

Remuneration Report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and the relevant requirements of the Listing Rules of the UK Listing Authority. The Board has given full consideration to the best practice provisions on Directors' remuneration as set out in the new Combined Code. As required by the Directors' Remuneration Report Regulations, a resolution to approve the Remuneration Report will be proposed at the forthcoming Annual General Meeting of the Company at which the Financial Statements will be approved.

Part 1 of this report sets out the Group's policy on executive remuneration and explains the various elements of the Directors' remuneration packages. Part 2 of this report, which contains the information on which auditors are required to report to the Company's shareholders, sets out details of Directors' earnings and pension entitlements and fees paid to non-executive Directors in 2005. Directors' interests in shares, share incentive awards and share options, all of which are beneficial except as noted, are set out on pages 31 and 32.

Part 1

Remuneration Committee

Scope

The Remuneration Committee determines broad policy on senior executive remuneration and terms of service and approves specific terms of appointment for the Chairman, executive Directors and senior management.

The full terms of reference are available on www.avis-europe.com.

During 2005, the Remuneration Committee's activities included:

- review and revision of Director and senior management incentive arrangements from 2006;
- review and adjustment of Chairman's fee from 2006;
- policy determination on pension simplification legislation;
- review of Remuneration Committee effectiveness; and
- revision of Group equity incentive plans to reflect rights issue impacts.

Membership

The Remuneration Committee is comprised of non-executive Directors. Members as at 2 March 2006 are:

- Malcolm Miller (Chairman);
- Les Cullen;
- Roland D'letere; and
- Dr Axel von Ruedorffer.

The Remuneration Committee is comprised of independent non-executive Directors, with the exception of Roland D'letere, as explained on page 20 of the Corporate Governance report.

Advisers

External advice was received from New Bridge Street Consultants LLP (executive remuneration consultants), Kepler Associates (executive remuneration consultants) and Watson Wyatt LLP (retirement benefit consultants). Watson Wyatt LLP acts as actuary and advisor to the trustee of the Avis UK Pension Plan.

Remuneration decisions were made on the recommendation and advice of the Chairman, the Chief Executive, the Group Personnel & Corporate Affairs Director (save in respect of their own remuneration). Other than described above, no additional services were provided by the external advisers during the year.

Remuneration policy

Introduction

The Group's policy relating to the remuneration and benefits of executive and non-executive Directors is reviewed periodically. The executive remuneration policy for 2006 is designed to secure the skills and experience the Group needs to meet its objectives and satisfy shareholder expectations. In general, in determining its policy, the Remuneration Committee takes account of market practice, the Group's position relative to other companies and the pay and employment conditions of other Group employees.

Avis Europe continues to execute a multi-phase strategy to grow margins by between 3-5% over the next three years and to restore profitable growth. This includes a shift in business mix towards more profitable customer segments and a very significant restructuring to drive effectiveness and efficiency and deliver annual cost savings of some €30 million by 2008.

To build the initial momentum of the recovery strategy, the Remuneration Committee decided in 2005 to focus executive reward on delivering key short-term targets. No long-term incentive awards were made. Instead, maximum annual bonus opportunities were increased for the Chief Executive and two executive Directors respectively, with half deferred for one year.

During 2005, the Remuneration Committee carried out a full review of executive remuneration for the newly formed Avis Executive Board which comprises 11 senior managers from across the Group, including the executive Directors. The Remuneration Committee has decided to freeze salaries for the three-year turnaround period. 2006 is the critical turnaround year in the recovery process and to maintain momentum on delivering challenging short-term targets (particularly the cost and effectiveness savings associated with the restructuring programme), the Remuneration Committee has decided to enhance the annual bonus opportunities for 2006 and make no long-term incentive awards during the year. However, the Remuneration Committee fully expects to introduce new long-term incentives in 2007 that are aligned to shareholders' interests and the Company's circumstances at that time. In addition, the Remuneration Committee is introducing shareholding guidelines that require executive Directors to build up their personal holdings of shares in Avis Europe to align their interests with those of shareholders.

The Remuneration Committee tries to ensure that a significant proportion of total executive remuneration is performance related. For 2006, one-third of remuneration will be fixed and two-thirds variable at maximum performance.

Salary

The policy on base salary up to and including 2005 was to benchmark using general market external surveys against the median of similar sized companies relevant to the appropriate marketplace. In considering whether to make any increase to base salaries, the Remuneration Committee takes into account the performance of individual executives and the general increases for

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employees across the Group. From 2006 to 2009 (the period of the Group's turnaround plan) executive and senior management salaries will be frozen. It is anticipated that from 2009 onwards base salaries will be below the market median, with short and long-term incentives providing competitive total remuneration aligned to delivery of results.

Annual incentive bonus

Annual incentive bonus plans for executive Directors and key senior management have been based on achievement of targets approved by the Remuneration Committee and related directly to the annual profit plan approved by the Board. Targets and performance measures were quantitative and there was a threshold below which no bonus payment was made.

In 2005, the Remuneration Committee increased the maximum award under the annual incentive bonus plan to 175% of salary for the Chief Executive and 140% for the Group Finance and Commercial Directors. Bonus payment was dependent on delivery of the Company's recovery strategy in addition to achieving the 2005 Board approved financial plan. All executive Directors qualified for payment under the 2005 annual incentive bonus plan at varying levels, dependent on each individual Director's delivery of specific recovery plan milestones. Executive Directors also received a bonus relating to the financial plan which exceeded target. For the Chief Executive, Group Commercial Director and Group Finance Director, 50% of annual incentive bonus earned will be payable after the end of the year, with the remaining 50% deferred and payable on the first anniversary of the initial payment, provided the recipient is still employed at that time and no notice has been given.

For 2006, the Remuneration Committee intends to increase maximum bonus opportunities to 200% of salary for the Avis Executive Board, 100% of salary for on-target performance. Although these levels are above typical market levels, the Remuneration Committee considers them appropriate as no long-term incentive will be awarded and salaries are frozen. 50% of the incentive will be based on stretching financial targets aligned to the recovery road map with 50% based on specific recovery plan objectives, notably restructuring savings and profitable growth in the chosen customer segments.

50% of any bonus earned will be paid in cash and 50% will be deferred into Avis shares and released, subject to continued employment, after a further year. The deferral is intended to align the interests of executives with shareholders, encourage share ownership and aid retention.

The base salary, bonus payments and value of benefits in kind for each Director are set out in table (a) on page 30. Bonus payments, benefits in kind and cash allowances do not form part of pensionable earnings for Directors.

Share incentive policy

The Remuneration Committee undertook a review of the Company's share schemes during 2005. As mentioned above no awards were made in 2005 and this policy has been extended to 2006. The Remuneration Committee plans to introduce new long-term incentives for the Avis Executive Board in 2007 that are aligned to the Group's recovery targets and shareholder interests. A decision has been taken that no future share incentives will be made to the senior management team reporting to the Avis Executive Board

(some 70 managers across the Group) but that they will participate instead in an enhanced annual incentive plan.

Outstanding plans are as follows: Share Retention Plan (last award December 2004), Performance Share Plan (last award April 2004), Share Option Scheme (last award April 2004) and Equity Partnership Plan (last award March 2002). A description of each of these plans is set out below. The assessment of whether performance conditions have been met is verified by the Remuneration Committee at the time of vesting.

Given the increased volatility that arises when reporting earnings on the basis of International Financial Reporting Standards, where earnings per share is included as a measurement in the performance conditions of a plan, it is the intention of the management to continue in the short to medium-term to assess performance for awards made to date on the basis of UK GAAP to ensure that performance is measured on a consistent basis.

Pursuant to the Company's rights issue in July 2005, the Remuneration Committee approved adjustments to the existing grants under the Company's existing share schemes, such that the number of shares subject to option increased by a multiplier of 1.193 and the exercise price was reduced by a multiplier of 0.8383. These adjustments ensured that the total price to exercise an option remained unaltered.

Individual Directors' share incentive awards are set out on page 32.

The Remuneration Committee is introducing new executive shareholding guidelines to require the executive Directors to build up their personal holdings of shares in the Company. This will further align their interests with those of shareholders. The guidelines will be 150% of salary for the Chief Executive and 100% of salary for other executive Directors. The Remuneration Committee will require executives to retain 50% of any vested shares (net of tax and exercise costs) arising from any share or option plan until the shareholding requirement is achieved.

Share Retention Plan

On 21 December 2004, a Share Retention Plan was established as a one-off discretionary benefit for the purposes of retaining the services of the Chief Executive. The Remuneration Committee views the contribution of the Chief Executive to the development and implementation of the Group's recovery strategy as essential and therefore determined that it was appropriate to implement this plan to facilitate his retention over the medium-term.

The principal terms of the Plan are as follows. The sole participant is the Chief Executive and the conditional award is in the form of a nil cost option to acquire ordinary shares in the Company. The Plan was implemented in accordance with section 13.13A(b) of the Listing Rules. In normal circumstances the option will vest in three equal tranches at 1 January 2006, 1 January 2007 and 1 January 2008, provided that he is still employed by the Group and is not subject to notice of termination of his employment (whether given or received) on these dates. There are no performance conditions relating to this award. The option is exercisable within three months of vesting (12 months in the case of death and one month in the case of takeover). Benefits provided under the Plan are not pensionable.

The award will normally lapse on cessation of employment (save on death when the award will vest in full). If employment ceases by reason of injury or disability or for any other reason if the Remuneration Committee so decides, the Remuneration Committee has the discretion to decide whether or not the option will vest and, if so, the extent to which it will vest. In the event of a takeover, the Remuneration Committee will decide the extent to which any outstanding part of the award will vest. In the event of a corporate reorganisation, the Remuneration Committee may decide that the award continues over the shares of any new holding company.

If there is a de-merger or other corporate event, which in the opinion of the Remuneration Committee will materially affect the share price, then the Remuneration Committee may decide that the award vests early. In the event of any increase or variation in the share capital of the Company, the payment of a capital dividend or other events similarly affecting the award the number of shares subject to the award may be adjusted. The Remuneration Committee may alter the Plan at any time.

Performance Share Plan

The Performance Share Plan is a seven-year plan, designed to encourage executive focus on longer-term performance and growth in shareholder value. A combination of performance targets was chosen for the measurement of the Company's performance being total shareholder return (TSR) and earnings per share (EPS) in order to align the interests of executives with those of shareholders.

Awards are determined by the Remuneration Committee and may not be greater than 100% of the qualifying participant's total annual remuneration measured at the date of the award. No award granted to date has exceeded one times annual salary. Awards vest over a period of seven years from the date of the award. If the performance conditions are met at the third and fifth anniversary of the date of award, vesting accelerates to the extent of 25% of the award on each of these occasions. The extent to which an award vests is determined by the Group's medium and long-term performance measured in terms of TSR. TSR is measured against a broad comparator group from the Transport and Support Services sectors, as Avis is a service company classified in the Transport sector. In 2004, the comparator group was changed to reflect a more comparable peer group taking into account the circumstances of the Company. The revised comparator group includes a greater focus on travel orientated and international companies.

For the awards to vest, TSR at the end of each performance period must be at least at the median in relation to the comparator group and there has to be a minimum real increase in EPS of 3% per annum over the relevant period.

For awards made prior to 2004, if both these conditions are met 50% of the award may vest. For full vesting the EPS target must be met and the Group's TSR must be in the top quartile of the comparator group over the seven-year period. TSR achievement between the median and 75th percentile will result in vesting between 50% and 100% of the award on a pro rata basis.

The comparator group for TSR for awards made prior to 2003 comprises the companies listed below:

Airtours plc, Arena Leisure plc, Arriva plc, Associated British Ports Holdings plc, Eurotunnel plc/Eurotunnel SA, First Choice Holidays plc, First Group plc, Go-Ahead Group plc, Lex Service plc, Minorplanet Systems plc, Mitie Group plc, National Express Group plc, NFC plc, Ocean Group plc, Powell Duffryn plc, Christian Salvesen plc, Stagecoach Holdings plc, TBI plc, Thomson Travel Group plc, Tibbett & Britten Group plc.

The comparator group for TSR for awards made in 2003 comprises the companies listed below:

Arena Leisure plc, Arriva plc, Associated British Ports Holdings plc, Eurotunnel plc/Eurotunnel SA, First Choice Holidays plc, First Group plc, Go-Ahead Group plc, RAC plc, Minorplanet Systems plc, Mitie Group plc, MyTravel Group plc, National Express Group plc, Christian Salvesen plc, Stagecoach Holdings plc, TBI plc, Tibbett & Britten Group plc.

On change of control the Remuneration Committee will take into account the performance conditions when determining the vesting of awards.

The performance conditions for the award to the Chief Executive in April 2004 are different from the conditions previously applied to awards in the following respects:

- only 30% of the award will vest for median performance; and
- the comparator group comprises the following companies: Accor, Air France, Alpha Airports Group plc, BAA plc, British Airways plc, Carnival plc, EasyJet plc, Eurotunnel plc, First Choice Holidays plc, First Group plc, Hilton Group plc, Holidaybreak plc, Intercontinental Hotels Group plc, Kuoni Reisen Holding AG, Deutsche Lufthansa AG, Millennium & Copthorne Hotels plc, NH Hoteles SA, P&O Steam Navigation Company, Ryanair Holdings plc, Sixt AG, TBI plc, TUI AG.

The other terms of the award are the same as for other awards made under the Performance Share Plan.

No awards under this Plan were made in 2005.

Share option schemes

The Group operates Inland Revenue approved and unapproved share option schemes which have an EPS based performance condition. An EPS condition is considered appropriate, as it requires improvement in the underlying financial performance before options can be exercised. Employees may not normally exercise options earlier than three years nor more than 10 years after the grant (seven years for grants made before April 2000 for the unapproved scheme). Options will lapse upon cessation of employment. However, special conditions apply if employment ceases because of death, injury, disability, redundancy, retirement or because the employing business or company is transferred outside the Group, or for any other reason at the discretion of the Board.

From 2004, the performance conditions were revised having regard to the views and best interests of the Company's shareholders. Options will be fully exercisable only if the real growth in EPS during the three-year period 2004 to 2006 exceeds 10% per annum compound. For 30% of the options to be exercisable there must

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be real minimum growth of 5% per annum compound. Vesting will be on a straight-line basis for EPS growth between these targets. There will be no opportunity to retest the performance condition if it is not met over the specified three-year performance period. On change of control, the Remuneration Committee will take into account performance when determining the vesting of awards.

Options granted prior to 2004 become exercisable when real growth in EPS exceeds 3% per annum during any period of three consecutive years following the date of grant.

The rules of the share option schemes limit the number of options that can be granted over new issue shares in a rolling 10-year period to 5% of issued share capital under discretionary share schemes, and 10% of issued share capital under all share schemes. The total number of share options granted at 31 December 2005 is well within these dilution limits.

No options were granted under these schemes in 2005. Further details of share option movements are set out in Note 31 to the Consolidated Financial Statements.

The Directors' entitlements under these schemes are set out in table (c) on page 31.

Equity Partnership Plan

The Equity Partnership Plan was designed to encourage senior management throughout the Group to retain a shareholding in the Company over a period of time. No awards have been made under this Plan since 2002 and it is being discontinued.

The Plan has two components: the Partnership share award and the Loyalty share award.

Partnership share award

The Remuneration Committee could invite participants to invest part of their annual bonus to acquire shares in the Company and in return an award would be granted by the Company over additional shares calculated as a proportion of the amount invested, provided that participants remained employed for a specified period, retained the shares they had acquired throughout the period and that there was EPS increase in real terms of 3% per annum over the three-year period commencing with the year in which the award was granted.

Loyalty share award

A one-off Loyalty share award was made in 2000 to over 80 senior managers including the executive Directors, to encourage share retention. The number of shares awarded was 25% of the shares held under options granted at the flotation of the Company or commencement of employment, if later. These awards vest in three equal instalments on the sixth, seventh and eighth anniversary of the date of the grant of the qualifying option, provided that the participant has not disposed of more than one-third of the shares under that option in respect of each of the three years following the third anniversary of grant of option.

If these conditions are met the Loyalty share award will only vest if the performance condition attached to the qualifying option has been achieved, which is a minimum real increase in EPS of 3% per annum during any period of three consecutive years following the date of grant. During 2005, the third and final instalment of Loyalty share awards relating to options granted in 1997 vested.

Avis Europe Employee Share Trust

The Avis Europe Employee Share Trust was established in March 2000 to facilitate provision of shares for the Company's share incentive schemes. The Trust may hold up to 5% of the issued share capital of the Company at any one time. During 2005, as a result of the rights issue, 241,472 additional shares were acquired by the Trust and the number of shares drawn down during the period was 158,024, which related to the third release of Loyalty share awards.

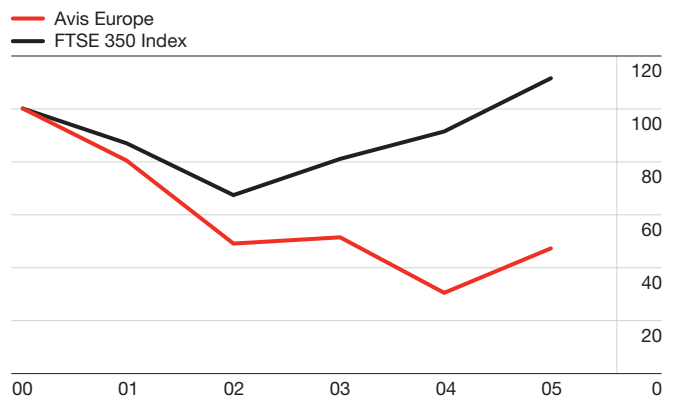
At 31 December 2005, the Trust held 664,049 shares, including shares acquired under the rights issue. It is intended that the shares in the Trust will be used to satisfy conditional share awards made under the Performance Share Plan, Share Retention Plan and Equity Partnership Plan as and when these awards vest. The awards outstanding under each of these Plans at 31 December 2004 and 31 December 2005 are set out below and the number at 31 December 2005 includes the additional shares arising from the rights issue:

Share Incentive Scheme	Conditional share awards outstanding at 31 December 2004	Conditional share awards outstanding at 31 December 2005
Performance Share Plan	1,238,868 shares	1,366,105 shares
Equity Partnership Plan		
– Partnership shares	5,474 shares	0 shares
– Loyalty shares	217,180 shares	47,720 shares
Share Retention Plan	600,000 shares	715,800 shares
Total	2,061,522 shares	2,129,625 shares

The Company periodically reviews the number of shares held by the Employee Share Trust in light of the anticipated vesting dates and performance conditions under the various plans. The Company also regularly reviews its hedging policy but does not currently hedge any of these awards against potential Social Security costs that may be incurred across the Group as and when the awards vest.

Total shareholder return (TSR)

The graph below illustrates the performance of Avis Europe plc and a "broad equity market index" over the past five years. As Avis Europe plc has been a constituent of the FTSE 350 index throughout this five-year period, that index is considered the most appropriate form of "broad equity market index" against which the Group's performance should be graphed. As required by legislation, performance is measured by total shareholder return (share price plus dividends paid).



Source: Datastream

All dates at 31 December

This graph shows the value, by the end of 2005, of £100 invested in Avis Europe on 31 December 2000 compared with the value of £100 invested in the FTSE 350 Index. The other points plotted are the values at intervening financial year-ends.

Non-executive Directors

Non-executive Directors' fees are positioned to attract non-executives with broad business and commercial experience and to be competitive in the marketplace. The Chairman's fee is determined by the Remuneration Committee. The Chairman and the Chief Executive set the remuneration of non-executive Directors based on periodic review of current survey data. Policy is to pay an annual fee with further payment for additional Committee chairmanship responsibilities. Non-executive Directors do not receive awards under the Company's share incentive schemes.

Engagement policy**Executive Directors**

The Company's policy is to issue each executive Director with a service contract which is subject to 12 months' notice on either side and runs until terminated. The contract provides for salary to be paid for any unexpired period of notice in the event of termination by the Company. Any such payment would be discounted in line with the mitigation obligations of the departing Director. There are no special contractual payments associated with change of control.

All current executive Directors have service contracts in line with policy as shown:

	Date of service contract	Notice period
Jean-Pierre Bizet*	25 May 2004	12 months
Lesley Colyer	18 April 2002	12 months
Murray Hennessy	17 May 2004	12 months
Simon Palethorpe	5 October 2004	12 months
Martyn Smith	11 September 2002	12 months

*Subject to the terms of the Relationship Agreement in respect of Directors appointed by s.a. D'leteren n.v.

The Board believes that it can be of benefit to Avis if its executive Directors serve as non-executive Directors of other companies, and, subject to individual review, the general policy is that an executive Director may hold one non-executive directorship with another company and may retain the fees. Murray Hennessy holds a non-executive directorship and has waived his fee. Since June 2005, Martyn Smith has been a non-executive director with SMG plc for which he received £19,912. Simon Palethorpe holds a directorship with a government body for which his fees are up to a maximum of £10,000 per annum.

Non-executive Directors

The Company's policy is to engage non-executive Directors on renewable three-year terms but which can be terminated by either party at any time without penalty (subject to the terms of the Relationship Agreement in respect of Directors appointed by s.a. D'leteren n.v.) Non-executive Directors are required to offer themselves for election at the next Annual General Meeting following their appointment and thereafter for re-election every three years. They normally retire at the Annual General Meeting following their 70th birthday.

Date of appointment as a non-executive Director

Alun Cathcart*	25 May 2004
Les Cullen	25 May 2004
Roland D'leteren	3 February 1997
Benoit Ghiot	15 December 2004
Malcolm Miller	21 February 2001
Gilbert van Marcke de Lummen*	1 May 2002
Dr Axel von Ruedorffer	27 June 2001
Kevin Sheehan†	26 February 2004

*Both Alun Cathcart and Gilbert van Marcke de Lummen have previously served as executive Directors. Alun Cathcart served as an executive Director for the periods 3 February 1997 to 31 March 1999 and 1 May 2002 to 24 May 2004, having served as a non-executive Director for the period 1 April 1999 to 30 April 2002. Gilbert van Marcke de Lummen served as an executive Director from 3 February 1997 to 30 April 2002.

†Kevin Sheehan resigned from the Board on 11 April 2005.

All non-executive Directors, including the Chairman, have letters of appointment in accordance with policy.

Retirement benefits

The executive Directors are, like other employees, eligible for membership of the Avis UK Pension Plan. This Plan is a defined benefit Plan and comprises two sections: the non-contributory Final Salary section which was closed to new entrants from 1 July 2003, and the contributory Retirement Capital section which is open to new members from the same date. Lesley Colyer and Martyn Smith are members of the Final Salary section and, after at least 20 years' service, their retirement pension at normal retirement date will be two-thirds of Final Pensionable Salary, inclusive of any benefits retained in other pension schemes prior to joining Avis. Murray Hennessy and Simon Palethorpe are members of the Retirement Capital section, under which an allocation of 25% of their pensionable salary is made to a notional account. Each year the account balance is revalued by inflation up to 10%, although the Company may at its absolute discretion and subject to actuarial advice apply a greater rate of revaluation. At retirement the balance in the account will be used to purchase an annuity. Pensionable salary for all executive Directors excludes bonus payments, taxable benefits and cash allowances. For Murray Hennessy, Simon Palethorpe and Martyn Smith pensionable salary is restricted to the level of the Inland Revenue earnings cap and they each receive a taxable cash allowance of 20% of base salary above the earnings cap.

The Remuneration Committee has reviewed the impact of the forthcoming Inland Revenue legislation relating to tax-favoured retirement provision ("pensions simplification"). The measures that the Company has taken are broadly cost neutral in order to avoid increasing the Company's pension liabilities as a result of this legislation. The Company is not responsible for compensating individuals for changes in personal tax liabilities arising from the legislation.

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Part 2 (Audited)

Directors' remuneration

a) The remuneration of Directors, comprising salary or fees, taxable benefits and bonus payments for the year ended 31 December 2005 are set out in the table below.

	Salary/fees £	Bonus £	Taxable benefits ¹ £	Salary supplement Pension £	Salary supplement Car/fuel £	Total year to 31 December 2005 £	Total year to 31 December 2004 £
Executive							
J-P Bizet ²	80,000	–	–	–	–	80,000	47,389
W A Cathcart ³	–	–	–	–	–	–	278,288
L Colyer	237,000	102,385	12,451	–	–	351,836	320,392
M Hennessy ⁴	440,000	342,100	3,022	66,897	20,000	872,019	569,006
S Palethorpe ⁴	266,667	148,560	746	32,323	14,000	462,296	63,550
M R Smith ⁴	330,000	190,475	12,339	44,894	–	577,708	516,051
D Woitscheck ⁵	–	–	–	–	–	–	564,669
Total	1,353,667	783,520	28,558	144,114	34,000	2,343,859	2,359,345
Non-executive							
J-P Bizet ²	–	–	–	–	–	–	13,392
W A Cathcart ³	251,700	–	801	–	20,000	272,501	168,095
L Cullen	40,000	–	–	–	–	40,000	24,210
R D'leteren	32,500	–	–	–	–	32,500	32,500
B Ghiot	32,500	–	–	–	–	32,500	1,125
G van Marcke de Lummen	32,500	–	–	–	–	32,500	32,500
M Miller	37,500	–	–	–	–	37,500	35,417
Sir Bob Reid ⁵	–	–	–	–	–	–	66,667
Dr A von Ruedorffer	32,500	–	–	–	–	32,500	32,500
K M Sheehan ⁶	–	–	–	–	–	–	–
Total	459,200	–	801	–	20,000	480,001	406,406
Total	1,812,867	783,520	29,359	144,114	54,000	2,823,860	2,765,751

1 Taxable benefits include principally car, fuel and medical insurance.

2 J-P Bizet was appointed executive Deputy Chairman from 25 May 2004.

3 W A Cathcart was appointed non-executive Chairman from 25 May 2004. His fee from 1 January 2006 is £190,000.

4 Subject to continued employment the Chief Executive, Group Commercial Director and Group Finance Director will be eligible to receive an equivalent deferred bonus on the first anniversary of payment.

5 Sir Bob Reid retired from the Board on 25 May 2004; D Woitscheck resigned from the Board on 4 August 2004.

6 K M Sheehan (resigned 11 April 2005) waived his right to a fee.

Base salaries for the executive Directors at 1 January 2006 are: M Hennessy £440,000, M R Smith £330,000, S Palethorpe £300,000 and L Colyer £237,000.

b) Details of Directors' pension entitlements at 31 December 2005:

	Accrued benefit				Transfer Value		
	Amount of change in accrued benefit during the year due to inflation £	Amount of remaining change in accrued benefit during the year £	Accrued pension at 31 December 2005 £	Transfer value of increase in accrued pension excluding inflation £	Transfer value of accrued pension at 31 December 2004 £	Transfer value of accrued pension at 31 December 2005 £	Increase in transfer value less Director's own contribution £
L Colyer	2,559	10,199	107,419	85,779	718,338	903,362	185,024
M R Smith	207	3,583	11,440	30,081	60,048	96,045	35,997
W A Cathcart ¹	6,653	2,800	380,698	50,912	4,998,790	5,203,491	204,701
G van Marcke de Lummen ²	–	–	–	–	1,700,379	1,757,814	57,435
M Hennessy ³	–	–	–	–	9,691	25,703	11,824
S Palethorpe ³	–	–	–	–	647	9,961	5,126

1 W A Cathcart retired on 12 September 2005 and received a lump sum of £896,503 and a pension after commutation of £293,469 per annum.

2 G van Marcke de Lummen is no longer accruing benefit in the pension plan and has been in receipt of a pension from 1 May 2002. In the year to 31 December 2005 he received a pension of £135,604 (2004: £132,735).

3 M Hennessy and S Palethorpe are members of the Retirement Capital section of the Avis UK Pension Plan. This is a "cash balance" arrangement to which the Directors and the Company contribute. Each year an amount equal to 25% of salary up to the Inland Revenue earnings cap is credited to a notional account. At 1 April each year after the first year, the account balance is revalued by the rate of inflation over the preceding calendar year, subject to a maximum of 10%. The Company may at its absolute discretion and subject to actuarial advice apply a greater rate of revaluation. At retirement the account will have been built up from each year's annual credit plus the annual revaluation amount, and the balance in the account will be used to purchase an annuity on behalf of the Director. In the year to 31 December 2005, the value of the Company's contributions for M Hennessy was £9,141 (2004: £6,433) and for S Palethorpe was £5,025 (2004: £333).

c) Directors' interests in shares and share options granted under the Avis Europe plc share option schemes, all of which are beneficial except as noted, are shown below. Following the rights issue, the number of shares under option increased by a multiplier of 1.193 and the option exercise price was reduced by a multiplier of 0.8383. All share options and exercise prices are shown in the table below and are shown post rights issue adjustment. No options were exercised during the period under review or the previous year. All options were granted for nil consideration. There have been no changes between 31 December 2005 and 2 March 2006.

	Shares		Options ¹						
	31 December 2005 ²	1 January 2005	31 December 2005	Lapsed during period	Granted during period	1 January 2005	Exercise price (pence)	Exercisable date	Expiry date
Executive									
J-P Bizet	–	–	–						
L Colyer ³	164,506	100,016	28,858	–	–	24,190	103.9	March 2000	March 2007
			–	26,246	–	22,000	208.1	October 2001	October 2005
			22,667	–	–	19,000	136.4	May 2004	May 2011
			159,862	–	–	134,000	83.6	September 2005	September 2012
			211,387	26,246	–	199,190			
M Hennessy	78,571	50,000	511,742	–	–	428,954	78.2	April 2007	April 2014
S Palethorpe	15,000	–	–						
M R Smith	30,462	19,385	238,599	–	–	200,000	83.6	September 2005	September 2012
Non-executive									
W A Cathcart ⁴	443,373	282,147	357,899	–	–	300,000	174.2	March 2005	March 2012
			71,580	–	–	60,000	83.6	September 2005	September 2012
			429,479	–	–	360,000			
L Cullen	7,857	5,000	–						
R D'leteren	–	–	–						
B Ghot	–	–	–						
G van Marcke de Lummen ⁵	47,634	21,166	28,858	–	–	24,190	103.9	March 2000	March 2007
			–	57,860	–	48,500	208.1	October 2001	October 2005
			28,858	57,860	–	72,690			
M Miller	7,857	5,000	–						
Dr A von Ruedorffer	–	–	–						
K M Sheehan ²	–	–	–						

1 Only options shown as having an exercisable date of March 2000 have satisfied the relevant performance condition; the remaining options are subject to the performance condition set out in the policy section.

2 Or as at date of resignation.

3 Included within L Colyer's holding of 164,506 shares are 1,620 shares in which she has a non-beneficial interest as trustee for the beneficial owners.

4 Included within W A Cathcart's holding of 443,373 shares are 12,673 shares in which he has a non-beneficial interest as trustee for the beneficial owner.

W A Cathcart's share options were granted when he was an executive Director of the Company.

5 G van Marcke de Lummen's share options were granted when he was an executive Director of the Company.

(d) Details of awards made during the year under any of the Group's share schemes:

Share Option Schemes

At 31 December 2005, 288 qualifying employees held options over 7,075,736 shares. This figure is inclusive of the additional shares arising from the rights issue in July 2005 when the shares under option were increased by a multiplier of 1.193 and the option exercise price was reduced by a multiplier of 0.8383. No options were granted in 2005. The market price of the Company's shares at 31 December 2005 was 70 pence. During the year, the market price ranged between 40.87 pence and 74.5 pence. As a result of the rights issue undertaken during the year, and in line with normal market practice, share prices prior to the date the Company shares traded ex-rights (5 July 2005) have been adjusted to reflect the bonus element of the rights issue.

Remuneration Report continued

Performance Share Plan

No awards were made under this Plan in 2005. The awards made before 2005 were increased by a multiplier of 1.193 as a result of the rights issue in July 2005. As at 31 December 2005, no awards under this Plan had vested.

	At 31 December 2004	Award in year to 31 December 2005	Date of 2005 award	At 31 December 2005	Vesting date of outstanding awards*
W A Cathcart	204,870	–	–	244,409	17 March 2010
L Colyer	157,462	–	–	187,852	17 March 2010
M Hennessy	490,266	–	–	584,887	2 April 2011
G van Marcke de Lummen	65,793	–	–	78,491	9 June 2007
M R Smith	226,711	–	–	270,466	17 March 2010

*Accelerated vesting conditions are disclosed in the policy section.

Share Retention Plan

No awards were made under this Plan in 2005. The award made in 2004 was increased by a multiplier of 1.193 as a result of the rights issue in July 2005. As at 31 December 2005, no award under this Plan had vested.

	At 31 December 2004	Award in year to 31 December 2005	Date of 2005 award	At 31 December 2005	Vesting date of outstanding equal thirds of awards*
M Hennessy	600,000	–	–	715,800	1 January 2006 1 January 2007 1 January 2008

*Accelerated vesting conditions are disclosed in the policy section.

Equity Partnership Plan – Partnership

At 31 December 2005, there were no Partnership awards outstanding.

Equity Partnership Plan – Loyalty

During the year to 31 December 2005, two current Directors received the third and final instalment of their award. As at 31 December 2005, three senior managers have outstanding conditional awards over a total of 47,720 shares awarded in 2000, none of which has vested.

These awards are subject to the same vesting and performance conditions as the Directors' awards disclosed in Part 1 under the section entitled Equity Partnership Plan on page 28.

	At 31 December 2004	Vested during year to 31 December 2005	Date of award	At 31 December 2005
L Colyer	7,917	7,917	27 March 2000	0
G van Marcke de Lummen	17,591	17,591	27 March 2000	0

Signed on behalf of the Board

Judith Nicholson
Company Secretary
2 March 2006