

## Avis locks up Zipcar for \$500 million

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US car rental giant Avis announced plans Wednesday to buy the popular auto-sharing service Zipcar in a deal valued at \$500 million.

The move gives Avis an entry into the growing market for car-sharing with the company which offers rentals on an hourly basis by giving customers a smart card to unlock vehicles on a self-serve basis.

Avis Budget Group agreed to pay \$12.25 per share in cash, a 49 percent premium over the Zipcar closing price on Monday. The transaction is subject to approval by Zipcar shareholders and other conditions, and is expected to be completed in the next few months.

The companies said car-sharing has grown to be a \$400 million business in the United States and is expanding rapidly around the world.

Zipcar has more than 760,000 members, known as Zipsters, and is the sector leader in 20 metropolitan areas in the United States, Canada and Europe. It also has cars at over 300 college and university campuses.

"By combining with Zipcar, we will significantly increase our growth potential, both in the United States and internationally, and will position our company to better serve a greater variety of consumer and commercial transportation needs," said Ronald Nelson, Avis chairman and chief executive.

"We see car sharing as highly complementary to traditional car rental, with rapid growth potential and representing a scalable opportunity for

us as a combined company."

Nelson said the deal will allow the Zipcar brand to expand and benefit from Avis's cost advantage in fleet purchases, allowing \$50 to \$70 million in annual savings.

Avis said it also can use some of its fleet to meet Zipcar weekend rentals, when demand is highest for hourly rentals.

Scott Griffith, chairman and chief executive of Zipcar, said "we believe this combination is a win across the board for our members, shareholders and employees. We will be well positioned to accelerate enhancements to the Zipcar member experience with more offers and additional services as well as an expanded network of locations."

The boards of both firms approved the deal, which calls for Zipcar to keep operating under its own brand with current management, according to a statement from the two firms.

The statement said owners of 32 percent of Zipcar shares had accepted the deal.

Zipcar in 2010 filed for an initial public offering to help pay off its debts and fuel expansion. It made its Wall Street debut in April 2011, raising some \$174 million.

The Cambridge, Massachusetts-based Zipcar was founded in 2000 and has a fleet over more than 10,000 cars. Zipcar acquired rival Flexcar in 2007 and Britain's Streetcar in 2010.

Zipcar members can rent vehicles by phone, Internet or by using mobile devices. A user unlocks a car using a keyless entry card called a "Zipcard."

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