

AVIS BUDGET GROUP, INC.
Form DEF 14A
April 21, 2009
Table of Contents

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 (Amendment No.)

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 Pursuant to §240.14a-12

Avis Budget Group, Inc.

(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)(1) and 0-11.

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

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

(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 21, 2009

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the "Company"), which will be held at the DoubleTree Hotel Downtown Wilmington Legal District, 700 N. King Street, Wilmington, Delaware 19801 on June 12, 2009 at 11:00 a.m., Eastern Time. We look forward to greeting as many of our stockholders as possible.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be conducted at the Annual Meeting and provides other information concerning the Company of which you should be aware when you vote your shares.

This year, like many companies, we are pleased to take advantage of the new "Notice of Access" rule of the Securities and Exchange Commission with respect to furnishing our proxy materials to stockholders over the Internet. We are initiating use of this method with a portion of our stockholders and believe this process should provide a convenient and quick way to access your proxy materials and vote. Expanded electronic dissemination allows us to reduce the environmental impact of our annual meeting and reduce costs of printing and mailing the materials. Many stockholders will receive a notice of Internet availability of proxy materials (the "Notice") containing convenient instructions on how to access annual meeting materials via the Internet. The Notice also provides instructions on how to receive paper copies if preferred.

Admission to the Annual Meeting will be by ticket only. If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the proxy card mailed to you or requested by you via the Internet and retain the bottom portion of the card as your admission ticket. If your shares are held through an intermediary, such as a bank or broker, please follow the instructions under the Additional Information section of the Proxy Statement to obtain a ticket.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. As a stockholder of record, you can vote your shares by telephone, electronically via the Internet or by marking your votes on the enclosed proxy card. If you vote on the enclosed proxy card, you must sign, date and mail the proxy card in the enclosed envelope. If you decide to attend the Annual Meeting and vote in person, you may then withdraw your proxy.

On behalf of the Board of Directors and the employees of Avis Budget Group, Inc., I would like to express my appreciation for your continued interest in the affairs of the Company.

Sincerely,

Ronald L. Nelson
Chairman of the Board and

Chief Executive Officer

Table of Contents

TABLE OF CONTENTS

	Page
<u>NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS</u>	
<u>PROXY STATEMENT</u>	1
<u>ABOUT THE ANNUAL MEETING</u>	1
<u>BOARD OF DIRECTORS</u>	6
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	12
<u>EXECUTIVE OFFICERS</u>	14
<u>EXECUTIVE COMPENSATION</u>	16
<u>REPORT OF AUDIT COMMITTEE</u>	45
<u>PROPOSALS TO BE VOTED ON AT MEETING</u>	46
<u>Proposal No. 1: Election of Directors</u>	46
<u>Proposal No. 2: Ratification of Appointment of Auditors</u>	47
<u>Proposal No. 3: Reverse Stock Split Proposal</u>	49
<u>Proposal No. 4: Amendment of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan</u>	56
<u>Proposal No. 5: Approval of the Avis Budget Group, Inc. Employee Stock Purchase Plan</u>	64
<u>Proposal No. 6: Stockholder Proposal #1 Majority Voting</u>	67
<u>Proposal No. 7: Stockholder Proposal #2 GHG Emissions</u>	68
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	71
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	73
<u>STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING</u>	73
<u>ADDITIONAL INFORMATION</u>	74
<u>ANNEX A Avis Budget Group, Inc. Director Independence Criteria</u>	A-1
<u>ANNEX B Proposed Amendment to Avis Budget Group, Inc. s</u>	
Amended and Restated Certificate of Incorporation	B-1
<u>ANNEX C Proposed Amendment No. 2 to the Avis Budget Group, Inc.</u>	
2007 Equity and Incentive Plan	C-1
<u>ANNEX D Avis Budget Group, Inc. Employee Stock Purchase Plan</u>	D-1

Table of Contents

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

June 12, 2009

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the Company) will be held on Friday, June 12, 2009 at 11:00 a.m., Eastern Time, at the DoubleTree Hotel Downtown Wilmington Legal District, 700 N. King Street, Wilmington, Delaware 19801 (the Meeting), to consider and vote upon the following matters:

1. To elect as directors the nine nominees named in the accompanying proxy statement for a one-year term expiring in 2010 and until their successors are duly elected and qualified.
2. To ratify the appointment of Deloitte & Touche LLP as the auditors of the Company's financial statements for fiscal year 2009.
3. To consider and approve an amendment to the Company's Amended and Restated Certificate of Incorporation that would permit the Company's board of directors (the Board of Directors) to effect, at its discretion, a reverse stock split at a ratio within the range from 1-for-2 to 1-for-20, or not at all.
4. To consider and approve the Company's proposal to amend the Avis Budget Group, Inc. 2007 Equity and Incentive Plan.
5. To consider and approve the Company's Employee Stock Purchase Plan.
6. To consider and vote upon two stockholder proposals, if properly presented at the Meeting.
7. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on April 20, 2009 as the record date for the Meeting. Only stockholders of record at that time are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Meeting will be available for examination by any stockholder, for any purpose germane to the Meeting, at the Meeting and for ten days prior to the Meeting during ordinary business hours at 6 Sylvan Way, Parsippany, New Jersey 07054, the Company's principal place of business.

Important Notice Regarding the Availability of Proxy Materials

for the Stockholder Meeting to Be Held on June 12, 2009.

The Company's Proxy Statement on Schedule 14A,

form of proxy card and 2008 Annual Report on Form 10-K

are available at:

<http://bnymellon.mobular.net/bnymellon/car>

By Order of the Board of Directors

JEAN M. SERA

Secretary

Dated: April 21, 2009

Table of Contents

AVIS BUDGET GROUP, INC.

6 Sylvan Way

Parsippany, New Jersey 07054

PROXY STATEMENT

Annual Meeting of Stockholders to

be held on Friday, June 12, 2009

ABOUT THE ANNUAL MEETING

Who is soliciting my vote?

The Board of Directors of Avis Budget Group, Inc. (the *Company* or *Avis Budget*) is soliciting your vote at the 2009 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the *Meeting*), to be held on the date, at the time and place, and for the purposes set forth in the foregoing notice. On or about April 27, 2009, the Company will first mail to certain stockholders of record the Notice containing instructions on how to access this Proxy Statement online, and also will first mail to certain other stockholders this Proxy Statement and the enclosed proxy card.

What will I be voting on?

Election of Directors (see page 46),

Ratification of Deloitte & Touche LLP as the Company's auditors for 2009 (see pages 47-48),

An amendment to the Company's Certificate of Incorporation to permit the Board of Directors to effect, at its discretion, a reverse stock split at a ratio within the range from one-for-two to one-for-twenty, or not at all (see pages 49-55),

An amendment to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan (see pages 56-63),

To approve the Avis Budget Group, Inc. Employee Stock Purchase Plan (see pages 64-66), and

Two stockholder proposals if properly presented at the Meeting (see pages 67-70).

How many votes do I have?

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You will have one vote for every share of the Company's common stock, par value \$0.01 per share (the "Common Stock"), you owned as of the close of business on April 20, 2009 (the "Record Date").

How many votes can be cast by all stockholders?

101,774,426, consisting of one vote for each of the Company's shares of Common Stock that were outstanding on the Record Date. There is no cumulative voting, and the holders of the Common Stock vote together as a single class.

How many votes must be present to hold the Meeting?

One-third of the outstanding shares of Common Stock entitled to vote at the Meeting, or 33,924,809 votes, must be present, in person or by proxy, to constitute a quorum at the Meeting. Stockholders of record who are present at the Meeting, in person or by proxy, and who abstain from voting, including brokers holding customers' shares of Common Stock of record who do not vote on particular proposals because the brokers do not have discretion to vote and have not received instructions from their customers as to how to vote, will be included in the number of stockholders present at the Meeting for purposes of determining whether a quorum is present for the transaction of business at the Meeting.

Table of Contents

How many votes are required to elect directors and adopt the other proposals?

Directors are elected by the affirmative vote of a plurality of the shares of Common Stock present at the Meeting, in person or by proxy, and entitled to vote in the election of Directors. Under the rules of the New York Stock Exchange (NYSE), brokers who hold shares of Common Stock in street name will have discretion, on behalf of their clients that hold shares of Common Stock as of the Record Date, to vote on the proposal relating to the election of directors when such brokers do not receive instructions from the beneficial owners of such shares. Under applicable Delaware law, in determining whether nominees have received the requisite number of affirmative votes, withhold votes will have no effect on the outcome of the vote.

Approval of the proposal relating to the ratification of the appointment of auditors of the Company s financial statements requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. Under the rules of the NYSE, brokers who hold shares of Common Stock in street name will have discretion, on behalf of their clients that hold shares of Common Stock as of the Record Date, to vote on the proposal relating to the ratification of the appointment of auditors when such brokers do not receive instructions from the beneficial owners of such shares. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against such proposal.

Approval of the proposal amending the Company s Certificate of Incorporation to effect a reverse stock split requires the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote on the amendment. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on this proposal when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against the amendment.

Approval of the proposal relating to the amendment of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal, provided that the total votes cast on the proposal represent over 50% of the voting power of the total outstanding shares of Common Stock, which is referred to as the Outstanding Votes . Under the rules of the New York Stock Exchange, brokers who hold shares in street name will not have discretion to vote on the proposal to approve the amendment to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against such proposal. The total sum of votes for, plus votes against, plus abstentions (which is referred to as the NYSE Votes Cast) must be greater than 50% of the total Outstanding Votes. Thus, broker non-votes could impair our ability to satisfy the requirement that the NYSE Votes Cast represent over 50% of the Outstanding Votes. Further, the number of votes for the proposal must be greater than 50% of the NYSE Votes Cast.

Approval of the proposal relating to the Avis Budget Group, Inc. Employee Stock Purchase Plan requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will not have discretion to vote on the proposal to approve the Avis Budget Group, Inc. Employee Stock Purchase Plan when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against such proposal and broker non-votes (if any) will have no effect on the vote on this proposal.

Table of Contents

Approval of the stockholder proposal requesting that the Board of Directors amend the Company's governing documents to include a majority voting standard for uncontested elections for the Board of Directors, if properly presented at the Meeting, requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on this proposal when the brokers do not receive instructions from beneficial owners. Abstentions will be counted and will have the same effect as a vote against this proposal.

Approval of the stockholder proposal concerning greenhouse gas (GHG) emissions, if properly presented at the Meeting, requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will not have discretion, on behalf of their clients that hold shares as of the record date, to vote on this proposal when the brokers do not receive instructions from beneficial owners. Abstentions will be counted and will have the same effect as a vote against this proposal and broker non-votes (if any) will have no effect on the vote on this proposal.

A broker non-vote occurs when a broker does not have discretion to vote on a particular proposal (i.e., the proposal is not considered routine) and the broker has not received instructions from the beneficial owner of the shares of Common Stock as to how to vote on such proposal. Generally, brokers have discretion to vote on proposals relating to what are deemed to be routine matters, which include election of directors and the ratification of auditors, and do not have discretion to vote on proposals relating to what are deemed to be non-routine matters.

How do I vote?

You should submit your proxy or voting instructions as soon as possible.

If you received a paper copy of this Proxy Statement. You can vote by valid proxy received by telephone, electronically via the Internet or by mail. If voting by mail, you must:

indicate your instructions on the proxy;

date and sign the proxy;

mail the proxy promptly in the enclosed envelope; and

allow sufficient time for the proxy to be received before the date of the Meeting.

Alternatively, in lieu of returning signed proxy cards, holders of record of shares of Common Stock can vote such shares by telephone or electronically via the Internet. If you are a registered stockholder (that is, if you hold your stock directly in your name through our transfer agent), you may vote by telephone or electronically via the Internet by following the instructions included with your proxy card. If your shares of Common Stock are held in street name such as in a stock brokerage account, by a bank or other nominee, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically via the Internet. The deadline for voting by telephone or electronically via the Internet is 11:59 p.m., Eastern Time, on June 11, 2009.

If you received a Notice of Internet availability of this Proxy Statement. Please submit your proxy via the Internet using the instructions included in the Notice. The deadline for voting is 11:59 p.m., Eastern Time, on June 11, 2009.

Can I change my vote?

Yes. A proxy may be revoked at any time prior to the voting at the Meeting by submitting a later dated proxy (including a proxy by telephone or electronically via the Internet), by giving timely written notice of such

Table of Contents

revocation to the Secretary of the Company or by attending the Meeting and voting in person. However, if you hold any shares of Common Stock in street name, you may not vote these shares in person at the Meeting unless you bring with you a legal proxy from the holder of record of such shares.

What if I do not vote for some of the matters listed on my proxy card?

Shares of Common Stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or electronically via the Internet), where the stockholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of Directors), will be voted in accordance with the specification(s) so made.

If your proxy is properly executed but does not contain voting instructions, or if you vote by telephone or electronically via the Internet without indicating how you want to vote, your shares will be voted:

FOR the election of all nine nominees for the Board of Directors,

FOR the ratification of the appointment of Deloitte & Touche LLP as auditors of the Company's financial statements for the year ending December 31, 2009,

FOR the amendment to the Company's Certificate of Incorporation to permit the Board of Directors to effect a reverse stock split at a ratio from one-for-two to one-for-twenty, or not at all, at its discretion,

FOR the amendment to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan,

FOR the approval of the Avis Budget Group, Inc. Employee Stock Purchase Plan,

FOR the stockholder proposal requesting that the Board of Directors amend the Company's governing documents to include a majority voting standard for uncontested elections for the Board of Directors if properly presented at the Meeting, and

AGAINST the stockholder proposal concerning GHG emissions if properly presented at the Meeting.

How do participants in savings plans vote?

For participants in the Avis Budget Group Employee Savings Plan, the AB Car Rental Services, Inc. Retirement Savings Plan and the AB Car Rental Services, Inc. Retirement Savings Plan for Collectively Bargained Employees (collectively, the Savings Plans) with shares of Common Stock credited to their accounts, voting instructions for the trustees of the Savings Plans are also being solicited through this Proxy Statement. In accordance with the provisions of the Savings Plans, the respective trustees will vote shares of Common Stock in accordance with instructions received from the participants to whose accounts such shares are credited. To the extent such instructions are not received prior to noon, Eastern Time, on June 5, 2009, the trustees of the Savings Plans will vote the shares of Common Stock with respect to which it has not received instructions proportionately in accordance with the shares of Common Stock for which it has received instructions. Instructions given with respect to shares of Common Stock in accounts of the Savings Plans may be changed or revoked only in writing, and no such instructions may be revoked after noon, Eastern Time, on June 5, 2009. Participants in the Savings Plans are not entitled to vote in person at the Meeting. If a participant in any of the Savings Plans has shares of Common Stock credited to his or her account and also owns other shares of Common Stock, he or she should receive separate proxy cards for shares of Common Stock credited to his or her account in the Savings Plans and any other shares of Common Stock that he or she owns. All such proxy cards should be completed, signed and returned to the transfer agent to register voting instructions for all shares of Common Stock owned by him or her or held for his or her benefit in the Savings Plans.

Could other matters be decided at the Meeting?

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The Board of Directors does not intend to bring any matter before the Meeting other than those set forth above, and the Board is not aware of any matters that anyone else proposes to present for action at the Meeting.

Table of Contents

However, if any other matters properly come before the Meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

Do I need a ticket to attend the Meeting?

Yes. Attendance at the Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of the Company. Admission will be by ticket only. For registered stockholders, the bottom portion of the proxy card enclosed with this Proxy Statement (or requested via the Internet) is the Meeting ticket. Beneficial owners with shares of Common Stock held through an intermediary, such as a bank or broker, should request tickets in writing from the Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, and include proof of ownership, such as a bank or brokerage firm account statement or letter from the broker, trustee, bank or nominee holding their stock, confirming beneficial ownership. Stockholders who do not obtain tickets in advance may obtain them on the Meeting date at the registration desk upon verifying his or her stock ownership as of the Record Date. In accordance with the Company's security procedures, all persons attending the Meeting must present picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission. Admission to the Meeting will be expedited if tickets are obtained in advance. Tickets may be issued to others at the discretion of the Company.

Why did certain stockholders receive in the mail a one-page Notice regarding Internet availability of this Proxy Statement rather than a printed copy?

As permitted by the new Securities and Exchange Commission (SEC) rules allowing companies to provide stockholders with access to proxy materials over the Internet, we are making this Proxy Statement available to our stockholders electronically via the Internet. Accordingly, to reduce the environmental impact of our annual meeting and reduce costs, we are sending to a portion of our stockholders a Notice containing instructions on how to access this Proxy Statement online. If you received a Notice by mail, you will not receive a printed copy of this Proxy Statement in the mail unless you request to receive a printed copy of this Proxy Statement. Instructions on how to access this Proxy Statement over the Internet or to request a printed copy are set forth in the Notice. In addition, stockholders may request to receive proxy materials in print form or electronically by email on an ongoing basis.

How can I access the Company's proxy materials and annual report electronically?

A copy of this Proxy Statement and the Annual Report on Form 10-K filed by the Company with the SEC for its latest fiscal year is available without charge to stockholders at <http://bnymellon.mobular.net/bnymellon/car>, at the Company's website at www.avisbudgetgroup.com, or upon written request to Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations. **You can elect to receive future annual reports and proxy statements electronically by marking the appropriate box on your proxy card or by following the instructions provided if you vote via the Internet or by telephone.**

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED AND THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

Table of Contents**BOARD OF DIRECTORS****General**

The Board of Directors presently consists of nine members. The directors elected at the Meeting will serve for a term of one year expiring at the 2010 annual meeting of stockholders and until their successors are duly elected and qualified. The name and age of each present director, and his or her position with the Company, is set forth below.

In 2006, Cendant Corporation, as we were formerly known, completed a separation into four separate companies (the Cendant Separation), one for each of its former real estate services businesses (Realogy Corporation), its former hospitality services businesses (Wyndham Worldwide Corporation), its former travel distribution services businesses (Travelport Inc.) and its former vehicle services businesses (Avis Budget Group, Inc.). Following completion of the Cendant Separation, Cendant, then consisting solely of our vehicle rental businesses of Avis and Budget, changed its name to Avis Budget Group, Inc. and our Common Stock began trading on the NYSE under the symbol CAR. Our director's positions with Cendant Corporation, if any, are detailed below in their biographical information.

Name of Present Directors	Age	Present Position
Ronald L. Nelson	56	Chairman of the Board, Chief Executive Officer and Director
Mary C. Choksi	58	Director
Leonard S. Coleman	60	Presiding Director and Chairman of the Corporate Governance Committee
Martin L. Edelman	67	Director
John D. Hardy, Jr.	65	Director and Chairman of the Compensation Committee
Lynn Krominga	58	Director
Eduardo G. Mestre	60	Director
F. Robert Salerno	57	President, Chief Operating Officer and Director
Stender E. Sweeney	70	Director and Chairman of the Audit Committee

Biographical Information for Nominees

Mr. Nelson has been Chairman and Chief Executive Officer of the Company since August 2006 and director since April 2003. Mr. Nelson was Chief Financial Officer from May 2003 until August 2006 and President from October 2004 to August 2006. Mr. Nelson was also Chairman and Chief Executive Officer of the Company's Vehicle Rental business from January 2006 to August 2006. From December 2005 to April 2006, Mr. Nelson was interim Chief Executive Officer of the Company's former Travel Distribution Division. From April 2003 to May 2003, Mr. Nelson was Senior Executive Vice President, Finance. From November 1994 to March 2003, Mr. Nelson was Co-Chief Operating Officer of DreamWorks SKG. Prior thereto, he was Executive Vice President, Chief Financial Officer and a director at Paramount Communications, Inc., formerly Gulf + Western Industries, Inc. Mr. Nelson serves on the board of Convergys Corporation and Hanesbrands Inc., which both file reports pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act).

Ms. Choksi has been a director since March 2007. Ms. Choksi has been a Managing Director of Strategic Investment Partners, Inc. and Emerging Markets Investors Corporation (investment management firms) since 1987.

Mr. Coleman has been a director since December 1997, Presiding Director at executive sessions of the Board since February 2003 and Chairman of the Governance Committee since August 2006. Mr. Coleman was a director of HFS Incorporated (HFS) from April 1997 until December 1997. From 1999 to December 2005, Mr. Coleman was a Senior Advisor to Major League Baseball. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive

Table of Contents

Director, Market Development of Major League Baseball. Mr. Coleman is a director of the following corporations which file reports pursuant to the Exchange Act: Omnicom Group Inc., H.J. Heinz Company, Churchill Downs Incorporated and Electronic Arts Inc.

Mr. Edelman has been a director since December 1997 and was a director of HFS from November 1993 to December 1997. Mr. Edelman has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000. Mr. Edelman was a partner with Battle Fowler LLP, which merged with Paul, Hastings, Janofsky & Walker, LLP, from 1972 to 1993 and was Of Counsel to Battle Fowler LLP from 1994 to June 2000. Mr. Edelman also serves as a director of the following corporations that file reports pursuant to the Exchange Act: Capital Trust, Inc. and Ashford Hospitality Trust, Inc.

Mr. Hardy has been a director since April 2, 2008. From 1981 to 2008, Mr. Hardy was a partner at the law firm of O Melveny & Myers LLP and is currently a partner of Venable LLP where he focuses on recruitment and practice development for the firm's West Coast Transaction Practice.

Ms. Krominga has been a director since October 2006. Ms. Krominga is an attorney and business executive. Since 1999, Ms. Krominga has been a consultant to private equity and venture capital firms and to start-up and early stage technology companies and served as chief executive officer of Fashion Wire Daily, Inc. in 2002. From 1981 to 1999, Ms. Krominga held various senior executive and legal offices at Revlon, including President, Licensing Division, and General Counsel. Prior to that, Ms. Krominga was an attorney at American Express Company and at Cleary, Gottlieb, Steen & Hamilton. Ms. Krominga currently serves on the board of directors of Sunrise Senior Living, Inc., which files reports pursuant to the Exchange Act, where Ms. Krominga serves as chairman of the compensation committee. From March through November 2008, Ms. Krominga served as Chairman of the Board of Sunrise Senior Living, and was appointed Lead Director thereafter (when the former CEO assumed the position of chair), and both of such roles include voting membership on all board committees.

Mr. Mestre has been a director since July 2008. Mr. Mestre has been Vice Chairman of Evercore Partners since 2004 where he is responsible for the firm's corporate advisory business. Prior to joining Evercore, Mr. Mestre served as Chairman of Investment Banking at Citigroup, among numerous leadership positions he filled during a twenty-seven year career there.

Mr. Salerno has been President, Chief Operating Officer and a director of the Company since August 2006. Mr. Salerno has been Chief Executive Officer of Avis Budget Car Rental, LLC, our subsidiary, since April 2004. He was previously President and Chief Operating Officer of Candant Car Rental Group, Inc. from November 2002 until April 2004 and was President and Chief Operating Officer of Avis from 1996 to November 2002. In 1995, he was named Executive Vice President of Operations and in July 1990, Senior Vice President and General Manager of Avis.

Mr. Sweeney has been a director and Chairman of the Audit Committee since August 2006. Mr. Sweeney has been a financial advisor and equity investor in several privately held enterprises since 1998. In 1997, Mr. Sweeney served in a senior financial and operating capacity for a joint venture between DreamWorks SKG and Pacific Data Images. From 1995 to 1996, Mr. Sweeney was the Chief Executive Officer and a director of Vehicle Information Network, a database management and marketing company. From 1994 to 1995, Mr. Sweeney was the Chief Financial Officer and Principal of The Onyx Group, a shopping center development and management company. From 1968 to 1994, Mr. Sweeney served in various positions at The Times Mirror Company, the last eight years of which as Vice President, Finance. Mr. Sweeney serves on the board of the Payden & Rygel Investment Group, which files reports pursuant to the Exchange Act.

Functions and Meetings of the Board of Directors

The Company's corporate governance guidelines, director independence criteria, committee charters, codes of conduct and other documents setting forth the Company's corporate governance practices can be accessed in

Table of Contents

the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com or by writing to the Company at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations.

Director Independence

Each year, our Board of Directors reviews commercial and charitable relationships of each director to evaluate such director's independence pursuant to Rule 303A.02 of the New York Stock Exchange Listed Company Manual and our own director independence criteria, which can be accessed on our website at www.avisbudgetgroup.com and are attached hereto as Annex A. In conducting its review, the Board of Directors considers a number of factors, including the director's and his or her immediate family members' relationships with the Company and its subsidiaries, affiliates, executive officers and auditors; his or her relationships with foundations, universities and other non-profit organizations to which the Company has made a certain level of contributions during the past three years; and whether such director or his or her immediate family members have, during the past three years, been part of an interlocking directorate in which an executive officer of the Company served on the compensation (or equivalent) committee of another company that employs such director or his or her immediate family member as an executive officer.

After evaluating the factors described above, the Board of Directors has affirmatively determined that five of our current directors are independent under the corporate governance listing standards of the NYSE and our own director independence criteria. Our independent directors are currently Mary C. Choksi, Leonard S. Coleman, John D. Hardy, Jr., Lynn Krominga and Stender E. Sweeney.

We also maintain a Corporate Governance Committee, a Compensation Committee and an Audit Committee, and all of the directors serving on such committees are independent, based upon the corporate governance listing standards of the NYSE and our own director independence criteria.

Presiding Director

The position of Presiding Director was established by the Board of Directors to appoint a director whose primary responsibilities include presiding over periodic executive sessions of the non-management members of the Board of Directors, advising the Chairman of the Board of Directors and committee chairs with respect to meeting agenda and information needs, providing advice with respect to the selection of committee chairs and performing other duties that the Board of Directors may from time to time delegate to assist it in the fulfillment of its responsibilities. The non-management members of the Board of Directors have designated Mr. Coleman to serve in this position until the Company's 2010 annual meeting of stockholders.

Communicating with the Board of Directors

Stockholders and other interested parties may send communications to the Board of Directors by writing to the Board of Directors, c/o the Secretary, at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054. In addition, all parties interested in communicating directly with the Presiding Director or with any other non-management director may do so by writing to Avis Budget Group, Inc. at the same address, Attention: Presiding Director, c/o the Secretary or via e-mail at presidingdirector@avisbudget.com. The Presiding Director is responsible for reviewing and distributing all interested parties' communications received to the intended recipients and/or to the full Board of Directors, as appropriate.

Codes of Conduct

The Board of Directors has adopted a code of conduct that applies to all officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. The Board of Directors has also adopted a code of business conduct and ethics for directors. Both codes of conduct are

Table of Contents

available in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com, or by writing the Company at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations. The purpose of these codes of conduct is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company; and to promote compliance with all applicable rules and regulations that apply to the Company and its officers and directors.

Board of Directors Meetings

The Board of Directors held eight meetings and acted by unanimous written consent on one occasion during 2008. In 2008, all incumbent directors attended at least 75% of the aggregate number of meetings of the Board of Directors and committees of the Board of Directors on which they served. All directors are required to attend each regularly scheduled Board of Directors meeting. Attendance at the Company's annual meeting of stockholders is strongly encouraged, and our goal is for a representative of each of the Audit Committee, Compensation Committee and Governance Committee to be present at each annual meeting. The 2008 annual meeting of stockholders was attended by all directors.

Committees of the Board of Directors

Audit Committee

The Audit Committee presently consists of Mr. Sweeney (Chairman), and Mses. Krominga and Choksi (the Audit Committee). The Audit Committee oversees the accounting and financial reporting processes of the Company, as well as the audits of the financial statements of the Company. See Report of Audit Committee below. The Board of Directors has determined that all members of the Audit Committee are independent directors under the rules of the NYSE, the Company's Director Independence Criteria (as set forth in Annex A) and within the meaning of applicable SEC rules, and that each member of the Audit Committee has the ability to read and understand fundamental financial statements. The Board of Directors has determined that Mr. Sweeney qualifies as an audit committee financial expert as defined by the rules of the SEC and is independent as defined by the NYSE standards with respect to audit committee members. The text of the Audit Committee charter can be found in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com, or may be obtained by contacting the Company's Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054. The Audit Committee held eight meetings in 2008.

Compensation Committee

The Compensation Committee presently consists of Messrs. Hardy (Chairman) and Coleman and Ms. Krominga (the Compensation Committee or the Committee).

The Board of Directors has determined that each member of the Compensation Committee is an independent director under the rules of the NYSE and the Company's Director Independence Criteria, an outside director for purposes of Section 162(m) of the Internal Revenue Code, and a non-employee director for purposes of Section 16 of the Exchange Act. The text of the Compensation Committee charter can be found in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com, or may be obtained by contacting the Company's Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054. The Compensation Committee held six meetings in 2008.

The role of the Committee is to assure that our executive officers are compensated effectively in a manner consistent with our stated compensation strategy, internal equity considerations, and competitive practice. The primary responsibilities are as follows:

Review and approve our stated compensation strategy;

Annually review and determine the individual elements of total compensation for the Chief Executive Officer;

Table of Contents

Review and approve individual elements of total compensation for our executive officers;

Assure that our annual and long-term bonus and incentive compensation plans are administered in a manner consistent with our compensation strategy;

Make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans and approve, subject, where appropriate, to submission to stockholders, all new equity-related incentive plans for executive officers;

Review and approve stock option and other equity awards; and

Evaluate its performance under its charter on an annual basis.

We refer you to Executive Compensation below for additional information regarding the Compensation Committee's processes and procedures.

Corporate Governance Committee

The Corporate Governance Committee presently consists of Messrs. Coleman (Chairman) and Sweeney and Ms. Choksi (the Corporate Governance Committee). The Board of Directors has determined that each of the current members qualifies as an independent director under the rules of the NYSE and the Company's Director Independence Criteria. The responsibilities of the Corporate Governance Committee include identifying and recommending to the Board of Directors appropriate director nominee candidates and providing oversight with respect to corporate governance matters. The text of the Corporate Governance Committee charter can be found in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com, or may be obtained by contacting the Company's Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054. The Corporate Governance Committee held four meetings in 2008.

Director Nomination Procedures

The Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of members of the Board of Directors. It seeks to ensure that all members of the Company's Audit Committee meet the Company's Director Independence Criteria and the financial literacy requirements under the rules of the NYSE; that at least one of the members of the Audit Committee qualifies as an audit committee financial expert under the rules of the SEC; and that all members of the Compensation Committee and the Corporate Governance Committee meet the Company's Director Independence Criteria. Nominees for director positions are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to the duties associated with being a member of the Board of Directors.

The Corporate Governance Committee will consider written proposals from stockholders for candidates to be nominees for director positions. In considering candidates submitted by stockholders, the Corporate Governance Committee will take into consideration the needs of the Board of Directors and the qualifications of the candidate. Any such proposal should be submitted to the Corporate Governance Committee, c/o the Secretary of the Company, at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, and should include the following: (a) the name of the stockholder and evidence of such stockholder's beneficial ownership of the shares of Common Stock, including the number of shares of Common Stock beneficially owned and the length of time of such beneficial ownership; and (b) the name of the candidate, such candidate's resume or a listing of his or her qualifications to be a director of the Company and such candidate's consent to be named as a director, if selected by the Corporate Governance Committee, nominated by the Board of Directors and elected. The written proposal should be submitted in the time frame and consistent with the requirements described in the by-laws of the Company and under the caption Stockholder Proposals for 2010 Annual Meeting below.

Table of Contents

The process for identifying and evaluating candidates to be nominees to the Board of Directors is initiated by identifying a candidate who meets the criteria for selection as a nominee and has the specific qualities or skills being sought based on input from members of the Board of Directors and, if the Corporate Governance Committee deems appropriate, a third-party search firm. Such candidates are evaluated by the Corporate Governance Committee by reviewing such candidates' biographical information and qualification and checking the candidates' references. Qualified candidates are interviewed by at least one member of the Corporate Governance Committee. Using the input from such interview and other information obtained by the Corporate Governance Committee, the Corporate Governance Committee evaluates whether such candidate is qualified to serve as a director and whether the Corporate Governance Committee should recommend to the Board of Directors that the Board nominate such candidate or elect such candidate to fill a vacancy on the Board of Directors. Candidates recommended by the Corporate Governance Committee are presented to the Board of Directors for selection as nominees to be presented for the approval of the stockholders or for election to fill a vacancy.

The Corporate Governance Committee expects that a similar evaluation process will be used to evaluate candidates to be nominees for director positions recommended by stockholders. However, to date, the Company has not received any stockholder proposal to nominate a director.

Executive Committee

The Executive Committee presently consists of Messrs. Nelson (Chairman), Salerno and Edelman (the Executive Committee). The Executive Committee has and may exercise all of the powers of the Board of Directors when the Board of Directors is not in session, including the power to authorize the issuance of stock, except that the Executive Committee has no power to (a) alter, amend or repeal the by-laws or any resolution or resolutions of the Board of Directors, (b) declare any dividend or make any other distribution to the stockholders of the Company, (c) appoint any member of the Executive Committee, or (d) take any other action which legally may be taken only by the full Board of Directors. The Executive Committee acted by unanimous written consent on three occasions in 2008.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth information regarding beneficial ownership of shares of Common Stock, par value \$0.01 per share, of the Company (Common Stock) as of March 20, 2009 by (i) each person who is known by us to beneficially own more than 5% of the outstanding shares of Common Stock, (ii) each of the Company s directors and each of its named executive officers named in the Summary Compensation Table below and (iii) all of the Company s directors and current executive officers as a group.

Name of Beneficial Owner	Total Amount of Shares Beneficially Owned(1)	Percent of Common Stock Owned(2)	Of the Total Number of Shares Beneficially Owned, Shares which May be Acquired within 60 days(3)
Principal Stockholders:			
Shapiro Capital Management LLC(4)	16,775,472	16.5%	
Classic Fund Management Aktiengesellschaft(5)	5,242,283	5.2%	
Directors and Named Executive Officers:			
Ronald L. Nelson	256,894	*	104,249
Mary C. Choksi	27,100(6)	*	
Leonard S. Coleman	31,255(7)	*	6,255
Martin L. Edelman	36,767(8)	*	11,467
John D. Hardy, Jr.	(9)	*	
Lynn Krominga	(10)	*	
Eduardo G. Mestre	(11)	*	
F. Robert Salerno	147,558	*	85,469
Stender E. Sweeney	100(12)	*	
Mark J. Servodidio	44,097		