

Directors' Report

for the year ended 31 December

The Directors present their report and the audited financial statements for the year ended 31 December 2006.

Principal activities and business review

The principal activity of the Group is the supply of rental vehicle services. A full review of the Group's activities and a report on its business, strategy and likely future developments are included in the Chairman's Statement, the Chief Executive's Statement and the Business Review on pages 10 to 20, incorporated in this report by reference.

Share capital

Details of the share capital of the Company and changes during the year covered by this Report are set out in Note 29 to the Consolidated Financial Statements.

Results and dividends

The results for the year are set out in the Consolidated Financial Statements on pages 42 to 84. The Directors do not recommend the payment of an interim or final dividend for the year (2005: nil).

Directors and their interests

The names of the Directors of the Company as at 31 December 2006 and those subsequently appointed appear in the Corporate Governance report on page 26. The Directors' interests in shares and options to purchase shares, are detailed in the Remuneration Report on pages 38 and 39.

Employee involvement

Details of employee involvement are included in the Corporate and Social Responsibility Report on page 23.

Donations

Charitable donations are detailed in the Corporate Governance report on page 29.

Land and buildings

The Directors of the Group consider that the book value of land and buildings approximate to their fair value.

Post balance sheet events

There are no significant events affecting the Group since year end.

Payments to creditors

The Group's policy with regard to payment of suppliers is set out in the Corporate Governance report on page 29.

Financial instruments

The Group's financial risk management objective is set out in Note 26 to the Consolidated Financial Statements.

Purchase of own shares

The details of own shares held are included in Note 30 to the Consolidated Financial Statements.

Substantial shareholdings

The details of substantial shareholdings are included in the Corporate Governance report on page 28.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Group's auditors, PricewaterhouseCoopers LLP are unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of this information.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution to reappoint them as the Group's auditors will be proposed at the Annual General Meeting.

By order of the Board

Judith Nicholson

Company Secretary

26 February 2007