



## THE MARKET

With almost \$20 billion in revenues and a fleet of nearly two million vehicles, the auto rental market is a significant player in the business of getting Americans where they need to go. Car rental activity is also integrally tied to a variety of key segments of the U.S. economy, including business and leisure travel in general, the airline industry specifically, auto insurance, and vehicle manufacturing and resales. Given its link to airline travel, much of rental car demand is driven by business travel.

In this hotly competitive market, Avis is both a pioneer and a leading player. Because of its historic strength in providing premium personalized customer service, the company has long been a leader in the demanding commercial segment, deriving about 65 percent of its revenue from these business travelers. Avis Rent A Car System, Inc. and its subsidiaries operate the world's second-largest general-use car rental business, providing business and leisure customers with vehicles from more than 1,700 locations in the United States, Canada, Australia, and New Zealand, and in the Latin American/Caribbean region.

With over 19,000 employees, Avis is recognized as the industry leader in applying new technologies and is one of the world's top brands for customer loyalty. The company is a wholly owned subsidiary of Cendant Corporation and has marketing agreements with Avis Europe Plc that further extend the Avis brand through 3,050 Avis locations in Europe, the Middle East, and Africa. Cendant is primarily a provider of travel and residential real estate services, serving businesses and consumers in more than 100 countries.

## ACHIEVEMENTS

A force in the industry for nearly 60 years, Avis revolutionized the automobile rental industry in 1972 with the introduction of Wizard®, the first real-time information management and reservation system. Today, Wizard technology is in place in over 50 countries and still remains the backbone of Avis' highly sophisticated rental operations. Numerous innovations, including the now-ubiquitous "Roving Rapid Return," followed over the ensuing years. More recently, Avis in 1996



became one of the first car rental companies to launch a Web site, *avis.com*.

Four years later, Avis InterActive hit the market in an important step that again defined the company's leadership in the commercial travel segment. Avis InterActive became the car rental industry's first Internet-based reporting system for corporate accounts.

But Avis is recognized for much more than just its technological innovation. In the last few years alone, Avis has garnered many accolades for its relationships with employees, customers, and the communities in which it operates.

For example, in the area of customer loyalty and satisfaction, out of 158 companies surveyed, Avis ranked as the number-one brand in the 2001 and 2002 Brand Keys® Customer Loyalty survey.

Additionally, in 2001, Avis tied for the #1 Car Rental Company for Customer Satisfaction Among Business Travelers, according to J.D. Power and Associates (2001).

Over the years, Avis has also won a number of awards for its employee and supplier relations.

- In 2001, Avis was named one of 11 "exemplary companies for workers over 50" by AARP.
- The Women's Business Enterprise National Council cited Avis as "One of America's Elite Eight Corporations for Women's Business Enterprises" in 2002 and 2003.

- *Fortune* magazine listed Avis as the "Most Admired Company" in the Automotive Retailing/Services Category (February 2001).

- In May 2001, *Asian Enterprise* magazine rated Avis one of the nation's top-10 companies for Asian Americans.

One of the core values Avis strives to embrace is diversity of ideas, cultures, ethnicities, and backgrounds for both employees and customers alike. In that spirit, The Foundation for Ethnic Understanding awarded Cendant its 2002 Corporate Diversity Award in recognition of Avis' work promoting understanding among different racial and ethnic groups.

## HISTORY

Soon after returning home from service in World War II, Warren Avis opened the first Avis office in 1946 at Willow Run Airport in Detroit, Michigan. At that time, his fleet included only three cars, but Avis became the first-ever car rental company to operate out of an airport. Today travelers take for granted the quick walk or shuttle ride from the plane to the rental car, but until Avis no such service existed.

By 1953, Avis was the second-largest car rental company in the United States and had already expanded overseas, opening franchised operations in Mexico, Canada, and Europe. In 1963, the timeless "We Try Harder" campaign was launched and quickly set the company on a decades-long streak of profitability.

Following numerous technology innovations in the 1970s, Avis entered worldwide advertising and



marketing agreements with General Motors in 1979 and since then has featured GM cars in its worldwide fleet.

Popularity and business success do not necessarily equate to stability. In the first 41 years of its history, Avis was bought and sold many times over. The change in ownership slowed for a time when in 1987 the Avis Employee Stock Ownership Plan (ESOP) purchased the company for \$750 million — making it one of the largest employee-owned companies in the United States.

On the technological front, the seeds of Avis' current ownership were also sown in 1996. In that year, HFS Incorporated, the world's largest franchiser of hotels and residential real estate brokerage offices (which later became Cendant), purchased Avis from the ESOP. In the next year, HFS took Avis public. Five years later in 2001, Cendant purchased all of the outstanding shares of Avis Group Holdings that it did not already own — a transaction valued at \$937 million. Avis headquarters moved in that year from its 35-year home in Garden City, New York, to its current home with other Cendant companies in Parsippany, New Jersey.

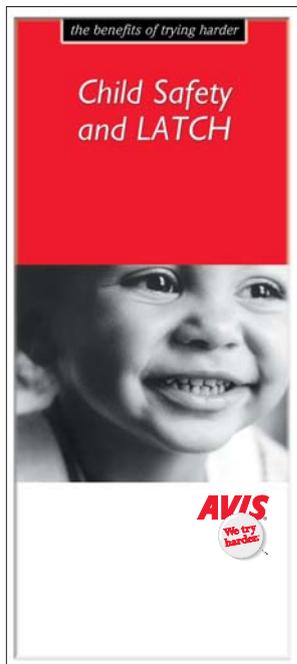
## THE PRODUCT

The Avis fleet averages over 200,000 vehicles and features a wide variety of GM and other fine vehicles with the most desired features for comfort and safety. Available vehicles include:

- Compact cars like the Pontiac Sunfire or Chevrolet Cavalier
- Intermediate cars like the Oldsmobile Alero
- Full-size cars like the two-door Chevrolet Monte Carlo or the four-door Buick Century
- Premium cars like the Buick LeSabre, often equipped with the OnStar system
- Luxury cars like the prestigious Cadillac Sedan de Ville
- Mini-vans and Sport utility vehicles like the Chevy Blazer

Many Avis vehicles come equipped with GM's "On Star" navigation and emergency response system as well as XM Satellite Radio. Other high-tech products, like dashboard GPS navigational systems and automated check-in systems, are regularly being tested and introduced.

To deliver on its promise of providing a stress-free rental experience, Avis offers its customers complimentary membership into its Preferred Service and Preferred Select programs. Once enrolled, members can bypass the counter by going



directly to their car where their rental documents await them.

## RECENT DEVELOPMENTS

In November 2001, building on its Avis Cares® focus on safety, Avis became the first and only car rental company to adopt the LATCH system, the new federal standard for child-safety-seat installation. The company featured LATCH, as well as its new Avis Cares Package, in its 2002 advertising campaign, becoming the first company in any industry to feature a child passenger safety device in a television ad.



The company has also in recent years taken steps to expand well beyond its traditional business travel focus. From its comprehensive partnership with AARP, to an aggressive push in the off-airport market that includes an exclusive partnership with Sears, Avis has quickly become a leader in nearly all segments in which it operates.

Even on the partnership front, the company's approach embodies the "We Try Harder" spirit. Two examples: Avis is now the exclusive car rental partner of the Upromise college savings network, helping to make college more affordable for families. Avis also began an in-depth relationship with the Make-A-Wish Foundation in 2002. Through its "Trying Harder To Drive Wishes" program, Avis provides hundreds of thousands of dollars in free and discounted rentals to help bring joy and hope to seriously ill children.

## PROMOTION

In 1963, Avis was struggling with a 10 percent market share, compared to Hertz' 75 percent. The new management of the company launched a groundbreaking advertising campaign that proved crucial in turning its fortunes around. The slogan — "We're only Number Two. We try harder." — emphasized a commitment to customer service that to this day remains at the core of the brand and the company's entire philosophy.

The tagline was the brainchild of William Bernbach of the Doyle Dane Bernbach advertising agency. *Advertising Age* has called it one of history's 100 greatest advertising mottoes. Avis continues, as it has for the past 40 years, to use the motto as the centerpiece of its advertising.

In 1989, Avis launched the Avis Cares program, a driver safety and preparation program designed to ensure that Avis customers have a safe and stress-free trip to their destination.

Components of the Avis Cares Program include a local travel safety tip sheet, child safety and booster seats, Route Navigator® directions and other local maps, a six-day local weather forecast, and wireless phones. In 2002, Avis introduced new pocket-sized "Quick City Guides" to great restaurants, tourist attractions, and business services covering 25 cities.

Aside from attention to customer service and the quality GM product, Avis keeps its brand in the public eye through its commitment to both corporate and employee involvement in civic and charitable activities. As an international corporation — and as a local business in the communities where it operates — Avis strives to be a role model and business leader. In addition to its partnership with the Make-A-Wish Foundation, Avis supports groups like the Achilles Track Club, the Special Olympics, the NAACP, MADD, and Prevent Blindness America.

## BRAND VALUES

Simply stated, Avis is in business to ensure a stress-free rental experience by providing safe, dependable vehicles and special services designed to win customer loyalty. The company's stated



values are Integrity, Quality, Value, Community Responsibility, Teamwork, and Respect for the Individual. It's been said that "We Try Harder" is synonymous with the Avis brand, and the motto certainly summarizes Avis' focus on premium service. With high-touch service personalized to each customer. The company relies on the "Avis Experience" to constantly reinforcing its position as the premium car rental brand.

## THINGS YOU DIDN'T KNOW ABOUT AVIS

- Cell phones, wallets, and eyeglasses are the three items most commonly left behind in Avis cars.
- Avis reservation centers handled 22 million calls in 2002, and the company processes 17.1 million transactions annually.
- Avis supplies roughly 50,000 child safety seats to customers each year.
- Avis has 350,000 customers enrolled in its Preferred Select program because they rent from Avis at least 15 times per year.
- More than 300,000 users are registered through *avis.com*, a site that averages 1.5 million unique users monthly.