

ZIPCAR INC
Form PREM14A
January 22, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under Rule 14a-12

ZIPCAR, INC.

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(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.001, of Zipcar, Inc. (Common Stock)

(2) Aggregate number of securities to which transaction applies:

40,612,333 shares of Common Stock (which includes 21,670 shares of restricted Common Stock)

3,016,822 shares of Common Stock issuable upon the exercise of options with an exercise price of less than \$12.25 per share

152,794 shares of Common Stock issuable upon the exercise of warrants with an exercise price of less than \$12.25 per share

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based upon the sum of (a) 40,612,333 shares of Common Stock (including restricted stock) multiplied by \$12.25 per share; (b) 3,016,822 shares of Common Stock issuable upon the exercise of options to purchase Common Stock multiplied by the difference between \$12.25 and the weighted average exercise price of \$5.83 per share of such options and (c) 152,794 shares of Common Stock issuable upon the exercise of warrants to purchase Common Stock multiplied by the difference between \$12.25 and the weighted average exercise price of \$5.17 per share of such warrants

(4) Proposed maximum aggregate value of transaction:

\$517,950,858.01

(5) Total fee paid:

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\$70,648.50

- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0 11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION

DATED JANUARY 22, 2013

Zipcar, Inc.

25 First Street

Cambridge, Massachusetts 02141

(617) 995-4231

, 2013

Dear Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Zipcar, Inc., or Zipcar, at the offices of Latham & Watkins LLP, John Hancock Tower, 20th Floor, 200 Clarendon Street, Boston, Massachusetts 02116, on _____, 2013, beginning at 9:00 a.m. local time.

On December 31, 2012, the board of directors of Zipcar approved, and Zipcar entered into, a merger agreement with Avis Budget Group, Inc., or Avis Budget, and its wholly owned subsidiary, Millennium Acquisition Sub, Inc. If the merger is completed, Zipcar will become a wholly owned subsidiary of Avis Budget and you will be entitled to receive \$12.25 in cash, without interest, for each share of Zipcar common stock that you own. A copy of the merger agreement is attached as Annex A to this proxy statement, and you are encouraged to read it in its entirety. At the special meeting, we will ask you to consider and vote on a proposal to adopt the merger agreement, as such agreement may be amended from time to time.

After careful consideration, the board of directors of Zipcar has unanimously determined that adoption of the merger agreement is advisable and the merger is fair to and in the best interests of our stockholders. The board of directors unanimously recommends that you vote FOR the adoption of the merger agreement. In reaching its determination, the board of directors considered a number of factors, including without limitation, the opinion of the company's financial advisor, which is attached as Annex B to this proxy statement, and which you are urged to read in its entirety. **The board of directors also unanimously recommends that you vote FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers in connection with the merger.** If there are insufficient votes at the time of the special meeting to adopt the merger agreement, we may propose to adjourn the special meeting for the purpose of soliciting additional proxies to adopt the merger agreement. **The board of directors unanimously recommends that you vote FOR the adjournment of the special meeting, if necessary, to solicit additional proxies.**

This proxy statement provides you with information about the proposed merger and the special meeting. We urge you to read these materials carefully. You may also obtain additional information about Zipcar from documents filed with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Zipcar common stock. If you fail to vote on the adoption of the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

Whether or not you are able to attend the special meeting in person, please complete, sign and date the enclosed proxy card and return it in the envelope provided as soon as possible. If you hold shares of Zipcar common stock directly in your name, you may also submit your proxy over the Internet or by telephone. If submitting your proxy over the Internet or telephone is available to you, instructions are printed on your proxy card. Submitting your proxy by mail, telephone or the Internet will not limit your right to vote in person if you wish to attend the special meeting and vote in person.

Thank you for your cooperation and your continued support.

Sincerely,

Scott W. Griffith

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Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated _____, 2013 and is first being mailed to stockholders on or about _____, 2013.

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Zipcar, Inc.

25 First Street

Cambridge, Massachusetts 02141

(617) 995-4231

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On _____, 2013

To the Stockholders of Zipcar, Inc.:

We will hold a special meeting of the stockholders of Zipcar, Inc., or Zipcar, which will be held at the offices of Latham & Watkins LLP, John Hancock Tower, 20th Floor, 200 Clarendon Street, Boston, Massachusetts 02116, on _____, 2013, beginning at 9:00 a.m. local time, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 31, 2012, or the merger agreement, by and among Avis Budget Group, Inc., Millennium Acquisition Sub, Inc. and Zipcar, as such agreement may be amended from time to time;
2. To approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to Zipcar's named executive officers in connection with the merger;
3. To approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and
4. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Stockholders of record of our common stock as of the close of business on _____, 2013 are entitled to notice of and to vote at the special meeting. A list of these stockholders will be available to any stockholder, for any purpose germane to the meeting, at our headquarters located at 25 First Street, 4th Floor, Cambridge, Massachusetts 02141, for the ten-day period prior to the meeting and produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Your vote is important, regardless of the number of shares you own. The adoption of the merger agreement requires the approval of the holders of a majority of the voting power of the outstanding shares of our common stock. The proposal to approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to Zipcar's named executive officers in connection with the merger requires the approval of the holders of a majority of the voting power of the shares of our common stock present or represented by proxy at the special meeting and voting on the matter. The proposal to adjourn the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of the voting power of the shares of our common stock present or represented by proxy at the meeting and voting on the matter, assuming a quorum is present. Even if you plan to attend the meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy over the telephone or the Internet to ensure that your shares will be represented at the meeting if you are unable to attend. If you sign, date and return your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of the adoption of the merger agreement, in favor of the compensation to be received by our named executive officers in connection with the merger, in favor of the proposal to adjourn the meeting, if necessary, to solicit additional proxies, and in accordance with the recommendation of the board of directors on any other matters properly brought before the meeting for a vote.

If you fail to submit your proxy or vote in person at the meeting, it will have the same effect as a vote against the adoption of the merger agreement, but will not affect the outcome of the proposal with respect to the advisory vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger or the proposal regarding the adjournment of the meeting, if necessary, to

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solicit additional proxies. If you are a stockholder of record and do attend the meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors,

Scott W. Griffith

Chief Executive Officer

Cambridge, Massachusetts

, 2013

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT AS PROMPTLY AS POSSIBLE IN THE ENCLOSED REPLY ENVELOPE. IF YOU HOLD SHARES DIRECTLY IN YOUR NAME, YOU MAY ALSO SUBMIT YOUR PROXY OVER THE INTERNET OR BY TELEPHONE. IF YOU ARE ABLE TO SUBMIT YOUR PROXY OVER THE INTERNET OR TELEPHONE, INSTRUCTIONS ARE PRINTED ON YOUR PROXY CARD. IF YOU ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON IF YOU DESIRE TO DO SO.

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SUMMARY TERM SHEET

The following summary term sheet highlights selected information from this proxy statement and may not contain all of the information that is important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, unless the context requires otherwise, the terms Zipcar , company , we , our , ours and us refer to Zipcar, Inc. and its subsidiaries. The term merger agreement refers to the Agreement and Plan of Merger, dated as of December 31, 2012, by and among Avis Budget Group, Inc., Millennium Acquisition Sub, Inc. and Zipcar, as such agreement may be amended from time to time. The term Avis Budget refers to Avis Budget Group, Inc. and the term Merger Sub refers to Millennium Acquisition Sub, Inc.

The Companies

Zipcar, Inc.

25 First Street, 4th Floor

Cambridge, Massachusetts 02141

(617) 995-4231

Zipcar, Inc., a corporation organized under the laws of the State of Delaware and headquartered in Cambridge, Massachusetts, operates the world's leading car sharing network in 20 major metropolitan areas and on more than 300 college campuses in the United States, Canada, the United Kingdom, Spain and Austria. Zipcar provides its over 760,000 members with conveniently located self-service vehicles in reserved parking spaces within an easy walk of where they live and work. Zipcar's members may reserve cars by the hour or by the day at rates that include gas, insurance and other costs associated with car ownership. For more information about Zipcar, please visit our Web site at www.zipcar.com. The information provided on the Zipcar Web site is not part of, and is not incorporated by reference into, this proxy statement or any other report or document filed with or furnished to the Securities and Exchange Commission, or the SEC. Zipcar is publicly traded on The NASDAQ Global Select Market under the symbol ZIP.

Avis Budget Group, Inc.

6 Sylvan Way

Parsippany, NJ 07054

(973) 496-4700

Avis Budget Group, Inc., a corporation organized under the laws of the State of Delaware and headquartered in Parsippany, New Jersey, operates two of the most recognized brands in the global vehicle rental industry through Avis and Budget. Avis is a leading rental car supplier positioned to serve the premium commercial and leisure segments of the travel industry and Budget is a leading rental car supplier focused primarily on more value-conscious segments of the industry. Avis Budget is a leading vehicle rental operator in North America, Europe, Australia and New Zealand, and Avis Budget and its licensees operate the Avis and Budget brands in approximately 175 countries throughout the world. For more information about Avis Budget, please visit its Web site at www.avisbudgetgroup.com. The information provided on the Avis Budget Web site is not part of, and is not incorporated by reference into, this proxy statement or any other report or document filed with or furnished to the SEC. Avis Budget is publicly traded on The NASDAQ Global Select Market under the symbol CAR.

Millennium Acquisition Sub, Inc.

c/o Avis Budget Group, Inc.

6 Sylvan Way

Parsippany, NJ 07054

(973) 496-4700

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Millennium Acquisition Sub, Inc., a corporation organized under the laws of the State of Delaware, is a wholly owned subsidiary of Avis Budget. Merger Sub was formed on December 26, 2012 solely for the purpose of effecting the merger and has not engaged in any other business.

The Special Meeting

Date, Time and Place (page 18)

The special meeting will be held on _____, 2013, at 9:00 a.m. local time, at the offices of Latham & Watkins LLP, John Hancock Tower, 20th Floor, 200 Clarendon Street, Boston, Massachusetts 02116.

Purpose (page 18)

The purpose of the special meeting is:

to consider and vote upon a proposal to adopt the merger agreement that we have entered into with Avis Budget and Merger Sub;

to approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to our executive officers in connection with the merger;

to adjourn the meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and

to transact any other business that may properly come before the meeting.

Recommendation of the Board of Directors (page 31)

The board of directors has unanimously determined that adoption of the merger agreement is advisable and the merger is fair to and in the best interests of our stockholders. Our board of directors unanimously recommends that you vote FOR the adoption of the merger agreement. The board of directors also unanimously recommends that you vote FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our executive officers in connection with the merger. Our board of directors also unanimously recommends that you vote FOR the adjournment of the special meeting, if there are insufficient votes at the time of the special meeting to adopt the merger agreement, for the purpose of soliciting additional proxies to adopt the merger agreement.

Record Date (page 18)

If you owned shares of our common stock at the close of business on _____, 2013, the record date for the special meeting, you are entitled to vote at the special meeting. You have one vote for each share of our common stock that you owned on the record date. As of the close of business on the record date, there were _____ shares of our common stock outstanding and entitled to be voted at the special meeting held by approximately _____ holders of record.

Required Vote (page 18)

The presence, in person or by proxy, of the holders of a majority of the shares of our common stock issued and outstanding on the record date and entitled to vote will constitute a quorum for purposes of voting at the meeting. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the voting power of outstanding shares of our common stock entitled to vote on the matter. Approval of the proposal with respect to the advisory vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger requires the affirmative vote of the holders of a majority of the

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voting power of outstanding shares of our common stock present or represented by proxy at the meeting and voting on the matter. The vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger is advisory in nature and will not be binding on Zipcar or our board of directors. The proposal to adjourn the meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of the voting power of outstanding shares of our common stock present or represented by proxy at the meeting and voting on the matter, assuming a quorum is present. Failure to submit your proxy, either by mail, telephone or the Internet, or vote in person at the meeting will have the same effect as a vote AGAINST the adoption of the merger agreement, but will have no effect on the proposal to adjourn the meeting or the proposal with respect to the advisory vote on the compensation that may be paid or become payable to our named executive officers in connection with the merger.

The executive officers, directors and certain stockholders of Zipcar have entered into voting agreements with Avis Budget pursuant to which they have agreed to vote all of their shares for adoption of the merger agreement, representing in the aggregate 13,397,539 shares of our common stock or approximately 32% of the outstanding voting power of our shares entitled to vote at the special meeting. In addition, these executive officers, directors and stockholders are obligated under the voting agreements to vote their shares in favor of the adjournment of the meeting, if necessary, to solicit additional proxies to adopt the merger agreement.

Submitting Your Proxy (page 20)

We offer our stockholders of record three ways to submit their proxy:

by mail, using the enclosed proxy card and return envelope;

by telephone, using the telephone number printed on their proxy card; or

by the Internet, using the instructions printed on their proxy card.

If you hold your shares in street name through a broker or other nominee, you will receive separate instructions from your broker or nominee explaining how to vote your shares.

Revocability of Proxy (page 21)

If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the special meeting by:

submitting another properly completed proxy bearing a later date;

giving written notice of revocation to the Secretary of Zipcar; or

voting in person at the special meeting.

Simply attending the special meeting will not constitute revocation of your proxy. If your shares are held in street name by your broker or other nominee, you should follow the instructions of your broker or nominee regarding revocation of proxies.

The Merger

Structure of the Merger (page 58)

Upon the terms and subject to the conditions of the merger agreement, Merger Sub, a wholly owned subsidiary of Avis Budget, will merge with and into us. We will be the surviving corporation. As a result of the merger, we will become a wholly owned subsidiary of Avis Budget and will cease to be a publicly traded company. The merger agreement is attached as Annex A to this proxy statement. Please read it carefully.

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Consideration to be Received in the Merger (page 58)

Each holder of shares of our common stock will be entitled to receive \$12.25 in cash, without interest and less any applicable withholding taxes, for each share of our common stock held immediately prior to the time of completion of the merger. Shares owned by us as treasury stock, shares owned by Avis Budget, Merger Sub or any wholly owned subsidiary of Avis Budget or Merger Sub and shares owned by any of our wholly owned subsidiaries will be cancelled without any payment in the merger. Shares held by a stockholder who has properly demanded appraisal of such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, who has not voted in favor of adoption of the merger agreement and who otherwise complies with the requirements of Section 262 of the DGCL will not be converted into the right to receive the merger consideration, but will represent the right to receive the fair value of such shares as determined by the Delaware Court of Chancery in accordance with Section 262 of the DGCL.

Opinion of Zipcar's Financial Advisor (page 34)

In connection with the merger, at the meeting of the Zipcar board of directors on December 31, 2012, Morgan Stanley & Co. LLC, or Morgan Stanley, rendered its oral opinion to the board of directors, which opinion was subsequently confirmed in writing that, as of that date, based upon and subject to the assumptions made, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley, as set forth in its opinion, the \$12.25 in cash per share of Zipcar common stock to be received by the holders of shares of Zipcar common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of Morgan Stanley's written opinion, dated December 31, 2012, is attached as Annex B to this proxy statement. You should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, matters considered and limitations upon the review undertaken by Morgan Stanley in rendering the opinion. Morgan Stanley's opinion is directed to our board and addresses only the fairness from a financial point of view of the \$12.25 in cash per share of Zipcar common stock pursuant to the merger agreement to holders of shares of Zipcar common stock as of the date of the opinion. The Morgan Stanley opinion does not address any other aspects of the merger and does not constitute a recommendation to any stockholders of Zipcar as to how to vote at any stockholders' meeting related to the merger or to take any other action with respect to the merger.

Source of Funds (page 45)

The aggregate amount of funds required by Avis Budget to purchase all of our outstanding shares of common stock, make payments to option and warrant holders required by the merger agreement and pay related transaction fees and expenses is expected to be approximately \$. Avis Budget and Merger Sub currently intend that the required funds will be provided primarily through incremental corporate debt borrowing as well as available cash of Avis Budget. The completion of the merger is not subject to any financing condition.

Voting Agreements (page 50)

The executive officers and directors, and certain stockholders, of Zipcar have entered into separate voting agreements with Avis Budget pursuant to which each of them has agreed, among other things, to vote all shares of common stock held thereby for the adoption of the merger agreement, representing in the aggregate 13,397,539 shares of our common stock, or approximately 32% of the outstanding voting power of the shares of our common stock entitled to vote at the special meeting. The executive officers and directors, and such stockholders, of Zipcar are not obligated to vote for the adoption of the merger agreement if, among other things, the merger agreement is terminated. A copy of the form of voting agreement executed by such officers, directors and stockholders is attached as Annex C to this proxy statement.

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Conditions to the Merger (page 68)

We, Avis Budget and Merger Sub are not required to complete the merger unless a number of conditions are satisfied or waived. These conditions include:

the adoption of the merger agreement by our stockholders;

no order, decree, judgment, injunction or other ruling of a court of competent jurisdiction or other governmental entity preventing or prohibiting completion of the merger;

each party having obtained all clearances and approvals necessary or advisable to consummate the merger under applicable domestic or foreign antitrust or competition laws or regulations, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, or any such approval having not been reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which any waiting period prescribed by law before the transactions contemplated by the merger agreement may be consummated having expired, and all material conditions to the consummation of the transactions contemplated by the merger agreement prescribed by law having been satisfied;

each party's representations and warranties in the merger agreement being true and correct as of December 31, 2012 and the date of completion of the merger (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), subject generally to a material adverse effect standard, with different standards applicable to certain representations and warranties;

each party having performed or complied in all material respects with all agreements and covenants to be performed or complied with by it on or prior to the date of completion of the merger; and

the absence of any material adverse effect on our business, financial conditions, results of operation or ability to consummate the merger since December 31, 2012.

No Solicitation (page 64)

We have agreed that we will not and we will instruct our representatives not to:

initiate, solicit or knowingly encourage or facilitate the submission or making of any acquisition proposal involving Zipcar, or engage in, continue or otherwise participate in any discussions or negotiations, or furnish information to any person or entity with respect to any acquisition proposal;

approve, adopt or recommend, or propose to approve, adopt or recommend, any acquisition proposal;

except as provided for in the merger agreement, withdraw or materially change or qualify the recommendation of the board of directors that the Zipcar stockholders adopt the merger agreement in a manner adverse to Avis Budget;

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fail to include the recommendation of the board of directors that the Zipcar stockholders adopt the merger agreement in this proxy statement; or

enter into any letter of intent, agreement in principle, merger agreement or other similar agreement relating to any acquisition proposal.

However, at any time prior to the adoption of the merger agreement by our stockholders, we are permitted to, upon the terms and subject to the conditions contained in the merger agreement:

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effect a change in the recommendation of our board of directors that our stockholders adopt the merger agreement or enter into an agreement with respect to an unsolicited *bona fide* written acquisition proposal for us if our board of directors determines, after consultation with outside legal counsel and financial advisors, that such acquisition proposal constitutes a superior proposal and that failure of our board of directors to take such action would be inconsistent with our directors fiduciary duties under applicable law, provided that we provide Avis Budget with an opportunity to negotiate or adjust the terms and conditions of the merger agreement so that the acquisition proposal no longer constitutes a superior proposal;

participate in discussions or negotiations with, or provide non-public information to, any person in response to an unsolicited *bona fide* written acquisition proposal for us if our board of directors determines, after consultation with outside legal counsel and financial advisors, that the acquisition proposal constitutes or is reasonably likely to result in a superior proposal and that failure to do so would be inconsistent with our directors fiduciary obligations under applicable law; and

effect a change in the recommendation of our board of directors that our stockholders adopt the merger agreement in response to an intervening event if our board of directors determines, after consultation with outside legal counsel and financial advisors, that failure to do so would be inconsistent with our directors fiduciary obligations under applicable law.

Termination of the Merger Agreement (page 69)

The merger agreement may be terminated and the merger may be abandoned at any time prior to the completion of the merger by action of the board of directors of the terminating party or parties, as follows:

by mutual written consent of Avis Budget and us;

by either Avis Budget or us if the merger has not been completed on or prior to June 30, 2013, provided that the right to terminate the merger agreement for this reason is not available to any party whose failure to fulfill any of its obligations under the merger agreement has been a principal cause of the failure of the merger to occur on or before such date, and provided further that if on June 30, 2013 all conditions to the merger have been satisfied or waived (or are capable of being satisfied), except for the required approvals or consents from governmental entities having been obtained or such approvals having been final orders, then the deadline for completing the merger will be extended to September 30, 2013;

by either Avis Budget or us if our stockholders do not adopt the merger agreement at the special meeting;

by either Avis Budget or us if any court of competent jurisdiction or other governmental entity has issued an order, decree, judgment, injunction or taken any other action, in each case, permanently enjoining, restraining, prohibiting or making illegal the merger, and such order, decree, judgment, injunction or other action has become final and nonappealable (which order, injunction or other action the party seeking to terminate the merger agreement shall have used its commercially reasonable efforts to resist, resolve or lift, as applicable); provided, that the right to terminate the merger agreement for this reason is not available to any party whose failure to fulfill any of its obligations under the merger agreement has been a principal cause of such order, decree, judgment or injunction to have been issued or such other action to have been taken;

by Avis Budget, at any time prior to the adoption of the merger agreement by our stockholders, if (i) our board of directors has effected a change in its recommendation that our stockholders adopt the merger agreement in response to the receipt of a superior proposal or due to an intervening

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event or (ii) we have entered into a letter of intent, agreement in principle, merger agreement or other similar agreement relating to an acquisition proposal;

by us, at any time prior to the adoption of the merger agreement by our stockholders, if (i) our board determines to accept a superior proposal and (ii) immediately after the termination of the merger agreement we enter into a definitive agreement with respect to the accepted superior proposal, but only if we pay a termination fee of \$16,807,250 to Avis Budget prior to or concurrently with such termination by us of the merger agreement;

by Avis Budget if it is not in material breach of its obligations under the merger agreement, there is a breach by us of any representation, warranty, covenant or other agreement of ours contained in the merger agreement, and the breach has not been cured within 30 days after written notice thereof, or the breach cannot be cured, and, in each case, the breach would cause a condition to completion of the merger to be incapable of being satisfied; or

by us if we are not in material breach of our obligations under the merger agreement, there is a breach by Avis Budget or Merger Sub of any representation, warranty, covenant or other agreement of theirs contained in the merger agreement, and the breach has not been cured within 30 days after written notice thereof, or the breach cannot be cured, and, in each case, the breach would cause a condition to completion of the merger to be incapable of being satisfied.

Termination Fee (page 70)

We will be required to pay Avis Budget a termination fee of \$16,807,250 if:

Avis Budget terminates the merger agreement, at any time prior to the adoption of the merger agreement by our stockholders, because (i) our board of directors has effected a change in its recommendation in response to the receipt of a superior proposal or due to an intervening event or (ii) we enter into a letter of intent, agreement in principle, merger agreement or other similar agreement relating to an acquisition proposal;

we terminate the merger agreement to accept a superior proposal;

either we or Avis Budget terminate the merger agreement because the completion of the merger has not occurred by June 30, 2013 (or September 30, 2013 if all conditions to the merger have been satisfied or waived (or are capable of being satisfied), except for the required approvals or consents from governmental entities having been obtained or such approvals having not been final orders), and (i) at or prior to the time of termination, an acquisition proposal has been announced, commenced, publicly disclosed or made to us or our board of directors, and (ii) within 12 months of the date of termination an acquisition proposal is consummated or we have entered into a definitive agreement relating to an acquisition proposal that is consummated during or after such 12 month period;

either we or Avis Budget terminate the merger agreement if our stockholders do not adopt the merger agreement at the special meeting and (i) at or prior to the time of termination, an acquisition proposal has been announced, commenced, publicly disclosed or made to us or our board of directors, and (ii) within 12 months of the date of termination an acquisition proposal is consummated or we have entered into a definitive agreement relating to an acquisition proposal that is consummated during or after such 12 month period; or

Avis Budget terminates the merger agreement if it is not in material breach of its obligations under the merger agreement, there is a breach by us of any representation, warranty, covenant or other agreement of ours contained in the merger agreement, and the breach has not been cured within 30 days after written notice thereof, or the breach cannot be cured, and,

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in each case, the breach would cause a condition to completion of the merger to be incapable of being satisfied and

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(i) at or prior to the time of termination, an acquisition proposal has been announced, commenced, publicly disclosed or made to us or our board of directors, and (ii) within 12 months of the date of termination an acquisition proposal is consummated or we have entered into a definitive agreement relating to an acquisition proposal that is consummated during or after such 12 month period.

Expense Reimbursement (page 70)

In certain scenarios where the merger agreement is terminated, we or Avis Budget, as the terminating party, will be required to reimburse the non-terminating party for all documented out-of-pocket fees and incurred or paid by or on behalf of the non-terminating party in connection with the merger or related to the authorization, preparation, negotiation, execution and performance of the merger agreement and the voting agreements, in each case including all fees and expenses of counsel, financial advisors, accountants, experts and consultants reasonably retained by the non-terminating party, collectively referred to herein as the Expenses, as follows:

we will be required to reimburse Avis Budget for its Expenses if Avis Budget terminates the merger agreement if it is not in material breach of its obligations under the merger agreement, there is a breach by us of any representation, warranty, covenant or other agreement of ours contained in the merger agreement, and the breach has not been cured within 30 days after written notice thereof, or the breach cannot be cured, and, in each case, the breach would cause a condition to completion of the merger to be incapable of being satisfied; and

Avis Budget will be required to reimburse us for our Expenses if we terminate the m