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**Avis Europe plc  
Interim Management Statement**

Avis Europe plc, a leading car rental company in Europe, Africa, the Middle East and Asia, publishes its Interim Management Statement.

Despite an increasingly difficult economic environment, we maintained overall volumes in the third quarter at the same level as last year, with lower billed days in the individual customer group, particularly inbound from the US, offset by continued growth in corporate and insurance/replacement business. However, volumes have noticeably weakened in the fourth quarter to date.

Although we achieved an increase in rate per day during the six months to the end of June 2008, in the second half to date rate per day has been slightly below last year. As a consequence and partly due to industry cost pressures, we have recently implemented a significant price increase in non-contracted rentals for 2008 across virtually all markets in Western Europe, and a further increase for 2009 rentals. In addition, we have now begun negotiations with contracted customers to implement rises.

Used car markets remain difficult, particularly in Spain, with some weakness also evident in France and Italy. We now expect the impact on fleet costs to be greater than anticipated in the second half of the year, being broadly similar to that experienced in the first six months of 2008. With considerable uncertainty in fleet markets, we are now extending vehicle holding periods in certain circumstances.

In response to the trading environment we are ensuring intensive management of fleet levels together with the enforcement of a rigorous recruitment freeze, faster release of seasonal staff and significant cuts in discretionary expenditure. In addition, a number of specific substantial cost actions have and are being undertaken, focussed on the Group Headquarters and those countries where trading has been impacted most. These include:

- redundancies impacting some 315 positions – circa 5% of the total Group headcount;
- the closure of certain low margin rental locations; and
- the rationalisation of property with the transfer of the staff of the UK business head-office into the Group Headquarters building.

We had previously advised of a potential restructuring charge in the second half of 2008. This is now expected to be circa €23 million for the full year, being primarily redundancy

cash costs and provisions for property relating to the above initiatives. These will deliver some cost benefits in 2008 and approximately €16 million annually thereafter.

At the same time, we remain focussed on achieving the benefits of recent investments in revenue management systems and the new web-sites and continuing to grow our business in emerging countries.

Our cash flow and net debt are broadly in line with our expectations and in this regard the Group continues to benefit from its inherently flexible business model. We are currently lowering debt as we reduce fleet levels.

We confirm that the underlying tax rate for the full year is now expected to be significantly higher as a consequence of the mix of results arising in different jurisdictions.

Both used car markets and the economic environment are weaker than previously expected. We will continue to execute the strong pricing and cost actions to mitigate this weakness, but it is our expectation that underlying profit before tax for the full year will now be slightly below prior year.

Commenting on trading, CEO Pascal Bazin said: "We have taken decisive action to raise pricing, reduce costs and maintain flexibility. Together with the ongoing improvements in our product and customer service levels, these actions will help position the business for the likely continued difficult conditions in 2009 and also for the longer term."

*Other information:*

*The statement is available from today on the Group's corporate website [www.avis-europe.com](http://www.avis-europe.com).*

*The preliminary results for the year to 31 December 2008 will be announced on 4 March 2009.*

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