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[redacted]
Our Perspective

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Northcoast Research

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Words We Use to Describe Rental Rates

[redacted]

Unpredictable	*Linked*	*Critical*
Uncertain	***Desired***	*Vital*

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Recent Pricing Performance at Avis and Hertz

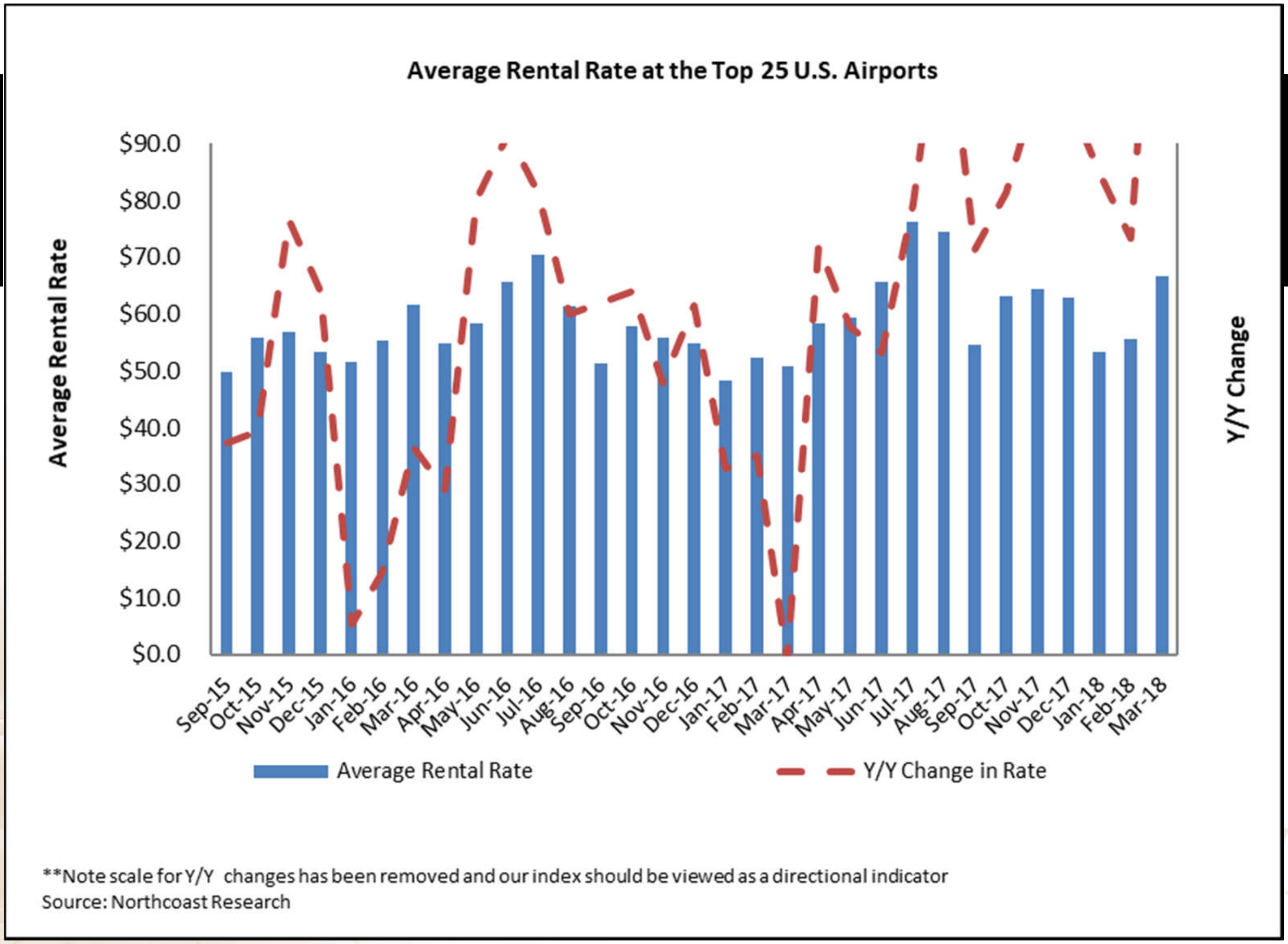
Avis Rental Rates

	1Q17	2Q17	3Q17	4Q17
Leisure	-2%	-1%	3%	5%
Commercial	-2%	-3%	0%	0%

Hertz Rental Rates

	1Q17	2Q17	3Q17	4Q17
Leisure	-1%	1%	6%	3%
Commercial	-5%	-5%	-2%	-4%

Our Proprietary Rate Analysis



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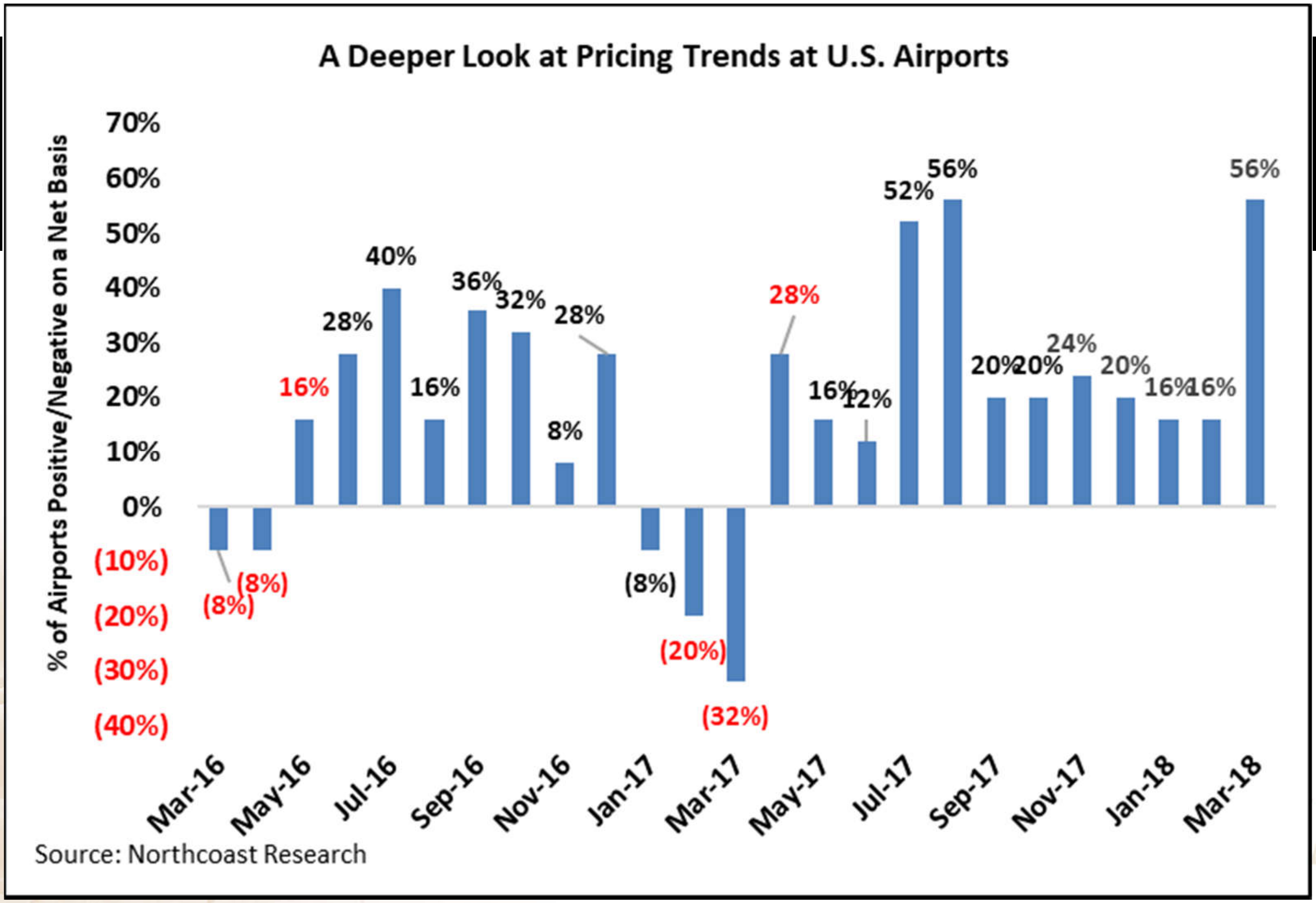
A Look at Airport Performance



Car Rental Price Positions - Relative to Benchmark

	1Q17	2Q17	3Q17	4Q17	1Q18
Premium Brands					
Avis	*11%*	*13%*	*17%*	*8%*	*18%*
Hertz	*15%*	*16%*	*7%*	*4%*	*18%*
National	*31%*	*20%*	*16%*	*19%*	*25%*
Value Brands					
Alamo	*(6%)*	*(9%)*	*(5%)*	*(10%)*	*(7%)*
Budget	*(8%)*	*(7%)*	*(2%)*	*(6%)*	*(8%)*
Dollar	*(19%)*	*(15%)*	*(13%)*	*(18%)*	*(20%)*
Enterprise	*(2%)*	*(4%)*	*(4%)*	*(5%)*	*(1%)*
Thrifty	*(23%)*	*(14%)*	*(11%)*	*(18%)*	*(20%)*

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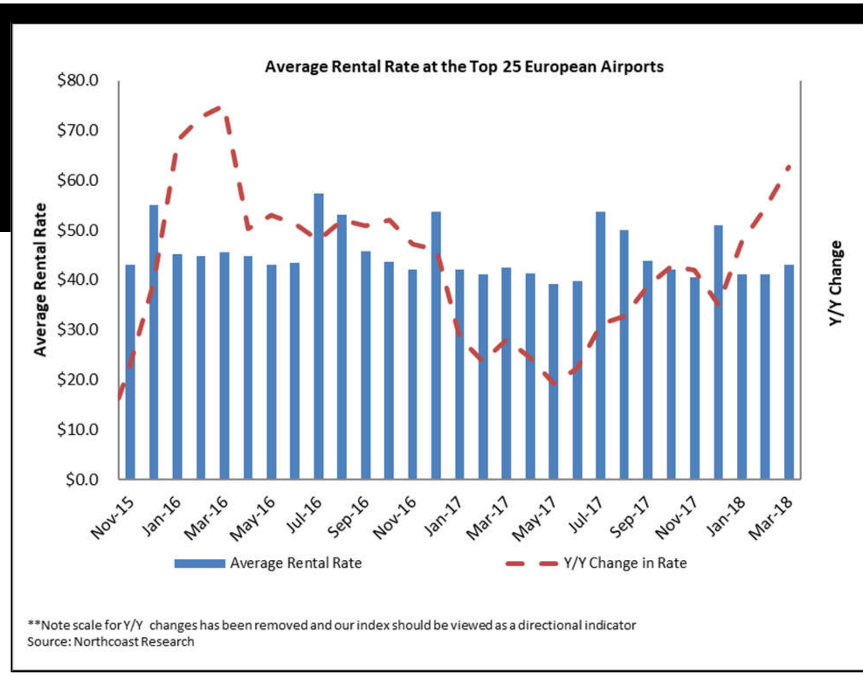
A Look Across the Pond



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Why We Expect Rates in 2018 and 2019 to Improve

[redacted]

- Rising Fleet Costs
- Rising Fleet Interest Expense on the Horizon
- Easy Compares for 1H18

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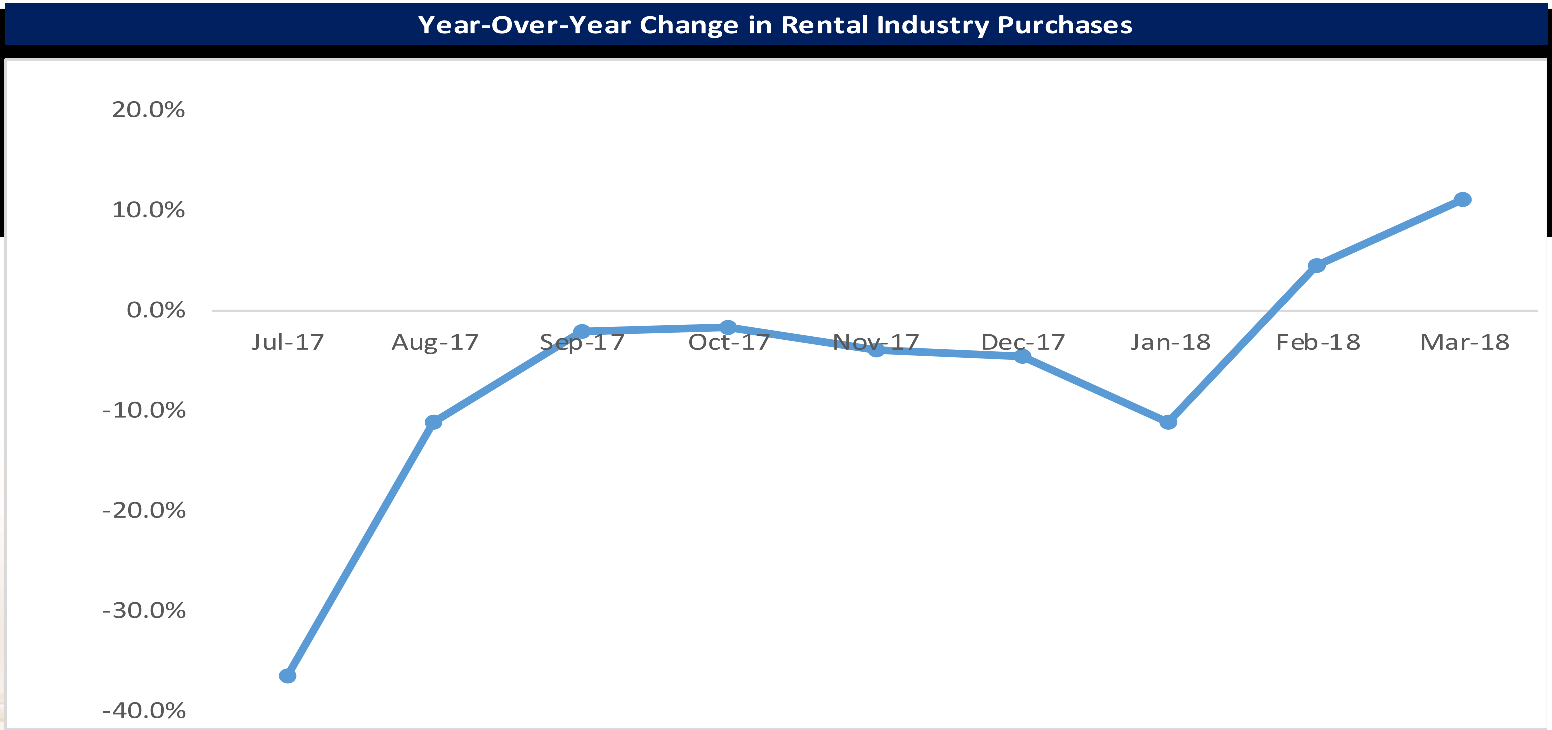
A Look at Industry Fleet Purchases



Source: Northcoast Research, company reports

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Outlook for Corporate and Leisure Travel Spending in 2018

"Led by millennials, some 88 million Americans plan to take family vacations this year. According to the latest research from AAA Travel,

[redacted]

- North American hotels will see prices rise by 2.9%, according to the GBTA. North American hoteliers may be banking on economic growth as demand has leveled off since mid-summer 2016 – but supply is expected to continue growing steadily through 2018.
- North American ground transportation pricing is expected to increase by 1% due to limited railways, along with improved income per capita and increased corporate travel. Still a low-margin business, rental car companies have implemented operational efficiencies and made investments in technology to better manage fleets and improve utilization.
- Sharing economies continue to grow, but face improved competition from traditional cabs and government regulation.

Quotes from Travel Ecosystem

"On the capacity front and in-line with our previous expectation, we expect 2018's full year capacity to increase in the low-5% range year-over-year. In our third quarter 2017, approximately 5,000 flight cancellations due to the natural disasters is driving roughly 0.5 [redacted] *solid top line growth in 2018 and beyond."* – ***Delta Airlines 4Q17 Conference Call***

"By region, we expect 2018 system capacity to be up approximately 3% both domestically and internationally. By quarter, we expect first quarter consolidated capacity to be up 66.2 billion ASMs, second quarter to be 73.4 billion ASMs, third quarter 76 billion ASMs and the fourth quarter to be 69.1 billion ASMs." -***American Airlines 4Q17 Conference Call***

"Looking forward, TRASM guidance for the first quarter is down 3.5% to 4.5 % on capacity growth of 8% and weight competitive capacity growth of 6%. Alaska's full year 2018 capacity guidance is now 7.5%. More than 5 points of this growth comes from annualizing the new flying we launched last year." – ***Alaska Air Group 4Q17 Conference Call***

"On the leisure side, that's kind of been another really positive story for the industry over the last few years and that continues to be the case. As you see an economy kind of stable out and unemployment stays in good shape, you see consumers feeling more comfortable around what they can spend and we've got – especially with the combination of Marriott and Starwood's portfolio, we've got some just remarkable resort destinations for our customers to try and from that point, you're seeing good strong demand." – ***Marriot International at J.P. Morgan Investor Day.***

A Deeper Look at Fleet Costs

- Manheim trends of late have shown low single digit sequential declines

[redacted]

- Conversations with forecasters suggests a variety of moving parts and a difference in expectations between 1H18/2H18
- Supply increases, rising rates, stable demand likely creates a situation of rising per unit costs
- Incentive spending is also worth monitoring (up roughly 3% y/y through February)
- **Potential Response – Utilization/Rate Management**

Future Holding Cost Pressures at Avis

[redacted]

- Rates expected to go higher over next 12-18 months – potentially 3 more rate hikes this year!
- $100 million in fleet interest expense headwind potentially – will need 1 point in rate or 2 points in leisure rates to offset
- Minimal fleet obligations maturing in 2018
- Most fleet debt fixed

- Used car values likely under some manageable pressure through 2020
- If used car values fall 2% or so a year, creates a $20 a month headwind per vehicle
- Roughly 1 point of rate needed to stay flat on a margin perspective

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Impact on Margins at Avis

[redacted]

- Need roughly 2.25% points of overall rate to hold margins

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Future Holding Cost Pressures at Hertz

[redacted]

- Rates expected to go higher over next 12-18 months – potentially 3 more rate hikes this year!
- $100 million in fleet interest expense headwind potentially – will need 1.5 point in rate or 3 points in leisure rates to offset
- Significant exposure to variable funding facilities

[redacted]

- Used car values likely under some manageable pressure through 2020
- If used car values fall 2% or so a year, creates a $20 a month headwind per vehicle
- Roughly 1 point of rate needed to stay flat on a margin perspective

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Impact on Margins at Hertz

[redacted]

- Need roughly 2.5% points of overall rate of need to hold margins

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Recent Commentary from Avis

[redacted] a couple of things. One is that the dynamics of the industry are what you would normally expect in the first quarter. The times of the week and the weeks of the quarter that you would expect for the industry to be tight on fleet. The industry has been and on the times of the quarter where you would expect that not to be, it hasn't been. The first quarter is more of a commercial quarter. There's not much activity other than some spring breaks, but they don't drive the volume of business that causes the industry to really run out of cars as like Thanksgiving and like Christmas does."

"Starting with profitable revenue growth, our fully integrated demand/fleet/pricing yield management system which makes recommendations about both pricing and fleet based on the forecasted demand is now live in 12 markets."

"We're going to continue to drive utilization and we have that built into our plan for 2018."

Recent Commentary from Hertz

[redacted] *ago."*

"As it relates to fleet capacity, I think as I said in my remarks, we're going to be very disciplined in how we manage our fleet. I've always said and Kathy and I agree that it's easier to flex up the demand than try to flex down if you overestimate your demand curve. And therefore, as we said, we'll be cautious on how we fleet relative to our expected demand and we'll be working to drive utilization."

"As it relates to pricing, we're not giving any forward look on pricing, but we are seeing the continuation of our experience in Q4 continuing where we're having strong T&M industry, I think, and company performance, which is I think a good indication of the health of the industry and the tightness the industry is operating with its fleet. Nonetheless, we have work to do on ancillary and, as Kathy mentioned and I mentioned in my remarks, we're starting to see some of the improvements already in January."

Our View for 2018

[redacted]

- 1Q18 healthy start
- Key for 2018 is supply and demand forecasts
- Industry seems to understand cycle and future cost items

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