities ("SPE"), such as SecuritiFleet companies, Euroguard, the Protected Cell Insurance & Reinsurance SPE, FCT Sinople and EC Finance plc 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 specifically 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 financial position and earnings performance of the car rental business of the Group, are not consolidated (see note 33).

(vi) Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred.

(b) Foreign currency

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro ('€'), which is ECG's functional and presentational currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency 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 into 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 into euro at foreign exchange rates ruling at the date the fair value was determined.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into 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 into euro at weighted average rates. All resulting exchange differences are recognised as a separate component of equity.

(c) Goodwill

Goodwill recognized in local currency is not amortised and is subject to an impairment test performed at least annually or more often in case of a trigger event. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated by operating segment and within the corporately-owned rental business segment by geographical area.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash flow method. When this value is less than its carrying amount, an impairment loss is recognised in the income statement. The impairment loss is first recorded as an adjustment to the carrying amount of goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other long term assets of the unit on a pro rata basis.

Goodwill arising from acquisitions of associates is included in 'Investments in associates' and is tested for impairment as part of the overall balance.

(d) Intangible assets other than goodwill

(i) Trademarks and licences

Trademarks with indefinite life

The Europcar Trademark has been recognized at cost with an indefinite useful life.

Trademarks that have an indefinite useful life are tested annually for impairment based on the relief from net royalty method.

Trademarks with definite life

The contractual right to operate the trademarks National and Alamo acquired under a business combination has been recorded in "Other intangible assets".

Trademarks and licences that have a definite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives or the life of the underlying contract (10 years).

(ii) Computer software and operating systems

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (see below). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets according to IAS 38. Costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (see below).

(iii) Intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses. They include the right to operate trademarks acquired under a business combination.

(iv) 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.

Subsequent costs are capitalised only when management can reliably demonstrate that the intangible asset will generate specifically attributable future economic benefits in excess of those assessed when the intangible asset was initially capitalised and these costs can be measured reliably and attributed to the asset. Costs incurred during the research phase as defined by IAS 38 are expensed as incurred.

(vi) 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. 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 with definite life:	10 years
• Lease rights:	10 years
• Computer software:	3 years
• Operating systems:	5 to 10 years

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items of property, plant and equipment and amortised over their own useful lives. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases (lessee accounting). Owner occupied property acquired by way of a 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 and impairment losses.

(iii) Subsequent costs

The Group recognises within 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 Group will gain future economic benefit from the item 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.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each element 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 specialised tools:	3 to 15 years

The residual value, if not insignificant, is reassessed annually. The useful life is reviewed annually.

(f) Rental fleet and related receivables

The rental fleet operated by Europcar is comprised of vehicles that are acquired or financed in different ways:

	% of total volume of vehicles purchased	
Type of acquisition and related financing	**2010**	**2009**
Vehicles purchased with manufacturer or dealer buy-back commitment	**59%**	61%
Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases	**33%**	34%
Total fleet purchased with buy-back arrangements	**92%**	95%
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	**7%**	4%
Vehicles financed through rental agreements qualifying as finance leases	**1%**	1%
Total purchases of rental fleet	**100%**	100%

Based on the type of financing, the Group accounts for rental fleet vehicles either in the balance sheet (all types of financing except vehicles acquired through rental agreements qualifying as operating leases) or off-balance sheet (vehicles acquired through rental agreements qualifying as operating leases).

(i) Vehicles purchased with manufacturer or dealer buy-back commitment:

One of the characteristics of the car industry is the sale/purchase of vehicles with buy-back commitment from the manufacturer or dealer. The contractual holding period usually runs for a period of less than 12 months. IFRS does not specifically provide any standards or guidance on

the accounting treatment of such transactions. As a result, in line with other car rental companies, the Group applies industry specific accounting practices as described below. This accounting treatment mirrors that usually applied by car manufacturers.

Because the holding period of the vehicle is in general less than 12 months, the Group recognise these vehicles as current assets (in the "Rental fleet and related receivables" line item—see note 19) at the inception of the arrangements.

The amount recorded under the "Rental fleet and related receivables" balance sheet account represents the acquisition cost of the vehicles (net of volume rebates) and is the sum of two amounts representing two distinct current assets:

- The "Vehicle buy-back agreement receivable", representing to the agreed buy-back price (the obligation of the manufacturer or dealer);
- The "Deferred depreciation expense on vehicles", representing the difference between the acquisition cost of the vehicle and the agreed buy-back price. This asset is depreciated through the income statement on a straight-line basis over the contractual holding period of the vehicle.

For stolen vehicles, the Group recognises an impairment charge against the value of the corresponding "Vehicule buy-back agreement receivable" over a three-month period following the event. For badly damaged vehicles, the Group adjusts the value of the corresponding receivable on the basis of third party appraisal of the damaged vehicle.

The accounting interpretation IFRIC 4 *Determining whether an Arrangement contains a lease* requires determining whether an arrangement is, or contains, a lease based on the respective economic substance of the arrangement. In doing so, an assessment must be made as to whether (a) fulfillment of an arrangement is dependent on the use of a specific asset or assets (the asset) and (b) the arrangement conveys a right to use the asset.

The agreements with car manufacturers and dealers in respect of the rental fleet have been examined in light of IFRIC 4 and do not have an impact on the classifications described above.

(ii) Vehicles purchased with manufacturers or dealer buy-back commitment and financed through rental agreements qualifying as operating leases:

Vehicles are also acquired through rental arrangements with financial institutions and financial divisions of car manufacturers that in substance qualify as operating leases as defined under IAS 17 *Leases*. The providers of financing do not transfer significant risks and rewards of ownership to Europcar, given that:

- Europcar uses the cars for only a short period (not exceeding 18 months) compared with the economic life of the asset;
- The residual value of vehicles at the end of the agreement is significant; and
- Europcar is not exposed to any significant residual value risk (due to the buy-back commitment from the manufacturer or dealer).

Vehicles operated under operating lease arrangements are reported off balance sheet according to IAS 17. Rents paid in relation to these vehicles are disclosed in note 30.1 Operating leases.

(iii) Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles"):

Vehicles purchased without manufacturer or dealer buy-back commitment are reported by the Group as "at risk" vehicles.

In most cases, the holding period for a car does not exceed 12 months. For vans and trucks, the holding period can range from 12 to 24 months. At the end of the year ended 31 December 2010, the net book value of "at risk" vehicles represent 11% of the total value of the rental fleet (including the estimated outstanding value of the fleet financed through operating leases) compared to 10% as at 31 December 2009. Accordingly, the Group classifies "at risk" vehicles as current assets under "Rental fleet and related receivables"—see note 19.

The value of the vehicles is initially measured at cost, including any import duties, non-refundable purchase taxes and any costs directly attributable to bringing the vehicle to the rental location and into condition to be rented. The vehicles are accounted for net of any trade discounts and rebates. At inception, "at risk" vehicles are depreciated on a straight-line basis based on their planned holding period and projected residual value. Over the holding period, the residual value is regularly reviewed taking into account the conditions of the used vehicle market and is adjusted downward if necessary.

(iv) Vehicles financed through rental agreements qualifying as a finance lease:

When Europcar is exposed to a significant residual value risk according to rental arrangements with financial institutions and the financial divisions of car manufacturers, the arrangement is considered to be a finance lease. Vehicles under finance lease arrangements represented 1% of total volume of vehicles purchased in 2009 and 2010. Furthermore, their average holding period is usually shorter than 12 months. Therefore, vehicles financed under finance lease arrangements are recorded as current assets.

(v) Rental fleet related receivables

Rental fleet related receivables include:

- Fleet receivables due by car manufacturers or dealers repurchasing the vehicles after the vehicle has been returned to the car manufacturer at the end of the holding period (buy back agreements). The fleet receivables are recorded at fair value, which corresponds to their nominal value. These receivables fall due within one year and are impaired when their carrying value is greater than the estimated recoverable amount;

- The full amount of the Group's VAT receivables, since the major portion of these is fleet related.

(g) Rental fleet related payables

Rental fleet payables are amounts due to car manufacturers or dealers. These payables are recorded at fair value and fall due within one year. Rental fleet related payables include the full amount of the Group's VAT payables, since the major portion of the Group's VAT payable is fleet related.

(h) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the regular course of business which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision is recognised in respect of impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of a receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered to be indicators that a trade receivable is impaired.

The impairment loss is recognised in the income statement within 'Fleet operating, rental and revenue related costs' (refer to note 6). When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other income and expenses' (see note 9) to the income statement.

(i) 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.

(j) Cash

Cash includes cash and cash equivalents and restricted cash.

(i) Cash and cash equivalents

Cash equivalents are investments readily convertible to a known amount of cash and subject to an unsignificant risk of changes in value. Cash and cash equivalents comprise cash balances and investments such as marketable securities and obligations with a maturity of less than 3 months.

(ii) Restricted cash

Cash-in-hand and at banks and marketable securities with a maturity of less than 3 months are considered as restricted cash when (i) used to cover the future settlement of insurance claims or (ii) not immediately available for financing the activity of the subsidiaries. Therefore, restricted cash is located in the following fleet and insurance special purpose entities ("SPE"):

- SecuritiFleet Holding and SecuritiFleet Holding Bis;
- FCT Sinople ("Fonds Commun de Titrisation");
- EC Finance plc; and
- Euroguard, Captive insurance structure.

(k) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables and available for sale financial assets.

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss and other financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, which arise from the lending of money, or supply of goods or services. They include loans acquired, receivables and marketable securities not classified as cash and cash equivalents. Loans and receivables are initially recognised at fair value including transaction costs. These are subsequently valued at amortised cost, using the effective interest rate method.

For short-term receivables, amortised cost generally equals the nominal amount.

(ii) Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for those financial assets that do not meet the criteria of the other categories or that are designated as available-for-sale. This category includes investments in unconsolidated companies (see Note 16).

Financial instruments classified as "available-for-sale" are measured at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity except for impairment losses and monetary items such as foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss is transferred to the income statement. Where these investments are interest bearing, interest determined using the effective interest method is recognised in the income statement.

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 measured are measured at cost, less any accumulated impairment losses.

Impairment of available-for-sale assets

In the case of available-for-sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement until the sale of the equity instrument. Increases in the fair value of equity securities after impairment are recognised directly in equity.

(iii) Financial liabilities at amortised cost

These financial liabilities include:

- Loans and borrowings;
- Trade and other payables;
- Bank overdrafts.

For short term trade and other payables amortised cost generally equals the nominal amount.

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. The effective interest rate calculation takes into account interest payments and the amortisation of transaction costs. Transaction costs are amortised on an effective interest rate basis over the life of the borrowing.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of current borrowings for the purpose of the balance sheet and statement of cash flows.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(iv) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest-rate and foreign exchange risks. In accordance with its Treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

When derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking the hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 29. Movements in the cash flow hedging reserve are shown in the consolidated statement of comprehensive income.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately within 'Net financing costs' in note 11.

As at 31 December 2010 and 31 December 2009, the Group held no derivative which qualified for fair value and net investment hedge accounting.

(v) Financial assets and liabilities at fair value through profit and loss

This category includes financial instruments held for trading. Instruments are classified as held for trading if these are:

a) acquired principally for the purposes of selling or repurchasing in the near term; or

b) a derivative (other than a hedging derivative)

Financial instruments held for trading are measured at fair value through profit and loss. Gains and losses arising from changes in fair value are included directly in the income statement and presented within "Net financing costs".

(vi) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date (a 'loss event'), and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Impairment of trade receivables is described in note 20 and impairment of available-for-sale assets is described above.

(l) Impairment of non financial assets other than goodwill

Non financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Non financial assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised when the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimation assumptions used to determine the recoverable amount.

(m) Equity

(i) Share capital and Share premium

The subscribed capital of ECG is denominated in euro. Share capital consists of 77,846,607 ordinary shares with a notional value of 10 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) Employee benefits

The Group provides post employment benefits through defined contribution plans as well as defined benefit plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity or a fund. The Group has no legal or constructive obligation to pay further contributions after its payment of the fixed contribution if the fund does not held sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. The Group contributes to state plans and insurance schemes for individual employees that are considered to be defined contribution plans. Contributions to the plans are recognised as an expense in the period in which the services are rendered by the employees.

(ii) Defined benefit plans

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan operated by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary.

The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund.

The valuation of the Group's commitments with respect to defined benefit plans is performed by an external independent actuary using the 'projected unit credit method'. This method requires specific actuarial assumptions that are detailed in note 25 'Employee benefits'. These actuarial valuations are performed at the period end for each plan by estimating the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods by anticipating the effects of future salary increases.

Plan assets usually held in separate legal entities are measured at fair value as determined at each period end.

In accordance with IAS 19, the liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the closing date less the fair value of plan assets, with adjustments for unrecognized past service costs.

From one accounting period to the next, any difference between the projected and actual amount of commitments in respect of pension plans and their related assets is cumulated for each benefit plan to form actuarial differences (gains or losses). These actuarial differences may result either from changes in actuarial assumptions used at the period end or from experience adjustments generated by actual developments changing, in the accounting period, from assumptions made at the end of the previous accounting period.

The Group recognises actuarial gains/losses (including any IFRIC 14 effect) outside profit and loss through equity in the 'Statement of Comprehensive Income' in the period in which they occur.

Past service costs are recognised immediately as operating expenses in personnel costs, 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, past service costs are amortised on a straight-line basis over the vesting period.

Interest costs on benefit plans are recognised as operating expenses in personnel costs net of expected returns on plan assets.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans (or post-retirement benefit plans), is the future benefit that employees have earned in return for their service in the current and prior periods, such as "Medailles du Travail" in France and Jubillee in Germany. The obligation is calculated using the projected unit credit method and is discounted to its present value. The provision is recorded net of the fair value of any related assets (ie. all actuarial gains/losses and past service costs are recognized immediately in the consolidated income statement).

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to ECG's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The related expenses are recognised in personnel costs (see note 7 Personnel costs).

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. 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. 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.

The impact of discounting provisions is recognised as an interest expense.

(p) Revenue

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental (including fuel), 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 proportionally over the period in which the vehicles are rented out based on the terms of the rental contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

When vehicle rental income is generated by intermediaries (such as travel agencies), the gross revenue is recognised in the income statement when Europcar:

- has the ability to determine the price;
- performs part of the service; and
- has discretion in intermediary selection.

The commission fees are recorded in the fleet operating, rental and revenue related costs line item in the income statement (see Note 6).

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(q) Expenses

(i) Fleet holding costs

Fleet holding costs include vehicle costs such as costs related to rental fleet agreements either with car manufacturers or providers of financing, fleet related taxes and costs incurred in connection with the acquisition and disposal of vehicles.

Costs related to rental fleet agreements mainly consist of vehicle depreciation expense net of rebates and off-balance sheet fleet operating lease expenses (see Significant Accounting Policies, paragraph f) Rental fleet and related receivables).

Costs related to the acquisition and disposal of vehicles include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

(ii) Fleet operating, rental and revenue related costs

Fleet operating costs relate to costs incurred during the operating cycle of the fleet:

- reconditioning;
- repairs;
- maintenance;
- impairment of badly damaged and wrecked vehicles, thefts; and
- insurance.

Rental related costs include petrol, fleet transfers, car wash, etc.

Revenue related costs include commissions, airport and railway station fees, etc.

(iii) Operating lease payments

Payments made under operating leases are recognised in the income statement within fleet holding costs 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.

(iv) 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) Non-recurring items

(i) Acquisition-related charges

Acquisition-related expenses include charges incurred in connection with the integration of acquisitions, such as legal accounting fees, severance and consultancy costs related to headcount reductions due to the rationalization of the rental station network and its support functions, asset write-off and transfer cost, lease termination and building refurbishment costs carried out in the context of the integration of acquisitions.

(ii) Amortisation and impairment of Intangible assets

The Group also reports under "Other non-recurring items" the amortisation expense in respect of intangible assets acquired through business combination. The right to operate the trade names National and Alamo is depreciated over 10 years, according to the accounting policy described in Note 3 above.

(iii) Reorganisation and other non-recurring expenses

Reorganisation expenses include charges incurred in connection with business restructurings carried out in response to economic downturns or to adapt local or corporate organizations to changing business conditions. They include headcount reduction expenses, consultancy fees, asset write-off and transfer cost, early lease termination cost incurred in the context of such restructurings.

Other non-recurring costs consist of charges and income considered as non-recurrent considering the nature of the operating activity of the Group.

(s) 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, financing arrangement costs, gains and losses on financial instruments that are recognised in the income statement, and any ineffective portion of the gain or loss on cash flow hedging instruments.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(t) 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, calculated using tax rates enacted or substantially enacted at the balance sheet date, and subject to 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 tax 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 to shareholders are recognised at the same time as the liability to pay the related dividend.

(u) Segment reporting

The Group identified its IFRS 8 operating segments consistenly with its management reporting, the performance indicators reviewed internally by the management (i.e. Executive Committee members for Europcar) and, to a lesser extent, with prevailing reporting practices in the car rental industry.

The operating segments disclosed in the Group's consolidated financial statements are the following:

- Corporately-owned rental activity and other related revenue which consists of the rental activity directly operated by the Group with its own fleet in ten countries and of the domestic franchising activity. This activity is also analysed by geographical areas and where possible aggregated in accordance with criteria outlined in IFRS 8, such as similar economic risks and opportunities, similar nature of services and similar customers. Other revenue mainly relates to fuel sales and the domestic franchising business.
- International franchising activity centrally managed by a dedicated team of Europcar International. It is driven by international franchising activities in all countries where the Group does not operate directly, including royalties, territory fees and other commissions associated with the Group's trademarks.

The Group details general information (such as the type of products and services from which each reportable segment derives its revenues), the amount of profit or loss, the fleet capital employed and the net debt for each reportable segment in note 4 'Segment reporting'.

(v) Non-current assets held for sale and discontinued operations (IFRS 5)

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired or a group of assets acquired exclusively with a view to resale.

Notes to the consolidated financial statements

4. Segment reporting

The Group is organised on a worldwide basis into two business segments earning revenues and incurring expenses and whose operating results are regularly reviewed by the Group's chief operating decision makers (Executive Committee members):

- Corporately-owned rental activity and other related revenue:

  This segment consists of the rental activity directly operated by the Group with its own fleet in ten countries and of the domestic franchising activity. This activity is also analysed by geographical areas and where possible aggregated in accordance with criteria outlined in IFRS 8, such as similar economic risks and opportunities, similar nature of services and similar customers. Other revenue mainly relates to fuel sales and the domestic franchising business.

- International franchising activity:

  This segment is centrally managed by a dedicated team of Europcar International. It is driven by international franchising activities in all countries where the Group does not operate directly, including royalties, territory fees and other commissions associated with the Group's trademarks.

  The Executive Committee members review on a regular basis the operating and financial performance of the segments, which are measured as follows:

- Revenue
- Adjusted operating income: defined as consolidated operating income before non-recurring items and excluding estimated interest expense included in operating lease rents. These non-recurring and reorganisation expenses are reviewed separately by the Executive Committee members. Estimated interest expense included in the operating lease rents are excluded from adjusted operating income and reported as financial expense.
- Financial expense: defined as consolidated net interest expense (from indebtedness related to fleet and non-fleet financing) and estimated interest expense included in operating lease rents
- Fleet capital employed: defined as the net book value of the rental fleet including the estimated outstanding value of the fleet financed through operating leases and the net fleet working capital with the related net VAT positions
- Net debt: defined as consolidated debt under IFRS, including notional debt representing the estimated outstanding value of the fleet financed through operating leases, net of cash and cash equivalents As a consequence and as required by IFRS 8, the Group discloses an overall reconciliation between the segment reporting information and the IFRS consolidated financial statements.

In thousands of €	2010 Corporately-owned rental business and other related revenue	2010 International franchising activity	2010 Total segments	2009 Corporately-owned rental business and other related revenue	2009 International franchising activity	2009 Total segments
Corporately-owned rental revenue	**1,836,109**	**–**	**1,836,109**	1,721,905	–	1,721,905
Other revenue associated with car rental	**86,501**	**–**	**86,501**	80,065	–	80,065
Franchising revenue	**24,790**	**25,749**	**50,539**	23,686	25,700	49,386
Total segment revenues	**1,947,400**	**25,749**	**1,973,149**	1,825,656	25,700	1,851,356
Fleet holding costs(1)	**(491,877)**	**–**	**(491,877)**	(464,252)	–	(464,252)
Other direct costs	**(705,955)**	**–**	**(705,955)**	(646,119)	–	(646,119)
Personnel costs	**(304,251)**	**(1,134)**	**(305,385)**	(296,644)	(1,080)	(297,724)
Network and head office overhead costs	**(205,403)**	**(1,050)**	**(206,453)**	(200,870)	(1,870)	(202,740)
Other operating charges	**(18,573)**	**(2,185)**	**(20,758)**	(25,683)	(1,830)	(27,513)
Segment adjusted operating income(1)	**221,341**	**21,380**	**242,721**	192,088	20,920	213,008
Financial expenses(2)	**(279,831)**	**–**	**(279,831)**	(234,066)	–	(234,066)
Fleet capital employed(3)	**2,470,660**	**–**	**2,470,660**	2,403,056	–	2,403,056
Net debt(4)	**3,004,639**	**–**	**3,004,639**	2,848,770	–	2,848,770

Segment reporting information

(1) excluding estimated interest expense included in operating lease rentals

(2) including estimated interest expense included in operating lease rentals

(3) including estimated outstanding value of the fleet financed through operating leases

(4) including notional debt representing the estimated outstanding value of the fleet financed through operating leases

Reconciliation

The "Total Segments" information presented in the table above for the Group's operating segments reconciles to the key financial figures as presented in the financial statements as follows:

In thousands of €	2010	2009
Revenue		
Total segment revenue	**1,973,149**	1,851,356
Group revenue	**1,973,149**	1,851,356
Profit or loss		
Segment adjusted operating income	**242,721**	213,008
Estimated interest expenses included in operating lease rents	**(38,239)**	(44,928)
Group operating income before non-recurring items	**204,482**	168,080
Net financing costs	**(241,592)**	(189,138)
Goodwill impairment charge	**(53,786)**	(90,872)
Other non-recurring items	**(34,753)**	(56,292)
Group profit before tax	**(125,649)**	(168,222)
Assets		
Total segments (Fleet capital employed)	**2,470,660**	2,403,056
Estimated outstanding value of the fleet financed through operating leases	**(991,362)**	(917,485)
Non-current assets	**1,395,915**	1,459,081
Other current assets	**492,226**	440,877
Restricted cash	**86,752**	35,194
Cash and cash equivalents	**263,108**	231,076
Fleet payables	**645,884**	669,199
Group total assets	**4,363,186**	4,320,998
Liabilities		
Total segments (Net debt)	**3,004,639**	2,848,770
Cash, cash equivalents and marketable securities	**398,207**	309,257
Notional debt representing the estimated outstanding value of the fleet financed through operating leases	**(991,362)**	(917,485)
Other non-current liabilities	**257,753**	365,575
Other current liabilities	**1,281,321**	1,218,323
Group total liabilities	**3,950,558**	3,824,440

Entity-wide disclosures

(i) Information about products and services

The Group considers that this information is otherwise provided as part of the reportable segment information.

(ii) Information about geographical areas

The Group operates in five main markets: France, Germany, Italy, Spain, and the United Kingdom. Revenue has been identified on the basis of the location where the rental service is provided. Non-current assets are allocated based on their physical location.

Revenue and non-current assets include items directly attributable to a geographical area as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets.

(iii) Information about major customers

The rental car industry operates with both individual and corporate customers. Europcar Group does not recognise reve
single external customer that would represent 10% or more of the Group's revenue.

In thousands of €	Germany		UK		France		Italy		Spain[4]		count
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Revenue from external customers	527,717	503,135	375,568	351,589	347,749	328,145	242,747	224,874	198,052	190,488	255,567
Non-current assets[1]	205,502	207,511	164,512	164,283	88,540	88,326	7,265	60,644	40,598	49,636	105,272

(1) Non-current assets reported under "Unallocated" include trademarks

(2) Other countries include Belgium, Portugal and Switzerland and Australia/New Zealand

(3) Revenue from external customers reported under "Unallocated" include international franchising revenues managed by Europcar International

(4) Non-current assets in Spain primarily consist of real estate assets acquired from Betacar in 2007

5. Fleet holding costs

In thousands of €	2010	2009
Costs related to rental fleet agreements[1]	**(442,857)**	(428,299)
Purchase and sales related costs[2]	**(63,141)**	(47,816)
Taxes on vehicles	**(24,118)**	(33,065)
	(530,116)	(509,180)

(1) Costs related to rental fleet agreements mainly consist of (i) vehicle depreciation expenses net of rebates and of (ii) off-balance sheet fleet operating lease expenses (see Significant Accounting Policies, paragraph f) Rental fleet and related receivables).

(2) Fleet acquisition and disposal costs include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

6. Fleet operating, rental and revenue related costs

In thousands of €	2010	2009
Fleet operating costs[1]	**(287,389)**	(254,258)
Revenue related commissions and fees[2]	**(224,006)**	(207,803)
Of which trade receivables allowance and write-off	*(13,864)*	*(10,410)*
Rental related costs[3]	**(194,560)**	(184,058)
	(705,955)	(646,119)

(1) Fleet operating related costs mainly consist of insurance, repairs and maintenance costs as well as costs incurred in respect of damaged and stolen cars and for the reconditioning of vehicles before they are repurchased by the car manufacturers or dealers

(2) Revenue related costs include agent fees, travel agency commissions and airport concession fees

(3) Rental related costs include vehicle transferring costs incurred during the holding period, vehicle washing costs and fuel purchase

7. Personnel costs

In thousands of €	Note	2010	2009
Wages and salaries[1]		**(234,853)**	(241,051)
Social security contributions		**(52,624)**	(47,417)
Post employment benefits	*25*	**(5,518)**	(3,583)
Other items		**(12,390)**	(5,673)
		(305,385)	(297,724)

(1) Includes bonuses and profit-sharing expenses

8. Network and head office overheads

In thousands of €	2010	2009
Network costs[1]	**(71,653)**	(70,074)
IT costs	**(35,691)**	(32,713)
Head office costs[2]	**(61,898)**	(72,816)
Sales and marketing costs	**(37,211)**	(27,137)
	(206,453)	(202,740)

(1) Network costs consist of rental expenses for premises and network overheads

(2) Head office costs consist of rental and travelling expenses, local and central auditing and consulting fees

9. Other income and expenses

This category includes net income related to certain commercial agreements, the release of provisions and other items.

In thousands of €	2010	2009
Contractual income	**7,022**	4,091
Release of excess accruals	**431**	482
Gain/(loss) on foreign exchange on operating activities, net	**3,521**	1,690
Other items, net	**3,411**	490
	14,385	6,753

10. Other non-recurring items

Non recurring items reported as at 31 December 2010 are as follows:

In thousands of €	2010	2009
Amortization of rights to operate National & Alamo trademarks	**(5,729)**	(5,300)
Goodwill impairment charge[3]	**(53,786)**	(90,872)
Impairment of the Europcar Spain real estate assets	**(7,386)**	–
Reorganization—redundancy expenses	**(3,128)**	(14,436)
Reorganization—professional fees	**–**	(10,961)
Reorganization—HQ and Network termination expenses	**–**	(5,737)
Reorganization charges[1]	**(3,128)**	(31,134)
Acquisition-related expenses[4]	**(735)**	(3,562)
Change in accounting estimates[2]	**(6,351)**	(8,733)
Road tax reassessment related to 2006	**–**	(3,100)
Other non-recurring expense	**(11,424)**	(4,463)
Total reorganization and other non recurring expenses	**(21,638)**	(50,992)
Total non recurring items	**(88,539)**	(147,164)

(1) The reorganization charge amounting to €31.1 million in 2009 was related to measures implemented in several entities of the Group to adapt their cost structure to the lower demand due to the economic downturn.

(2) The change in accounting estimates for an amount of €6.4 million in 2010 is related to the harmonization of the valuation policy for risk-fleet across the Group (for €3.9 million) and of the accrual policy for our captive insurance set-up (for €2.2 million); the amount of €8.7 million recorded in 2009 was related to a change in the accounting policy applicable to the calculation of reserves in our captive insurance structure.

(3) Refer to note 13

(4) Acquisition-related expenses include cost incurred for the integration of the business acquisitions carried out in 2007 and 2008.

11. Net financing costs

In thousands of #	2010	2009
Interest income[3]	**4,355**	5,537
Foreign exchange gains on financing activities	**5,054**	1,210
Financial income	**9,409**	6,747
Interest expense related to:		
Bank borrowings related to fleet financing	**(53,264)**	(48,343)
Notes issued	**(51,671)**	(52,550)
Bank borrowings	**(3,725)**	(2,718)
Bank charges	**(10,914)**	(8,318)
Profit/(loss) on hedging derivatives	**1,689**	(3,077)
Foreign exchange loss on financing activities	**(4,105)**	(2,543)
Financial expense	**(121,990)**	(117,549)
Income/(expense) from interest rate swaps	**(70,552)**	(61,088)
Amortisation of financing arrangement costs[1]	**(16,488)**	(17,248)
Other financing arrangement costs[2]	**(41,971)**	–
Net financing costs	**(241,592)**	(189,138)

(1) These costs are related to the Senior Asset Fleet Financing facility, High Yield notes and Revolving Credit Facility.

(2) Of which for 2010:.

- Bank waiver fees #12.8 million
- Depreciation expense related to capitalized financing arrangement costs # 9.1 million
- Expense related to accelerated depreciation of the 2014 Notes arrangement costs # 8.0 million
- Difference between redemption price and recorded price of the 2014 Notes, net of unamortised premium #10.6 million
- Reclassification in transaction costs of non utilization fees # 1.5 million

(3) Of which #1.2 million of gain on other investments held by Euroguard, the captive insurance and reinsurance structure.

For the year ended 31 December 2010, the total interest expense arising from financial liabilities at amortised cost was #179.8 million (2009: #164.7 million) and the total interest income from financial assets at amortised cost was #5.3 million (2009: #5.5 million).

12. Income taxes

In thousands of #	2010	2009
Current tax income/(expense)		
Current period	**(22,916)**	5,207
	(22,916)	5,207
Deferred tax income		
Origination and reversal of temporary differences[1]	**19,860**	14,758
	19,860	14,758
Total income tax income in income statement	**(3,056)**	19,965

(1) Including tax loss carried forward

The current tax expense is mainly composed of the French CVAE "Cotisation sur la Valeur Ajoutée des Entreprises" (#5.3 million) and the trade tax in Germany for an amount of #10.7 million of which #4.2 million relate to 2010 and #6.5 million relate to previous years.

Theoretical tax expense based on the domestic effective tax rate of ECG at 34.43% (2009: 34.43%) and the reported tax expense in the income statement of the year can be reconciled as follows:

In thousands of €	2010	2009
Net loss before tax	**(125,649)**	(168,222)
Theoretical income tax expense using the corporation tax rate at 34.43%	**43,261**	57,919
Effect of tax rates differences in foreign jurisdictions	**(14,960)**	(4,289)
Non-taxable income[5]	**20,569**	8,066
Non-deductible expenses[1]	**(24,596)**	(22,726)
Temporary differences without deferred taxes	**(4,507)**	214
Effect of tax losses utilized	**2,109**	1,162
Unrecognised deferred tax assets on losses carried forward	**(30,613)**	(29,214)
First-time recognition of previously unrecognised deferred tax assets on losses carried forward[3]	**12,399**	(10)
Reversal of previously recognised deferred tax assets on losses carried forward	**(6,986)**	(613)
Tax adjustments in respect of prior periods[2]	**5,639**	10,056
Other[4]	**(5,371)**	(598)
Income tax income/(expense)	**(3,056)**	19,965

(1) Consists primarily of the non-deductible part of the goodwill impairment charge recognised in relation to the Spain cash generating unit in 2009 and to the Italy cash generating unit in 2010.

(2) Of which €11.2 million in 2009 representing an income tax reimbursement related to a change in tax regulation. In 2010, consists of different true ups resulting in delta between final accounts and official tax returns in Germany (€3.5 million) and UK (€1.5 million).

(3) Of which €5.3 million in Australia and €4.3 million in France in 2010

(4) Of which €3.9 million representing the tax effect of CVAE in France in 2010

(5) Primarily financial waiver granted to Spain in 2010

13. Goodwill

In thousands of €	Gross value	Impairment loss	Carrying value
Balance as at 1 January 2009	614,927	(3,225)	611,702
Acquisitions	–	–	–
Contingent consideration[1]	(7,919)	–	(7,919)
Impairment	–	(90,872)	(90,872)
Disposals	(5,778)		(5,778)
Effect of movements in foreign exchange	13,447	–	13,447
Balance as at 31 December 2009	**614,677**	**(94,097)**	**520,580**
Balance as at 1 January 2010	614,677	(94,097)	520,580
Acquisitions	395	–	395
Impairment	–	(53,786)	(53,786)
Disposals	(57)	40	(17)
Effect of movements in foreign exchange	10,690	–	10,690
Balance as at 31 December 2010	**625,705**	**(147,843)**	**477,862**

(1) According to the Sale and Purchase Agreement (SPA) of Betacar dated 17 May 2007, Europcar and the seller agreed to adjust the purchase price for a value corresponding to 80% of the difference between the initial value allocated to the real estate assets as disclosed in the SPA and the selling price of such assets when sold to third parties. This adjustment has been accounted for as a purchase price adjustment by Europcar according to IFRS 3 (version 2004 applicable to business combinations occurred before 1st January 2010).

Goodwill also arises from past acquisitions of franchisees in the normal course of the Group's business and from acquisitions of subsidiaries.

Annual impairment test

Pursuant to IAS 36, "Impairment of assets" the Group has performed an annual impairment test of the carrying value of goodwill. The Group prepares and internally approves formal three year business plans for each of its operating segments. For impairment test purposes, the three-year plan is extended over five years. The Group considers that each operating and within each corporate operating segment each corporate country reflects a Cash Generating Unit ("CGU"). When performing the impairment tests, the Group contemplates cash flow derived from the adjusted corporate EBITDA, in which the cash out flow related to the use of the rental fleet is captured through fleet depreciation, and applying the following assumptions:

- Adjusted corporate EBITDA according to the three-year plan. Adjusted corporate EBITDA is defined as the operating income before non-recurring items and before depreciation and interest expense other than fleet depreciation and interest expense related to rental fleet financing indebtedness.
- The cash flow includes non fleet capital expenditure and capitalised IT expenditure.
- Valuation of the terminal value of each CGU is based on a perpetuity growth rate of 2%.
- The weighted average cost of capital (WACC) is applied to the cash flows of each CGU based on the risk free rate for ten year bonds adjusted for a risk premium to reflect the increased risk of investing in equities.

Goodwill allocated to corporate segment by underlying geographical cash generating unit is as follows:

In thousands of €	Germany	United Kingdom	France	Italy	Spain	Other countries	Total
Closing position as at December 31, 2009	180,325	104,944	78,073	53,786	–	103,452	520,580
Disposal / Price adjustment	–	–	378	–	–	–	378
Impairment	–	–	–	(53,786)	–	–	(53,786)
Foreign exchange effect	–	2,321	–	–	–	8,369	10,690
Closing position as at December 31, 2010	**180,325**	**107,265**	**78,451**	–	–	**111,821**	**477,862**

As at 31 December 2009, an impairment charge of €90.9 million was recognised in relation to the goodwill allocated to the Spain Cash Generating Unit as a consequence of the deep economic recession affecting the country with expected long-lasting negative impact on demand for car rental services.

As at 31 December 2010, the Group recognized an impairment expense of €53.8 million in relation with the goodwill allocated to the Italian Cash Generating Unit (full impairment).

	WACC calculation							
	France	Germany	Italy	Spain	UK	Belgium	Portugal	Australia
General								
Risk free rate	3.36%	2.96%	4.82%	5.45%	3.40%	3.97%	6.60%	5.55%
Tax rate	34.0%	29.0%	31.0%	30.0%	28.0%	40.0%	25.0%	30.0%
Net debt/equity ratio	105%	105%	105%	105%	105%	105%	105%	105%
Unlevered beta	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012
Determination of cost of debt								
Risk free rate	3.36%	2.96%	4.82%	5.45%	3.40%	3.97%	6.60%	5.55%
Credit risk premium	1.84%	1.84%	1.84%	1.84%	1.84%	1.84%	1.84%	1.84%
Before tax cost of debt	5.20%	4.80%	6.65%	7.29%	5.23%	5.81%	8.44%	7.38%
Cost of debt, net of tax	**3.43%**	**3.41%**	**4.59%**	**5.10%**	**3.77%**	**3.49%**	**6.33%**	**5.17%**
Determination of cost of equity								
Levered beta (adjusted beta)	1,711	1,764	1,743	1,753	1,774	1,647	1,806	1,753
Risk free rate	3.36%	2.96%	4.82%	5.45%	3.40%	3.97%	6.60%	5.55%
Equity risk premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Specific risk premium	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Cost of equity	**12.36%**	**12.22%**	**13.97%**	**14.66%**	**12.71%**	**12.65%**	**16.07%**	**14.75%**
Weighted Average Cost of Capital (WACC)								
Gearing(g)	51%	51%	51%	51%	51%	51%	51%	51%
Cost of debt, net of tax	3.43%	3.41%	4.59%	5.10%	3.77%	3.49%	6.33%	5.17%
Cost of equity	12.36%	12.22%	13.97%	14.66%	12.71%	12.65%	16.07%	14.75%
Illiquidity risk premium	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WACC calculation	**7.79%**	**7.72%**	**9.17%**	**9.77%**	**8.14%**	**7.96%**	**11.09%**	**9.85%**

The terminal value is based on normalised cash flows discounted over an indefinite period, with a perpetuity growth rate of 2%. The risk-free rate is based on risk-free bonds maturing from 8 to 10 years and the credit risk premium is based on a BBB- credit rating.

In response to the high volatility of equity risk premiums observable in the financial markets in 2010, and in line with the AMF (*Autorité des Marchés Financiers*") recommendations, the Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5.0%, in order to reflect the long-term assumptions factored into the impairment tests.

The "gearing" used when determining the WACC is based on the annual average Debt to Equity ratio issued by comparable companies on a quarterly basis.

Sensitivity analysis

A reasonably possible change in the key assumptions on which management has based its determination of the CGUs recoverable amount would not cause the carrying amount of the three biggest CGUs to exceed its recoverable amount.

However, the value in use of one CGU whose carrying amount of goodwill is less than €47 million is close to its respective carrying amounts as at 31 December 2010. Therefore, any decrease in the adjusted corporate EBITDA of this CGU in the normative year would result in the recognition of an impairment charge.

Management will review the adjusted corporate EBITDA projections for these CGUs on a regular basis or in case of significant change in the economic environment or operating performance of the same.

14. Intangible assets

In thousands of €	Trademarks[2]	Lease rights	Intangible assets in progress	Software, operating systems	Total
Cost					
Balance as at 1 January 2009	724,886	661	10,463	168,838	904,847
Acquisitions through business combinations[1]	–	–	–	–	–
Prior year adjustments	–	–	–	–	–
Recognised through purchase allocation[1]	–	–	–	–	–
Other acquisitions	–	–	16,660	535	17,195
Disposals	–	–	–	(101)	(101)
Transfers	–	–	(17,678)	17,233	(445)
Effect of movements in foreign exchange	3,472	–	–	1,792	5,264
Balance as at 31 December 2009	728,358	661	9,445	188,297	926,761
Balance as at 1 January 2010	**728,358**	**661**	**9,445**	**188,297**	**926,761**
Acquisitions through business combinations[1]	**–**	**–**	**–**	**–**	**–**
Recognised through purchase allocation[1]	**–**	**–**	**–**	**–**	**–**
Other acquisitions	**–**	**–**	**14,093**	**1,230**	**15,323**
Disposals	**–**	**–**	**–**	**–**	**–**
Transfers	**–**	**–**	**(16,575)**	**14,445**	**(2,130)**
Effect of movements in foreign exchange	**1,632**	**–**	**–**	**920**	**2,552**
Balance as at 31 December 2010	**729,990**	**661**	**6,963**	**204,892**	**942,506**
Amortisation and impairment losses					
Balance as at 1 January 2009	(10,971)	(387)	–	(97,841)	(109,201)
Increase through business combinations[1]	–	–	–	–	–
Impairment charge for the year	(273)	–	–	–	(273)
Depreciation charge for the year	(5,200)	(67)	–	(15,101)	(20,368)
Disposals	(10)	–	–	(86)	(96)
Transfers	–	–	–	(497)	(497)
Effect of movements in foreign exchange	(654)	–	–	(1,126)	(1,780)
Balance as at 31 December 2009	(17,108)	(454)	–	(114,651)	(132,213)
Balance as at 1 January 2010	**(17,108)**	**(454)**	**–**	**(114,651)**	**(132,213)**
Increase through business combinations[1]	**–**	**–**	**–**	**–**	**–**
Impairment charge for the year	**–**	**–**	**–**	**–**	**–**
Depreciation charge for the year	**(5,317)**	**(67)**	**–**	**(18,490)**	**(23,874)**
Disposals	**–**	**–**	**–**		
Transfers				**2,208**	**2,208**
Effect of movements in foreign exchange	**(445)**			**(652)**	**(1,097)**
Balance as at 31 December 2010	**(22,870)**	**(521)**	**–**	**(131,585)**	**(154,976)**
Carrying values					
As at 31 December 2009	711,250	207	9,445	73,646	794,548
As at 31 December 2010	**707,120**	**140**	**6,963**	**73,307**	**787,530**

(1) Excluding currency translation effect

(2) Of which trademark with a definite life (Alamo, Guy Salmon and National) amortised since 1 March 2007: gross value of €53.0 million, cumulative amortization of €20.3 million as at 31 December 2010 (2009: gross value of €51.4 million, cumulative amortization of €14.6 million)

Trademarks

Annual impairment test

Pursuant to IAS 36, "Impairment of assets" the Group has performed an annual impairment test of the carrying value of trademarks with indefinite life based on the relief from net royalty method.

The value in use of the trademark has been determined based on 5-year projections of royalties received by the international franchising business.

Key assumptions

Valuation of the terminal value is based on a perpetuity growth rate of 2%.

The discount rate used in the weighted average cost of capital is applied to the cash flows of each CGU based on the risk free rate for ten year bonds adjusted for a risk premium to reflect the increased risk of investing in equities.

Sensitivity analysis

A reasonably possible change in the key assumption on which management has based its determination of the recoverable amount would not cause the carrying amount to exceed its recoverable amount.

Software and operating systems

Internally generated computer software (Europcar's Greenway and PremierFirst's Speedlink) has been recognised at the acquisition date in accordance with IFRS 3—Business combinations, applying the function point methodology. This methodology is based on the calculation of function points for each segment/software of Europcar's and PremierFirst's rental reservation and fleet management systems. A function point reflects the functionality of the application which has been used as a basis to calculate its replacement value.

The net book value of this internally generated computer software amounts to €69.4 million as at 31 December 2010 (2009: €69.7 million).

Costs expensed over the period amount to €6.5 million in 2010 (2009: €8.7 million).

Security

The total amount of intangible assets is held as security against the senior asset financing loan, as described in note 24.

15. Property, plant and equipment

The Group leases buildings and other equipment under several finance lease agreements. At 31 December 2010, the net carrying amount of leased buildings and other equipment was €0.9 million (2009: €5.6 million) and €5.5 million (2009: €2.0 million).

Property, plant and equipment assets are held as security against the senior asset financing loan, as described in note 24.

In thousands of €	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
Cost					
Balance as at 1 January 2009	104,865	15,705	138,110	901	259,581
Acquisitions through business combinations[1]	–	–	–	–	–
Other acquisitions	1,222	947	6,690	3,291	12,150
Disposals	(1,452)	(2,727)	(8,621)	(2)	(12,802)
Transfers	(194)	403	736	(1,459)	(514)
Effect of movements in foreign exchange	2,500	658	2,220	–	5,378
Balance as at 31 December 2009	106,941	14,986	139,135	2,731	263,793
Balance as at 1 January 2010	**106,941**	**14,986**	**139,135**	**2,731**	**263,793**
Acquisitions through business combinations[1]	**–**	**–**	**–**	**–**	**–**
Other acquisitions	**1,043**	**342**	**7,629**	**3,041**	**12,055**
Disposals	**(765)**	**(426)**	**(4,769)**	**(572)**	**(6,532)**
Transfers	**(15,002)**	**(6,781)**	**25,120**	**(3,725)**	**(388)**
Effect of movements in foreign exchange	**1,002**	**49**	**1,931**	**–**	**2,982**
Balance as at 31 December 2010	**93,219**	**8,170**	**169,046**	**1,475**	**271,910**
Amortisation and impairment losses					
Balance as at 1 January 2009	(27,102)	(13,673)	(97,325)	–	(138,100)
Acquisitions through business combinations	–	–	–	–	–
Depreciation charge for the year	(2,947)	(1,516)	(14,757)	–	(19,220)
Impairment losses	–	–	–	–	–
Disposals	981	2,718	7,745	–	11,444
Transfers	194	84	59	–	337
Effect of movements in foreign exchange	(1,107)	(559)	(1,748)	–	(3,414)
Balance as at 31 December 2009	(29,981)	(12,946)	(106,026)	–	(148,953)
Balance as at 1 January 2010	**(29,981)**	**(12,946)**	**(106,026)**	**–**	**(148,953)**
Acquisitions through business combinations	**–**	**–**	**–**	**–**	**–**
Depreciation charge for the year	**(2,030)**	**(393)**	**(14,573)**	**–**	**(16,996)**
Impairment losses	**(7,386)**	**–**	**–**	**–**	**(7,386)**
Disposals	**166**	**412**	**4,323**	**–**	**4,901**
Transfers	**10,488**	**6,163**	**(16,342)**	**–**	**309**
Effect of movements in foreign exchange	**(362)**	**(34)**	**(1,493)**	**–**	**(1,889)**
Balance as at 31 December 2010	**(29,105)**	**(6,798)**	**(134,111)**	**–**	**(170,014)**
Carrying values					
As at 31 December 2009	76,960	2,040	33,109	2,731	114,840
As at 31 December 2010	**64,114**	**1,372**	**34,934**	**1,475**	**101,895**

(1) Excluding currency translation effect

16. Other investments

In thousands of €	2010	2009
Non-current investments		
Shares in unconsolidated entities	**3,245**	2,452
Shares in associates (joint ventures)	**395**	488
Deposits	**3,527**	3,412
	7,167	6,352
Current investments		
Loans	**3,214**	2,841
Other investments[1]	**48,347**	42,987
	51,561	45,828

(1) Of which €48.3 million cover liabilities arising from our captive insurance structure (€43.0 million as at 31 December 2009), in general obligations recognized at amortised cost and having a maturity between 3 and 12 months. Considering the maturity, management has concluded that the fair value of those investments approximates their respective carrying value as at 31 December 2010.

An impairment charge of €0.3 million on available-for-sale financial assets was recognized in 2010.

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	
In thousands of €	Closing 2010	Opening 2010	Closing 2010	Opening 2010	Closing 2010	Opening 2010
Property, plant and equipment	**95**	43	**(2,821)**	(2,569)	**(2,726)**	(2,527)
Intangible assets	**–**	45	**(266,486)**	(266,656)	**(266,486)**	(266,611)
Rental fleet	**703**	49	**(9,708)**	(15,395)	**(9,005)**	(15,346)
Investments in subsidiaries	**2**	2	**(61)**	(45)	**(59)**	(43)
Other financial assets	**–**	0	**(977)**	(24)	**18,072**	(24)
Receivables and other assets	**6,019**	7,488	**(1,386)**	(1,386)	**(14,416)**	6,102
Prepaid and deferred charges	**48**	–	**(467)**	(701)	**(419)**	(701)
Employee benefits	**7,830**	7,862		(33)	**7,830**	7,829
Deferred income	**10**	602		(29)	**10**	574
Provisions	**6,610**	5,163		(0)	**6,610**	5,163
Derivatives liabilities	**24,809**	31,418		(772)	**24,809**	30,646
Other liabilities	**6,508**	5,310	**(2,197)**	(5,150)	**4,311**	161
Tax losses carried-forward	**82,169**	50,930	**–**	1	**82,169**	50,932
Tax assets / (liabilities)	**134,803**	108,911	**(284,103)**	(292,758)	**(149,300)**	(183,847)
Tax set off	**(113,343)**	(86,151)	**113,343**	86,151	**–**	–
Net tax assets / (liabilities)	**21,460**	22,761	**(170,760)**	(206,607)	**(149,300)**	(183,847)

Deferred tax assets have not been recognised in respect of the following items:

In thousands of €	2010	2009
Temporary differences	**8,489**	214
Tax losses carried-forward	**63,939**	45,252
	72,428	45,466

Deferred tax assets in relation with tax losses are recognized on the basis of recoverability projections derived from business plans.

	Movement in Temporary Differences During the Year					
In thousands of €	**Opening 2009 Restated**	**Reclassification**	**Recognised in income statement**	**Fair value adjustment in equity**	**Translation reserve**	**Closing 2009**
Property, plant and equipment	(2,890)	–	568	–	(205)	(2,527)
Intangible assets	(266,293)	–	544	–	(862)	(266,611)
Rental fleet	(9,046)	–	(5,585)	–	(715)	(15,347)
Investments in subsidiaries	(35)	–	–	–	(8)	(43)
Other financial assets	(24)	–	–	–	–	(24)
Assets derivatives	–	–	–	–	–	–
Receivables and other assets	6,474	–	84	–	(456)	6,102
Prepaid and deferred charges	(1,542)	–	937	–	(97)	(702)
Employee benefits	3,765	–	(72)	4,056	79	7,829
Deferred income	(14)	–	587	–	–	573
Provisions	1,100	–	4,062	–	–	5,162
Derivative liabilities	18,022	–	905	12,491	–	31,418
Other liabilities	(3,179)	–	2,596	–	(17)	(601)
Tax losses carried forward	38,999	–	10,136	–	1,790	50,924
Net tax assets/(liabilities)	**(214,663)**	**–**	**14,762**	**16,547**	**(492)**	**(183,847)**

	Opening 2010	**Reclassification**	**Recognised in income statement**	**Fair value adjustment in equity**	**Translation reserve**	**Closing 2010**
Property, plant and equipment	**(2,527)**	**–**	**(121)**	**–**	**(78)**	**(2,726)**
Intangible assets	**(266,611)**	**(24)**	**(263)**	**–**	**412**	**(266,486)**
Rental fleet	**(15,347)**	**315**	**6,324**	**–**	**(297)**	**(9,005)**
Investments in subsidiaries	**(43)**		**–**	**(15)**	**(1)**	**(59)**
Other financial assets	**(24)**	**(21,137)**	**2,112**	**–**	**18,072**	**(977)**
Assets derivatives	**–**		**–**	**–**	**–**	**–**
Receivables and other assets	**6,102**		**(1,554)**	**–**	**85**	**4,633**
Prepaid and deferred charges	**(702)**		**317**	**–**	**(34)**	**(419)**
Employee benefits	**7,829**	**(413)**	**(976)**	**1,261**	**129**	**7,830**
Deferred income	**573**		**(563)**	**–**	**–**	**10**
Provisions	**5,162**	**97**	**1,351**	**–**	**–**	**6,610**
Derivative liabilities	**31,418**		**(897)**	**(5,712)**	**–**	**24,809**
Other liabilities	**(601)**	**340**	**4,466**	**–**	**106**	**4,311**
Tax losses carried forward	**50,924**	**20,822**	**9,664**	**–**	**759**	**82,169**
Net tax assets/(liabilities)	**(183,847)**	**–**	**19,860**	**(4,466)**	**19,153**	**(149,300)**

18. Inventories

No material restrictions of title or right of use exist in respect of the inventories listed below:

In thousands of €	Note	2010	2009
Consumables		1,932	2,066
Oil and fuel		13,347	11,831
Vehicles		695	417
Spare parts		161	447
Other items		2	416
		16,137	**15,177**

Inventories are stated net of provisions of €10 thousand (2009: €4 thousand).

Vehicles reported in inventory are vehicles not put in operation yet at the end of the period.

19. Rental fleet and related receivables

In thousands of €	2010	2009
Deferred depreciation expense on vehicles	**158,158**	133,097
Vehicle buy-back agreement receivables	**1,084,466**	1,157,653
Receivables and current assets related to buy-back agreements	**1,242,624**	1,290,750
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	**235,216**	196,546
Vehicles acquired through rental agreements qualifying as finance leases without buy-back arrangement	**41,221**	30,646
Total rental fleet	**1,519,061**	1,517,942
Fleet receivables(1)(3)	**544,015**	547,944
VAT receivables(1)(2)	**62,109**	88,884
	2,125,185	2,154,770

(1) For the purpose of improving clarity and presentation, the Group has reclassified the "Fleet receivables" and "VAT" items from "Trade and related receivables" (note 20) to "Rental fleet and related receivables".

(2) Most of the VAT receivables amount is related to fleet acquisitions and disposals.

(3) Includes €275.2 million (2009: €225.6 million) related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement

Vehicle buy-back agreement receivables are shown net of depreciation or impairment expense in respect of damaged and stolen vehicles amounting to €5.3 million (2009: €5.6 million).

During the year ended 31 December 2010, the Group recognised depreciation expense net of volume rebates amounting to €289.7 million (2009: €286.6 million) under "Costs related to rental fleet agreements", as described in note 5 "Fleet holding costs". This depreciation expense relates to vehicles subject to manufacturer or dealer buy-back agreements and "at-risk" vehicles.

"Costs related to rental fleet agreements" also includes rents amounting to €159.1 million (2009: €151.9 million) in relation to off-balance sheet operating leases expenses. The rental expense recorded in respect of rental fleet operated under operating lease arrangements and the related off-balance sheet rental commitments are disclosed in Note 30 Operating Leases.

20. Trade and other receivables

The fair values of trade and other receivables correspond to their nominal value. All trade receivables fall due within one year.

In thousands of €	2010	2009
Rental receivables	**202,242**	185,232
Other trade receivables	**80,095**	78,556
Interest receivables	**–**	1,237
Other tax receivables	**12,933**	20,757
Insurance claims	**22,067**	27,760
Prepayments	**40,169**	36,557
Employee related receivables	**1,950**	359
Deposits, other receivables and loans	**31,618**	20,096
	391,074	370,554

Impairment relating to rental and other trade receivables is as follows:

In thousands of €	2010	2009
As at 1 January 2010	**(39,673)**	(40,437)
Acquired through business combinations	**–**	–
Provision for bad debts	**(13,236)**	(9,996)
Receivables written off during the year/period	**11,244**	11,005
Unused amount reversed	**193**	92
Translation adjustment	**(384)**	(337)
As at 31 December 2010	**(41,855)**	(39,673)

The creation and release of the provision for bad debts is included in Fleet operating, rental and revenue related costs in the income statement (Note 6). Amounts charged to the provision are generally written off when there is no expectation that additional cash will be received. The receivables impaired relate to multiple counterparties.

21. Cash and cash equivalents and restricted cash

In thousands of €	2010	2009
Restricted cash	**86,752**	35,194
Cash-in-hand and at bank	**262,398**	222,176
Marketable securities	**710**	8,900
Cash and cash equivalents and restricted cash	**349,860**	266,270

Cash-in-hand and at banks include €114.1 million of cash located in the SecuritiFleet companies, excluding the two SFH Holdings (2009: €56.5 million). It is dedicated to fleet financing in France, Germany, Italy and Spain.

Restricted cash include other investments amounting to €9.0 million held by Euroguard, the captive insurance and reinsurance structure, invested in low risk securities. These investments bear an interest rate of approximately 3.2%.

Cash and cash equivalents reported at year-end in fleet and captive insurance SPEs are related to fleet financing and insurance claims settlement respectively.

22. Capital and reserves

Share capital and share premium

The subscribed capital of ECG is denominated in euro. The subscribed capital is composed of 77,846,607 authorized ordinary shares (2009: 77,846,607) with a nominal value of 10 euros and amounts to €778,466 million (2009: €778,466 million). Share premium arises from past capital increases. The subscribed capital was fully paid as at 31 December 2010 and 2009.

Shareholders are entitled to receive dividends as declared on a timely basis and are entitled to one vote per share at meetings of ECG.

Syndication and convertible securities

Subsequent to the acquisition of Europcar, Eurazeo entered into a syndication agreement with coinvestors who hold 12.07% of the share capital of ECG as a result of this transaction. Furthermore, on 23 October 2006, ECG issued 338,462 convertible securities at a nominal share value of €19.5, representing 0.43% of its share capital. These convertible securities have been fully subscribed by ECG management.

175 BSA are attached to each convertible security representing one new share with a notional value of €10.0 each. 10 BSA exercised will be converted into one ordinary share of ECG. The maximum number of shares which will be effectively subscribed is depending on the internal rate of return ("TRI") at the date the shareholders will realize their investment.

On 16 October 2007, ECG issued 8,145 additional convertible securities with a nominal share value of €10.0, representing 0.01% of its share capital. These convertible securities have also been fully subscribed by ECG management.

The convertible securities would represent 6,065,622 shares of ECG after conversion.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. It also includes as at 31 December 2010 a foreign exchange loss amounting to €55.3 million (as at 31 December 2009: €61.5 million) resulting from an intercompany loan denominated in GBP granted by Europcar Groupe S.A. to its subsidiary Europcar UK Ltd. This loan has a nominal value of €250 million (denominated in GBP).

As at 31 December 2010, Europcar International S.A.S.U. had a loan receivable from its subsidiary located in Australia amounting to AUD 15 million (2009: AUD 26 million). The translation reserves include a foreign exchange gain amounting to €2.8 million in relation to this loan (as at 31 December 2009: €1.0 million).

23. Loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of €130.4 million in 2010 (2009: €150.2 million) and the weighted average number of ordinary shares during the year (not taking into account the shares that could be issued as these are antidilutive), as follows:

In thousands of €	2010	2009
Loss attributable to ordinary shareholders	**(130,447)**	(150,225)
Weighted average number of ordinary shares at 31 December	**77,846,607**	77,846,607
Basic and diluted loss per share (euro)	**(1.676)**	(1.930)
Diluted earnings per share (euro)	**(1.676)**	(1.930)
Dilution effect (%)	**0%**	0%

24. Loans and borrowings

In thousands of €	2010	2009
Non-current liabilities		
Notes issued	**1,059,722**	788,352
Bank borrowings	**3,206**	4,746
Finance lease liabilities	**1,103**	2,300
	1,064,031	795,398
Current liabilities		
Senior Asset Revolving Facility dedicated to fleet financing	**610,567**	901,146
Other borrowings dedicated to fleet financing	**488,608**	435,323
Banking facilities and current finance lease liabilities	**244,733**	105,810
Accrued interest	**3,545**	7,259
	1,347,453	1,449,538

The detail of loans and borrowings by maturity date is as follows:

In thousands of €	2010	< 1 year	From 1 to 5 years	> 5 years
Non-current liabilities				
Notes issued	**1,059,722**	10,527	405,359	643,836
Bank borrowings	**3,206**	3,206		
Finance lease liabilities	**1,103**	1,103		
	1,064,031	14,836	405,359	643,836
Current liabilities				
Senior Asset Revolving Facility dedicated to fleet financing	**610,567**	(4,626)	615,193	
Other borrowings dedicated to fleet financing	**488,608**		488,608	
Banking facilities and current finance lease liabilities	**244,733**	25,300	219,433	
Accrued interest	**3,545**	3,545		
	1,347,453	24,219	1,323,234	–

Debt covenants

The following covenants have to be complied with:

For United Kingdom fleet financing facilities

Europcar UK shall ensure that:

- The Tangible Net Worth of the Europcar Group shall be not less than £40 million;
- The ratio of EBIT to Total Interest Cover shall be not less than 1.50;
- Fleet Cover shall be no more than 1.00; and
- Average daily Fleet Utilisation shall not be less than 70%.

For Senior Revolving Credit Facility ("RCF")

The ratio of consolidated Cash flow (which shall include, for any given period of 12 months ending on a Quarter Date, cash on balance sheet at the beginning of such period) to consolidated **Total Debt Service** shall be no more than 1.10.

Total Debt Service is defined as the aggregate of the interests and associated fees charge paid during any given 12 months period plus repayment of financial indebtedness, the later being subject to certain limitations.

Loan to Value Covenant

The Group is subject to a maximum loan-to-value ratio of all Securitifleet companies' indebtedness over the total value of certain of the Securitifleet companies' assets of 95%, compliance to be tested on a quarterly basis.

The Group met those covenants as at 31 December 2010.

Notes issued

Loan notes issued are as follows:

In thousands of €	Nominal remaining due as at 31 Dec. 2010	Nominal remaining due as at 31 Dec. 2009	Carrying amount as at 31 Dec. 2010	Carrying amount as at 31 Dec. 2009
Senior Subordinated Secured Floating Rate Notes due 2013	**425,000**	425,000	**421,792**	417,308
Senior Subordinated Unsecured 8.125% Notes due 2014	**–**	375,000	**–**	371,044
9¾% Senior Secured Notes due 2017	**250,000**	–	**244,487**	–
Senior Subordinated Unsecured 9.375% Notes due 2018	**400,000**	–	**393,443**	–
	1,075,000	800,000	**1,059,722**	788,352

In May 2006, ECG issued:

- Senior Subordinated Floating Rate Notes due 2013 with a nominal value of €300 million; and
- Senior Subordinated Unsecured Notes due 2014 with a nominal value of €250 million.

In May 2007, ECG issued:

- Additional Senior Subordinated Floating Rate Notes due 2013, with a nominal value of €125 million; and

- Senior Subordinated Unsecured Notes due 2014 with a nominal value of €125 million each.

During the summer 2010, the Group refinanced part of its fleet financing debt for France, Italy, Germany and Spain through:

- Senior Secured Notes due 2017 with a nominal value of €250 million. Such Notes were issued by EC Finance plc, an SPE, and guaranteed on a senior basis by ECI, (the "EC Finance Notes"); and

- The €1.3 billion SARF 2010, as described below.

In November 2010, ECG issued additional Senior Subordinated Unsecured due 2018 with a nominal value of € 400 million. The proceeds of such notes have been used to reedeem in full all the Senior Subordinated Unsecured Notes due 2014 (for a total nominal value of €375 million).

Those Senior Subordinated Unsecured Notes due 2018 are subordinated to:

- All secured Indebtedness of ECG to the extent of the value of the assets securing such secured Indebtedness;

- All Indebtedness and other liabilities (including Trade Payables) of each subsidiary of the issuer that is not a subsidiary guarantor.

The Senior Subordinated Floating Rate Notes due 2013 are secured by a second ranking share pledge of the share capital of ECI.

Considering the maturity of financing facilities and other debts and their respective interest rates, management has concluded that the fair value of financial liabilities approximates their respective carrying values except for Loan Notes maturing in 2013, 2017 and 2018 for which the fair value has been determined using quoted prices at the Euro MTF.

Senior Revolving Credit Facility

The Senior Revolving Credit Facility consists of a senior secured revolving credit facility providing for loan 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 (2009: €350 million) outstanding at anytime and available under certain conditions to ECG, ECI, Europcar Holding and the main operating companies of the Group ("the borrowers"). The purpose of the facility is to provide funding mainly for:

- Financing advances to be made by a borrower to an SPE to contribute to the financing of fleet acquisition;

- Working capital needs and general corporate purposes of the Group;

- Payment to an SPE pursuant to any operating lease;

- Interest payments due by ECG or any other obligor of the Group pursuant to, *inter alia*, the Senior Revolving Credit Facility and certain other outstanding indebtedness of ECG;

- Repayment of inter-company loans.

Dedicated Asset Financing

Senior Asset Revolving Facility 2010 ("SARF 2010")

In 2006 the Group entered into a €1.8 billion Senior Asset Financing Loan (the "Prior Senior Asset Financing Loan") in order to finance a portion of the purchase price and costs related to the purchase of vehicles and to finance its fleet in France, Germany, Italy and Spain. The Prior Senior Asset Financing Loan was then scheduled to mature in May 2011.

On 27 August 2010, the Prior Senior Asset Financing Loan, having an amount then outstanding of €1,208 million, was refinanced with:

- The net proceeds (€242 million) of the EC Finance Notes; and
- The drawings on the SARF 2010.

The SARF 2010 is a new committed facility, with an initial aggregate amount of €1.3 billion which may be increased up to a maximum amount of €1.7 billion. Maturity date for this new facility is the earlier of: (i) July 2014, (ii) the date on which an event of default under the SARF 2010 is declared (subject to certain cure periods), (iii) the date on which the SARF 2010 is repaid (unless such facility is partly or fully refinanced for amounts equal to or greater than the existing amount of such facility), and (iv) on or prior to such date on which the EC Finance Notes are fully repaid (unless such notes are refinanced for amounts equal to or greater than the existing amounts of such notes) (the "SARF Termination Date"). The final maturity date of the SARF 2010 will be the date occurring six months after the SARF 2010 Termination Date.

In its utilization, the SARF 2010 is identical to the Prior Senior Asset Financing Loan it replaces: the drawn amount is adjusted each month on the basis of the fleet assets held in the four SecuritiFleet companies, which own the fleet, at the end of the previous month.

Drawing under the SARF 2010 depends on the aggregate of all borrowing bases calculated monthly in substance as the aggregate of the vehicle fleet residual value (including vehicles for which registration is pending) and the fleet working capital, including related VAT positions.

The SARF 2010 was initially entered into on July 30, 2010 then amended, between Credit Agricole Corporate and Investment Bank acting as lender, Securitifleet Holding (as borrower) and ECI (as borrower agent). The drawings are available to Securitifleet Holding for the sole purpose of financing fleet acquisition and maintenance in France, Italy, Germany and Spain through the Securitifleet companies exclusively. The lender assigned its claims arising under the SARF 2010, together with all security and ancillary rights related thereto, to FCT Sinople. With respect to such claims, the FCT Sinople issues: (i) FCT Senior Notes to be subscribed from time to time by Credit Agricole Corporate and Investment Bank, the Royal Bank of Scotland plc., Société Générale, Deutsche Bank, BNP Paribas and any other entity which may subscribe for or acquire the FCT Senior Notes as senior subscriber(s), and (ii) FCT Junior Notes to be subscribed from time to time by ECI.

UK fleet financing facilities

The UK fleet on a stand-alone basis through the Group's UK subsidiaries including Europcar Group UK Limited, Europcar UK Limited and certain subsidiaries of Europcar UK Limited under a working capital facility and two leasing facilities.

Europcar UK has vehicle finance facilities, the total committed amount of which is £585 million (2009: £585 million). Vehicles are acquired from the manufacturers, then sold to lessors and operated through lease-back agreements. The amount outstanding as at 31 December 2010 was £337.3 million (2009: £293 million). For information about the Group's exposure to interest and liquidity risks, see Note 32 Financial risk management.

Australia Asset Financing

National Australia Bank (the "NAB"), Toyota Financial Services, Volkswagen Financial Services and Alphabet Financial Services have provided Europcar Australia and New Zealand with senior credit facilities (the "Australian Asset Financing Facilities"), including revolving and non-revolving fleet operating and finance leases up to AUD 185 million. These facilities are renewed annually.

NAB Facilities are secured by fixed and floating charges over Europcar Australia assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned. There are also performance guarantees for the facilities.

Substantial operating leases

The Group finances a portion of its fleet in all our Corporate Countries, including Germany, France, Italy and Spain, through operating leases. In certain countries, operating companies have entered into large framework operating lease agreements with financial institutions and manufacturers.

25. Employee benefits

In thousands of €	2010	2009
Non-current employee benefits		
Defined benefit obligations	**71,223**	67,449
Other long term employee benefits	**3,533**	–
	74,756	67,449
Current employee benefits		
Defined benefit obligation—current portion	**2,069**	–
Pension and retirement indemnities	**130**	–
	2,199	–

Liability for defined benefit obligations

The Group has defined benefit obligations related to pension benefits for some of the Group's employees in the United Kingdom, France, Germany, Italy and Belgium upon retirement.

In thousands of €	2010	2009
Present value of funded or partially funded obligations	**(65,592)**	(58,068)
Fair value of plan assets	**38,893**	34,042
Surplus/(Deficit) at the period end[(1)]	**(26,699)**	(24,026)
Present value of unfunded obligations	**(46,723)**	(43,423)
Defined benefit obligations at 31 December	**(73,422)**	(67,449)
Unrecognised prior service costs	**554**	664

(1) The liability for the defined benefit plan in the United Kingdom was fully funded at year end and was over funded by € 931,000 last year (which was available as a refund or as a reduction in future contributions in accordance with IFRIC 14 principles).

Movement in liability for defined benefit obligations

In thousands of €	2010	2009
Defined benefit obligations at 1 January	**(67,449)**	(53,306)
Effect of change in plan obligations	**–**	(284)
Effect of plan curtailment and alterations	**–**	1,409
Benefit payments	**3,278**	3,338
Current service cost, interest on obligations and expected return on plan assets	**(5,424)**	(4,992)
Actuarial gains/(losses) recognised in equity	**(3,676)**	(13,562)
Exchange differences	**(151)**	(52)
Defined benefit obligations at 31 December	**(73,422)**	(67,449)

Movement in plan assets

In thousands of €	2010	2009
Fair value of plan assets at 1 January	**34,042**	28,744
Fair value of plan assets acquired on business combinations	**–**	(616)
Contribution paid into plan	**1,191**	1,796
Benefits paid by the plan	**(1,521)**	(1,221)
Expected return on plan assets	**2,019**	1,812
Actuarial gains/(losses) recognised in equity	**2,174**	1,033
Exchange difference	**988**	2,494
Fair value of plan assets at 31 December	**38,893**	34,042

Plan assets

In % (average)	2010	2009
Equity	**43**	41
Debt	**49**	50
Other	**8**	9

The actual return on plan assets is €4.2 million (2009: €2.8 million).

Expense recognised in the income statement for defined benefit plans

In thousands of €	Note	2010	2009
Current service costs		**1,930**	1,725
Interest on obligation		**5,512**	5,079
Expected return on plan assets		**(2,019)**	(1,812)
Past service costs		**94**	
Curtailment		**–**	(1,409)
	7	**5,518**	3,583

The expense is fully recognised in personnel costs as disclosed in note 7.

In the three main countries (France, Germany and UK), the estimated P&L charge for 2011 which is based on the assumptions as at 31 December 2010 amounts to €5.3 million.

Actuarial assumptions

Group obligations are valued by an external independent actuary, based on assumptions at the balance sheet date that are periodically updated. These assumptions are set out in the table below:

	2010		2009	
	Eurozone(1)	UK	Eurozone(1)	UK
Discount rate	**4.66%**	**5.50%**	From 5.00% to 5.25%	5.75%
Inflation rate	**From 1.00% to 2.00%**	**3.50%**	From 1.00% to 2.00%	3.50%
Expected rate of salary increase(1)	**From 0.00% to 3.50%**	**3.50%**	From 1.70% to 3.50%	3.50%
Expected rate of pension increase(1)	**From 0.00% to 2.00%**	**3.40%**	From 1.00% to 3.50%	3.40%
Expected rate of return on plan assets	**From 2.00% to 3.00%**	**5.67%**	4.00%	5.83%

(1) Eurozone includes plans in Germany, Italy, France, and Belgium expressed as a weighted average

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 expected long-term investment return assumption on plan assets has been determined based on the particular asset allocation of each benefit plan, through the calculation of a specific expected return assumption for each asset class. This assumption is based on interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, adjusted by any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation). The expected rate of return on each major category of plan assets in 2010 is 7.20% on equity, 5.50% on debt and 4.75% on other assets.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each country.

Actuarial gains and losses recognised directly in equity (net of deferred tax)

In thousands of €	2010	2009	2008
Cumulative amount at 1 January	**549**	10,052	3,882
Gain/(loss) recognised during the year	**(2,415)**	(9,503)	6,170
Cumulative amount at 31 December	**(1,866)**	549	10,052

Experience adjustments

In thousands of €	2010	2009	2008	2007	2006
Present value of defined benefit obligation	**(38,098)**	(35,482)	(25,033)	(37,630)	(39,165)
Fair value of plan assets	**36,617**	31,286	25,977	37,805	38,298
(Surplus)/deficit	**(1,481)**	(4,196)	944	175	(867)
Experience adjustments on plan liabilities	**850**	–	–	(237)	923
Experience adjustments on plan assets	**2,434**	1,469	(5,262)	(850)	1,391

The estimated return on plan assets has been determined based on long-term bond interest rates. All of the plan assets are allocated to British and French employees.

Contributions to defined contribution plans

In 2010, the Group made contributions to defined contribution plans amounting to €2.7 million (2009: €1.9 million).

26. Provisions

In thousands of €	Provision for warranties	Litigation costs	Insurance claim Provisions	Reconditioning provisions	Other Provisions	Total
Balance at 1 January 2010	**642**	**2,671**	**87,295**	**27,609**	**55,148**	**173,365**
Provisions made during the year	**–**	**2,457**	**36,436**	**85,666**	**5,978**	**130,537**
Provisions used during the year	**(640)**	**(418)**	**(31,144)**	**(83,970)**	**(15,275)**	**(131,447)**
Provisions reversed during the year	**–**	**(480)**	**–**	**–**	**(2,492)**	**(2,972)**
Transfer	**–**	**–**	**1,809**	**–**	**2,033**	**3,842**
Effect of foreign exchange	**–**	**–**	**386**	**341**	**390**	**1,117**
Balance at 31 December 2010	**2**	**4,230**	**94,782**	**29,646**	**45,782**	**174,442**
Non-current	**–**	**–**	**–**	**–**	**145**	**145**
Current	**2**	**4,230**	**94,782**	**29,646**	**45,637**	**174,297**
	2	**4,230**	**94,782**	**29,646**	**45,782**	**174,442**
Balance at 1 January 2009	1,334	2,837	75,840	29,494	45,281	154,786
Provisions made during the year	–	1,493	11,252	65,579	34,372	112,696
Provisions used during the year	(692)	(1,257)	(9,570)	(67,867)	(16,520)	(95,906)
Provisions reversed during the year	–	(402)	–	–	(8,658)	(9,060)
Transfer	–	–	6,391	–	–	6,391
Effect of foreign exchange	–	–	3,382	403	673	4,458
Balance at 31 December 2009	642	2,671	87,295	27,609	55,148	173,365
Non-current	–	–	–	–	274	274
Current	642	2,671	87,295	27,609	54,874	173,091
	642	2,671	87,295	27,609	55,148	173,365

Litigation costs

Litigation costs include litigation with franchisees, employee disputes and accident claims.

Insurance claim provisions

These provisions mainly relate to insurance risks as detailed in Note 32 Financial risk management.

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

Charges recorded during the year in "other provisions" are mainly related to tax (other than income tax) reassessment notifications received following tax audits. Most of the related liabilities are covered by the vendor guarantee documented in the share purchase agreement signed on 31 May 2006 between Eurazeo S.A. and Volkswagen AG.

Credits recorded during 2009 mainly relate to the utilisation of a reserve related to an insurance programme discontinued with effect from 1 January 2008.

The amount carried in other provisions at 31 December 2010 and 2009 also includes reserves for risks and contingent liabilities and reorganisation.

27. Rental fleet related payables

The fair values of rental fleet related payables correspond to the nominal value. The fleet payables relate to operating lease contracts.

In thousands of €	2010	2009
Fleet payables(1)	**617,232**	599,203
VAT payables	**28,655**	69,996
	645,887	669,199

(1) Includes €278.0 million (2009: €225.6 million) related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement.

28. Trade payables and other liabilities

The fair values of trade payables correspond to the nominal value. All trade and other liabilities fall due within one year.

In thousands of €	Note	2010	2009
Trade payables, including to affiliates		**256,419**	263,354
Other tax payable		**15,616**	10,130
Deposits		**32,602**	34,045
Employee related liabilities		**50,157**	43,790
Contingent consideration related to acquired entities	*13*	**–**	3,257
		354,794	354,576

29. Derivative financial instruments

In thousands of €	2010 Assets	2010 Liabilities	2009 Assets	2009 Liabilities
Interest rate swaps-cash flow hedge	**–**	**72,568**	–	91,245
Total	**–**	**72,568**	–	91,245

The fair value of a hedging derivative is recorded as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Interest rate swap agreements

In April 2006, the Group entered into an interest rate swap in accordance with its obligations under its financing documentation. The swap agreements are denominated in euro and have variable notional amounts. The agreements stipulate that on a monthly basis the Group pays a fixed interest expense calculated at a rate ranging from 3.978% to 3.993% on the outstanding notional amount of the swap and receives an interest income calculated at a rate equal to Euribor one-month. The maturity date of the swap agreements is 17 December 2011. The interest rate swap qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognised in equity.

In December 2010, the Group entered, through one of its SPE, into an interest rate swap agreement with a starting date 18 December 2011 and maturity date 17 January 2015. According this agreement, the Group will pay a fixed interest expense ranging from 2.42% to 2.45% on the outstanding notional amount of €1.3 billion an interest income calculated at a rate equal to Euribor one-month. The forward swap agreement qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognised in equity.

The notional values of the outstanding interest rate swap agreements at 31 December 2010 were €1,733.6 million (2009: €2,032.4 million).

Currency swap £/€

As at 31 December 2010, EC UK is lending £30 million to ECH. Therefore, ECH entered into a forex swap £/€ with a starting date at 22 December 2010 and a maturity date at 18 January 2011 in order to convert £ liquidity into €. The fair value impact booked in profit and loss amounts to €0.5 million.

30. Off-balance sheet commitments

30.1 Operating leases

As at 31 December 2010, the Group's minimum future payments relating to non-cancellable operating lease commitments are as follows:

In thousands of €	31 December 2010	31 December 2010 Of which related to rental fleet	31 December 2009	31 December 2009 Of which related to rental fleet
Payable:				
Within one year	**191,340**	**145,841**	225,432	183,690
From one to five years	**98,020**	**13,273**	101,431	16,170
Over five years	**25,513**	**–**	28,569	–
	314,873	**159,114**	355,432	199,860

The Group leases vehicles in Germany, Belgium, Portugal, France, Spain, Australia and New Zealand. The Group also leases facilities and other assets. Facilities and other assets leases run for a period of 3 to 9 years in most instances, usually with an option to renew the lease after that date.

During the year ended 31 December 2010, €159.1 million was recognised as an expense in the income statement in respect of operating leases related to the rental fleet (2009: €151.9 million).

For assets other than the rental fleet leased under operating leases (mainly rental station facilities), expenses recorded in the 2010 income statement were €60.9 million (2009: €59.3 million).

30.2 Capital commitments

During the year ended 31 December 2010, the Group entered into contracts to purchase vehicles. As at 31 December 2010, outstanding capital commitments for vehicles were €627.9 million (2009: €402.0 million), and for property, plant and equipment and intangible assets were €0.4 million (2009: €0.4 million).

Fleet capital commitments correspond to a large portion of the forecast needs of the Group for the first part of the following year and are mostly subject to buy-back commitments from car manufacturers.

30.3 Contingencies and guarantees

Neither ECG nor any of the Group companies is party to any current or foreseeable legal or arbitration proceeding that may have a material effect on the financial position of the Group or has had such an effect within the last two years.

The Group has provided various guarantees (mostly joint and several guarantees) to certain third parties (mainly for fleet leasing transactions) within the normal course of business, as well as some specific purpose guarantees of which a €29.6 million guarantee to Chartis (formerly AIG) Europe S.A. for the performance of certain obligations of its self-insurance program (Loss Retention Agreement), which could be exercised in the highly unlikely event that Europcar were unable to meet its commitments under such Loss Retention Agreement.

As at 31 December 2010, ECG had €185.9 million as guarantees with suppliers (2009: €151.5 million). Contingent assets amount to €1.4 million (2009: €0.8 million).

Securitifleet S.A.S. and Securitifleet S.L. respectively own a substantial part of the fleet leased by, respectively, Europcar France S.A.S. and Europcar IB S.A. to their respective clients and have granted a pledge over their vehicles, with respect to Securitifleet S.A.S., for the benefit of *Crédit Agricole Corporate and Investment Bank* and its successors and assignees and, more particularly, for the benefit of the French mutual debt fund (*fonds commun de titrisation*) FCT Sinople, in accordance with the provisions of articles 2333 *et seq.* of the French civil Code and with respect to Securitifleet S.L., for the benefit of its creditors and its successors and assignees pursuant to a contract called "Spanish Securitifleet Financing Agreement" and in accordance with the provisions of article 1863 of the Spanish civil Code. For the needs of such pledges, Europcar France S.A.S. and Europcar IB S.A. were respectively appointed as third party holder *("tiers convenu" and "tercero poseedor de conformidad")* in accordance with respectively the provisions of article 2337 of the French civil Code and article 1863 of the Spanish civil Code. Consequently, any return of vehicle by a client of Europcar France S.A.S. or Europcar IB S.A. will have to be made, as the case may be, to Europcar France S.A.S. or Europcar IB S.A. in their capacity as third party holder *("tiers convenu" and "tercero poseedor de conformidad")* or, as the case may be, to any other entity that would be substituted to them in such capacity and in no event to Securifleet France S.A.S. or Securitifleet S.L.

31. Related parties

Related parties under the terms of IAS 24 are parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted on standard market terms. Several members of the Management and the Board of Directors of the Group are members of supervisory board with which Europcar Groupe S.A. has relations in the normal course of its business activities. All transactions with these parties are conducted on standard market terms.

Transactions with related parties controlled by Eurazeo S.A., the ultimate Parent company

The Group has a related-party relationship with Eurazeo limited to management services provided by Eurazeo and billed directly to Europcar Groupe S.A.

At 31 December 2010, the Group has no accrued expense in respect of post-acquisition services to be invoiced by Eurazeo S.A in relation to finance structuring (2009: €8.4 million).

In relation to the management services described above, €18.5 million was paid to Eurazeo as at 31 December 2010. Nothing was paid in 2009.

Compensation of key management members

In addition to their salaries, the Group also provides non-cash benefits to executive officers, and contributes to a post-employment defined benefit plan on their behalf. There was no significant transaction with any company related directly or indirectly to key management members disclosed in the management report of the Europcar subsidiaries. The remuneration of the main members of the management amounts to €3.8 million during the year 2010.

32. Financial risk management

This note presents the Group's financial instrument fair value measurement methodology and how the Group manages financial risk exposure.

32.1 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price: level 1 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows: level 2 in the fair value hierarchy.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Considering the maturity of the financing facilities and other debts and their respective interest rates, management has concluded that the fair value of the financial liabilities approximates their respective carrying value except for Loan Notes maturing in 2013, 2017 and 2018 for which the fair value has been determined using quoted prices as at 31 December 2010 and as at 31 December 2009 at the Euro MTF.

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, are as follows:

31 December 2010 Fair value In thousands of €	**Notes**	**Carrying amount**	**Fair value**	**Fair value through the income statement**	**Fair value through equity**	**Financial instruments at amortised cost**
Trade receivables	*20*	**282,337**	**282,337**	**–**	**–**	**282,337**
Deposits, other receivables and loans	*16*	**6,740**	**6,740**	**–**	**–**	**6,740**
Vehicle buy-back agreement receivables	*19*	**1,084,466**	**1,084,466**	**–**	**–**	**1,084,466**
Fleet receivables	*19*	**544,015**	**544,015**	**–**	**–**	**544,015**
Deposits	*20*	**31,618**	**31,618**	**–**	**–**	**31,618**
Total of loans and receivables		**1,949,176**	**1,949,176**	**–**	**–**	**1,949,176**
Shares in unconsolidated entities	*16*	**3,245**	**3,245**	**–**	**3,245**	**–**
Other investments	*16*	**48,742**	**48,742**	**–**	**–**	**48,742**
Restricted cash	*21*	**86,752**	**86,752**			**86,752**
Cash and cash equivalents	*21*	**263,108**	**263,108**	**–**	**–**	**263,108**
Derivative assets	*29*	**–**	**–**	**–**	**–**	**–**
Total financial assets		**2,351,023**	**2,351,023**	**–**	**3,245**	**2,347,778**
Notes and borrowings	*24*	**1,064,031**	**1,057,115**	**–**	**–**	**1,064,031**
Trade payables	*28*	**256,419**	**256,419**	**–**	**–**	**256,419**
Fleet payables	*28*	**617,232**	**617,232**	**–**	**–**	**617,232**
Bank overdraft and portion of loans due in less that one year	*24*	**1,347,453**	**1,347,453**	**–**	**–**	**1,347,453**
Derivative liabilities	*29*	**72,568**	**72,568**	**–**	**72,568**	**–**
Total financial liabilities		**3,357,703**	**3,350,787**	**–**	**72,568**	**3,285,135**

31 December 2009 Fair value In thousands of €	Notes	Carrying amount	Fair value	Fair value through the income statement	Fair value through equity	Financial instruments at amortised cost
Trade receivables	*20*	263,788	263,788	–	–	263,788
Deposits, other receivables and loans	*16*	6,253	6,253	–	–	6,253
Vehicle buy-back agreement receivables	*19*	1,157,654	1,157,654	–	–	1,157,654
Fleet receivables	*19*	547,944	547,944	–	–	547,944
Deposits	*20*	20,096	20,096	–	–	20,096
Total of loans and receivables		1,995,735	1,995,735	–	–	1,995,735
Shares in unconsolidated entities	*16*	2,452	2,452	–	2,452	–
Other investments	*16*	43,475	43,475	–	–	43,475
Restricted cash	*21*	35,194	35,194			35,194
Cash and cash equivalents	*21*	231,076	231,076	–	–	231,076
Derivative assets	*29*	–	–	–	–	–
Total financial assets		2,307,932	2,307,932	–	2,452	2,305,480
Notes and borrowings	*24*	795,398	673,994	–	–	795,398
Trade payables	*28*	263,354	263,354	–	–	263,354
Fleet payables	*28*	599,203	599,203	–	–	599,203
Bank overdraft and portion of loans due in less that one year	*24*	1,449,538	1,449,538	–	–	1,449,538
Derivative liabilities	*29*	91,245	91,245	–	91,245	–
Total financial liabilities		3,198,738	3,077,334	–	91,245	2,986,089

The level in the fair value hierarchy at which fair value measurements are categorised, for assets and liabilities measured in the statement of financial position, is as follows:

Assets measured at fair value In thousands of €	31 December 2010	Level 1	Level 2	Level 3
Other investments	**3,245**	**3,245**	**–**	**–**
Total	**3,245**	**3,245**	**–**	**–**

Liabilities measured at fair value in thousands of €	31 December 2010	Level 1	Level 2	Level 3
Derivative liabilities	**72,568**	**–**	**72,568**	**–**
Total	**72,568**	**–**	**72,568**	**–**

32.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk; fair value interest rate risk; cash flow interest rate risk and security price risk); credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as specific guidance in areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial

instruments, and investment of excess liquidity. 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.

The Group assesses continuously the financial risks identified (including market risk, credit risk and liquidity risk) and documents its exposure in its financial statements. The Group considers that its exposure as at 31 December 2010 did not change significantly during the last 12 months and therefore the policy implemented to mitigate such exposure remain consistent with prior years.

A. Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP. Foreign exchange risk arises from translation into euro of the results and net assets of the subsidiaries having a functional currency different from the euro, from financial intra-group transactions and to a lesser extent from transactions with franchisees.

The Group does not have any investments in foreign operations whose net assets are exposed to foreign currency translation risk other than in the United Kingdom, Australia, New Zealand and Switzerland.

Group summary quantitative exposure to foreign exchange risk arising from translation into functional currency

In thousands of €	GBP	AUD	CHF	Total 2010
Trade and receivables (including fleet)	**72,086**	**11,339**	**2,539**	**85,964**
Other financial assets				
Non-current investments	**3,250**	**492**	**258**	**4,000**
Derivatives financial instruments	–	–	–	–
Other investments	–	–	–	–
Cash and cash equivalents	**72,117**	**1,551**	**995**	**74,663**
Total financial assets	**147,453**	**13,382**	**3,792**	**164,627**
Borrowings	**396,658**	**98,444**	–	**495,102**
Trade and other payables (including fleet)	**84,188**	**10,487**	**1,573**	**96,248**
Impact of hedging derivatives	–	–	–	–
Total financial liabilities	**480,846**	**108,931**	**1,573**	**591,350**
Total net exposure (araising from translation)	**(333,393)**	**(95,549)**	**2,219**	**(426,723)**

In thousands of €	GBP	AUD	CHF	Total 2009
Trade and receivables (including fleet)	128,025	9,604	2,132	139,761
Other financial assets				
Non-current investments	3,152	366	218	3,736
Derivatives financial instruments	–	–	–	–
Other investments	42,987	–	–	42,987
Cash and cash equivalents	109,840	3,204	1,275	114,319
Total financial assets	284,004	13,174	3,625	300,803
Borrowings	348,648	85,529	–	434,177
Trade and other payables (including fleet)	81,629	11,241	1,161	94,031
Impact of hedging derivatives	–	–	–	–
Total financial liabilities	430,277	96,770	1,161	528,208
Total net exposure (araising from translation)	(146,273)	(83,596)	2,464	(227,405)

At 31 December 2010, if the euro had strengthened by 15% against the GBP with all other variables held constant, net income for the year would have decreased by €0.6 million (2009: € 2.9 million) and equity would have increased by €11.1 million (2009: €17.6 million).

At 31 December 2010, if the euro had weakened by 15% against the GBP with all other variables held constant, net income for the year would have increased by €0.6 million (2009: €2.9 million) and equity would have decreased by €11.1 million (2009: €17.6 million).

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to hedge approximately 80% of its floating interest rate borrowings with fixed interest rate instruments. During 2010 and 2009, the Group's borrowings at variable rate were denominated in euros.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration, among other things refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings for the revolving financing of fleet at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Based on the simulations performed, the impact after hedging on Group loss after tax for the year of a 100 basis-point increase / decrease in interest rates would be a maximum increase / decrease of €5.3 million (2009: €3.6 million).

At 31 December 2010, if the interest rates had strenghthened by 100 basis-point, the fair value booked in other comprehensive income would have increased by €54.8 million.

At 31 December 2010, if the interest rates had weakened by 100 basis-point, the fair value booked in other comprehensive income would have decreased by €28.4 million.

At the reporting date the interest profile of the Group's interest-bearing borrowings was as follows.

In thousands of €	2010	2009
Non-current liabilities		
Fixed rate borrowings	**640,941**	367,461
Variable rate borrowings	**423,090**	427,937
Of which variable rate hedged	*347,709*	
Of which variable rate not hedged	*75,381*	
	1,064,031	795,398
Current liabilities		
Fixed rate borrowings	**–**	–
Variable rate borrowings	**1,347,453**	1,449,538
Of which variable rate hedged	*647,184*	
Of which variable rate not hedged	*700,269*	
	1,347,453	1,449,538

B. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to car manufacturers and dealers and to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. The utilisation of credit limits is regularly monitored.

The table below shows the credit limit and balance of the three major counterparties at the balance sheet date.

In thousands of €	2010 Credit limit	2010 Utilised	2009 Credit limit	2009 Utilised
Revolving credit[1]	**350,000**	**220,200**	350,000	114,861
Senior asset financing lines related to fleet financing	**1,300,000**	**630,024**	2,110,000	900,490
Financing other that senior financing asset loan related to fleet financing[2]	**754,529**	**508,550**	710,054	438,196

(1) "Utilised" amounts include the revolving credit facility for €220.2 million as at 2010 (2009: €85.1 million) and guarantees given as part of the operating activities of the Group.

(2) Primarily consists of fleet operations in the United Kingdom financed through different credit lines other than the senior financing asset loan.

C. Loans and receivables credit risk analysis

In thousands of €	2010	2009
Neither past due nor impaired[1]	**1,802,317**	1,842,758
Past due but not impaired	**191,683**	152,879
Impaired	**42,156**	39,673
Total	**2,036,156**	2,035,310

(1) Net of provisions for stolen and badly damaged cars, please refer to note 19

The maximum exposure to credit risk at the reporting date is the carrying amount of loans and receivables. The Group does not hold any collateral as security.

The credit quality of loans and receivables neither past due nor impaired relates to a number of independent counterparties for whom there is no recent history of default or expected default.

The Group's credit risk exposure to car manufacturers and dealers primarily arises from:

- Risk of non-recoverability of receivables on US manufacturers' European subsidiaries arising from the buy-backs

- Directly related to the above, risk of having to self-finance the same receivables. In case of default of a European subsidiary of a US manufacturer, the corresponding fleet becomes "non-eligible" under the senior asset financing facility

- As an ancillary risk, a bankruptcy of a significant supplier and the subsequent uncertainty surrounding future supplies.

Europcar Groupe does not derive revenues from transactions with a single external customer that would represent 10% or more of the Group's revenue.

The Group has implemented procedures to monitor and reduce credit risk exposure, including reduction of purchases, implementation of a receivable risk monitoring reporting process and specific fleet management actions to minimise risk exposure. The ageing analysis of loans and receivables past due but not impaired is as follows:

In thousands of €	Not yet due	Less than 3 months	From 3 to 6 months	Over 6 months	Total
Vehicle buy-back agreements receivables	1,084,466	–	–	–	1,084,466
Fleet receivables	486,201	55,865	156	1,793	544,015
Rental receivables	114,287	70,194	10,414	7,347	202,242
Trade receivables	11,691	8,004	3,309	10,594	33,598
Other receivables	37,506	7,378	898	715	46,497
Total as at 31 December 2010	1,734,151	141,441	14,776	20,450	1,910,818

In thousands of €	Not yet due	Less than 3 months	From 3 to 6 months	Over 6 months	Total
Vehicle buy-back agreements receivables	1,157,654	–	–	–	1,157,654
Fleet receivables	456,030	79,811	2,945	9,170	547,956
Rental receivables	109,767	49,845	9,354	16,266	185,232
Trade receivables	22,267	12,301	1,070	8,627	44,265
Other receivables	30,617	1,935	1,728	11	34,291
Total as at 31 December 2009	1,776,335	143,892	15,097	34,074	1,969,398

(iii) Price risk

The Group is not exposed to equity securities price risk considering the materiality of the investments held by the Group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss. The Group is not directly exposed to commodity price risk but the Group is exposed to the risk of increasing holding costs for vehicles.

D. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyses the Group's financial liabilities including hedging derivatives by relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying values, as the impact of discounting is not significant.

		Up to 1 year		From 1 year to 5 years		Later than 5 years		Total	
In thousand of €		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
31 December 2010									
Notes issued	1,059,722	18,254	21,704	425,000	278,247	650,000	150,000	1,093,254	449,951
Bank borrowings and finance lease liabilities	708,432	189	34,060	708,808	38,027	–	–	708,997	72,087
Senior asset financing facility	610,567	936	42,358	630,024	112,673	–	–	630,960	155,031
Other borrowings	32,763	32,763	–	–	–	–	–	32,763	–
Derivative liabilities	51,560	–	38,405	–	12,768	–	387	–	51,560
Trade and fleet payables	873.651	873,651	–	–	–	–	–	873,651	–
Deposits	32,602	32,602	–	–	–	–	–	32,602	–
Total financial liabilities	3,369,297	958,395	136,527	1,763,832	441,715	650,000	150,387	3,372,227	728,629
31 December 2009									
Notes issued	806,097	–	48,843	800,000	156,372	–	–	800,000	205,215
Bank borrowings and finance lease liabilities	522,941	108,263	10,305	414,678	13,037	–	–	522,941	23,342
Senior asset financing facility	901,146	–	11,925	901,146	7,845	–	–	901,146	19,769
Other borrowings	43,355	43,355	1,332	–	–	–	–	43,355	1,332
Derivative liabilities	158,128	–	71,705	–	86,423	–	–	–	158,128
Trade and fleet payables	862,557	862,557	–	–	–	–	–	862,557	–
Deposits	34,045	34,045	–	–	–	–	–	34,045	–
Total financial liabilities	3,328,269	1,048,220	144,110	2,115,824	263,677	–	–	3,164,044	407,787

E. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

F. Insurance risks

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal, Belgium, Switzerland, Italy (effective 1 January 2008) and Germany (effective 1 April 2008), buy local automobile liability insurance policies with Chartis (formerly AIG) entities, which reinsure part of such risks with a reinsurance cell hosted by Euroguard, a protected cell company. The Group owns a reinsurance cell (9) within Euroguard such cell being consolidated since January 2006. But

the local Europcar entities fund a significant portion of the risk through a Deductible Funding mechanism which is managed via another cell (0) located within Euroguard and acting as a mere fund manager. The funds hosted in this cell are also consolidated.

As from 1 January 2009, the Group's operating subsidiary located in Spain has placed its Fleet Motor Liability risk with another insurer in a traditional risk transfer way.

(i) Frequency and severity of claims

The risk covered by an insurance contract has to do with the probability of occurrence of the insured event and the uncertainty as to the amount of the resulting claim. The risk that the Group addresses through its auto fleet liability insurance programme is the one of property damages and bodily injuries caused by the driver of a Europcar vehicle to a third party. The auto liability insurance being a mandatory insurance the risk is transferred from ground up to the insurer in the first place but parlty funded and reinsured by Europcar as a group on the back end side through various risk self financing techniques.

Europcar's auto fleet liability risk is a combination of frequency and severity events. Europcar has developed a strategy around self financing frequency risks and effectively transferring severity risk to the insurer (applicable to main corporate countries but Spain for reason developed above):

- Operating a large fleet entails the occurrence of a multiplicity of small amount third party claims. The loss charge stemming from these small claims can be predicted with a good level of certainty by actuaries, factoring in the variation of activity and the trends witnessed in the various countries. The losses up to a EUR 500,000 any one occurrence threshold are self insured.
- Operating a fleet also entails the more random occurrence of costly events which are essentially severe bodiliy injury caused to third party as a consequence of the driver of a Europcar vehicle being at fault. This part cannot be anticipated by actuaries with good level certainty which is why the portion of risk exceeding EUR 500,000 is borne by the insurer.

The trend observed is an average cost increase in severity claims due to economical, legal and social factors.

(ii) Sources of uncertainty in the estimation of future claim payments

Claims under Fleet Motor Liability policies are payable on a claims-occurrence basis. The Group, by virtue of the self financing component of the programme is liable for all insured events that occur during the insured period (typically a given calendar year). A portion of the ultimate loss charge of a given insurance period develops after that insurance period expiration date because of late claims notification and post insurance period claim development (typically as a result of deterioration in the health of a victim). As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

(iii) Changes in assumptions and methodology

The Group did not change its main assumptions and methodology for the insurance contracts disclosed in this note other than updating the cost of its contents for the time value of money.

33. Group entities

Company name PARENT COMPANY Europcar Groupe S.A. 1. Information on consolidated companies	Registered office (Town) Guyancourt (Town)	Country France	Consolidation Full/Equity Full Full/Equity	% of interest (0,00)% (0,00)%	% of voting rights (0,00)% (0,00)%
Europcar International S.A.S.U	Guyancourt	France	Full	100.00%	100.00%
Europcar Holding S.A.S.	Guyancourt	France	Full	100.00%	100.00%
Securitifleet Holding S.A.	Guyancourt	France	Full	99.28%	8.26%
Securitifleet Holding Bis S.A.S.U	Guyancourt	France	Full	0.00%	0.00%
EC Finance Plc	Guernesey	United Kingdom	Full	0.00%	0.00%
FCT Sinople	Paris	France	Full	0.00%	0.00%
EC1	Guyancourt	France	Full	100.00%	100.00%
EIS E.E.I.G.	Guyancourt	France	Full	100.00%	100.00%
Europcar France S.A.S.	Guyancourt	France	Full	100.00%	100.00%
Securitifleet S.A.S.U.	Guyancourt	France	Full	99.28%	8.26%
Securitifleet France Location S.A.S.U.	Rouen	France	Full	0.00%	8.26%
Parcoto Services E.U.R.L.	Rouen	France	Full	100.00%	100.00%
Europcar International S.A. und Co OHG	Hamburg	Germany	Full	100.00%	100.00%
Europcar Autovermietung GmbH	Hamburg	Germany	Full	100.00%	100.00%
Securitifleet GmbH	Hamburg	Germany	Full	9.96%	5.41%
InterRent Immobilien GmbH	Hamburg	Germany	Full	100.00%	100.00%
Car2Go Hamburg	Hamburg	Germany	Equity	75.00%	50.00%
Ultramar Cars S.L.	Palma de Mallorca	Spain	Full	100.00%	100.00%
Europcar S.A.	Zaventem	Belgium	Full	100.00%	100.00%
Europcar IB S.A.	Madrid	Spain	Full	100.00%	100.00%
Securitifleet S.L.	Madrid	Spain	Full	4.96%	0.41%
Europcar United Kingdom Limited	Watford	United Kingdom	Full	100.00%	100.00%
Europcar Italia S.p.A.	Roma	Italy	Full	99.32%	100.00%
Securitifleet Srl	Roma	Italy	Full	99.32%	13.76%
Europcar Internacional Aluguer de Automoveis S.A.	Lisbon	Portugal	Full	99.99%	100.00%
Monaco Auto Location SAM	Monaco	Monaco	Full	100.00%	100.00%
PremierFirst Vehicle Rental EMEA Holdings Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Holdings Ltd	Leicester	United Kingdom	Full	100.00%	100.00%

Company name 1. Information on consolidated companies (continued)	Registered office (Town)	Country	Consolidation Full/Equity	% of interest (0,00)%	% of voting rights (0,00)%
PremierFirst Vehicle Rental Group Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
Diplema 272 Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
Diplema 274 Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
Provincial Assessors Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Properties Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Pension Scheme Trustees Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Insurances Guernsey Ltd	St Peter Port	Guernsey	Full	99.99%	100.00%
Europcar Group UK Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
Provincial Securities Ltd	Leicester	United Kingdom	Full	73.00%	100.00%
PremierFirst Vehicle Rental German Holdings GmbH	Wiesbaden	Germany	Full	100.00%	100.00%
PremierFirst Vehicle Rental GmbH	Wiesbaden	Germany	Full	100.00%	100.00%
PremierFirst Autovermietung GmbH & Co. KG	Wiesbaden	Germany	Full	100.00%	100.00%
PremierFirst Vehicle Rental Switzerland AG	Zurich	Switzerland	Full	99.98%	99.98%
PremierFirst Vehicle Rental Franchising Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
Euroguard	Gibraltar	Gibraltar	Full	100.00%	100.00%
Auto Ibiza Rent a car S.A.	Ibiza	Spain	Full	0.00%	0.00%
Pitiusas Taller de Reparaciones S.A.	Ibiza	Spain	Full	0.00%	0.00%
Solcar S.A.	Palma de Mallorca	Spain	Full	0.00%	0.00%
Europcar Holding Property Ltd	Melbourne	Australia	Full	100.00%	100.00%
Europcar Australia Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
G1 Holdings Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
CLA Holdings Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
SMJV Ltd	Christchurch	New Zealand	Full	100.00%	100.00%
BVJV Ltd	Christchurch	New Zealand	Full	100.00%	100.00%
MVS Holdings (Australia) Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
MVS Trading Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
CLA Trading Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
E Rent a car Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
JSV Trading Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
BAJV Pty Ltd	Victoria	Australia	Equity	50.00%	50.00%
Delta Car Rentals Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
Delta Cars & Trucks Rentals Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
Eurofleet Sales Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
Eurofleet Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
GPV Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
SCJV Pty Ltd	Victoria	Australia	Full	100.00%	100.00%
Delta Truck Rentals Pty Ltd	Victoria	Australia	Full	100.00%	100.00%

Company name 2. Information on non-consolidated companies	Registered office	Country	Consolidation	% of interest	% of voting rights
BCR Holdings Ltd	Watford	United Kingdom		100.00%	100.00%
Europcar Chauffeurdrive UK Ltd	Watford	United Kingdom		100.00%	100.00%
Europcar Inc.	Dover	United States		100.00%	100.00%
Godfrey Davis (Car Hire) Ltd	Watford	United Kingdom		100.00%	100.00%
InterRent Ltd	Dublin	Ireland		100.00%	100.00%
Rovard Facilities Ltd ..	Watford	United Kingdom		100.00%	100.00%
Vehitel 2000 France S.A.S.	Suresnes	France		20.00%	20.00%
Vehitel 2000 S.N.C. ...	Suresnes	France		33.00%	33.00%
PremierFirst Marketing Enterprises Middle East Ltd	Dubai	United Arab Emirates		25.00%	25.00%

Consolidated Special Purpose Entities

As part of the securitisation program for part of the fleet financing for Germany, France, Italy and Spain, some Special Purpose Entities have been incorporated under the name Securitifleet in each of those countries and are either 100% owned or controlled (above 90%) by either of the following Special Purpose Entities "Securifleet Holding S.A." or "Securifleet Holding Bis S.A.S.", both incorporated in France. The Group consolidates all Securitifleet entites, i.e. the four local Securitifleet companies as well as the two Securitifleet holding companies, since they have been created by specific objectives defined by Europcar Group.

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal, Belgium, Switzerland, Italy (effective 1 January 2008) and Germany (effective 1 April 2008), buy local automobile liability insurance policies with Chartis (formerly AIG) entities, which reinsure part of such risks with a reinsurance cell hosted by Euroguard, a protected cell company. The Group owns a reinsurance cell (9) within Euroguard such cell being consolidated since January 2006. But the local Europcar entities fund a significant portion of the risk through a Deductible Funding mechanism which is managed via another cell (0) located within Euroguard and acting as a mere fund manager. The funds hosted in this cell are also consolidated.

PremierFirst Vehicle Rental Holdings Limited owns 100% of PremierFirst Vehicle Rental Insurances Guernsey Limited, a captive company based in Guernsey in the Channel Islands. ECG has two types of business: roadside assistance (RAC) and personal accident insurance (PAI). The profits from the RAC and PAI businesses can largely be distributed by the captive company under strict rules. 90% of the profits must be distributed within 18 months after the year end.

Since January 2008, PremierFirst Vehicle Rental Limited has participated in the Group insurance scheme described in the first paragraph above

34. Subsequent events

Management is not aware of any subsequent event that occurred between 1 January and 23 March 2011 that could significantly affect the result, assets, activity and overall financial situation of the Group.

Europcar Groupe

Statutory auditor's report on the consolidated financial statements
(for the year ended December 31, 2009)

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Téléphone 01 56 57 58 59
Fax 01 56 57 58 60

Statutory auditor's report on the consolidated financial statements (for the year ended December 31, 2009)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

To the Shareholders of
Europcar Groupe
5, Place de Frères Montgolfier
78280 Guyancourt

Dear Sirs,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Europcar Groupe;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the 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 consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- The Company tests goodwill and intangible assets with an indefinite useful life for impairment, and assesses whether long term assets present an indication of impairment, in accordance with the methods set out in notes 3(c), 3(d)i, 13 and 14 to the consolidated financial statements. We have reviewed the methods used for the aforementioned test, the methodology applied as well as the estimated future cash flows and underlying assumptions and verified that the information provided in the notes 3(c), 3(d)i, 13 and 14 is appropriate.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2(d) to the consolidated financial statements, actual results may differ materially from such estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information related to the Group given in the management report. We have no matters to report regarding the fair presentation and consistency with of this information with the consolidated financial statements.

Neuilly-sur-Seine, March 25, 2010

The statutory auditor

PricewaterhouseCoopers Audit

Stéphane Schwedes

Remark on historical financial information

Purpose of preparing consolidated financial statements

On May 31, 2006, Eurazeo S.A., a French investment company, acquired through Europcar Groupe S.A. (formerly Legendre Holding 14 S.A.S.), a subsidiary formed for this purpose, 100% of the share capital of Europcar International S.A.S.U. ("ECI") from Volkswagen AG. The enterprise value of ECI was €3.1 billion, comprising equity of €1.3 billion and ECI's debt of €1.8 billion as at December 31, 2005.

These consolidated financial statements have been prepared to provide financial information to our shareholders, the holders of and potential investors in the notes issued by Europcar Groupe S.A. (referred to as "ECG", "the company", "the entity" or "EG S.A.") and not in response to any statutory obligation. The Company is exempt from any such obligation by virtue of the consolidated accounts prepared by its ultimate shareholder Eurazeo S.A.

Consolidated statement of financial positions as at December 31, 2009

In thousands of €	Notes	2009	2008
Assets			
Goodwill	*13*	**520,580**	611,702
Intangible assets	*14*	**794,548**	795,649
Property, plant and equipment	*15*	**114,840**	121,481
Non-current investments	*16*	**6,352**	5,933
Derivative financial instruments	*29*	**–**	1,987
Deferred tax assets	*17*	**22,761**	23,622
Total non-current assets		**1,459,081**	1,560,374
Inventories	*18*	**15,177**	16,560
Income tax receivable		**9,318**	29,008
Rental fleet and related receivables	*19*	**2,154,770**	2,586,117
Other investments	*16*	**45,828**	43,424
Trade and other receivables	*20*	**370,554**	420,826
Cash and cash equivalents	*21*	**266,270**	280,044
Total current assets		**2,861,917**	3,375,979
Total assets		**4,320,998**	4,936,353
Equity			
Share capital	*22*	**778,466**	778,466
Share premium	*22*	**3,445**	3,445
Reserves	*22*	**(147,198)**	(147,280)
Retained earnings	*22*	**(141,725)**	17,982
Total equity attributable to owners of the Company		**492,988**	652,613
Minority interests	*22*	**3,570**	1,262
Total equity		**496,558**	653,875
Liabilities			
Borrowings	*24*	**795,398**	794,778
Derivative financial instruments	*29*	**91,245**	53,878
Employee benefits	*25*	**67,449**	53,306
Provisions	*26*	**274**	4,946
Deferred tax liabilities	*17*	**206,607**	238,285
Total non-current liabilities		**1,160,973**	1,145,193
Borrowings	*24*	**1,449,538**	2,032,120
Income tax payable		**17,063**	29,297
Rental fleet related payables	*27*	**669,199**	569,084
Trade payables and other liabilities	*28*	**354,576**	356,943
Provisions	*26*	**173,091**	149,840
Total current liabilities		**2,663,467**	3,137,285
Total liabilities		**3,824,440**	4,282,478
Total equity and liabilities		**4,320,998**	4,936,353

The notes on pages F-82 to F-139 are an integral part of these financial statements.

Consolidated income statement for the year ended December 31, 2009

In thousands of €	Notes	2009	2008
Revenue	4	**1,851,356**	2,091,307
Fleet holding costs	5	**(509,180)**	(575,845)
Fleet operating, rental and revenue related costs	6	**(646,119)**	(735,419)
Personnel costs	7	**(297,724)**	(329,353)
Network and head office overheads	8	**(202,740)**	(219,836)
Depreciation and amortization expenses	14,15	**(34,266)**	(33,617)
Other income	9	**6,753**	12,778
Operating income before non-recurring items		**168,080**	210,015
Goodwill impairment charge	10,13	**(90,872)**	–
Other non-recurring items	10	**(56,292)**	(24,771)
Operating income		**20,916**	185,244
Financial income	11	**6,747**	17,857
Financial expenses	11	**(117,549)**	(220,771)
(Expenses)/Income from interest rate swaps	11	**(61,088)**	6,211
Amortization of financing arrangement costs	11	**(17,248)**	(26,184)
Net financing costs		**(189,138)**	(222,887)
Loss before tax		**(168,222)**	(37,643)
Income taxes	12	**19,965**	2,587
Share of profit/(loss) in associates		**340**	(73)
Loss for the year		**(147,917)**	(35,129)
Attributable to:			
Owners of the Company		**(150,225)**	(35,831)
Minority interests		**2,308**	702
Basic loss per share (euro)	23	**(1.930)**	(0.460)
Diluted loss per share (euro)	23	**(1.930)**	(0.460)

The notes on pages F-82 to F-139 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended December 31, 2009

In thousands of €	Notes	2009	2008
Net gain/(loss) for the year		**(147,917)**	(35,129)
Foreign currency translation		**23,779**	(86,303)
Effective portion of changes in fair value of cash flow hedges		**(36,278)**	(64,723)
Actuarial gains / (losses) on defined benefit pension schemes	*25*	**(13,559)**	9,460
Deferred income tax relating to components of other comprehensive income		**16,547**	18,999
Net loss recognized in equity		**(9,511)**	(122,567)
Total loss for the period		**(157,428)**	(157,696)
Attributable to:			
Equity holders of the Company		**(159,736)**	(158,398)
Minority interests		**2,308**	702

The notes on pages F-82 to F-139 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended Dec

In thousands of €	Attributable to equity holders of the Comp				
	Share capital	Share premium	Hedging reserve	Translation reserve	Retai earni
Balance at January 1, 2008	778,466	3,445	8,104	(26,647)	47,4
Increase in share capital	–	–	–	–	
Profit/(loss) for the period	–	–	–	–	(35,8
Dividend paid	–	–	–	–	
Foreign currency differences	–	–	–	(86,303)	
Effective portion of changes in fair value of cash flow hedges	–	–	(64,723)	–	
Actuarial results on defined benefit obligation	–	–	–	–	9,4
Deferred income tax relating to components of other comprehensive income	–	–	22,289	–	(3,2
Net change in fair value of available-for-sale financial assets	–	–	–	–	
Balance at December 31, 2008	778,466	3,445	(34,330)	(112,950)	17,9
Balance at January 1, 2009	**778,466**	**3,445**	**(34,330)**	**(112,950)**	**17,9**
Increase in share capital	–	–	–	–	
Profit/(loss) for the period	–	–	–	–	**(150,2**
Dividend paid	–	–	–	–	
Foreign currency differences	–	–	–	**23,869**	
Effective portion of changes in fair value of cash flow hedges	–	–	**(36,278)**	–	
Actuarial results on defined benefit obligation	–	–	–	–	**(13,5**
Deferred income tax relating to components of other comprehensive income	–	–	**12,491**	–	**4,0**
Net change in fair value of available-for-sale financial assets	–	–	–	–	
Balance at December 31, 2009	**778,466**	**3,445**	**(58,117)**	**(89,081)**	**(141,7**

The notes on pages F-82 to F-139 are an integral part of these financial statements.

Consolidated cash flow statement for the year ended December 31, 2009

In thousands of €	Notes	2009	2008
Result before tax		**(168,222)**	(37,643)
Depreciation and impairment charge on property, plant & equipment	*15*	**19,220**	20,645
Amortization expense and impairment charge on intangible assets	*14*	**28,287**	21,121
Impairment charge on goodwill	*13*	**90,872**	–
Profit on disposal of property, plant & equipment and intangible assets		**462**	675
Total net interest costs		**158,062**	195,256
Reversal of amortized transaction costs		**6,082**	6,224
Reversal of premium on notes issued amortized		**11,166**	19,960
Other non cash items		**3,077**	1,459
Financing costs		**178,387**	222,899
Operating profit/(loss) before changes in working capital & provisions		**149,006**	227,697
Changes in rental fleet and related receivables		**486,285**	379,087
Changes in rental fleet payables and related payables		**92,936**	(6,104)
Change in Fleet working capital		**579,221**	372,983
Changes in trade and other receivables		**42,976**	55,235
Changes in inventories		**2,410**	(3,784)
Changes in liabilities (excluding borrowings)		**(2,614)**	(7,091)
Changes in provisions and employee benefits		**8,459**	2,239
Cash generated from operations		**779,458**	647,279
Interest paid		**(165,236)**	(209,711)
Income taxes received/(paid)		**11,697**	(33,577)
Net cash generated from operating activities		**625,919**	403,991
Other investments and loans		**(4,449)**	(42,813)
Acquisitions of tangible and intangible assets	*14,15*	**(12,685)**	(19,080)
Development expenditure		**(16,660)**	(12,632)
Proceeds from disposal of fixed assets		**1,590**	6,802
Proceeds from disposal of financial assets		**2,277**	3,660
Proceeds from disposal of assets held for sale		**–**	1,345
Acquisition of subsidiary, net of cash acquired		**–**	(32,751)
Payment of related acquisition costs		**–**	(1,578)
Interest received		**5,643**	22,123
Net cash outflows from investing activities		**(24,284)**	(74,924)
Change in senior fleet financing facility[1]		**(570,145)**	(250,920)
Change in other fleet financing facilities		**(61,715)**	(111,842)
Payment of transaction costs		**12**	(994)
Change in other borrowings		**9,895**	24,567
Net cash outflows from financing activities		**(621,953)**	(339,189)
Cash and cash equivalents at the period end	*21*	**266,270**	280,044
Cash and cash equivalents at beginning of period		**280,044**	327,336
Effect of foreign exchange movements		**6,544**	(37,170)
Net decrease in cash and cash equivalents after effect of foreign exchange movements		**(20,318)**	(10,122)

(1) Change in borrowings dedicated to fleet financing is reported on a net basis since they relate to buy-back agreements with a short term maturity.

The notes on pages F-82 to F-139 are an integral part of these financial statements.

Notes to the financial statements for the year ended December 31, 2009

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Notes to the financial statements for the year ended December 31, 2009

1. Reporting entity

Europcar Groupe S.A. was incorporated on March 9, 2006 with an initial share capital of €235,000 and converted on April 25, 2006 into a French "*société anonyme*". The company is domiciled at Place des Frères Montgolfier, 78280 Guyancourt, France.

The Group provides vehicles for short and medium term corporate and leisure rentals, mainly under the internationally recognized brand name Europcar. As disclosed in note 5, EG S.A. acquired in February 2007 the right to operate the trademarks of National and Alamo.

This financial information was approved and authorized for issue by the Board of Directors on March 4, 2010.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted the European Union (EU) as of the balance sheet date (namely by regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 and effective as of December 31, 2009). The international standards comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Existent timing differences in IFRS between the date of issuance by the IASB and date of adoption by the EU do not have any impact on the Group's financial statements.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

(i) Revisions, interpretations and amendments to existing standards effective in 2009

The Group has adopted the following new standards, interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union which are relevant to and effective for the Group's annual accounting period beginning January 1, 2009:

- *IAS 1 (Revised), "Presentation of financial statements"*. The adoption of the standard does not affect the financial position or profits of the Group but gives rise to additional disclosures. The consolidated statement of recognized income and expense, as presented in the 2008 consolidated financial statements, is no longer required. Furthermore, a statement of comprehensive income and a statement of changes in equity are presented.

- *IFRS 7 (Amendment), "Improving disclosures about Financial Instruments".* The amendment requires additional disclosures for financial instruments that are measured at fair value in the statement of financial position. These fair value measurements are categorized into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. A separate quantitative maturity analysis must be presented for derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

IFRS 8, IFRIC 11 and IFRIC 14 were early adopted by the Group in 2008.

The other interpretations and amendments to existing standards issued by the IASB and endorsed by the European Union effective for the Group's annual accounting period beginning January 1, 2009 and which are not currently applicable to the Group or do not have any impact on the Group's financial statements are:

- *IFRS 2 (Amendment), "Share-based payment"*.
- *IAS 32 (Amendment), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements"—"Puttable financial instruments and obligations arising on liquidation"*.
- *IFRS 1 (Amendment) "First time adoption of IFRS", and IAS 27 "Consolidated and separate financial statements".*
- *Annual improvements published in May 2008 (excluding IFRS 5 amendments).*
- *IAS 23 (Amendment), "Borrowing costs"*.
- *IFRIC 9 and IAS 39 (Amendments), "Embedded derivatives".*

ii) Revisions, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are relevant to and will be mandatory for the Group's accounting periods beginning after January 1, 2009 or later periods, but the group has not early adopted them:

- IFRIC 16, "Hedges of a net investment in a foreign operation" (effective from July 1, 2009). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentational currency, and that hedging instruments may be held anywhere in the group. The requirements of IAS 21, "The effects of changes in foreign exchange rates", apply to the hedged item. The group applies IFRIC 16 from January 1, 2009.
- *IAS 27 (Revised), "Consolidated and separate financial statements",* (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting method when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from January 1, 2010.
- *IFRS 3 (Revised), "Business combinations"* (effective from July 1, 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from January 1, 2010.
- *IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations"* (and consequential amendment to IFRS 1, "First-time adoption") (effective from July 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this

subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The Group will apply IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from January 1, 2010.

- *IFRS 9—Financial Instruments (effective from January 1, 2013).* The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning January 1, 2013.

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2009 or later periods but are not relevant for the Group's operations or will not have any impact on the Group's financial statements:

- *IAS 24 (Revised)—Related Party Disclosures* (effective from January 1, 2011).

- *IFRS 1—Additional Exemptions for First Time Adopters* (effective from January 1, 2010).

- *IFRS 2—Amendment relating to Group Cash-settled Share-based Payment Transactions* (effective from January 1, 2010).

- *IFRIC 14—Amendment relating to Prepayments of a Minimum Funding Requirement* (effective from January 1, 2011).

- *IFRIC 19—Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010).

- *Annual improvements to IFRS, issued by the IASB in April 2009* (effective from July 1, 2010).

- *IFRS 1 (Revised)—First time adoption of IFRS* (effective from January 1, 2010).

- *IAS 39—Amendments relating to Financial Instruments, recognition and measurement: Eligible hedged Items* (effective from July 1, 2009).

- *IAS 32—Amendment relating to Classification of Right Issues* (effective from February 1, 2010).

- *IFRIC 12—Service Concession Arrangements* (effective from March 29, 2009).

- *IFRIC 15—Agreements for the Construction of Real Estate* (effective from January 1, 2010).

- *IFRIC 17—Distributions of Non-cash Assets to Owners* (effective from October 31, 2009).

- *IFRIC 18—Transfers of Assets from Customers* (effective from October 31, 2009).

(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;

- Assets and liabilities identified under IFRS 3 and recognized at fair value in the opening balance sheet which then becomes the historical basis subsequent to the acquisition date (see note 5);

- IFRS 5: non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(c) Functional and presentational currency

These consolidated financial statements are presented in euro (€), which is the Company's functional currency and the Group's presentational currency. All financial information presented in euro (€) has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions and estimates which impact the amounts presented for existing assets and liabilities in the consolidated balance sheet, income and expense items in the consolidated income statement, and disclosures in the notes to the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Group formulates assumptions and, on this basis, regularly prepares estimates relating to its various activities. These estimates are based on past experience and include the economic conditions prevailing at the period-end and the information then available.

With respect to the vehicle rental business, estimates specifically cover:

- the residual value of "at risk" vehicles (see Note 3.f.iii);
- the fair value of vehicles purchased with manufacturer or dealer buy-back commitment when badly damaged or stolen (see Note 3.f.i);
- evaluation of the ultimate cost of claims made against the Group for self-funded accidents using actuarial techniques generally accepted and used in the insurance industry.

In addition, estimates also cover:

- fair value measurement of assets and liabilities during the allocation of the acquisition cost in the process of business combination (see Note 13);
- value of non-listed equity investments held for sale (see Note 16) and financial instruments recorded at fair value in the Group balance sheet (see Note 29);
- estimate of future cash flows as part of impairment tests for goodwill recorded in the balance sheet and capitalized assets (see Note 13);
- amounts of deferred taxes recorded in the balance sheet (see Note 17);
- measurement of post employment benefits and other employee benefits (see Note 25);
- provisions for disputes and litigation and valuation of contingent liabilities (see Notes 26 and 30).

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

The Europcar Groupe financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to December 31, 2009.

Subsidiaries are all entities (including special purpose entities), directly or indirectly 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 are currently 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.

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. These are recognized in the consolidated financial statements at the lower of cost or fair value (see Note 16).

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Accounting policies of subsidiaries are amended where necessary to insure consistency with the policies adopted by the Group.

(ii) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

(iii) Associates

Associates are entities over whose financial and operating policies the Group has significant influence, but not control or joint control (generally accompanying a shareholding of between 20% and 50% of the voting rights). The consolidated financial statements include the Group's share of the total recognized 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.

(iv) Joint ventures

Joint ventures are 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. These are recognized in the consolidated financial statements at the lower of cost or fair value (see note 16).

(v) Special purpose entities

Special purpose entities ("SPE"), such as SecuritiFleet companies and Euroguard, the Protected Cell Insurance & Reinsurance 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 specifically 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 financial position and earnings performance of the car rental business of the Group, are not consolidated (see note 33).

(vi) Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred.

(b) Foreign currency

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro ("€"), which is the Company's functional and presentational currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency 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 into euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognized 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 into euro at foreign exchange rates ruling at the date the fair value was determined.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into 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 into euro at weighted average rates. All resulting exchange differences are recognized as a separate component of equity.

(c) Goodwill

Goodwill represents the excess of the cost of a business combination, including transaction expenses directly attributable to the acquisition in accordance with IFRS 3, over the Group's interest in the fair value of assets, liabilities and contingent liabilities acquired at the acquisition date. Goodwill is recognized in local currency.

Goodwill is not amortized and is subject to an impairment test performed at least annually or more often in case of a trigger event. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated by operating segment and within the corporately-owned rental business segment by geographical area.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash flow method. When this value is less than its carrying amount, an impairment loss is recognized in the income statement. The impairment loss is first recorded as an adjustment to the carrying amount of goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other long term assets of the unit on a pro rata basis.

Goodwill arising from acquisitions of associates is included in 'Investments in associates' and is tested for impairment as part of the overall balance.

(d) Intangible assets other than goodwill

(i) Trademarks and licenses

Trademarks with indefinite life

The Europcar Trademark has been recognized at cost with an indefinite useful life.

Trademarks that have an indefinite useful life are tested annually for impairment based on the relief from net royalty method.

Trademarks with definite life

The contractual right to operate the trademarks National and Alamo acquired under a business combination has been recorded in "Other intangible assets".

Trademarks and licenses that have a definite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives or the life of the underlying contract (10 years).

(ii) Computer software and operating systems

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortized over their estimated useful lives (see below). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets according to IAS 38. Costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (see below).

(iii) Intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses. They include the right to operate trademarks acquired under a business combination.

(iv) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

• Trademarks with definite life:	10 years
• Lease rights:	10 years
• Computer software:	3 years
• Operating systems:	5 to 10 years

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items of property, plant and equipment and amortized over their own useful lives. Repairs and maintenance costs are expensed as incurred.

(ii) Leased assets

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases (lessee accounting). Owner occupied property acquired by way of a 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 and impairment losses.

(iii) Subsequent costs

The Group recognizes within 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 Group will gain future economic benefit from the item and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred. The cost of repairs and interest on borrowings are recorded as current expenses.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each element 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 specialized tools:	3 to 15 years

The residual value, if not insignificant, is reassessed annually. The useful life is reviewed annually.

(f) Rental fleet and related receivables

The rental fleet operated by Europcar is comprised of vehicles that are acquired or financed in different ways:

	% of total volume of vehicles purchased	
Type of acquisition and related financing	**2009**	**2008**
Vehicles purchased with manufacturer or dealer buy-back commitment	**61%**	73%
Vehicles financed through rental agreements qualifying as operating leases (with buy-back arrangements)	**34%**	21%
Total fleet purchased or financed with buy-back arrangements	**95%**	94%
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	**4%**	5%
Vehicles financed through rental agreements qualifying as finance leases	**1%**	1%
Total rental fleet	**100%**	100%

Based on the type of financing, Europcar accounts for rental fleet vehicles either in the balance sheet (all types of financing except vehicles acquired through rental agreements qualifying as operating leases or off balance sheet (vehicles acquired through rental agreements qualifying as operating leases).

(i) Vehicles purchased with manufacturer or dealer buy-back commitment:

One of the characteristics of the car industry is the sale/purchase of vehicles with buy-back commitment from the manufacturer or dealer. The contractual holding period usually runs for a period of less than 12 months. IFRS does not specifically provide any standards or guidance on the accounting treatment of such transactions. As a result, in line with other car rental companies, the Group applies industry specific accounting practices as described below. This accounting treatment mirrors that usually applied by car manufacturers.

As a result, the Group does not recognize these vehicles as non-current assets but as current assets (in the "Rental fleet and related receivables" line item—see note 19) at the inception of the arrangements.

The "Rental fleet and related receivables" balance sheet account represents the acquisition cost of the vehicles (net of volume rebates) and consists of two separate current assets:

- The "Vehicle buy-back agreement receivable", representing to the agreed buy-back price (the obligation of the manufacturer or dealer);
- The "Deferred depreciation expense on vehicles", representing the difference between the acquisition cost of the vehicle and the agreed buy-back price. This account is depreciated through the income statement on a straight-line basis over the contractual holding period of the vehicle.

For stolen vehicles, the Group recognizes an impairment charge against the value of the corresponding buy-back receivable over a three-month period following the event. For badly damaged vehicles, the Group adjusts the value of the corresponding receivable on the basis of third party appraisal of the damaged vehicle.

The accounting interpretation IFRIC 4 *Determining whether an Arrangement contains a lease* requires determining whether an arrangement is, or contains, a lease based on the respective economic substance of an arrangement. In doing so, an assessment must be made as to whether (a) fulfillment of an arrangement is dependent on the use of a specific asset or assets (the asset) and (b) the arrangement conveys a right to use the asset.

The agreements with car manufacturers and dealers in respect of the rental fleet have been examined for a lease in connection with IFRIC 4 and do not have an impact on the classifications described above.

(ii) Vehicles financed through rental agreements qualifying as operating leases (with buy-back arrangements):

Vehicles are also acquired through rental arrangements with financial institutions and financial divisions of car manufacturers that in substance qualify as operating leases as defined under IAS 17 *Leases*. The providers of financing do not transfer significant risks and rewards of ownership to Europcar, given that:

- Europcar uses the cars for only a short period (not exceeding eighteen months), compared to the economic life of the asset;
- The residual value of vehicles at the end of the agreement is significant; and
- Europcar is not exposed to any significant residual value risk (since this is covered mostly through buy-back arrangements).

Vehicles operated under operating lease arrangements are reported off balance sheet according to IAS 17. Rents paid in relation to these vehicles are disclosed in note 30.1 Operating leases.

(iii) Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles"):

Vehicles purchased without manufacturer or dealer buy-back commitment are reported by the Group as "at risk" vehicles.

In most cases, the holding period for a car does not exceed 12 months. For vans and trucks, the holding period can range from 12 to 24 months. At the period end, "at risk" vehicles represent less than 10% of the total value of the rental fleet (including the estimated outstanding value of the fleet financed through operating leases). Accordingly, the Group classifies "at risk" vehicles as current assets under "Rental fleet and related receivables"—see note 19.

The vehicles are initially measured at cost, including any import duties, non-refundable purchase taxes and any costs directly attributable to bringing the vehicle to the rental location and into condition to be rented. The vehicles are accounted for net of any trade discounts and rebates. At inception, "at risk" vehicles are depreciated on a straight-line basis based on the planned holding period and projected residual value. Over the holding period, the residual value is regularly reviewed taking into account the conditions of the used vehicle market and is adjusted downward if necessary.

(iv) Vehicles financed through rental agreements qualifying as a finance lease:

When Europcar is exposed to a significant residual value risk according to rental arrangements with financial institutions and the financial divisions of car manufacturers, the arrangement is

considered to be a finance lease. Vehicles under finance lease arrangements are reported as current assets (in the "Rental fleet and related receivables" line item—see note 19) on the basis of their materiality as compared to the total value of the fleet.

(v) Rental fleet related receivables:

Rental fleet related receivables include:

- Fleet receivables due from car manufacturers or dealers repurchasing the vehicles after the vehicle has been returned to the car manufacturer at the end of the holding period (buy back agreements). The fleet receivables are recorded at fair value, which corresponds to their nominal value. These receivables fall due within one year and are impaired when their carrying value is greater than the estimated recoverable amount;

- VAT receivables, since the major portion is fleet related.

(g) Rental fleet related payables

Rental fleet payables are amounts due to car manufacturers or dealers. These payables are recorded at fair value and fall due within one year. Rental fleet related payables include the full amount of the Group's VAT payables, since the major portion is fleet related.

(h) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the regular course of business which are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision is recognized in respect of impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of a receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators that a trade receivable is impaired.

The impairment loss is recognized in the income statement within "Fleet operating, rental and revenue related costs" in note 6. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other income and expenses' in note 9 to the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable 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.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and marketable securities with a maturity of less than 3 months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of current borrowings for the purpose of the balance sheet and statement of cash flows.

(k) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables and available for sale financial assets.

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit and loss and other financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Loans and receivables

This category is for non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, which arise from the lending of money, or supply of goods or services. They include loans acquired, receivables and cash and cash equivalents. Loans and receivables are initially recognized at fair value including transaction costs. These are subsequently valued at amortized cost, using the effective interest rate method.

For short-term receivables, amortized cost generally equals the nominal amount.

(ii) Available-for-sale financial assets

"Available-for-sale financial assets" is essentially a residual category for those financial assets that do not meet the criteria of the other categories or that are designated as available-for-sale. This category includes investments in unconsolidated companies (see Note 16).

Financial instruments classified as "available-for-sale" are measured at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity except for impairment losses and monetary items such as foreign exchange gains and losses. When these investments are derecognized, the cumulative gain or loss is transferred to the income statement. Where these investments are interest bearing, interest determined using the effective interest method is recognized in the income statement.

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 measured are measured at cost, less any accumulated impairment losses.

Impairment of available-for-sale assets

In the case of available-for-sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Increases in the fair value of equity securities after impairment are recognized directly in equity.

(iii) Financial liabilities at amortized cost

These financial liabilities include:

- Loans and borrowings
- Trade and other payables.

For short term trade and other payables amortized cost generally equals the nominal amount.

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently measured at amortized cost. The effective interest rate calculation takes into account interest payments and the amortization of transaction costs. Transaction costs are amortized on an effective interest rate basis over the life of the borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(iv) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest-rate and foreign exchange risks. In accordance with its Treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

When derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives for undertaking the hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 29. Movements in the cash flow hedging reserve are shown in the consolidated statement of comprehensive income.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement immediately within "Net financing costs" in note 11.

As at December 31, 2009 and December 31, 2008, the Group held no derivative which qualified for fair value and net investment hedge accounting.

(v) Financial assets and liabilities at fair value through profit and loss

This category includes financial instruments held for trading. Instruments are classified as held for trading if these are:

a) acquired principally for the purposes of selling or repurchasing in the near term; or

b) a derivative (other than a hedging derivative).

Financial instruments held for trading are measured at fair value through profit and loss. Gains and losses arising from changes in fair value are included directly in the income statement and presented within "Net financing costs".

Financial assets also include marketable securities when their maturity exceed 3 months.

(vi) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. Impairment losses are incurred only if there is objective evidence of

impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date (a "loss event"), and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Impairment of trade receivables is described in note 20 and impairment of available-for-sale assets is described above.

(l) Impairment of non financial assets other than goodwill

Non financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Non financial assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized when the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimation assumptions used to determine the recoverable amount.

(m) Equity

(i) Share capital and Share premium

The subscribed capital of Europcar Groupe S.A. is denominated in euro. Share capital consists of 77,846,607 ordinary shares with a notional value of 10 euro each. Share premium arises from past capital increases.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(n) Employee benefits

The Group provides post employment benefits through defined contribution plans as well as defined benefit plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity or a fund. The Group has no legal or constructive obligation to pay further contributions after its payment of the fixed contribution if the fund does not held sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. The Group contributes to state plans and insurance schemes for individual employees that are considered to be defined contribution plans. Contributions to the plans are recognized as an expense in the period in which the services are rendered by the employees.

(ii) Defined benefit plans

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan operated by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary.

The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund.

The valuation of the Group's commitments with respect to defined benefit plans is performed by an external independent actuary using the "projected unit credit method". This method requires specific actuarial assumptions that are detailed in note 25 "Employee benefits". These actuarial valuations are performed at the period end for each plan by estimating the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods by anticipating the effects of future salary increases.

Plan assets usually held in separate legal entities are measured at fair value as determined at each period end.

In accordance with IAS 19, the liability recognized in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the closing date less the fair value of plan assets, with adjustments for past service costs.

From one accounting period to the next, any difference between the projected and actual amount of commitments in respect of pension plans and their related assets is cumulated for each benefit plan to form actuarial differences (gains or losses). These actuarial differences may result either from changes in actuarial assumptions used at the period end or from experience adjustments generated by actual developments changing, in the accounting period, from assumptions made at the end of the previous accounting period.

The Group recognizes actuarial gains/losses outside profit and loss through equity in the "Statement of Comprehensive Income" 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 where these do not exceed 10% of the greater of future benefits and the fair value of the related plan assets.

Past service costs are recognized immediately as operating expenses in personnel costs, 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, past service costs are amortized on a straight-line basis over the vesting period.

Interest costs on benefit plans are recognized as operating expenses in personnel costs net of expected returns on plan assets.

(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, such as "Medailles du Travail" in France and Jubillee in Germany. The obligation is calculated using the projected unit credit method and is discounted to its present value. The provision is recorded net of the fair value of any related assets (ie. all actuarial gains/losses and past service costs are recognized immediately).

(iv) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after

certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The related expenses are recognized in personnel costs (see note 7 Personnel costs).

(o) Provisions

A provision is recognized in the balance sheet when the Group has a present legal obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. 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 recognized 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 insurance prepayments 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 recognized over the holding period of the vehicles.

Increase in provisions due to the passage of time is recognized as an interest expense.

(p) Revenue

Revenue includes vehicle rental incomes, fees from the provision of services incidental to vehicle rental (including fuel), 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 proportionally over the period in which the vehicles are rented out based on the terms of the rental contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

When vehicle rental income is generated by intermediaries (such as travel agencies), the gross revenue is recognized in the income statement when Europcar:

- Europcar has the ability to determine the price,
- performs part of the service; and
- has discretion in intermediary selection.

The commission fees are recorded in the fleet operating, rental and revenue related costs line item in the income statement (see Note 6).

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

(q) Expenses

(i) Fleet holding costs

Fleet holding costs include vehicle costs such as costs related to rental fleet agreements either with car manufacturers or providers of financing, fleet related taxes and costs linked to the purchase or sale of vehicles.

(ii) Fleet operating costs

Fleet operating costs relate to costs incurred during the operating cycle of the fleet and therefore are rental revenue-related.

(iii) Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized on a straight line basis in the income statement as an integral part of the total lease expense.

(iv) 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, financing arrangement costs, gains and losses on financial instruments that are recognized in the income statement, and any ineffective portion of the gain or loss on cash flow hedging instruments.

Interest income is recognized in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognized 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 recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantially enacted at the balance sheet date, and subject to 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 realization 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 recognized only to the extent that it is probable that future taxable profits will be available against which the tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends to shareholders are recognized at the same time as the liability to pay the related dividend.

(t) Segment reporting

In 2008, the operating segment was identified as being the vehicle rental activity analyzed by geographical area. In 2009, the Group has modified its IFRS 8 operating segments within its management reporting to be disclosed in order to be in line with the performance indicators reviewed internally by the management (i.e. Executive Committee members for Europcar) and to a lesser extent, with prevailing reporting practices in the car rental industry.

In addition, due to contractual arrangements incurred in 2008 and 2009 in the international franchise business, the contribution of this activity to the Group operating results is expected to become more significant, and therefore the operating segments disclosed in the 2009 consolidated financial statements are the following:

- Corporately-owned rental business and other related revenue which is analyzed by geographical areas and where possible aggregated in accordance with criteria outlined in IFRS 8, such as similar economic risks and opportunities, similar nature of services provided and similar customers. Other related revenue mainly relates to commission fees, fuel and domestic franchising business;

- International franchising business centrally managed by a dedicated team of Europcar International, which promotes and manages the Europcar franchise in all countries where the Group does not operate directly.

The Group details general information (the types of products and services from which each reportable segment derives its revenues), the amount of profit or loss, the fleet capital employed and the net debt for each reportable segment in note 4 “Segment reporting”.

(u) Non-current assets held for sale and discontinued operations (IFRS 5)

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired or a group of assets acquired exclusively with a view to resale.

4. Segment reporting

The Group is organized on a worldwide basis into two business segments earning revenues and incurring expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (Executive Committee members). These operating segments are:

- Corporately-owned rental business and other related revenue:

  This business consists of the rental activity directly operated by the Group with its own fleet in ten countries and of the domestic franchising activity. This activity is also analyzed by geographical areas and is aggregated in accordance with criteria outlined in IFRS 8, such as similar economic risks and opportunities, nature of the services and of customers to determine the reportable segment.

- International franchising business:

  This business is driven by international franchising activities including royalties, territory fees and other commissions associated with the Group's trademarks.

  The Executive Committee members review on a regular basis the operating and financial performance of the segments, which are measured as follows:

- Adjusted operating income: defined as consolidated operating income before non-recurring items and excluding estimated interest expenses included in operating lease rents. These non-recurring and reorganization expenses are reviewed separately by the Executive Committee members. Estimated interest expenses included in the operating lease rents are excluded from adjusted operating income and reported as financial expenses.

- Financial expenses: defined as consolidated net interest expense (from indebtedness related to fleet and non-fleet financing) and estimated interest expenses included in operating lease rents.

- Fleet capital employed: defined as the net book value of the rental fleet including the estimated outstanding value of the fleet financed through operating leases and the net fleet working capital with the related net VAT positions.

- Net debt: defined as consolidated debt under IFRS, including notional debt representing the estimated outstanding value of the fleet financed through operating leases, net of cash and cash equivalents

As a consequence and as required by IFRS 8, the Group discloses an overall reconciliation between the segment reporting information and the IFRS consolidated financial statements.

	Segment reporting information					
			2009			2008
In thousands of €	**Corporately-owned rental business and other related revenue**	**International franchising business**	**Total segments**	**Corporately-owned rental business and other related revenue**	**International franchising business**	**Total segments**
Corporately-owned rental business	**1,721,905**	**–**	**1,721,905**	1,963,519	–	1,963,519
Other revenue associated with car rental	**80,065**	**–**	**80,065**	107,950	–	107,950
Franchising Business	**23,686**	**25,700**	**49,386**	24,402	26,402	50,804
Total segment revenues	**1,825,656**	**25,700**	**1,851,356**	2,095,871	26,402	2,122,273
Fleet holding costs(1)	**(464,252)**	**–**	**(464,252)**	(545,014)	–	(545,014)
Other direct costs	**(646,119)**	**–**	**(646,119)**	(743,731)	–	(743,731)
Personnel costs	**(296,644)**	**(1,080)**	**(297,724)**	(334,873)	(1,000)	(335,873)
Network and head office overhead costs	**(200,870)**	**(1,870)**	**(202,740)**	(220,955)	(1,748)	(222,703)
Other operating charges	**(25,683)**	**(1,830)**	**(27,513)**	(19,973)	(2,042)	(22,015)
Segment adjusted operating income(1)	**192,088**	**20,920**	**213,008**	231,325	21,612	252,937
Financial expenses(2)	**(234,066)**	**–**	**(234,066)**	(263,414)	–	(263,414)
Fleet capital employed(3)	**2,403,056**	**–**	**2,403,056**	2,794,623	–	2,794,623
Net debt(4)	**2,848,770**	**–**	**2,848,770**	3,307,768	–	3,307,768

(1) excluding estimated interest expenses included in operating lease rentals

(2) including estimated interest expenses included in operating lease rentals

(3) including estimated outstanding value of the fleet financed through operating leases

(4) including notional debt representing the estimated outstanding value of the fleet financed through operating leases

The "Total Segments" information presented in the table above for the Group's operating segments reconciles to the key financial figures as presented in the financial statements as follows:

In thousands of €	Reconciliation	
	2009	**2008**
Revenue		
Total segment revenue	**1,851,356**	2,122,273
Pro forma adjustments[(1)]	**–**	(30,966)
Group revenue	**1,851,356**	2,091,307
Profit or loss		
Segment adjusted operating income	**213,008**	252,937
Estimated interest expenses included in operating lease rents	**(44,928)**	(40,527)
Pro forma adjustments[(1)]	**–**	(2,395)
Group operating income before non-recurring items	**168,080**	210,015
Net financing costs	**(189,138)**	(222,887)
Goodwill impairment charge	**(90,872)**	–
Other non-recurring items	**(56,292)**	(24,771)
Group profit before tax	**(168,222)**	(37,643)
Assets		
Total segments (Fleet capital employed)	**2,403,056**	2,794,623
Estimated outstanding value of the fleet financed through operating leases	**(917,485)**	(777,590)
Non-current assets	**1,459,081**	1,560,374
Other current assets	**440,877**	509,818
Cash and cash equivalents	**266,270**	280,044
Fleet payables	**669,199**	569,084
Group total assets	**4,320,998**	4,936,353
Liabilities		
Total segments (Net debt)	**2,848,770**	3,307,768
Cash, cash equivalents and marketable securities	**309,257**	319,488
Notional debt representing the estimated outstanding value of the fleet financed through operating leases	**(917,485)**	(777,590)
Other non-current liabilities	**365,575**	371,707
Other current liabilities	**1,218,323**	1,061,105
Group total liabilities	**3,824,440**	4,282,478

(1) Europcar Australia-New Zealand acquisitions assumed to have taken place as at January 1, 2008 for comparability with 2009; therefore, information for 2008 was prepared on a *pro forma* basis; it includes Europcar Australia-New Zealand income statement for the full year.

Entity-wide disclosures

(i) Information about products and services

The Group considers that this information is otherwise provided as part of the reportable segment information.

(ii) Information about geographical areas

The Group operates in five principal countries: France, Germany, Italy, Spain, and the United Kingdom. Revenue has been identified on the basis of the rental locations. Non-current assets are allocated based on their physical location.

Revenue and non-current assets include items directly attributable to a geographical area as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets.

(iii) Information about major customers

The rental car industry operates with both individual and corporate customers. Europcar Groupe does not recognize re
single external customer that would represent 10% or more of the Group's revenue.

In thousands of €	Germany		UK		France		Italy		Spain(5)		count	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	
Revenue from external customers	**503,135**	568,163	**351,589**	450,886	**328,145**	363,786	**224,874**	253,875	**190,488**	231,192	**227,425**	19
Non-current assets(1)(2)	**207,511**	204,369	**164,283**	160,436	**88,326**	88,726	**60,644**	62,428	**49,636**	157,949	**96,909**	9

(1) Non-current assets exclude non-current financial instruments and deferred tax assets

(2) Non-current assets reported under "Unallocated" include trademarks

(3) Other countries include Belgium, Portugal and Switzerland for the fiscal year 2008 and Australia /New Zealand from May 1, 2008 onwards.

(4) Revenue from external customers reported under "Unallocated" include international franchising revenues managed by Europcar International

(5) Non-current assets in Spain primarily consist of real estate assets acquired from Betacar in 2007

5. Fleet holding costs

In thousands of €	2009	2008
Costs related to rental fleet agreements[1]	**(428,299)**	(467,614)
Purchase and sales related costs[2]	**(47,816)**	(67,803)
Taxes on vehicles	**(33,065)**	(40,428)
	(509,180)	(575,845)

(1) Costs related to rental fleet agreements mainly consist of (i) vehicle depreciation expenses net of rebates and of (ii) off-balance sheet fleet operating lease expenses (see Significant Accounting Policies, paragraph g) Rental fleet and related receivables).

(2) Purchase and sales related costs include the cost of vehicle accessories and costs relating to the conditioning of new vehicles and the disposal of used cars.

6. Fleet operating, rental and revenue related costs

In thousands of €	2009	2008
Fleet operating related costs[1]	**(254,258)**	(296,005)
Revenue related commissions and fees[2]	**(197,393)**	(201,043)
Trade receivables allowance and write-off	**(10,410)**	(9,819)
Rental operating related costs[3]	**(184,058)**	(228,552)
	(646,119)	(735,419)

(1) Fleet operating related costs mainly consist of insurance, repairs and maintenance costs as well as costs incurred in respect of damaged and stolen cars and for the reconditioning of vehicles before they are repurchased by the car manufacturers or dealers.

(2) Revenue related costs include agent fees, travel agency commissions and airport concession fees.

(3) Rental related costs include vehicle transferring costs incurred during the holding period, vehicle washing costs and fuel purchase.

7. Personnel costs

In thousands of €	Note	2009	2008
Wages and salaries[1]		**(241,051)**	(266,759)
Social security contributions		**(47,417)**	(52,574)
Post employment benefits	*25*	**(3,583)**	(4,869)
Other items		**(5,673)**	(5,151)
		(297,724)	(329,353)

(1) Includes bonuses and profit-sharing expenses

8. Network and head office overheads

In thousands of €	2009	2008
Network costs[1]	**(70,074)**	(72,010)
IT costs	**(32,713)**	(35,958)
Head office costs[2]	**(72,816)**	(75,926)
Sales and marketing costs	**(27,137)**	(35,942)
	(202,740)	(219,836)

(1) Network costs consist of rental expenses for premises and network overheads.

(2) Head office costs consist of rental and travelling expenses, local and central auditing and consulting fees.

9. Other income and expenses

This category includes net income related to certain commercial agreements, the release of provisions and other items.

In thousands of €	2009	2008
Contractual income	**4,091**	6,670
Release of excess accruals	**482**	3,015
Gain /(loss) on foreign exchange on operating activities, net	**1,690**	(1,202)
Other items, net	**490**	4,295
	6,753	12,778

10. Other non-recurring items

Non recurring items reported as of December 31, 2009 are as follows:

In thousands of €	2009	2008
Impairment of the EC Australia/NZ operating system	**–**	(500)
Amortization of rights to operate National & Alamo trademarks	**(5,300)**	(5,300)
Goodwill impairment charge (Spain Cash Generating Unit)	**(90,872)**	–
Reorganization—redundancy expenses	**(14,436)**	(5,561)
Reorganization—professional fees	**(10,961)**	–
Reorganization—HQ and Network termination expenses	**(5,737)**	–
Reorganization charges	**(31,134)**	(5,561)
Acquisition-related expenses	**(3,562)**	(13,410)
Change in accounting estimates in relation to the protected insurance cell	**(8,733)**	–
Road tax reassessment related to 2006	**(3,100)**	–
Reorganization—other	**(4,463)**	–
Total reorganization and other non recurring expenses	**(50,992)**	(18,971)
Total non recurring items	**(147,164)**	(24,771)

Acquisition-related charges

Acquisition-related expenses include charges incurred in connection with the integration of the acquisitions, such as headcount reductions in the support functions, with the consolidation of rental stations and office sites (asset write-offs and transfer cost, severance cost, lease termination and building refurbishment costs) carried out in the context of the integration of acquisitions.

Amortization and impairment of Intangible assets

The Group also reports under "Other non-recurring items" the amortization expense in respect of intangible assets acquired through business combination. In 2009, the right to operate the trade names National and Alamo is depreciated over 10 years, according to the accounting policy described in Note 3 above.

Other reorganization and other non-recurring expenses

Reorganization expenses include charges incurred in connection with headcount reductions in support functions as a consequence of the consolidation of rental stations and office sites (asset write-offs and transfer costs, severance costs). Other non-recurring costs consist of charges and income considered as non-recurrent considering the nature of the operating activity of the Group.

11. Net financing costs

In thousands of €	2009	2008
Interest income	**5,537**	16,668
Foreign exchange gains on financing activities	**1,210**	1,189
Financial income	**6,747**	17,857
Bank borrowings related to fleet financing	**(48,343)**	(137,001)
Notes issued	**(52,550)**	(65,751)
Bank charges	**(8,318)**	(6,424)
Bank borrowings	**(2,718)**	(7,915)
Loss on hedging derivatives[3]	**(3,077)**	(451)
Foreign exchange loss on financing activities	**(2,543)**	(3,229)
Financial expense	**(117,549)**	(220,771)
Income/(expense) from interest rate swaps	**(61,088)**	6,211
Amortization of transaction costs[1][2]	**(17,248)**	(26,184)
Net financing costs	**(189,138)**	(222,887)

(1) These costs will be fully amortized by 2014 and are related to the Senior Asset Fleet Financing facility, Parent notes and Revolving Credit Facility.

(2) Costs related to fleet financing arrangements were fully expensed in 2008 except expenses related to the Senior Asset Fleet Financing facility.

(3) Of which €2.6 million relates to hedging ineffectiveness. No ineffectiveness was recorded in the profit and loss account in 2008. "Other comprehensive income" has been recycled in profit and loss account for €0.5m in 2009 with regard to currency hedging instruments.

For the year ended December 31, 2009, the total interest expense arising from financial liabilities at amortized cost was €164.7 million (2008: €204.5 million) and the total interest income from financial assets at amortized cost was €5.5 million (2008: €16.7 million).

12. Income taxes

In thousands of €	2009	2008
Current tax income/(expense)		
Current period	**5,207**	(14,608)
	5,207	(14,608)
Deferred tax income		
Origination and reversal of temporary differences[1]	**14,758**	17,195
	14,758	17,195
Total income tax income in income statement	**19,965**	2,587

(1) Including tax loss carried forward

The relationship between the theoretical tax expenses based on the domestic effective tax rate of Europcar Groupe S.A. at 34.43% (2008: 34.43%) and the reported tax expense in the income statement can be reconciled as follows:

In thousands of €	2009	2008
Net loss before tax	**(168,222)**	(37,643)
Theoretical income tax expense using the corporation tax rate at 34.43%	**57,919**	12,960
Effect of tax rates differences in foreign jurisdictions	**(4,289)**	(2,748)
Nontaxable income	**8 066**	5,865
Non-deductible expenses[1]	**(22,726)**	(9,569)
Temporary differences without deferred taxes	**214**	(3,497)
Effect of tax losses utilized	**1,162**	527
Unrecognized deferred tax assets on losses carried forward	**(29,214)**	(1,908)
First-time recognition of previously unrecognized deferred tax assets on losses carried forward	**(10)**	33
Reversal of previously recognized deferred tax assets on losses carried forward	**(613)**	(2,898)
Tax adjustments in respect of prior periods[2]	**10,056**	590
Other	**(598)**	3,234
Income tax income /(expense)	**19,965**	2,587

(1) Consists primarily of the non-deductible part of the goodwill impairment recognized on the Spain cash generating unit

(2) Of which € 11.2 million representing an income tax reimbursement related to a change in tax regulation

13. Goodwill

In thousands of €	Gross value	Impairment loss	Carrying value
Balance as at January 1, 2008	610,453	(3,283)	607,170
Acquisitions through business combination	36,882	–	36,882
Other acquisitions	210		210
Impairment	–	(31)	(31)
Disposals	(5,588)	89	(5,499)
Effect of movements in foreign exchange	(27,030)	–	(27,030)
Balance as at December 31, 2008	614,927	(3,225)	611,702
Balance as at January 1, 2009	**614,927**	**(3,225)**	**611,702**
Acquisitions	**–**	**–**	**–**
Contingent consideration(1)	**(7,919)**	**–**	**(7,919)**
Impairment	**–**	**(90,872)**	**(90,872)**
Disposals	**(5,778)**		**(5,778)**
Effect of movements in foreign exchange	**13,447**	**–**	**13,447**
Balance as at December 31, 2009	**614,677**	**(94,097)**	**520,580**

(1) According to the Sale and Purchase Agreement ("SPA") dated May 17, 2007, Europcar and Betacar agreed to adjust the purchase price for a value corresponding to 80% of the difference between the initial value allocated to the real estate assets as disclosed in the SPA and the selling price of such assets when sold to third parties. This adjustment has been accounted for as a purchase price adjustment by Europcar according to IFRS 3.

Goodwill arises from the past acquisition of franchisees in the normal course of the Group's business and from acquisitions of subsidiaries.

Europcar Asia-Pacific (or "ECAP") acquired on May 1, 2008

The Group purchased 100% of the share capital of its Asia-Pacific master franchisee on May 1, 2008. The acquired companies directly operate car rental activities in Australia and New Zealand and, at the time of the acquisition, oversaw franchise operations for 28 other countries in the

Asia-Pacific region. The excess of the purchase price over the fair value of the assets acquired and the liabilities assumed has been fully attributed to goodwill. Acquisition accounting has been finalised with no change to the goodwill value initially recorded.

Annual impairment test

Pursuant to IAS 36, "Impairment of assets" the Group has performed an annual impairment test of the carrying value of goodwill. The Group prepares and internally approves formal three year business plans for each of its geographic segments. For impairment test purposes, the three-year plan is extended over five years. The Group considers that each operating segment and within the corporate operating segment each corporate country reflects a Cash Generating Unit ("CGU"). When performing the impairment tests, the Group contemplates cash flow derived from the adjusted corporate EBITDA, in which the cash out related to the rental fleet is captured through fleet depreciation, and applying the following assumptions:

- Adjusted corporate EBITDA according to the three-year plan. Adjusted corporate EBITDA is defined as the operating income before non-recurring items and before depreciation and expenses other than interest expense from certain indebtedness related to rental fleet financing.
- The cash flow includes the non fleet capital expenditures and capitalized IT expenditures.
- Valuation of the terminal value of each CGU is based on a perpetuity growth rate of 2%.
- Discount rate used in the weighted average cost of capital is applied to the cash flows of each CGU based on the risk free rate for ten year bonds adjusted for a risk premium to reflect the increased risk of investing in equities.

Goodwill allocated to corporate segment by underlying geographical cash generating unit is as follows:

In thousands of €	Germany	United Kingdom	France	Italy	Spain	Other countries	Total
Closing position as at December 31, 2008	180,325	96,820	78,073	53,786	98,791	103,907	611,702
Disposal /Price adjustment	–	–	–	–	(7,919)	(5,778)	(13,697)
Impairment	–	–	–	–	(90,872)	–	(90,872)
Foreign exchange effect	–	8,124	–	–	–	5,323	13,447
Closing position as at December 31, 2009	**180,325**	**104,944**	**78,073**	**53,786**	**–**	**103,452**	**520,580**

An impairment charge of €90.9 million was recognized as of December 31, 2009 in relation to the goodwill allocated to the Spain Cash Generating Unit as a consequence of the deep economic recession affecting the country with expected long-lasting negative impact on demand for car rental services.

	WACC calculation							
	France	Germany	Italy	Spain	UK	Belgium	Portugal	Australia
General								
Risk free rate	3.59%	3.39%	4.14%	3.98%	4.02%	3.71%	4.07%	5.64%
Tax rate	34.0%	29.0%	31.0%	30.0%	28.0%	40.0%	25.0%	30.0%
Net debt/equity ratio	411%	411%	411%	411%	411%	411%	411%	411%
Unlevered beta	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.375
Determination of cost of debt								
Risk free rate	3.59%	3.39%	4.14%	3.98%	4.02%	3.71%	4.07%	5.64%
Credit risk premium	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%
Before tax cost of debt	5.09%	4.88%	5.64%	5.47%	5.51%	5.20%	5.56%	7.14%
Costs of debt, net of tax	**3.36%**	**3.46%**	**3.89%**	**3.83%**	**3.97%**	**3.12%**	**4.17%**	**5.00%**
Determination of cost of equity								5.56%
Levered beta (adjusted beta)	1.390	1.467	1.436	1.451	1.482	1.297	1.528	1.451
Risk free rate	3.59%	3.39%	4.14%	3.98%	4.02%	3.71%	4.07%	5.64%
Equity risk premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Specific risk premium	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Costs of equity	**10.73%**	**10.90%**	**11.51%**	**11.42%**	**11.61%**	**10.38%**	**11.89%**	**13.08%**
WACC								
Gearing(g)	80%	80%	80%	80%	80%	80%	80%	80%
Costs of debt, net of tax	3.36%	3.46%	3.89%	3.83%	3.97%	3.12%	4.17%	5.00%
Costs of equity	10.73%	10.90%	11.51%	11.42%	11.61%	10.38%	11.89%	13.08%
Illiquidity risk premium	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WACC calculation	**4.80%**	**4.92%**	**5.38%**	**5.32%**	**5.46%**	**4.54%**	**5.68%**	**6.58%**

The terminal value is based on normalised cash flows discounted over an indefinite period, with a perpetuity growth rate of 2%. The risk-free rate is based on risk-free bonds maturing from 8 to 10 years and the credit risk premium is based on a BBB credit rating.

In response to the recent high volatility of equity risk premiums observable in the financial markets in 2008 and in 2009, and in line with the AMF (*Autorité des Marchés Financiers*") recommendation dated October 29, 2008, the Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5.0%, in order to reflect the long-term assumptions factored into the impairment tests.

The "gearing" used when determining the WACC is based on the annual average Debt to Equity ratio issued by comparable companies on a quarterly basis.

Sensitivity analysis

A reasonably possible change in the key assumption on which management has based its determination of the CGUs recoverable amount would not cause the CGUs carrying amount to exceed its recoverable amount for the most three most important ones as detailed above.

However, the value in use of two CGUs whose combined carrying amount of goodwill is less than €60 million is close to their respective carrying amounts as at December 31, 2009. Therefore, any decrease in the adjusted corporate EBITDA of these CGUs in the normative year would result in the recognition of an impairment charge.

Management considers that the likelihood that such a decrease could occur is remote in the current economic environment.

14. Intangible assets

In thousands of €	Trademarks	Lease rights	Intangible assets in progress	Software, operating systems	Total
Costs					
Balance as at January 1, 2008	739,195	661	8,160	158,187	906,203
Acquisitions through business combinations[(1)]	–	–	–	2,069	2,069
Prior year adjustments	–	–	–	–	–
Recognized through purchase allocation[(1)]	–	–	–	–	–
Other acquisitions	–	–	12,632	307	12,939
Disposals	–	–	(4)	(37)	(41)
Transfers	–	–	(10,325)	12,268	1,943
Effect of movements in foreign exchange	(14,309)	–	–	(3,956)	(18,265)
Balance as at December 31, 2008	724,886	661	10,463	168,838	904,847
Balance as at January 1, 2009	**724,886**	**661**	**10,463**	**168,838**	**904,847**
Acquisitions through business combinations[(1)]	**–**	**–**	**–**	**–**	**–**
Recognized through purchase allocation[(1)]	**–**	**–**	**–**	**–**	**–**
Other acquisitions	**–**	**–**	**16,660**	**535**	**17,195**
Disposals	**–**	**–**	**–**	**(101)**	**(101)**
Transfers	**–**	**–**	**(17,678)**	**17,233**	**(445)**
Effect of movements in foreign exchange	**3,472**	**–**	**–**	**1,792**	**5,264**
Balance as at December 31, 2009	**728,358**	**661**	**9,445**	**188,297**	**926,761**
Amortization and impairment losses					
Balance as at January 1, 2008	(7,285)	(317)	–	(84,021)	(91,623)
Increase through business combinations[(1)]	–	–	–	(226)	(226)
Depreciation charge for the year	(5,802)	(70)	–	(15,218)	(21,090)
Disposals	(12)	–	–	23	9
Transfers	–	–	–	(1,917)	(1,917)
Effect of movements in foreign exchange	2,128	–	–	3,518	5,646
Balance as at December 31, 2008	(10,971)	(387)	–	(97,841)	(109,201)
Balance as at January 1, 2009	**(10,971)**	**(387)**	**–**	**(97,841)**	**(109,201)**
Increase through business combinations[(1)]	**–**	**–**	**–**	**–**	**–**
Impairment charge for the year	**(273)**	**–**	**–**	**–**	**(273)**
Depreciation charge for the year	**(5,200)**	**(67)**	**–**	**(15,101)**	**(20,368)**
Disposals	**(10)**	**–**	**–**	**(86)**	**(96)**
Transfers	**–**	**–**	**–**	**(497)**	**(497)**
Effect of movements in foreign exchange	**(654)**	**–**	**–**	**(1,126)**	**(1,780)**
Balance as at December 31, 2009	**(17,108)**	**(454)**	**–**	**(114,651)**	**(132,213)**
Carrying values					
As at December 31, 2008	713,915	274	10,463	70,997	795,649
As at December 31, 2009	**711,250**	**207**	**9,445**	**73,646**	**794,548**

(1) Excluding currency translation effect

Trademarks

Annual impairment test

Pursuant to IAS 36, "Impairment of assets" the Group has performed an annual impairment test of the carrying value of trademarks with indefinite life based on the relief from net royalty method.

The value in use of the trademark has been determined based on 5-year projections of royalties received by the international franchising business.

Key assumptions

Valuation of the terminal value is based on a perpetuity growth rate of 2%.

The discount rate used in the weighted average cost of capital is applied to the cash flows of each CGU based on the risk free rate for ten year bonds adjusted for a risk premium to reflect the increased risk of investing in equities.

Sensitivity analysis

A reasonably possible change in the key assumption on which management has based its determination of the recoverable amount would not cause the carrying amount to exceed its recoverable amount.

Software and operating systems

Internally generated computer software (Europcar's Greenway and PremierFirst's Speedlink) has been recognized at the acquisition date in accordance with IFRS 3—Business combinations, applying the function point methodology. This methodology is based on the calculation of function points for each segment/software of Europcar's and PremierFirst's rental reservation and fleet management systems. A function point reflects the functionality of the application which has been used as a basis to calculate its replacement value.

The net book value of this internally generated computer software amounts to €69.7 million as at December 31, 2009 (2008: €65.8 million).

Subsequent costs are capitalized only when management can reliably demonstrate that the intangible asset will generate specifically attributable future economic benefits in excess of those assessed when the intangible asset was initially capitalized and these costs can be measured reliably and attributed to the asset. Costs incurred during the research phase as defined by IAS 38 are expensed as incurred.

Costs expensed over the period amount to €8.7 million in 2009 (2008: €10.3 million).

Security

The total amount of intangible assets is held as security against the senior asset financing loan, as described in note 24.

15. Property, plant and equipment

The Group leases buildings and other equipment under several finance lease agreements. At December 31, 2009, the net carrying amount of leased buildings and other equipment was €5.6 million (2008: €5.5 million) and €2.0 million (2008: €2.3 million).

Property, plant and equipment assets are held as security against the senior asset financing loan, as described in note 24.

In thousands of €	Land and buildings	Technical equipment	Other equipment	Fixed assets in progress	Total
Costs					
Balance as at January 1, 2008	74,364	17,561	162,372	3,853	258,150
Acquisitions through business combinations[(1)]	2,195	472	4,844	–	7,511
Other acquisitions	2,895	1,310	12,410	1,948	18,563
Disposals	(6,752)	(1,016)	(36,647)	(767)	(45,182)
Transfers[(2)]	40,854	(289)	1,659	(4,133)	38,091
Effect of movements in foreign exchange	(8,691)	(2,333)	(6,528)	–	(17,552)
Balance as at December 31, 2008	104,865	15,705	138,110	901	259,581
Balance as at January 1, 2009	**104,865**	**15,705**	**138,110**	**901**	**259,581**
Acquisitions through business combinations[(1)]	**–**	**–**	**–**	**–**	**–**
Other acquisitions	**1,222**	**947**	**6,690**	**3,291**	**12,150**
Disposals	**(1,452)**	**(2,727)**	**(8,621)**	**(2)**	**(12,802)**
Transfers	**(194)**	**403**	**736**	**(1,459)**	**(514)**
Effect of movements in foreign exchange	**2,500**	**658**	**2,220**	**–**	**5,378**
Balance as at December 31, 2009	**106,941**	**14,986**	**139,135**	**2,731**	**263,793**
Amortization and impairment losses					
Balance as at January 1, 2008	(30,208)	(14,361)	(118,362)	–	(162,931)
Acquisitions through business combinations[(1)]	(1,274)	(354)	(3,638)	–	(5,266)
Depreciation charge for the year	(3,393)	(1,570)	(15,682)	–	(20,645)
Disposals	4,163	–	33,773	–	37,936
Transfers	–	529	1,397	–	1,926
Effect of movements in foreign exchange	3,610	2,083	5,187	–	10,880
Balance as at December 31, 2008	(27,102)	(13,673)	(97,325)	–	(138,100)
Balance as at January 1, 2009	**(27,102)**	**(13,673)**	**(97,325)**	**–**	**(138,100)**
Acquisitions through business combinations	**–**	**–**	**–**	**–**	**–**
Depreciation charge for the year	**(2,947)**	**(1,516)**	**(14,757)**	**–**	**(19,220)**
Impairment losses	**–**	**–**	**–**	**–**	**–**
Disposals	**981**	**2,718**	**7,745**	**–**	**11,444**
Transfers	**194**	**84**	**59**	**–**	**337**
Effect of movements in foreign exchange	**(1,107)**	**(559)**	**(1,748)**	**–**	**(3,414)**
Balance as at December 31, 2009	**(29,981)**	**(12,946)**	**(106,026)**	**–**	**(148,953)**
Carrying values					
As at December 31, 2008	77,763	2,032	40,785	901	121,481
As at December 31, 2009	**76,960**	**2,040**	**33,109**	**2,731**	**114,840**

(1) Excluding currency translation effect

(2) As part of the acquisition of Betacar in May 2007, the Group held for sale real estate assets with a total value estimated at €42.2 million as at December 31, 2007. As of December 31, 2008, management deemed that the sale of the remaining assets was not likely in the near future according to IFRS 5, considering the local market conditions. Therefore the real estate assets were reclassified as Plant, Property and Equipment. Some of these assets are currently used by Europcar Spain as part of rental operations.

16. Other investments

In thousands of €	2009	2008
Non-current investments		
Shares in unconsolidated entities	**2,452**	2,288
Shares in associates (joint ventures)	**488**	271
Deposits	**3,412**	3,374
	6,352	5,933
Current investments		
Loans	**2,841**	3,980
Marketable securities	**42,987**	39,444
	45,828	43,424

There was no impairment charge on available-for-sale financial assets in 2009 or 2008.

17. Deferred tax assets and liabilities

Recognized deferred tax asset and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of €	Closing 2009	Opening 2009	Closing 2009	Opening 2009	Closing 2009	Opening 2009
Property, plant and equipment	**43**	9	**(2,569)**	(2,899)	**(2,527)**	(2,890)
Intangible assets	**45**	57	**(266,656)**	(266,350)	**(266,611)**	(266,293)
Rental fleet	**49**	2,195	**(15,395)**	(11,241)	**(15,346)**	(9,046)
Investments in subsidiaries	**2**	2	**(45)**	(37)	**(43)**	(35)
Other financial assets	**0**	–	**(24)**	(24)	**(24)**	(24)
Receivables and other assets	**7,488**	6,474	**(1,386)**	–	**6,102**	6,474
Prepaid and deferred charges	**–**	13	**(701)**	(1,555)	**(701)**	(1,542)
Employee benefits	**7,862**	4,113	**(33)**	(348)	**7,829**	3,765
Deferred income	**602**	56	**(29)**	(70)	**574**	(14)
Provisions	**5,163**	3,405	**(0)**	(2,305)	**5,163**	1,100
Derivatives liabilities	**31,418**	18,022	**(772)**	–	**30,646**	18,022
Other liabilities	**5,310**	5,245	**(5,150)**	(8,424)	**161**	(3,179)
Tax losses carried-forward	**50,930**	38,999	**1**	–	**50,932**	38,999
Tax assets /(liabilities)	**108,911**	78,590	**(292,758)**	(293,253)	**(183,847)**	(214,663)
Tax set off	**(86,151)**	(54,968)	**86,151**	54,968	**–**	–
Net tax assets /(liabilities)	**22,761**	23,622	**(206,607)**	(238,285)	**(183,847)**	(214,663)

Deferred tax assets have not been recognized in respect of the following items:

In thousands of €	2009	2008
Temporary differences	**214**	31,960
Tax losses carried-forward	**45,252**	13,918
	45,466	45,878

Deferred tax assets are capitalized based on a 5 year-utilization plan

In thousands of €	Opening 2008	Acquired in business combinations	Recognized in income statement	Fair value adjustment in equity	Translation reserve	Closing Restated
	Movement in Temporary Differences During the Year					
Property, plant and equipment	(4,202)	(293)	795	–	810	(2,890)
Intangible assets	(270,495)	–	1,627	–	2,575	(266,293)
Rental fleet	(14,531)	–	1,387	–	4,098	(9,046)
Investments in subsidiaries	4	–	(1)	–	(38)	(35)
Other financial assets	(26)	–	6	–	(4)	(24)
Assets derivatives	–	–	–	–	–	–
Receivables and other assets	(2,706)	7,122	2,090	–	(32)	6,474
Prepaid and deferred charges	(1,184)	–	(356)	–	(2)	(1,542)
Employee benefits	6,237	368	420	(3,290)	30	3,765
Deferred income	(40)	–	148	–	(122)	(14)
Provisions	1,126	–	(141)	–	115	1,100
Derivative liabilities	(4,253)	–	(8)	22,289	(6)	18,022
Other liabilities	(6,327)	539	2,177	–	432	(3,179)
Tax losses carried forward	41,072	(7,134)	9,051	–	(3,990)	38,999
Net tax assets/ (liabilities)	**(255,325)**	**602**	**17,195**	**18,999**	**3,866**	**(214,663)**

	Opening 2009 Restated	Acquired in business combination	Recognized in income statement	Fair value adjustment in equity	Translation reserve	Closing 2009
Property, plant and equipment	**(2,890)**	**–**	**568**	**–**	**(205)**	**(2,527)**
Intangible assets	**(266,293)**	**–**	**544**	**–**	**(862)**	**(266,611)**
Rental fleet	**(9,046)**	**–**	**(5,585)**	**–**	**(715)**	**(15,347)**
Investments in subsidiaries	**(35)**	**–**	**–**	**–**	**(8)**	**(43)**
Other financial assets	**(24)**	**–**	**–**	**–**	**–**	**(24)**
Assets derivatives	**–**	**–**	**–**	**–**	**–**	**–**
Receivables and other assets	**6,474**	**–**	**84**	**–**	**(456)**	**6,102**
Prepaid and deferred charges	**(1,542)**	**–**	**937**	**–**	**(97)**	**(702)**
Employee benefits	**3,765**	**–**	**(72)**	**4,056**	**79**	**7,829**
Deferred income	**(14)**	**–**	**587**	**–**	**–**	**573**
Provisions	**1,100**	**–**	**4,062**	**–**	**–**	**5,162**
Derivative liabilities	**18,022**	**–**	**905**	**12,491**	**–**	**31,418**
Other liabilities	**(3,179)**	**–**	**2,596**	**–**	**(17)**	**(601)**
Tax losses carried forward	**38,999**	**–**	**10,136**	**–**	**1,790**	**50,924**
Net tax assets/(liabilities)	**(214,663)**	**–**	**14,762**	**16,547**	**(492)**	**(183,847)**

18. Inventories

No material restrictions of title or right of use exist in respect of the inventories listed below:

In thousands of €	Note	2009	2008
Consumables		**2,066**	2,450
Oil and fuel		**11,831**	11,840
Vehicles		**417**	834
Spare parts		**447**	598
Other items		**416**	838
		15,177	16,560

Inventories are stated net of provisions of €4 thousand (2008: €6 thousand).

Vehicles reported in inventory are vehicles not yet being operated at the balance sheet date.

19. Rental fleet and related receivables

In thousands of €	2009	2008
Deferred depreciation expense on vehicles	**133,097**	125,473
Vehicle buy-back agreement receivables	**1,157,653**	1,595,354
Receivables and current assets related to buy-back agreements	**1,290,750**	1,720,827
Vehicles purchased without manufacturer or dealer buy-back commitment ("at risk" or "risk vehicles")	**196,546**	220,670
Vehicles acquired through rental agreements qualifying as finance leases without buy-back arrangement	**30,646**	40,719
Total rental fleet	**1,517,942**	1,982,216
Fleet receivables[1][3]	**547,944**	478,495
VAT receivables[1][2]	**88,884**	125,406
	2,154,770	2,586,117

(1) For the purpose of improving clarity and presentation, the Group has reclassified the "Fleet receivables" and "VAT" items from "Trade and related receivables" (note 20) to "Rental fleet and related receivables".

(2) Most of the VAT receivables amount is related to fleet acquisitions and disposals.

(3) Includes €225.6m related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement

Vehicle buy-back agreement receivables are shown net of depreciation in respect of damaged and stolen vehicles amounting to €5.6 million (2008: €8.3 million).

On-balance sheet rental fleet value decreased in 2009 compared with 2008 because an increasing portion of fleet vehicles was operated under operating leases. This is further disclosed in note 30 Operating leases.

During the year ended December 31, 2009, the Group recognized depreciation expenses net of volume rebates amounting to €286.6 million (2008: €354.9 million) under "Costs related to rental fleet agreements", as described in note 5 "Fleet holding costs". These depreciation expenses relate to vehicles subject to manufacturer or dealer buy-back agreements and "at-risk" vehicles.

"Costs related to rental fleet agreements" also includes rents amounting to €151.9 million (2008: €117.2 million) in relation to off-balance sheet operating leases expenses. The rent recorded in respect of rental fleet operated under operating lease arrangements and the related off-balance sheet rental commitments are disclosed in Note 30 Operating Leases.

20. Trade and other receivables

The fair values of trade and other receivables correspond to their nominal value. All trade receivables fall due within one year.

In thousands of €	2009	2008
Rental receivables	**185,232**	212,898
Other trade receivables	**78,556**	75,675
Interest receivables	**1,237**	1,103
Other tax receivables	**20,757**	20,723
Insurance claims	**27,760**	27,631
Prepayments	**36,557**	38,361
Employee related receivables	**359**	1,743
Deposits, other receivables and loans	**20,096**	42,692
	370,554	420,826

Impairment relating to rental and other trade receivables is as follows:

In thousands of €	2009	2008
As at January 1, 2009	**(40,437)**	(38,985)
Acquired through business combinations	**–**	(724)
Provision for bad debts	**(9,996)**	(18,237)
Receivables written off during the year/period	**11,005**	16,766
Unused amount reversed	**92**	103
Translation adjustment	**(337)**	640
As at December 31, 2009	**(39,673)**	(40,437)

The creation and release of the provision for bad debts is included in Fleet operating, rental and revenue related costs in the income statement (Note 6). Amounts charged to the provision are generally written off when there is no expectation that additional cash will be received.

21. Cash and cash equivalents

In thousands of €	2009	2008
Cash-in-hand and at bank	**253,012**	226,138
Marketable securities	**13,258**	53,906
Cash and cash equivalents	**266,270**	280,044

Cash-in-hand and at banks include €56.5 million of cash located in fleet special purpose vehicles ("SPV") (2008: €131.6 million)

Marketable securities include securities amounting to £2.9 million (2008: £10.9 million) held by Euroguard, the Protected Cell Insurance and Reinsurance SPV, invested in low risk bonds. These investments bear an interest rate of approximately 2%

Cash and cash equivalents reported at year-end in fleet and captive insurance SPVs are related to fleet financing and insurance claims settlement respectively.

22. Capital and reserves

Share capital and share premium

The subscribed capital of Europcar Groupe S.A. is denominated in euro. The subscribed capital is composed of 77,846,607 authorized ordinary shares (2008: 77,846,607) with a nominal value of 10 euros and amounts to €778,466 million (2008: €778,466 million). Share premium arises from past capital increases. The subscribed capital was fully paid as at December 31, 2009 and 2008.

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.

Syndication and convertible securities

Subsequent to the acquisition, Eurazeo entered into a syndication agreement with coinvestors who hold 12.07% of the share capital of EG S.A. as a result of this transaction. On October 23, 2006, EG S.A. issued 338,462 convertible securities representing 0.43% of its share capital. These convertible securities have been fully subscribed by management.

On October 16, 2007, EG S.A. issued 8,145 additional convertible securities representing 0.01% of its share capital. These convertible securities have also been fully subscribed by management

The convertible securities would represent 6,065,622 shares after conversion.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. It also includes as at December 31, 2009 a foreign exchange loss amounting to €13.1 million (2008: €58.3 million) resulting from an intercompany loan denominated in GBP granted by Europcar Groupe S.A. to its subsidiary Europcar UK Ltd. This loan has a nominal value of €250 million (denominated in GBP) and its settlement is neither planned nor likely to occur in the foreseeable future.

As of December 31, 2009, Europcar International S.A.S.U. had a loan receivable from its subsidiary located in Australia amounting to AUD 26 million (2008: AUD 21 million). The translation reserves include a foreign exchange loss amounting to €3.1 million in relation to this loan (2008: 2.1 million).

23. Loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of €150.2 million in 2009 (2008: €35.8 million) and the weighted average number of ordinary shares during the year (not taking into account the shares that could be issued as they are antidilutive), as follows:

In thousands of €	2009	2008
Loss attributable to ordinary shareholders	**(150,225)**	(35,831)
Weighted average number of ordinary shares at December 31,	**77,846,607**	77,846,607
Basic and diluted loss per share (euro)	**(1.930)**	(0.460)
Diluted earnings per share (euro)	**(1.930)**	(0.460)
Dilution effect (%)	**0%**	0%

The number of ordinary shares as at December 31, 2009 amounts to 77,846,607 (2008: 77,846,607).

24. Loans and borrowings

In thousands of €	2009	2008
Non-current liabilities		
Notes issued	**788,352**	785,672
Bank borrowings	**4,746**	6,178
Finance lease liabilities	**2,300**	2,928
	795,398	794,778
Current liabilities		
Senior asset financing facility dedicated to fleet financing	**901,146**	1,513,423
Other borrowings dedicated to fleet financing	**435,323**	452,941
Banking facilities and current finance lease liabilities	**105,810**	56,316
Accrued interest	**7,259**	9,440
	1,449,538	2,032,120

Debt covenants

The Group meets its borrowing covenants as at December 31, 2009.

Notes issued

Loan notes issued are as follows:

In thousands of €	Nominal remaining due	Carrying amount as at December 31, 2009	Carrying amount as at December 31, 2008
Senior Subordinated Secured Floating Rate Notes due 2013	**425,000**	**417,308**	415,231
Senior Subordinated Unsecured 8.125% Notes due 2014	**375,000**	**371,044**	370,441
	800,000	**788,352**	785,672

In May 2006, EG S.A. issued Senior Subordinated Floating Rate Notes due 2013 with a nominal value of €300,000 thousand and Senior Subordinated Unsecured Notes due 2014 with a nominal value of €250,000 thousand. In May 2007, EG S.A. issued additional Senior Subordinated Floating Rate Notes due 2013 and Senior Subordinated Unsecured Notes due 2014 with a nominal value of €125,000 thousand each.

The Senior Subordinated Floating Rate Notes are secured by a second ranking share pledge of the share capital of ECI.

Considering the maturity of financing facilities and other debts and their respective interest rates, management has concluded that the fair value of financial liabilities approximates their respective carrying values except for Loan Notes maturing in 2013 and 2014 for which the fair value has been determined using quoted prices at the Euro MTF.

Senior Asset Financing facility dedicated to fleet purchases

From June 2006, the Group has been financing the purchase of vehicles principally through a senior asset financing facility maturing in May 2011. This loan carries an interest rate of EURIBOR (one month) plus bank margin. Interest rate risk on the Senior Asset Financing facility is partly hedged with an interest rate swap qualifying for hedge accounting (see Note 29 Derivative financial instruments).

The Senior Asset Financing facility and the related guarantees given to the lenders are secured, subject to certain security consideration principles, by security interests in substantially all of the tangible and intangible assets of Europcar Groupe S.A. and each borrower and each guarantor, including pledges of all the capital stock of all direct subsidiaries owned by Europcar Groupe S.A. and each borrower and guarantor, assignment of receivables under the buy-back agreements with the car manufacturers, assignment of operating leases and intra-group receivables, assignment of VAT receivables and pledges over bank accounts and business assets.

UK fleet financing facilities

Europcar UK has tax-based leasing facilities, the total committed amount of which is £585 million (2008: £625 million). Vehicles are acquired from the manufacturers, then sold to lessors and operated through lease-back agreements. The amount outstanding as at December 31, 2009 was £293 million.

For information about the Group's exposure to interest and liquidity risks, see Note 32 Financial risk management.

25. Employee benefits

Liability for defined benefit obligations

The Group has defined benefit obligations related to pension benefits for some of the Group's employees in the United Kingdom, France, Germany, Italy and Belgium upon retirement.

In thousands of €	2009	2008
Present value of funded or partially funded obligations	**(58,068)**	(32,645)
Fair value of plan assets	**34,042**	28,744
Surplus /(Deficit) at the period end[(1)]	**(24,026)**	(3,901)
Present value of unfunded obligations	**(43,423)**	(49,405)
Unrecognized prior service costs	**664**	573
Recognized liability for defined benefit obligation	**(66,785)**	(52,733)

(1) The liability for the defined benefit plan in the United Kingdom was fully funded at year end and was over funded by €931,000 last year.

Movement in liability for defined benefit obligations

In thousands of €	2009	2008
Defined benefit obligations at January 1,	**(53,306)**	(61,998)
Effect of change in plan obligations	**(284)**	–
Effect of plan curtailment and alterations	**1,409**	830
Benefit payments	**3,338**	4,298
Current service cost, interest on obligations and expected return on plan assets	**(4,992)**	(5,699)
Actuarial gains/(losses) recognized in equity	**(13,562)**	9,460
Exchange differences	**(52)**	(197)
Defined benefit obligations at December 31,	**(67,449)**	(53,306)

Movement in plan assets

In thousands of €	2009	2008
Fair value of plan assets at January 1,	**28,744**	44,097
Fair value of plan assets acquired on business combinations	**(616)**	–
Contribution paid into plan	**1,796**	2,247
Benefits paid by the plan	**(1,221)**	(1,693)
Expected return on plan assets	**1,812**	2,076
Actuarial gains /(losses) recognized in equity	**1,033**	(6,328)
Exchange difference	**2,494**	(11,655)
Fair value of plan assets at December 31,	**34,042**	28,744

Plan assets

In % (average)	2009	2008
Equity	**41**	40
Debt	**50**	50
Other	**9**	10

Expense recognized in the income statement for defined benefit plans

In thousands of €	Note	2009	2008
Current service costs		**1,725**	2,400
Interest on obligation		**5,079**	5,375
Expected return on plan assets		**(1,812)**	(2,076)
Curtailment		**(1,409)**	(830)
	7	**3,583**	4,869

The expense is fully recognized in personnel costs as disclosed in note 7.

Actuarial assumptions

Group obligations are valued by an external independent actuary, based on assumptions at the balance sheet date that are periodically updated. These assumptions are set out in the table below:

	2009		2008	
	Eurozone[(1)]	UK	Eurozone[(1)]	UK
Discount rate	**From 5.00% to 5.25%**	**5.75%**	6.00%	6.35%
Expected rate of salary increase[(1)]	**From 1.70% to 3.50%**	**3.50%**	2.10%	2.90%
Expected rate of pension increase[(1)]	**From 1.00% to 3.50%**	**3.40%**	1.50%	2.90%
Expected rate of return on plan assets	**4.00%**	**5.83%**	4.75%	5.98%

(1) Eurozone includes plans in Germany, Italy, France, and Belgium expressed as a weighted average 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 expected long-term investment return assumption on plan assets has been determined based on the particular asset allocation of each benefit plan, through the calculation of a specific expected return assumption for each asset class. This assumption is based on interest, dividends and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, adjusted by any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation).

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each country.

Acturial gains and losses recognized directly in equity (net of deferred tax)

In thousands of €	2009	2008	2007
Cumulative amount at January 1,	**10,052**	3,882	(607)
Gain/(loss) recognized during the year	**(9,503)**	6,170	4,489
Cumulative amount at December 31,	**549**	10,052	3,882

Experience adjustments

In thousands of €	2009	2008	2007
Present value of defined benefit obligation	**(35,482)**	(25,033)	(37,630)
Fair value of plan assets	**31,286**	25,977	37,805
(Surplus)/deficit	**(4,196)**	944	175
Experience adjustments on plan liabilities	**–**	–	(237)
Experience adjustments on plan assets	**1,469**	(5,262)	(850)

The estimated return on plan assets has been determined based on long-term bond interest rates. All of the plan assets are allocated to British and French employees.

Contributions to defined contribution plans

In 2009, the Group made contributions to defined contribution plans amounting to €1.9 million (2008: €2.2 million).

26. Provisions

In thousands of €	Provision for warranties	Litigation costs	Insurance claim provisions	Reconditioning provisions	Other provisions	Total
Balance at January 1, 2009	**1,334**	**2,837**	**75,840**	**29,494**	**45,281**	**154,786**
Provisions made during the year	**–**	**1,493**	**11,252**	**65,579**	**34,372**	**112,696**
Provisions used during the year	**(692)**	**(1,257)**	**(9,570)**	**(67,867)**	**(16,520)**	**(95,906)**
Provisions reversed during the year	**–**	**(402)**	**–**	**–**	**(8,658)**	**(9,060)**
Transfer	**–**	**–**	**6,391**	**–**	**–**	**6,391**
Effect of foreign exchange	**–**	**–**	**3,382**	**403**	**673**	**4,458**
Balance at December 31, 2009	**642**	**2,671**	**87,295**	**27,609**	**55,148**	**173,365**
Non-current	**–**	**–**	**–**	**–**	**274**	**274**
Current	**642**	**2,671**	**87,295**	**27,609**	**54,874**	**173,091**
	642	**2,671**	**87,295**	**27,609**	**55,148**	**173,365**

	Provision for warranties	Litigation costs	Insurance claim provisions	Reconditioning provisions	Other provisions	Total
Balance at January 1, 2008	1,384	3,811	56,744	35,745	52,585	150,269
Provisions made during the year	106	2,367	8,546	53,443	14,497	78,959
Provisions used during the year	(156)	(1,552)	–	(55,540)	(18,287)	(75,535)
Provisions reversed during the year	–	(1,789)	–	–	(303)	(2,092)
Transfer	–	–	21,292	(2,465)	–	18,827
Effect of foreign exchange	–	–	(10,742)	(1,689)	(3,211)	(15,642)
Balance at December 31, 2008	1,334	2,837	75,840	29,494	45,281	154,786
Non-current					4,946	4,946
Current	1,334	2,837	75,840	29,494	40,335	149,840
	1,334	2,837	75,840	29,494	45,281	154,786

Litigation costs

Litigation costs include litigation with franchisees, employee disputes and accident claims.

Insurance claim provisions

These provisions mainly relate to insurance risks as detailed in Note 32 Financial risk management.

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

Charges recorded during the year in "other provisions" are mainly related to tax (other than income tax) reassessment notifications received following tax audits. Most of the related liabilities are covered by the vendor guarantee documented in the share purchase agreement signed on May 31, 2006 between Eurazeo S.A. and Volkswagen AG.

Credits recorded during the year mainly relate to the utilization of a reserve related to an insurance program discontinued with effect from January 1, 2008.

The amount carried in other provisions at December 31, 2009 also includes reserves for risks and contingent liabilities and reorganization.

27. Rental fleet related payables

The fair values of rental fleet related payables correspond to the nominal value. The fleet payables relate to operating lease contracts.

In thousands of €	2009	2008
Fleet payables[(1)]	**599,203**	473,024
VAT payables	**69,996**	96,060
	669,199	569,084

(1) Includes €225.6m related to a large fleet operating lease contract initiated in 2009, in which the Group acquires fleet from a manufacturer and resells it immediately to the lessor. The receivable (from the manufacturer) and payable (to the lessor) amounts recorded at inception of the lease are settled when the vehicles are returned to the manufacturer according to the buy-back arrangement.

28. Trade payables and other liabilities

The fair values of trade payables correspond to the nominal value. All trade and other liabilities fall due within one year.

In thousands of €	Note	2009	2008
Trade payables, including to affiliates		**263,354**	264,586
Other tax payable		**10,130**	12,217
Deposits		**34,045**	27,250
Employee related liabilities		**43,790**	40,152
Contingent consideration related to acquired entities	*13*	**3,257**	12,738
		354,576	356,943

29. Derivative financial instruments

	2009		2008	
In thousands of €	Assets	Liabilities	Assets	Liabilities
Interest rate swaps-cash flow hedge	**–**	**91,245**	–	53,878
Asian option agreements- cash flow hedge	**–**	**–**	1,987	–
Total	**–**	**91,245**	1,987	53,878

The full fair value of a hedging derivative is recorded as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Interest rate swap agreements

In April 2006, the Group entered into an interest rate swap in accordance with its obligations under its financing documentation. The swap agreements are denominated in euro and have variable notional amounts. The agreements stipulate that on a monthly basis the Group pays a fixed interest expense calculated at a rate ranging from 3.978% to 3.993% on the outstanding notional amount of the swap and receives an interest income calculated at a rate equal to Euribor one-month. The maturity date of the swap agreements is December 31, 2011. The interest rate swap qualifies for cash flow hedge accounting and therefore the effective part of changes in fair value is recognized in equity.

The notional values of the outstanding interest rate swap contracts at December 31, 2009 were €2,032.4 million (2008: €2,111.8 million).

Currency hedge agreement

In July 2008, Europcar Group entered into foreign exchange Asian option agreements based on average rates in order to hedge highly probable transactions identified in Group subsidiaries located in the United Kingdom. These transactions were denominated in a currency different from the functional currency or required settlement in a foreign currency.

The Asian option agreements qualified as a cashflow hedge and therefore changes in intrinsic value were reported through equity and changes in time value through earnings.

The Asian option agreements have been fully settled in the course of 2009.

30. Off-balance sheet commitments

30.1 Operating leases

As at December 31, 2009, the Group's minimum future payments relating to non-cancellable operating lease commitments are as follows:

	December 31, 2009		December 31, 2008	
In thousands of €		**Of which related to rental fleet**		**Of which related to rental fleet**
Payable:				
Within one year	**225,432**	**183,690**	192,151	165,685
From one to five years	**101,431**	**16,170**	158,908	77,962
Over five years	**28,569**	**–**	31,610	–
	355,432	**199,860**	382,669	243,647

The Group leases vehicles in Germany, Belgium, Portugal, France, Spain, Australia and New Zealand. The Group also leases facilities and other assets. Facilities and other assets leases run for a period of 3 to 9 years in most instances, usually with an option to renew the lease after that date.

During the year ended December 31, 2009, €151.9 million was recognized as an expense in the income statement in respect of operating leases related to the rental fleet (2008: €117.2 million).

For assets other than the rental fleet leased under operating leases (mainly rental station facilities), expenses recorded in the 2009 income statement were €59.3 million (2008: €60.4 million).

30.2 Capital commitments

During the year ended December 31, 2009, the Group entered into contracts to purchase vehicles. As at December 31, 2009, outstanding capital commitments for vehicles were €402.0 million (2008: €712.5 million), and for property, plant and equipment and intangible assets were €0.4 million (2008: €0.9 million).

Fleet capital commitments correspond to a large portion of the forecast needs of the Group for the first part of the following year and are mostly subject to buy-back commitments from car manufacturers.

30.3 Contingencies and guarantees

Neither Europcar Groupe S.A. nor any of its Group companies is party to any current or foreseeable legal or arbitration proceeding that may have a material effect on the financial position of the Group or has had such an effect within the last two years.

The Group has provided unsecured guarantees to certain third parties within the normal course of business, of which a €29.6 million guarantee to Chartis (formerly AIG) Europe S.A. for the performance of certain obligations of its self-insurance program (Loss Retention Agreement), which could be exercised in the highly unlikely event that Europcar were unable to meet its commitments under such Loss Retention Agreement.

As at December 31, 2009, the company had €151.5 million as guarantees with suppliers (2008: €101.7 million). Contingent assets amount to €0.8 million (2008: €6.1 million).

31. Related parties

Related parties under the terms of IAS 24 are parties which have the ability to control or exercise significant influence over the reporting enterprise. All business transactions with non-consolidated subsidiaries are conducted on standard market terms. Several members of the Management and the Board of Directors of the Group are members of supervisory board with which Europcar Groupe S.A. has relations in the normal course of its business activities. All transactions with these parties are conducted on standard market terms.

Transactions with related parties controlled by Eurazeo S.A., the ultimate Parent company

The Group has a related-party relationship with Eurazeo limited to management services provided by Eurazeo and billed directly to Europcar Groupe S.A.

At December 31, 2009, the Group has accrued for €8.4 million (of which €4.2 million related to 2009) in respect of post-acquisition services to be invoiced by Eurazeo S.A in the course of 2010 in relation to finance structuring.

No amount was received from or paid to Eurazeo S.A. as at December 31, 2009 and 2008 in relation to the management services described above.

Compensation of key management members

In addition to their salaries, the Group also provides non-cash benefits to executive officers, and contributes to a post-employment defined benefit plan on their behalf. There was no significant transaction with any company related directly or indirectly to key management members disclosed in the management report of the Europcar subsidiaries.

32. Financial risk management

This note presents the Group's financial instrument fair value measurement methodology and how the Group manages financial risk exposure.

32.1 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Considering the maturity of the financing facilities and other debts and their respective interest rates, management has concluded that the fair value of the financial liabilities approximates their respective carrying value except for Loan Notes maturing in 2013 and 2014 for which the fair value has been determined using quoted prices as of December 31, 2009 and as of December 31, 2008 at the Euro MTF.

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, are as follows:

December 31, 2009 Fair value In thousands of €	**Notes**	**Carrying amount**	**Fair value**	**Fair value through the income statement**	**Fair value through equity**	**Financial instruments at amortized cost**
Trade receivables	*20*	**263,788**	**263,788**	**–**	**–**	**263,788**
Deposits, other receivables and loans,	*16*	**45,828**	**45,828**	**–**	**–**	**45,828**
Vehicle buy-back agreement receivables	*19*	**1,157,654**	**1,157,654**	**–**	**–**	**1,157,654**
Fleet receivables	*19*	**547,944**	**547,944**	**–**	**–**	**547,944**
Deposits	*20*	**20,096**	**20,096**	**–**	**–**	**20,096**
Total of loans and receivables		**2,035,310**	**2,035,310**	**–**	**–**	**2,035,310**
Other investments	*16*	**52,180**	**52,180**	**–**	**52,180**	**–**
Cash and cash equivalents	*21*	**266,270**	**266,270**	**266,270**	**–**	**–**
Derivative assets	*29*	**–**	**–**	**–**	**–**	**–**
Total financial assets		**2,353,760**	**2,353,760**	**266,270**	**52,180**	**2,035,310**
Notes and borrowings	*24*	**795,398**	**673,994**	**–**	**–**	**673,994**
Trade payables	*28*	**263,354**	**263,354**	**–**	**–**	**263,354**
Fleet payables	*28*	**599,203**	**599,203**	**–**	**–**	**599,203**
Bank overdraft and portion of loans due in less that one year	*24*	**1,449,538**	**1,449,538**	**–**	**–**	**1,449,538**
Derivative liabilities	*29*	**91,245**	**91,245**	**–**	**91,245**	**–**
Total financial liabilities		**3,198,738**	**3,077,334**	**–**	**91,245**	**2,986,089**

December 31, 2008 Fair value In thousands of €	Notes	Carrying amount	Fair value	Fair value through the income statement	Fair value through equity	Financial instruments at amortized cost
Trade receivables	*20*	288,573	288,573	–	–	288,573
Deposits, other receivables and loans,	*16*	43,424	43,424	–	–	43,424
Vehicle buy-back agreement receivables	*19*	1,595,354	1,595,354	–	–	1,595,354
Fleet receivables	*19*	478,495	478,495	–	–	478,495
Deposits	*20*	42,692	42,692	–	–	42,692
Total of loans and receivables		2,448,538	2,448,538	–	–	2,448,538
Other investments	*16*	43,424	43,424	–	43,424	–
Cash and cash equivalents	*21*	280,044	280,044	280,044	–	–
Derivative assets	*29*	1,987	1,987	–	1,987	–
Total financial assets		2,773,993	2,773,993	280,044	45,411	2,448,538
Notes and borrowings	*24*	794,778	281,271	–	–	281,271
Trade payables	*28*	264,586	264,586	–	–	264,586
Fleet payables	*28*	473,024	473,024	–	–	473,024
Bank overdrafts and portions of loans due in less than one year	*24*	2,032,120	2,032,120	–	–	2,032,120
Derivative liabilities	*29*	53 878	53 878	–	53,878	–
Total financial liabilities		3,618,386	3,104,879	–	53,878	3,051,001

The level in the fair value hierarchy at which fair value measurements are categorised, for assets and liabilities measured in the statement of financial position, is as follows:

Assets measured at fair value In thousands of €	December 31, 2009	Level 1	Level 2	Level 3
Other investments	**52,180**	**52,180**	–	–
Cash and cash equivalents	**266,270**	**266,270**	–	–
Total	**318,450**	**318,450**	–	–

Liabilities measured at fair value In thousands of €	December 31, 2009	Level 1	Level 2	Level 3
		–		–
Derivative liabilities	**91,245**	–	**91,245**	–
Total	**91,245**	–	**91,245**	–

32.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk; fair value interest rate risk; cash flow interest rate risk and security price risk); credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as specific guidance in areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. 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.

The Group assesses continuously the financial risks identified (including market risk, credit risk and liquidity risk) and documents its exposure in its financial statements. The Group considers that its exposure as at December 31, 2009 did not change significantly during the last 12 months and therefore the policy implemented to mitigate such exposure remain consistent with prior years.

A. Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP Foreign exchange risk arises from translation into euro of the results and net assets of the subsidiaries having a functional currency different from the euro, from financial intra-group transactions and to a lesser extent from transactions with franchisees.

The Group does not have any investments in foreign operations whose net assets are exposed to foreign currency translation risk other than in the United Kingdom, Australia, New Zealand and Switzerland.

Group summary quantitative exposure to foreign exchange risk arising from translation into functional currency

In thousands of €	GBP	AUD	CHF	Total 2009
Trade and receivables (including fleet)	**128,025**	**9,604**	**2,132**	**139,761**
Other financial assets				
Non-current investments	**3,152**	**366**	**218**	**3,736**
Derivatives financial instruments	–	–	–	–
Other investments	**42,987**	–	–	**42,987**
Cash and cash equivalents	**109,840**	**3,204**	**1,275**	**114,319**
Total financial assets	**284,004**	**13,174**	**3,625**	**300,803**
Borrowings	**348,648**	**85,529**	–	**434,177**
Trade and other payables (including fleet)	**81,629**	**11,241**	**1,161**	**94,031**
Impact of hedging derivatives	–	–	–	–
Total financial liabilities	**430,277**	**96,770**	**1,161**	**528,208**
Total net exposure	**(146,273)**	**(83,596)**	**2,464**	**(227,405)**

In thousands of €	GBP	AUD	CHF	Total 2008
Trade and receivables (including fleet)	175,309	9,035	2,191	186,535
Other financial assets				
Non-current investments	3,056	219	218	3,493
Derivatives financial instruments	–	–	–	–
Other investments	–	–	–	–
Cash and cash equivalents	111,264	45	2,033	113,342
Total financial assets	289,629	9,299	4,442	303,370
Borrowings	353,968	67,942	–	421,910
Trade and other payables (including fleet)	92,613	10,609	1,375	104,597
Impact of hedging derivatives		–	–	–
Total financial liabilities	446,581	78,551	1,375	526,507
Total net exposure	(156,952)	(69,252)	3,067	(223,137)

At December 31, 2009, if the euro had strengthened by 15% against the GBP with all other variables held constant, net income for the year would have decreased by €2.9 million (2008: €0.2 million) and equity would have increased by €17.6 million.

At December 31, 2009, if the euro had weakened by 15% against the GBP with all other variables held constant, net income for the year would have increased by €2.9 million (2008: €0.2 million) and equity would have decreased by €17.6 million.

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to hedge approximately 80% of its floating interest rate borrowings with fixed interest rate instruments. During 2009 and 2008, the Group's borrowings at variable rate were denominated in euros.

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration, among other things refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings for the revolving financing of fleet at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Based on the simulations performed, the impact on Group loss after tax for the year of a 100 basis-point increase/decrease in interest rates would be a maximum increase/decrease of €3.6 million (2008: €4.8 million).

At the reporting date the interest profile of the Group's interest-bearing borrowings was as follows.

In thousands of €	2009	2008
Non-current liabilities		
Fixed rate borrowings	**367,461**	378,083
Variable rate borrowings	**427,937**	416,695
	795,398	794,778
Current liabilities		
Fixed rate borrowings	**–**	–
Variable rate borrowings	**1,449,538**	2,032,120
	1,449,538	2,032,120

B. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to car manufacturers and dealers and to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. The utilization of credit limits is regularly monitored.

The table below shows the credit limit and balance of the three major counterparties at the balance sheet date.

In thousands of €	2009 Credit limit	2009 Utilized	2008 Credit limit	2008 Utilized
Revolving credit[1]	**350,000**	**114,861**	350,000	89,100
Senior asset financing lines related to fleet financing	**2,110,000**	**900,490**	2,410,000	1,510,829
Financing other that senior financing asset loan related to fleet financing[2]	**710,054**	**438,196**	704,000	452,100

(1) "Utilized" amounts include the revolving credit facility for €85.1 million of as 2009 (2008: €41.5 million) and guarantees given as part of the operating activities of the Group.

(2) Primarily consists of fleet operations in the United Kingdom financed through different credit lines other than the senior financing asset loan.

C. Loans and receivables credit risk analysis

In thousands of €	2009	2008
Neither past due nor impaired[1]	**1,842,758**	2,104,518
Past due but not impaired	**152,879**	303,583
Impaired	**39,673**	40,437
Total	**2,035,310**	2,448,538

(1) Net of provisions for stolen and badly damaged cars, please refer to note 19

The maximum exposure to credit risk at the reporting date is the carrying amount of loans and receivables. The Group does not hold any collateral as security.

The credit quality of loans and receivables neither past due nor impaired relates to a number of independent counterparties for whom there is no recent history of default or expected default.

The Group's credit risk exposure to car manufacturers and dealers primarily arises from:

- Risk of non-recoverability of receivables on U.S. manufacturers' European subsidiaries arising from the buy-backs
- Directly related to the above, risk of having to self-finance the same receivables. In case of default of a European subsidiary of a U.S. manufacturer, the corresponding fleet becomes "non-eligible" under the senior asset financing facility
- As an ancillary risk, a bankruptcy of a significant supplier and the subsequent uncertainty surrounding future supplies.

Europcar Groupe does not derive revenues from transactions with a single external customer that would represent 10% or more of the Group's revenue.

The Group has implemented procedures to monitor and reduce credit risk exposure, including reduction of purchases, implementation of a receivable risk monitoring reporting process and specific fleet management actions to minimize risk exposure. The aging analysis of loans and receivables past due but not impaired is as follows:

In thousands of €	Not yet due	Less than 3 months	From 3 to 6 months	Over 6 months	Total
Vehicle buy-back agreements receivables	**1,157,654**	**–**	**–**	**–**	**1,157,654**
Fleet receivables	**456,030**	**79,811**	**2,945**	**9,170**	**547,956**
Rental receivables	**109,767**	**49,845**	**9,354**	**16,266**	**185,232**
Trade receivables	**22,267**	**12,301**	**1,070**	**8,627**	**44,265**
Other receivables	**30,617**	**1,935**	**1,728**	**11**	**34,291**
Total as at December 31, 2009	**1,776,335**	**143,892**	**15,097**	**34,074**	**1,969,398**

In thousands of €	Not yet due	Less than 3 months	From 3 to 6 months	Over 6 months	Total
Vehicle buy-back agreements receivables	1,595,354	–	–	–	1,595,354
Fleet receivables	253,805	147,277	7,533	69,880	478,495
Rental receivables	112,451	62,154	29,047	9,246	212,898
Trade receivables	20,794	14,968	3,261	—797	38,226
Other receivables	35,998	1,450	1	–	37,449
Total as at December 31, 2008	2,018,402	225,849	39,842	78,329	2,362,422

(iii) Price risk

The Group is not exposed to equity securities price risk considering the materiality of the investments held by the Group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss. The Group is not directly exposed to commodity price risk but the Group is exposed to the risk of increasing holding costs for vehicles.

D. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyzes the Group's financial liabilities including hedging derivatives by relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying values, as the impact of discounting is not significant.

		Up to 1 year		From 1 year to 5 years		Later than 5 years		Total	
In thousand of €		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31, 2009									
Notes issued	**806,097**	**–**	**48,843**	**800,000**	**156,372**	**–**	**–**	**800,000**	**205,215**
Bank borrowings and finance lease liabilities	**522,941**	**108,263**	**10,305**	**414,678**	**13,037**	**–**	**–**	**522,941**	**23,342**
Senior asset financing facility	**901,146**	**–**	**11,925**	**901,146**	**7,845**	**–**	**–**	**901,146**	**19,769**
Other borrowings	**43,355**	**43,355**	**1,332**	**–**	**–**	**–**	**–**	**43,355**	**1,332**
Derivative liabilities	**158,128**	**–**	**71,705**	**–**	**86,423**	**–**	**–**	**–**	**158,128**
Trade and fleet payables	**862,557**	**862,557**	**–**	**–**	**–**	**–**	**–**	**862,557**	**–**
Deposits	**34,045**	**34,045**	**–**	**–**	**–**	**–**	**–**	**34,045**	**–**
Total financial liabilities	**3,328,269**	**1,048,220**	**144,110**	**2,115,824**	**263,677**	**–**	**–**	**3,164,044**	**407,787**
December 31, 2008									
Notes issued	808,106	–	55,943	425,000	198,117	375,000	12,695	800,000	266,755
Bank borrowings and finance lease liabilities	497,479	97,111	12,713	400,368	50,091	–	–	497,479	62,804
Senior asset financing facility	1,515,440	–	45,369	1,512,847	48,315	–	–	1,512,847	93,684
Other borrowings	5,860	3,467	1,053	1,326	–	–	–	4,793	1,053
Derivative liabilities	168,969	–	82,631	–	86,338	–	–	–	168,969
Trade and fleet payables	737,610	737,610	–	–	–	–	–	737,610	–
Deposits	27,250	27,250	–	–	–	–	–	27,250	–
Total financial liabilities	3,760,714	865,438	197,709	2,339,541	382,861	375,000	**12,695**	**3,579,979**	**593,265**

E. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

F. Insurance risks

The Group's operating subsidiaries located in France, Spain, United Kingdom, Portugal, Belgium and Italy (effective January 1, 2008) and Germany (effective April 1, 2008), subscribe to local insurance policies with a Chartis (formerly AIG) affiliated entity, which reinsures part of such risks with Euroguard, a protected cell captive insurance and reinsurance entity. The Group owns only one cell of Euroguard which has been consolidated since January 2006.

As from January 1, 2009, the Group's operating subsidiary located in Spain has placed its Fleet Motor Liability risk with a traditional insurer.

(i) Frequency and severity of claims

The risk under any one insurance contract is the probability of occurrence of the insured event and the uncertainty as to the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Group faces under its Fleet Liability insurance contracts is that the actual claims payments to Third Parties exceed the carrying amount of the insurance liabilities. This might occur if the frequency or severity of claims is greater than insurance events. The actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. However, the availability of reliable statistical data for the Group, covering approximately twelve years, would suggest that the frequency trends are stable, if not actually decreasing, as a result of general prevention measures applied across Europe.

The severity of claims can be affected by several factors, amongst which are the increasing tendency towards claims taken to Court and the level of settlements. The Group's Fleet Motor liability is protected against the impact of such high-value claims, which in effect limit the Group's risk to a maximum of €500,000 per claim (or, for Spain, by means of full risk transfer).

(ii) Sources of uncertainty in the estimation of future claim payments

Claims under Fleet Motor Liability policies are payable on a claims-occurrence basis. The Group, via its insurers, is liable for all insured events that occur during the term of the contract, even if the loss is notified after the end of the contract term or the quantum needs to be reviewed, as a result of deterioration in the health of a victim. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

(iii) Changes in assumptions

The Group did not change its assumptions for the insurance contracts disclosed in this note other than updating the cost of its contents for the time value of money.

33. Group entities

Company name 1. Information on consolidated companies	Registered office (location)	Country	Consolidation method full/equity	% of voting rights (0,00)%	% of interests (0,00)%
Europcar International S.A.S.U.	Guyancourt	France	Full	100.00%	100.00%
Europcar Holding S.A.S.	Guyancourt	France	Full	100.00%	100.00%
EIS E.E.I.G.	Guyancourt	France	Full	100.00%	100.00%
Europcar France S.A.S.	Guyancourt	France	Full	100.00%	100.00%
Securitifleet France S.A.S	Guyancourt	France	Full	5.00%	5.00%
Parcoto Services E.U.R.L	Rouen	France	Full	100.00%	100.00%
Europcar International S.A. und Co OHG	Hamburg	Germany	Full	100.00%	100.00%
Europcar Autovermietung GmbH	Hamburg	Germany	Full	100.00%	100.00%
Securitifleet Germany GmbH	Hamburg	Germany	Full	5.00%	5.00%
InterRent Immobilien GmbH	Hamburg	Germany	Full	100.00%	100.00%
Ultramar Cars S.L.	Palma de Mallorca	Spain	Full	100.00%	100.00%
Europcar S.A Belgium	Zaventem	Belgium	Full	100.00%	100.00%
Europcar IB S.A.	Madrid	Spain	Full	100.00%	100.00%
Securitifleet Spain S.L.	Madrid	Spain	Full	3.99%	3.99%
Europcar United Kingdom Limited	Watford	United Kingdom	Full	100.00%	100.00%
Europcar Italia S.p.A.	Roma	Italy	Full	100.00%	100.00%
Securitifleet Italy Srl	Roma	Italy	Full	6.00%	6.00%
Europcar Internacional Aluguer de Automoveis S.A.	Lisbon	Portugal	Full	100.00%	100.00%
Monaco Auto Location SAM	Monaco	Monaco	Full	100.00%	100.00%
PremierFirst Vehicle Rental EMEA Holdings Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Holdings Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Group Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
Diplema 272 Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
Diplema 274 Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
Provincial Assessors Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Properties Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Pension Scheme Trustees Ltd	Leicester	United Kingdom	Full	100.00%	100.00%
PremierFirst Vehicle Rental Insurances Guernsey Ltd.	St Peter Port	Guernsey	Full	100.00%	100.00%
Europcar Group UK Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
Provincial Securities Ltd.	Leicester	United Kingdom	Full	73.00%	73.00%
PremierFirst Vehicle Rental German Holdings GmbH	Wiesbaden	Germany	Full	100.00%	100.00%
PremierFirst Vehicle Rental GmbH	Wiesbaden	Germany	Full	100.00%	100.00%
PremierFirst Autovermietung GmbH & Co. KG	Wiesbaden	Germany	Full	100.00%	100.00%

Name of the company 1. Information on consolidated companies	Registered Office (town)	Country	Consolidation method full/equity	% of voting rights (0,00)%	% of interests (0,00)%
PremierFirst Vehicle Rental Switzerland AG	Zurich	Switzerland	Full	99.98%	99.98%
PremierFirst Vehicle Rental Franchising Ltd.	Leicester	United Kingdom	Full	100.00%	100.00%
Euroguard	Gibraltar	Gibraltar	Full	100.00%	100.00%
Auto Ibiza Rent a car S.A.	Ibiza	Spain	Full	100.00%	100.00%
Pitiusas Taller de Reparaciones S.A.	Ibiza	Spain	Full	100.00%	100.00%
Solcar S.A.	Palma de Mallorca	Spain	Full	100.00%	100.00%
Europcar Holding Property Ltd.	Melbourne	Australia	Full	100.00%	100.00%
Europcar Australia Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
G1 Holdings Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
CLA Holdings Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
SMJV Ltd.	Christchurch	New Zealand	Full	100.00%	100.00%
BVJV Ltd.	Christchurch	New Zealand	Full	100.00%	100.00%
MVS Holdings (Australia) Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
MVS Trading Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
CLA Trading Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
E Rent a car Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
JSV Trading Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
BAJV Pty Ltd.	Victoria	Australia	Equity	50.00%	50.00%
Delta Car Rentals Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
Delta Cars & Trucks Rentals Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
Eurofleet Sales Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
Eurofleet Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
GPV Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
SCJV Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
Delta Truck Rentals Pty Ltd.	Victoria	Australia	Full	100.00%	100.00%
PremierFirst Marketing Enterprises Middle East Ltd	Dubai	United Arab Emirates		25.00%	25.00%
2. Information on non-consolidated companies					
BCR Holdings Ltd.	Watford	United Kingdom		100.00%	100.00%
Europcar Chauffeurdrive UK Ltd.	Watford	United Kingdom		100.00%	100.00%
Europcar Inc.	Dover	United States		100.00%	100.00%
Godfrey Davis (Car Hire) Ltd.	Watford	United Kingdom		100.00%	100.00%
InterRent Ltd.	Dublin	Ireland		100.00%	100.00%
Rovard Facilities Ltd.	Watford	United Kingdom		100.00%	100.00%
Vehitel 2000 France S.A.S.	Suresnes	France		20.00%	20.00%
Vehitel 2000 S.N.C.	Suresnes	France		33.00%	33.00%

Consolidated special purpose entities

As part of a securitization program, the main operating companies in Germany, France, Italy and Spain have incorporated a SPE ("Securitifleet"). Each subsidiary owns 4% to 6% of its capital, but in substance the SPEs are controlled by the local Group companies.

The Group's operating subsidiaries located in France, United Kingdom, Portugal, Belgium, Italy and Germany subscribe to local insurance policies with a Chartis affiliated entity, which reinsures part of such risks with Euroguard, a protected cell captive insurance and reinsurance entity. The Group owns only one cell of Euroguard, this cell having been consolidated since January 2006.

PremierFirst Vehicle Rental Holdings Limited owns 100% of PremierFirst Vehicle Rental Insurances Guernsey Limited, a captive company based in Guernsey in the Channel Islands. The company has two types of business: roadside assistance (RAC) and personal accident insurance (PAI). The profits from the RAC and PAI businesses can largely be distributed by the captive company under strict rules. 90% of the profits must be distributed within 18 months after the year end.

Since January 2008, PremierFirst Vehicle Rental Limited has participated in the Group insurance scheme described in the first paragraph above

34. Subsequent events

Management is not aware of any subsequent event that occurred between January 1, and March 4, 2010 that could significantly affect the result, assets, activity and overall financial situation of the Group.

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