

AVIS BUDGET GROUP, INC.
Form DEF 14A
March 25, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

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March 25, 2011

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 May 20, 2011 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, we have again elected to take advantage of the "Notice and Access" rules of the Securities and Exchange Commission with respect to furnishing our proxy materials and our 2010 Annual Report to stockholders over the Internet. We are continuing the use of this method with a portion of our stockholders and believe this process provides a convenient and quick way to access your proxy materials and 2010 Annual Report and vote. Expanded electronic dissemination expedites receipt of your proxy materials and 2010 Annual Report while allowing us to reduce the environmental impact of our annual meeting and to reduce the costs of printing and mailing full sets of proxy materials. Many stockholders will receive a notice of Internet availability of proxy materials and the 2010 Annual Report (the "Notice") containing convenient instructions on how to access annual meeting materials via the Internet. If you received the Notice, you will not receive a printed copy of the proxy materials or the 2010 Annual Report, unless you specifically request one. 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, if you received paper copies of the proxy material by mail, 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

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NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

May 20, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the Company) will be held on May 20, 2011 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 2012 and until their successors are duly elected and qualified or until his or her earlier resignation or removal.
2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for fiscal year 2011.
3. To hold a non-binding advisory vote on the compensation of our named executive officers.
4. To hold a non-binding advisory vote on the frequency of advisory votes on the compensation of our named executive officers.
5. 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 March 24, 2011 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 May 20, 2011

The Company's Proxy Statement on Schedule 14A,

form of proxy card and 2010 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: March 25, 2011

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AVIS BUDGET GROUP, INC.

6 Sylvan Way

Parsippany, New Jersey 07054

PROXY STATEMENT

Annual Meeting of Stockholders to

be held on May 20, 2011

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 2011 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 4, 2011, the Company will first mail to certain stockholders of record the Notice of Internet Availability of Proxy Materials containing instructions on how to access this Proxy Statement online, or in the alternative, request a paper copy of the proxy materials and a proxy card, and also will first mail to certain other stockholders this Proxy Statement and the enclosed proxy card.

What items will I be voting on?

Election of Directors (see page 52).

Ratification of Deloitte & Touche LLP as the Company's independent registered accounting firm for fiscal year 2011 (see pages 53-54).

A non-binding advisory vote on the compensation of our named executive officers (see pages 55-56).

A non-binding advisory vote on the frequency of the advisory vote on the compensation of our named executive officers (see page 57).

How many votes do I have?

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 March 24, 2011 (the *Record Date*).

How many votes can be cast by all stockholders?

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104,896,648, 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 34,965,549 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.

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How does a stockholder nominate someone to be a director?

Director nominations may be made by a stockholder so long as the qualifying shareholder follows the procedures outlined in the by-laws of the Company as summarized below. Pursuant to the Company's by-laws, as amended and restated, for a nomination to be made by a stockholder, such stockholder must have given the proper notice not less than ninety (90) days before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, in the event that the annual meeting of stockholders is called for on a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting of stockholders was mailed or such public disclosure of the date of the annual meeting of stockholders was made, whichever occurs first. For the 2012 annual meeting, the Company must receive such notice on or before February 20, 2012. Such notice and nomination should be submitted in writing to the Secretary of the Company within the specific time limits and should include the information required for stockholder nominations set forth in the Company's by-laws.

The complete description of the procedure for shareholder nominations is contained in the Company's by-laws. A copy of the full text of the by-law provision containing this procedure may be accessed in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com.

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

Election of Directors (Proposal 1). In an uncontested election, Directors are each elected by a majority of the votes cast with respect to that nominee. This means that the number of votes cast for each Director nominee must exceed the number of votes cast against that nominee. Any abstentions or broker non-votes are not counted as votes cast for or against that Director's election and have no effect on the election of Directors. In contested elections, where the number of Director nominees exceeds the number of Directors to be elected, Directors will be elected by the vote of a plurality of the shares of Common Stock present at the Meeting, in person or by proxy, and entitled to vote on the election of Directors. Brokers who hold shares of Common Stock in street name will not 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 unless such brokers receive specific voting instructions from the beneficial owners of such shares.

Ratification of Appointment of Auditors (Proposal 2). Approval of the proposal relating to the ratification of the appointment of the Company's independent registered public accounting firm for fiscal year 2011 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. 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 the Company's independent registered public accounting firm 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.

Advisory Vote on the Compensation of our Named Executive Officers (Proposal 3). Approval, in a non-binding advisory vote, of the compensation of our named executive officers (Say on Pay) requires a vote of the majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. 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. Brokers who hold shares of Common Stock in street name will not 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 approval of the compensation of our named executive officers unless such brokers receive specific voting instructions from the beneficial owners of such shares.

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Advisory Vote on the Frequency of Say on Pay Votes (Proposal 4). Recommendation, in a non-binding advisory vote, of how frequently an advisory shareholder vote to approve the compensation of our named executive officers should occur requires a majority of the votes cast with respect to a particular frequency of the advisory vote on executive officer compensation. This means that the number of votes cast for a particular frequency of the advisory vote on executive officer compensation must exceed the aggregate number of votes cast for all other alternative frequencies available in the advisory vote on executive officer compensation. Any abstentions or broker non-votes are not counted as votes cast for any frequency of the advisory vote on executive officer compensation and will have no effect. Stockholders are being provided an opportunity to make an advisory recommendation as to whether an advisory vote to approve named executive compensation should occur every one, two or three years. Brokers who hold shares of Common Stock in street name will not 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 frequency of the advisory vote on executive compensation unless such brokers receive specific voting instructions from the beneficial owners of such shares.

A broker non-vote occurs when a broker does not have discretion to vote on a particular proposal 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. If you hold your shares of common stock in street name and do not provide voting instructions to your broker within the required time frame before the Annual Meeting, your shares of Common Stock will not be voted by the broker for Proposals 1, 3, or 4, but the broker will have the discretion to vote your shares of common stock on Proposal 2.

What is the Board's voting recommendations?

The Board recommends that you vote your shares:

FOR the election of each of the nominees for the Board (Proposal No. 1);

FOR the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2011 (Proposal No. 2);

FOR the proposal regarding the compensation of our named executive officers (Proposal No. 3); and

ONCE EVERY YEAR (1 YEAR) with respect to the frequency of the advisory vote on the compensation of our named executive officers (Proposal No. 4).

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 card;

date and sign the proxy card;

mail the proxy card promptly in the enclosed envelope; and

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allow sufficient time for the proxy card 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

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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 May 19, 2011.

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 of Internet availability of this Proxy Statement. The deadline for voting is 11:59 p.m., Eastern Time, on May 19, 2011.

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 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 (Proposal No. 1);

FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2011 (Proposal No. 2);

FOR the proposal regarding the compensation of our named executive officers (Proposal No. 3); and

ONCE EVERY YEAR (1 YEAR) with respect to the advisory vote on the compensation of our named executive officers (Proposal No. 4).

How do participants in savings plans vote?

For participants in the Avis Budget Group, Inc. Employee Savings Plan, the AB Car Rental Services Retirement Savings Plan and the AB Car Rental Services 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 May 13, 2011, 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 May 13, 2011. 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

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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?

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. 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. Cameras and recording devices will not be permitted at the Meeting.

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 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 such 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 such Notice. In addition, stockholders may request to receive proxy materials in print form or electronically by email on an ongoing basis.

How can I find the voting results of the Annual Meeting?

Voting results will be tallied by the inspector of election and published in the Company's Current Report on Form 8-K (the Initial Form 8-K), which the Company is required to file with the SEC within four business days following the Annual Meeting. The Company's decision on how frequently to hold an advisory vote with respect to the compensation of our named executive officers will be disclosed either in the Initial Form 8-K or in an amended Current Report on Form 8-K, which the Company is required to file with the SEC within 150 days following the Annual Meeting.

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

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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 following the instructions provided if you vote via the Internet or by telephone.** Choosing to access your future proxy materials electronically will help the Company conserve natural resources and reduce the cost of distributing the Company's proxy materials. If you choose to access future proxy materials electronically, you will receive an email with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to access proxy materials by email will remain in effect until you terminate it.

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.

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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 2012 annual meeting of stockholders and until their successors are duly elected and qualified or until his or her earlier resignation or removal. The name and age of each present director, his or her position with the Company, and principal occupations and directorships held with other public companies during the past five years are set forth below. In addition to the information presented below regarding each director's experience, skills and attributes that contribute to the effectiveness of the Board of Directors as a whole, each director possesses valuable business management and leadership experience, demonstrates an ability to exercise sound judgment and business acumen, and brings unique perspective to the Board.

Name of Present Director	Age	Present Position
Ronald L. Nelson	58	Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer and Director
Mary C. Choksi	60	Director
Leonard S. Coleman	62	Presiding Director and Chairman of the Corporate Governance Committee
Martin L. Edelman	69	Director
John D. Hardy, Jr.	67	Director and Chairman of the Compensation Committee
Lynn Krominga	60	Director
Eduardo G. Mestre	62	Director
F. Robert Salerno	59	Vice Chairman and Director
Stender E. Sweeney	72	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. He has also served as President and Chief Operating Officer of the Company since June 2010. Prior to August 2006, Mr. Nelson held several executive finance and operating roles, starting in April 2003, with Cendant Corporation (as the Company was formerly known, Cendant), including as Chief Financial Officer and President. 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 boards of Convergys Corporation and Hanesbrands Inc., which both file reports pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). Mr. Nelson also served on the board of PHH Corporation from September 2003 to January 2005. Mr. Nelson's role as Chief Executive Officer of the Company, history with the Company and Cendant, including as Cendant's Chief Financial Officer, significant operating experience and extensive board experience led to the conclusion that Mr. Nelson should serve as a director of the registrant.

Ms. Choksi has been a director since March 2007. Ms. Choksi is a founding partner and Managing Director of Strategic Investment Group, Emerging Markets Investors Corporation (EMI) and Emerging Markets Management (EMM), investment management groups founded in 1987, which design and implement global investment strategies for large institutional and individual investors. Within Strategic, Ms. Choksi is a member of the investment strategy group charged with overseeing the asset mix of globally diversified client portfolios, supervises reporting to all clients and has responsibilities in corporate planning. EMM manages portfolios of marketable equities in the emerging markets of Asia, Europe, Latin America, Africa, and the Middle East on behalf of institutional and private investors. Ms. Choksi serves on the Board of Managing Directors of EMM, as well as on the boards of the Emerging Markets South Asia Fund and the Emerging Markets Quantitative Portfolio. Prior to the establishment of Strategic, EMI and EMM, Ms. Choksi worked in the Pension Investment Division of the World Bank, which was responsible for investing the institution's pension plan. Before joining

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the Bank's finance complex, she worked for nine years in the development arm of the Bank, working on South and Southeast Asia. From 1996 to 2006, Ms. Choksi served on the board of H.J. Heinz Company, which files reports pursuant to the Exchange Act. Ms. Choksi's collective board experience, including as a director of the Board and the Heinz board and service on the Audit Committees of both companies, international and financial experience, and diverse personal background led to the conclusion that Ms. Choksi should serve as a director of the registrant.

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 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. Since 2000, Mr. Coleman has also served on the board of Aramark Corporation, which filed reports pursuant to the Exchange Act through 2007, and he also served on the board of New Jersey Resources Corporation from 1995 to 2004. In 1982, Mr. Coleman was appointed to a four-year term as commissioner of the New Jersey Department of Energy. Mr. Coleman's diverse personal background, history with the Company, extensive board experience, international experience and public service led to the conclusion that Mr. Coleman should serve as a director of the registrant.

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. Edelman also served on the board of Realogy Corporation from 2006 to 2007 and Hanover Direct, Inc. from 2003 to 2004. Mr. Edelman's history with the Company, including as Chairman in 1999, broad legal experience and extensive experience advising companies led to the conclusion that Mr. Edelman should serve as a director of the registrant.

Mr. Hardy has been a director and Chairman of the Compensation Committee since April 2008. From 1981 until his retirement in 2008, Mr. Hardy was a partner at the law firm of O Melveny & Myers LLP where he practiced corporate and securities law and served on the firm's compensation committee. From June 2008 through June 2009, Mr. Hardy was a partner at the law firm of Venable LLP where he focused on recruitment and practice development for the firm's West Coast business practice. Mr. Hardy's extensive background and familiarity with the securities laws and the legal aspects of financing transactions, past service on the Board and compensation committee experience led to the conclusion that Mr. Hardy should serve as a director of the registrant.

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 positions 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 Neogenix Oncology, Inc., a company that files reports pursuant to the Exchange Act, and is a member of its audit and corporate governance committees. Ms. Krominga also serves as a director of Sunrise Senior Living, Inc., a company that files reports pursuant to the Exchange Act. 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 such roles include voting membership on all board committees. Ms. Krominga's extensive management and director experience in public and private

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companies, broad legal experience, including extensive knowledge of corporate governance and regulatory issues, and international business experience led to the conclusion that Ms. Krominga should serve as a director of the registrant.

Mr. Mestre has been a director since July 2008. Since 2004, Mr. Mestre has been Vice Chairman of Evercore Partners, 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 27-year career there. Mr. Mestre's diverse personal background, history with the Company, extensive corporate advisory experience and service on the Board led to the conclusion that Mr. Mestre should serve as a director of the registrant.

Mr. Salerno has been Vice Chairman of the Company since June 2010 and a director of the Company since August 2006. Mr. Salerno was previously President and Chief Operating Officer of the Company from August 2006 to June 2010. For nearly 30 years, Mr. Salerno has held numerous leadership positions with the Company, including as chief executive of Cendant's vehicle rental business and as President and Chief Operating Officer of Avis from 1996 to November 2002. Mr. Salerno's extensive career with the Company and familiarity with all aspects of its business led to the conclusion that Mr. Salerno should serve as a director of the registrant.

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. Mr. Sweeney's extensive finance and operating experience, as well as Mr. Sweeney's experience on the audit committees of the registrant and the Payden & Rygel Investment Group, led to the conclusion that Mr. Sweeney should serve as a director of the registrant.

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 the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com.

Director Independence

To determine director independence, our Board of Directors reviews commercial and charitable relationships of each director to evaluate such director's independence in accordance with the listing standards of the NASDAQ Stock Market LLC (NASDAQ) and pursuant to our own director independence criteria, which can be accessed on our website at www.avisbudgetgroup.com. In conducting its review, the Board of Directors considers a number of factors, including the director's and his or her 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 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 family member as an executive officer.

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After evaluating the factors described above, the Board of Directors has affirmatively determined that seven of our current directors are independent in accordance with NASDAQ corporate governance listing standards and our own director independence criteria. Our independent directors are currently Mary C. Choksi, Leonard S. Coleman, Martin L. Edelman, John D. Hardy, Jr., Lynn Krominga, Eduardo G. Mestre, and Stender E. Sweeney. In connection with its determination that Mr. Edelman is independent, the Board of Directors considered the commercial and charitable relationships of Mr. Edelman, including Mr. Edelman's role as Of Counsel with Paul, Hastings, Janofsky & Walker, LLP, which has provided legal services to the Company. In each of 2008, 2009 and 2010, the Company paid Paul Hastings approximately \$100,000 for such services. In 2007, Paul Hastings received approximately \$650,000 in respect of legal services, primarily in connection with a legal matter of Cendant, and as a result, the majority of such fees were paid by Realogy Corporation and Wyndham Worldwide Corporation, pursuant to agreements entered into at the time of the separation of our Company into four separate companies (the Cendant Separation).

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 NASDAQ corporate governance listing standards and our own director independence criteria.

Board Leadership Structure

The Board of Directors, which is comprised of individuals who are familiar with board processes, is focused on preserving the long-term interests of our shareholders and is committed to maintaining effective and responsible corporate governance. The Board of Directors has determined that the current leadership structure, consisting of a combined Chairman of the Board and Chief Executive Officer position, an independent presiding director and independent membership for the Audit, Compensation and Corporate Governance Committees of the Board of Directors, best serves the Company and its shareholders. The Board of Directors believes this form of leadership promotes unified direction for the Company and demonstrates for all stakeholders that the Company is under strong leadership by allowing a single person to have primary responsibility for managing operations and a clear focus on executing business plans and strategic initiatives. A combined CEO/Chairman of the Board position also eliminates the potential for confusion or a duplication of efforts and the role of an independent presiding director, as further discussed below, adequately addresses any concerns over maintaining such a combined leadership role. Mr. Nelson, who possesses extensive financial and operating management experience as well as substantial board experience, has served in the dual role of Chairman of the Board and Chief Executive Officer since 2006. Under Mr. Nelson's leadership, the Company has maintained its position as a leader in the vehicle rental industry and successfully managed through an unprecedented period of economic uncertainty and turmoil.

The position of Presiding Director was established in February 2003 by the Board of Directors to appoint an independent director whose primary responsibilities include presiding over periodic executive sessions of the independent members of the Board of Directors, advising the Chairman of the Board 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. Such delegation of well-defined responsibilities to an independent Presiding Director helps ensure that an appropriate counter-balancing leadership structure is in place. The independent members of the Board of Directors have designated Leonard S. Coleman to serve in this position until the Company's 2012 annual meeting of stockholders. Mr. Coleman has served in this role since its creation and brings a history of leadership experience as a lead independent director.

Risk Management and Risk Assessment

Our Audit Committee has the primary responsibility for the oversight of risk management and risk assessment, including the Company's major financial risk exposures and the steps management has undertaken to control such risks. The Board of Directors remains actively involved in such oversight of risk management and

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assessment and receives periodic presentations from our executive officers and certain of their direct reports, as the Board of Directors may deem appropriate. While the Board of Directors maintains such oversight responsibility, management is responsible for the day-to-day risk management processes. The Board of Directors believes this division of responsibility is the most effective approach for addressing the risks facing the Company.

In 2011, in consultation with the Corporate Governance Committee and the Board of Directors, management reviewed the Company's compensation policies and practices for employees generally as they relate to risk management. As part of this process, management reviewed the Company's incentive compensation programs applicable to all employees with the chairmen of the Audit and Compensation Committees and the Company's compensation consultant to determine whether such programs create incentives that might motivate inappropriate or excessive risk-taking. In the course of such review, the following mitigating features of the Company's incentive compensation programs were considered: (1) the Company's recoupment policies; (2) that virtually all of the Company's annual incentive programs allow for downward discretion, which permits the Company to reduce incentive compensation payouts; and (3) that executive officers are subject to share ownership and retention guidelines. As a result of this process, there were no recommended changes to the Company's incentive compensation programs.

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 independent 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 available in the Investor Relations Corporate Governance section of the Company's website at www.avisbudgetgroup.com. 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 2010. In 2010, 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 2010 annual meeting of stockholders was attended by all directors.

Table of Contents**Committees of the Board of Directors**

Name	Audit	Compensation	Corporate Governance	Executive
Mary C. Choksi	ü		ü	
Leonard S. Coleman		ü	Chair	
Martin L. Edelman				ü
John D. Hardy, Jr.		Chair		
Lynn Krominga	ü	ü		
Eduardo G. Mestre				
Ronald L. Nelson				Chair
F. Robert Salerno				ü
Stender E. Sweeney	Chair		ü	
Committee Meetings Held in 2010	8	5	3	5*

* The Executive Committee acted by unanimous consent on five occasions in 2010.

Audit Committee

The Audit Committee oversees the audits of the financial statements of the Company, as well as the accounting and financial reporting process of the Company, including oversight of (i) the integrity of the Company's financial statements, (ii) the Company's independent auditors qualifications and independence, (iii) the performance of the Company's independent auditors and the Company's internal audit function and (iv) the Company's compliance with legal and regulatory requirements. See Report of Audit Committee below. The Board of Directors has determined that all members of the Audit Committee are independent directors under the Company's Director Independence Criteria and within the meaning of applicable NASDAQ 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, thereby satisfying NASDAQ's financial sophistication requirement, and is independent as defined by NASDAQ 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.

Compensation Committee

The role of the Compensation 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;

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;

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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;

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Review and approve all 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.

The Board of Directors has determined that each member of the Compensation Committee is an independent director in accordance with NASDAQ listing standards and the Company's Director Independence Criteria, an outside director for purposes of Section 162(m) of the Internal Revenue Code (the "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.

Corporate Governance Committee

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 Corporate Governance Committee also reviews director compensation and makes recommendations as to the terms and conditions of such compensation to the Board. In determining director compensation for 2010, the Corporate Governance Committee reviewed the Company's compensation practices for the prior year and consulted with Pay Governance LLC, the Company's compensation consultant, to evaluate relevant market trends, data and practices. Based upon such review, the recommendations of the compensation consultant and other factors, the Corporate Governance Committee determined to recommend a \$20,000 increase in the annual retainer, which represented the first increase in director compensation since 2006, and is payable 50% in cash and 50% in deferred Common Stock.

The Board of Directors has determined that each of the current members qualifies as an independent director under applicable NASDAQ rules and the Company's Director Independence Criteria. 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.

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 applicable NASDAQ rules; 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 thereby satisfies NASDAQ's financial sophistication requirement, 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

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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 2012 Annual Meeting" below.

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.

While the Board has not adopted a formal policy with respect to diversity, the Corporate Governance Committee believes it is important that nominees for the Board represent diverse viewpoints and backgrounds. The Corporate Governance Committee is committed to advancing Board diversity, defined to include differences of viewpoint, professional experience, education, skill, race, gender and national origin, and, as specified in its charter, considers diversity in the mix of qualifications, experience, attributes or skills considered in its process of identifying and evaluating candidates to be nominees to the Board of Directors.

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.

Succession Planning

The Board of Directors is responsible for the development, implementation and periodic review of a succession plan for our Chief Executive Officer and each senior executive position, all of whom have been designated as members of our Senior Leadership Team (SLT). Our Board of Directors believes that effective succession planning and talent management and development play a critical role in safeguarding business capabilities, developing strong leadership quality and executive bench strength and optimizing overall business development, operating performance, profitability and shareholder value. As such, based upon a review of recommendations made by senior management, the Board of Directors has developed a list of critical attributes and has implemented a formal assessment process employing an external advisor to assess and develop successor

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candidates not only for the position of Chief Executive Officer but for each position held by a SLT member. In order to ensure that qualified candidates are available for all SLT positions, the Board of Directors oversees the development of internal candidates, maintains talent development plans to strengthen the skills and qualifications of such candidates and would be responsible, if necessary, for the identification of suitable external successor candidates. The Board of Directors has also developed an emergency succession plan in the event of an unexpected disability or inability of our Chairman and Chief Executive Officer to perform his duties.

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 February 22, 2011 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:**			
BlackRock, Inc.(4)	8,102,347	7.8%	
Putnam, LLC(5)	7,455,484	7.2%	
SRS Investments(6)	7,000,000	6.7%	
Columbia Wanger Asset Management, L.P.(7)	6,917,270	6.7%	
Dimensional Fund Advisors LP(8)	6,261,335	6.0%	
Senator Investment Group LP(9)	6,000,000	5.8%	
PAR Investment Partners, L.P.(10)	5,885,429	5.7%	
Vanguard Group, Inc.(11)	5,670,165	5.5%	
Directors and Named Executive Officers:			
Ronald L. Nelson	834,146(12)	*	561,249
Mary C. Choksi	32,963(13)	*	5,863
Leonard S. Coleman	34,321(14)	*	9,321
Martin L. Edelman	33,505(15)	*	8,205
John D. Hardy, Jr.	5,863(16)	*	5,863
Lynn Krominga	18,458(17)	*	5,958
Eduardo G. Mestre	5,296(18)	*	5,296
F. Robert Salerno	574,451(19)	*	449,503
Stender E. Sweeney	12,585(20)	*	12,485
Larry D. De Shon	222,778(21)	*	181,671
Thomas M. Gartland	207,442(22)	*	191,549
David B. Wyshner	380,261(23)	*	310,167
All Directors and Executive Officers as a group (16 persons)	3,006,056(24)	2.8%	2,245,546(25)

* Amount represents less than 1% of outstanding Common Stock.

** Information is based upon the assumption that there was no change in the beneficial ownership of such shares of Common Stock from the publicly filed information through February 22, 2011.

- (1) Shares beneficially owned include (i) direct and indirect ownership of shares, (ii) vested stock option awards, and (iii) stock option awards that may become vested, and restricted stock units (RSUs) that may be settled, within 60 days of February 22, 2011.
- (2) Based on 103,924,471 shares of Common Stock outstanding on February 22, 2011.
- (3) Includes (i) vested stock option awards and (ii) stock option awards that may become vested, and RSUs that may be settled, within 60 days of February 22, 2011.
- (4) Reflects beneficial ownership of 8,102,347 shares of Common Stock by BlackRock, Inc., as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 2, 2011. Such Schedule 13G indicates that BlackRock, Inc. has sole voting power and sole dispositive power for these shares of Common Stock. The principal business address for BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.

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- (5) Reflects beneficial ownership of 7,455,484 shares of Common Stock by Putnam, LLC, Putnam Investment Management, LLC and The Putnam Advisory Company, LLC (together, Putnam), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 14, 2011. Such Schedule 13G indicates that Putnam Investment Management, LLC and The Putnam Advisory Company, LLC have dispositive power over the shares of Common Stock as investment managers to the Putnam family of mutual funds and Putnam's institutional clients, respectively. Each of the mutual fund's trustees have voting power over the shares of Common Stock held by each fund, and The Putnam Advisory Company, LLC has shared voting power over the shares of Common Stock held by the institutional clients. The principal business address of Putnam is One Post Office Square, Boston, MA 02109.
- (6) Reflects beneficial ownership of 7,000,000 shares of Common Stock by SRS Partners US, LP, SRS Partners, Ltd., SRS Investment Management, LLC, SRS Partners US GP, LLC and Karthik R. Sarma (SRS), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 14, 2011. Such Schedule 13G indicates that the shares of Common Stock are directly beneficially owned by SRS Partners US, LP and SRS Partners, Ltd., and that Karthik R. Sarma (as Managing Member of the aforementioned companies), SRS Investment Management, LLC, and SRS Partners US GP, LLC (as general partner with respect to shares of Common Stock held by SRS Partners US, LP) may be deemed to share voting and dispositive power with respect to the shares of Common Stock with SRS Partners US, LP and SRS Partners, Ltd. The principal business address of SRS is 1 Bryant Park, 39th Floor, New York, NY 10036.
- (7) Reflects beneficial ownership of 6,917,270 shares of Common Stock by Columbia Wanger Asset Management, L.P. (CWAM), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 10, 2011. Such Schedule 13G indicates that CWAM has sole voting power and sole dispositive power for the shares of Common Stock, which include shares held by Columbia Acorn Trust (CAT), a Massachusetts business trust that is advised by CWAM. As indicated on such Schedule 13G, CAT holds 5.6% of the shares of Common Stock outstanding. The principal business address for CWAM is 226 West Monroe Street, Suite 3000, Chicago, Illinois 60606.
- (8) Reflects beneficial ownership of 6,261,335 shares of Common Stock by Dimensional Fund Advisors LP, as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 11, 2011. Such Schedule 13G indicates that Dimensional Fund Advisors LP, acts as an investment adviser to four registered investment companies, and as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively, the Dimensional Funds), and in certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. Such Schedule 13G indicates that in its role as investment adviser, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries possess voting and/or investment power over the shares of Common Stock owned by the Dimensional Funds, and may be deemed to be the beneficial owner of the shares of Common Stock held by the Dimensional Funds. Such Schedule 13G indicates that all shares of Common Stock reported on such Schedule 13G are owned by the Dimensional Funds. The principal business address of Dimensional Fund Advisors, LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.
- (9) Reflects beneficial ownership of 6,000,000 shares of Common Stock by Senator Investment Group, LP as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 11, 2011. Such Schedule 13G indicates that Senator Investment Group, LP serves as investment manager to two Delaware limited partnerships, four Cayman Island limited partnerships, and a Cayman Islands company and has investment discretion with respect to such entities and sole voting and dispositive power over the shares of Common Stock. The principal business address of Senator Investment Group, LP is 1330 Avenue of the Americas, 26th Floor, New York, NY 10019.
- (10) Reflects beneficial ownership of 5,885,429 shares of Common Stock by PAR Investment Partners, LP, PAR Group, L.P. and PAR Capital Management, Inc. (PAR), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on January 21, 2011. Such Schedule 13G indicates that PAR has sole voting power and sole dispositive power of the shares of Common Stock. The principal business address for PAR is One International Place, Suite 2401, Boston, MA 02110.

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- (11) Reflects beneficial ownership of 5,670,165 shares of Common Stock by The Vanguard Group, Inc., as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 10, 2011. Such Schedule 13G indicates that The Vanguard Group, Inc. has sole voting power over 135,406 shares, sole dispositive power over 5,534,759 shares and shared dispositive power over 135,406 shares of Common Stock. Such Schedule 13G indicates that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 135,406 shares of Common Stock and directs the voting of such shares. The principal business address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.
- (12) Includes 561,249 shares of Common Stock underlying fully vested but unexercised options.
- (13) Includes 5,863 shares of Common Stock held under the Non-Employee Directors Deferred Compensation Plan (the Plan), which, pursuant to the terms of the Plan, will be distributed as soon as reasonably practicable following such director's retirement or termination of service from the Board for any reason (Director Shares). Excludes 35,584 shares of Common Stock held under the Plan, which pursuant to the terms of the Plan will be distributed seven months following such director's retirement or termination of service from the Board for any reason (Director Deferred Shares)
- (14) Includes 6,715 Director Shares. Excludes 45,301 Director Deferred Shares.
- (15) Includes 5,599 Director Shares. Excludes 48,634 Director Deferred Shares.
- (16) Includes 5,863 Director Shares. Excludes 34,889 Director Deferred Shares.
- (17) Includes 5,958 Director Shares. Excludes 37,939 Director Deferred Shares.
- (18) Includes 5,296 Director Shares. Excludes 30,479 Director Deferred Shares.
- (19) Includes 429,731 shares of Common Stock underlying fully vested but unexercised options and 19,772 shares of Common Stock underlying RSUs scheduled to vest within 60 days.
- (20) Includes 12,485 Director Shares. Excludes 57,679 Director Deferred Shares.
- (21) Includes 170,000 shares of Common Stock underlying fully vested but unexercised options and 11,671 shares of Common Stock underlying RSUs scheduled to vest within 60 days.
- (22) Includes 185,000 shares of Common Stock underlying fully vested but unexercised options and 6,549 shares of Common Stock underlying RSUs scheduled to vest within 60 days.
- (23) Includes 296,986 shares of Common Stock underlying fully vested but unexercised options and 13,181 shares of Common Stock underlying RSUs scheduled to vest within 60 days.
- (24) Excludes 290,505 Director Deferred Shares.
- (25) Represents 47,779 Director Shares, 86,877 shares of Common Stock underlying time-based RSUs, 1,864,250 shares of Common Stock underlying fully vested but unexercised options with a strike price of \$0.79 and 246,640 shares of Common Stock underlying fully vested but unexercised options with strike prices ranging from \$11.53 to \$33.26.

Table of Contents**EXECUTIVE OFFICERS**

The present executive officers of the Company are set forth in the table below. All executive officers are appointed at the annual meeting or interim meetings of the Board of Directors. Each executive officer is appointed by the Board of Directors to hold office at the discretion of the Board of Directors and may be removed at any time by the Board of Directors with or without cause.

Name	Offices or Positions To be Held
Ronald L. Nelson	Chief Executive Officer, President and Chief Operating Officer
F. Robert Salerno	Vice Chairman
David B. Wyshner	Executive Vice President and Chief Financial Officer
W. Scott Deaver	Executive Vice President, Strategy and Pricing
Larry D. De Shon	Executive Vice President, Operations
Thomas M. Gartland	Executive Vice President, Sales, Marketing & Customer Care
Mark J. Servodidio	Executive Vice President, Chief Administrative Officer
Patric T. Siniscalchi	Executive Vice President, International Operations
Michael K. Tucker	Executive Vice President, General Counsel and Chief Compliance Officer
Izilda P. Martins	Vice President and Acting Chief Accounting Officer

Biographical information concerning the executive officers of the Company who also presently serve as directors is set forth above under Board of Directors Biographical Information for Nominees. Biographical information concerning all other present executive officers is set forth below.

Name	Biographical Information
David B. Wyshner	Mr. Wyshner , age 43, has been Executive Vice President and Chief Financial Officer since August 2006, and also served as Treasurer from August 2006 to November 2007. Previously, Mr. Wyshner held several key roles within Cendant, starting in 1999, including Executive Vice President and Treasurer and Vice Chairman of the Travel Services Division, which included the Avis and Budget vehicle rental businesses. Prior to joining the Company, Mr. Wyshner was a Vice President in Merrill Lynch & Co.'s investment banking division.
W. Scott Deaver	Mr. Deaver , age 59, has been Executive Vice President, Strategy and Pricing since September 2006. Previously, Mr. Deaver held several positions with the Company, including as Executive Vice President, Marketing. Mr. Deaver started employment with one of the Company's predecessor companies in 1989.
Larry D. De Shon	Mr. De Shon , age 51, has been Executive Vice President, Operations since October 2006. Prior to joining the Company, Mr. De Shon spent 28 years at United Airlines, starting as a customer service representative and advancing to hold a number of positions of increasing responsibility during his tenure, including as Senior Vice President of airport operations.
Thomas M. Gartland	Mr. Gartland , age 53, has been Executive Vice President of Sales, Marketing & Customer Care since April 2008. Prior to joining the Company, Mr. Gartland was President of JohnsonDiversey, Inc.'s North American Region, where he worked for 14 years. Prior thereto, Mr. Gartland was Vice President and Director of National Accounts with Ecolab Inc., where he also worked for 14 years.

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Name	Biographical Information
Mark J. Servodidio	Mr. Servodidio , age 45, has been Executive Vice President, Chief Administrative Officer since June 2010 and held the title of Executive Vice President and Chief Human Resource Officer from August 2006 through June 2010. Previously, Mr. Servodidio served in several senior executive roles with the Company's human resources function from April 2001. Prior to joining Avis, Mr. Servodidio was with Kraft Foods, Inc. (formerly Nabisco) from 1996 to 2001 where he was head of Human Resources for Nabisco's sales and supply chain unit. Prior thereto, he served in various leadership roles at PepsiCo, Inc.
Patric T. Siniscalchi	Mr. Siniscalchi , age 61, has been Executive Vice President, International Operations since August 2006. Mr. Siniscalchi joined Avis in 1971 and advanced to hold a number of positions of increasing responsibility during his tenure, including Senior Vice President, International Operations of Cendant's vehicle rental business.
Michael K. Tucker	Mr. Tucker , age 53, has been Executive Vice President, General Counsel and Chief Compliance Officer since April 2010. Prior to joining the Company, Mr. Tucker was in private practice, serving as managing partner at the law firm of Tucker Associates and of counsel at the law firm of Lowe & Savage from 2007. Prior thereto, Mr. Tucker was Division General Counsel with Tyco International Ltd. Inc. from 2005. Prior to joining Tyco, Mr. Tucker served in senior legal positions with General Electric Company, including division senior counsel of GE Transportation and senior vice president and general counsel of GE Capital International Services. Prior to joining General Electric, Mr. Tucker was associated with the law firms of Ballard Spahr Andrews & Ingersoll, Bingham Dana LLP, and Csaplár & Bok.
Izilda P. Martins	Ms. Martins , age 39, has been Vice President and Acting Chief Accounting Officer of the Company since November 2010 and Vice President of Tax since August 2006. Ms. Martins was previously Director of Tax Planning and Mergers & Acquisitions of Cendant from November 2004. Prior to joining the Company, Ms. Martins was associated with Deloitte & Touche LLP for seven years.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We refer you to our Annual Report on Form 10-K for the year ended December 31, 2010 (the 2010 Form 10-K) for additional information regarding the 2010 financial results for our Company discussed below. We define Adjusted EBITDA as income from continuing operations before non-vehicle depreciation and amortization, any impairment charge, non-vehicle related interest and income taxes. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Executive Summary

Pay for performance is a fundamental tenet of our compensation philosophy, which includes the core principles of rewarding the attainment of performance goals and aligning our executives' efforts and achievements with our stockholders' interests.

In 2010, the Company achieved the following significant strategic and business objectives, despite continuing to face challenges related to weak economic conditions:

our stock price increased 19% from \$13.12 on December 31, 2009 to \$15.56 on December 31, 2010;

Adjusted EBITDA increased by 87% year-over-year;

we continued to control costs and increase our operating efficiency, allowing us to increase Adjusted EBITDA substantially more than revenue grew;

all three of our operating segments (Domestic Car Rental, International and Truck Rental) achieved significant increases in Adjusted EBITDA; and

we generated \$54 million in reported net income compared with a net loss in 2009.

As a result, our named executive officers (NEOs) received a maximum payout under the 2010 annual incentive program.

Our 2010 performance reflects the continuation of performance trends seen as our stock price increased from \$0.70 on December 31, 2008 to \$13.12 on December 31, 2009 and our 2009 Adjusted EBITDA increased 51% notwithstanding a 14% decline in revenue, in the wake of a severe global economic recession. In light of our 2009 performance as well as the transition of our President and Chief Operating Officer to Vice Chairman in connection with his planned retirement, our Board of Directors approved a new five-year employment agreement with our CEO, which included significant changes from the prior agreement such as the elimination of the Section 280G excise tax gross-up provision, tax gross-ups on perquisites, and any severance payable at the end of the term. As contemplated by the new agreement, our CEO was awarded an up-front long-term incentive intended to cover the five-year contract term, with no additional long-term incentives anticipated during the term. The aggregate grant date fair value of this award was \$11.2 million and the annualized value is approximately \$2.2 million per year. The award is predominantly performance-based with 15% of the award comprised of stock options and 75% of the remainder of the award comprised of performance-based restricted stock units. In addition, the Compensation Committee (the Committee) awarded salary increases and cash incentives to certain of our other NEOs at the start of 2010.

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The Company's commitment to pay for performance is also illustrated in the graphs below, which demonstrate the corresponding increase and/or decrease in total NEO annual compensation, on average, as compared to (i) Adjusted EBITDA and (ii) year-end closing stock prices for the years 2007-2010:

* The graphs reflect performance for each year following the Cendant Separation in 2006. Total NEO compensation for 2007 reflects the average total compensation for all of our NEOs other than our EVP, Sales and Marketing, who joined the Company in 2008.

** Total NEO compensation is presented as disclosed in the Summary Compensation Table, except that total CEO compensation for 2010 reflects one-fifth of the aggregate grant date fair value of the equity award contemplated by the amended employment agreement as further discussed herein.

In 2011, the Committee expects to continue to focus on pay for performance and set appropriately challenging performance goals taking into consideration anticipated continued economic challenges. At the same time, the Committee seeks to be mindful of competitive practices and competing alternatives for management talent. As a result, performance metrics for 2011 reflect business plan Adjusted EBITDA achievement for the annual incentive plan and total shareholder return for the long-term incentive program.

The Committee believes it is imperative to the success of our business to ensure that our management ranks, and particularly our executive-level positions, are populated with persons possessing outstanding capabilities, strong commitment to our business and a drive to add value. Given the anticipated business challenges for 2010, and the pending retirement of our President and Chief Operating Officer, the Committee exercised its discretion to grant certain special incentive awards in 2010 to retain and motivate key executives critical to building the business for the future.

Our Named Executive Officers

This discussion addresses executive compensation in 2010 for our named executive officers, who are:

Ronald L. Nelson Chairman, Chief Executive Officer and President (our CEO);

David B. Wyshner Executive Vice President and Chief Financial Officer (our CFO);

F. Robert Salerno Vice Chairman;

Thomas M. Gartland Executive Vice President, Sales, Marketing & Customer Care (our EVP, Sales & Marketing); and

Larry D. De Shon Executive Vice President, Operations (our EVP, Operations).

Mr. Salerno transitioned from President and Chief Operating Officer to Vice Chairman in 2010 as part of his planned retirement.

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Components and Mix of Executive Compensation

Compensation for our NEOs is typically comprised of the following components, with actual 2010 compensation,* as illustrated below, subject to certain exceptions, as noted:

* Pay mix reflects values as disclosed in the Summary Compensation Table, excluding Other Compensation, which constituted less than 3% of total compensation.

** Reflects one-fifth of the aggregate grant date fair value of the equity award contemplated by the amended employment agreement as further discussed herein.

*** Excludes special cash incentives paid in 2010 to our CFO, EVP, Sales & Marketing and EVP, Operations.

Base salary. Each of our NEOs receives a base salary in the form of cash as part of total compensation. Base salaries provide a fixed and competitive form of annual compensation for the performance of primary responsibilities at a level consistent with each executive's experience and executive role. Base salaries are designed to provide competitive compensation to attract and retain exceptional executive talent and are not performance-based.

Annual Incentive Awards. Each of our NEOs received annual performance-based cash incentives. Annual incentives are designed to focus and motivate our executives on achieving the Company's short-term goals and accordingly, reward our executives upon achieving or exceeding specific annual performance goals using performance metrics that the Company believes are an appropriate measure of operational and financial performance.

Long-Term Incentive Awards. Long-term incentive awards are designed to attract and retain a highly qualified executive team, align executive rewards with stockholder interests, provide a focus and incentive for our executives to achieve appropriately challenging long-range performance goals, and allow our executives to share in the value created for the Company's stockholders.

Other Compensation. Each of our NEOs receives certain benefits that are not performance-based and are limited to health, life insurance, disability and retirement benefits, which are all part of our broad-based employee benefits program. Other executive benefits and perquisites include auto use, discounted auto insurance, auto lease and financial planning services. Our CEO, Vice Chairman and CFO also are provided with limited personal use of company aircraft services.

From time to time, compensation for our NEOs can also include special cash incentive awards, which are typically designed to recognize executives who have made outstanding contributions, reward outstanding individual performance and/or offer an additional incentive opportunity for our executives. In 2010, as further discussed below, our CFO, EVP, Sales & Marketing and EVP, Operations were granted special cash incentive awards of \$1 million, \$250,000 and \$250,000, respectively.

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Compensation for our CEO

In early 2010, the Company amended and restated its employment agreement with our CEO. The Committee recommended, and the outside members of the Board approved, a new employment agreement to ensure his continued leadership in light of his successful management of the Company throughout his tenure as CEO. The Committee and the Board took into account several additional factors, including our CEO's ability to successfully guide the Company through a global economic crisis and the desire to have Mr. Nelson remain with the Company for a period extending beyond the expiration date of his prior employment agreement.

Also considered were the potential benefits and the strategic importance of the Company entering into a new employment agreement with our CEO in early 2010. At that time, the Company had achieved many of its significant strategic and business objectives, despite the worldwide economic challenges, and our stock price had increased 1,774%, from \$0.70 on December 31, 2008 to \$13.12 on December 31, 2009. Among the key benefits of entering into a new employment agreement with our CEO included the opportunity to ensure the long-term retention of our CEO at a critical time while also providing for terms related to thoughtful succession planning, particularly in light of our CEO's assumption of the additional role of President in June 2010 following the transition of our former President and Chief Operating Officer to Vice Chairman as part of his planned retirement.

The employment agreement covers a five-year period ending on January 27, 2015, which eliminates the need to hold potentially time-consuming re-negotiations over terms of continued employment while allowing our CEO to focus on leading our Company, maintaining strategic focus and building long-term value.

The Committee and the Board made significant changes from the prior agreement with our CEO to better align pay with shareholder interests, including:

Elimination of any automatic renewal or "evergreen" feature;

Elimination of the trigger that provided grounds for a "Constructive Discharge" upon the occurrence of a "Corporate Transaction" (i.e., single-trigger in a change of control);

Elimination of the Section 280G excise tax gross-up provision;

Elimination of tax gross-ups on all CEO perquisites; and

Elimination of any severance payable at the end of the term.

The amended employment agreement contemplates the following compensation:

Annual base salary of \$1 million, representing no change since 2006;

An annual performance-based cash incentive target of 150% of base salary, contingent upon the Company's attainment of performance goals, also representing no change since 2006; and

A long-term incentive (the "CEO LTI") comprised of stock options and restricted stock units ("RSUs").

In keeping with the goal of providing a framework for the terms of employment for the next five years (i.e., 2010-2015), the CEO LTI is intended as the long-term incentive for the entire agreement term and was designed to approximate five times the median 2009 equity compensation of the Company's Peer Group (as defined under "Determining Executive Compensation Competitiveness"). The aggregate grant date

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fair value of the CEO LTI is \$11.2 million, or \$2.2 million on an annualized basis over the five-year term of the agreement. The substantial majority of the CEO LTI was awarded at contract signing (160,000 stock options and 800,000 RSUs). Due primarily to annual equity dilution concerns in 2010, the remainder, or 124,435 RSUs, was granted in January 2011.

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The CEO LTI is predominantly performance-based:

15% of the award is comprised of stock options (160,000), which only have value if the stock price appreciates; and

85% of the award is comprised of RSUs (924,435), with 75% of these shares (693,326) only vesting subject to the attainment of certain average stock prices for 30 consecutive trading days, as follows:

Stock Price*	# of Shares Subject to Vesting	% Growth (from 2010 grant date share price of \$11.53)
(100% vesting)		
\$14.59	150,000	26.5%
\$16.42	150,000	42.4%
\$18.47	196,663	60.2%
\$19.62	196,663	70.2%

* 50% of each tranche vests at somewhat lower stock goals that still represent meaningful growth from the 2010 per share grant price of \$11.53. Each tranche vests subject to the Company's attainment of an average closing stock price that equals or exceeds, for 30 consecutive trading days during the performance period, target vesting stock prices.

For additional information regarding this award, please see Analysis of 2010 Pay Decisions Long-Term Incentive Awards 2010 Award for our CEO .

The Committee and the Board believed that it was important that a significant portion of total CEO compensation consist of performance-based pay in order to encourage the enhancement of shareholder value and to bolster the motivational effect of the overall pay package. The one-time equity award itself was structured to induce our CEO to remain with the Company for the full term of the amended agreement as the award is subject to vesting over five years, and with respect to the RSU award, to encourage and reward the achievement of targeted stock price goals. The Committee consulted various equity-modeling analyses before recommending the equity award to ensure that the award would pay for performance and align with shareholder interests.

Entering into the new employment agreement with our CEO was consistent with our pay for performance history as depicted in the graph below, which demonstrates the corresponding increase and/or decrease in total CEO annual compensation as compared to: (i) Adjusted EBITDA and (ii) year-end closing stock prices for the years 2007-2010:

* CEO compensation is presented as disclosed in the Summary Compensation Table for each year following the Cendant Separation in 2006, except that total CEO compensation for 2010 reflects one-fifth of the aggregate grant date fair value of the equity award contemplated by the amended employment agreement as further discussed herein.

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CEO compensation for 2010 appears much higher than compensation for the other NEOs in the 2010 Summary Compensation Table primarily because the table reflects the entire 2010 value of the CEO LTI. When the total CEO LTI is averaged over a five-year period (as intended), 2010 CEO compensation is in reasonable proportion to compensation for the other NEOs.

Analysis of 2010 Pay Decisions**Base Salaries**

The salaries of our NEOs were reviewed in first quarter 2010 and salary changes are shown in the table below.

Name and Position	2009 Base Salary	2010 Base Salary	% Increase
CEO	\$ 1,000,000	\$ 1,000,000	0%
CFO	525,000	575,000	9.5%
Vice Chairman	700,000	750,000	7.1%
EVP, Sales & Marketing	420,000	500,000*	19%
EVP, Operations	420,000	500,000*	19%

* Effective as of June 2010.

Generally, salaries for our CEO and other NEOs are determined based on several factors, including reasonable comparability with past practice, Peer Group pay data and Survey Data (as described under "Determining Executive Compensation Competitiveness"), and each NEO's responsibilities, capabilities and skills, commitment to our business, leadership and drive to add value. For our Chief Financial Officer, the Committee also generally considers the size and complexity of our balance sheet and capital structure.

For 2010, base salaries were set consistent with the employment agreements for our CEO, our Vice Chairman and our CFO. The Committee approved a 2010 base salary increase for our EVP, Sales & Marketing and EVP, Operations, taking into consideration primarily the following factors:

the expanded scope of their respective responsibilities due to the transition of our former President and Chief Operating Officer to Vice Chairman, a non-operating role, as part of his planned retirement; and

performance related to cost-savings and efficiency initiatives in 2009.

Annual Incentive Awards

Each of our NEOs was eligible to earn an annual performance incentive under the 2010 Management Incentive Plan (2010 MIP). In first quarter 2010, in connection with the Board's review of our 2010 business plan, the Committee reviewed and approved MIP EBITDA as the appropriate performance metric to measure levels of incentive payout under the 2010 MIP. The Committee believes that for 2010, MIP EBITDA is a key measure of operational and financial performance, and by utilizing this performance metric, the Committee believed the 2010 MIP emphasized the importance of growth in Adjusted EBITDA, profitable sales, and cost-saving and process improvement initiatives.

¹ MIP EBITDA is defined as the Company's total Adjusted EBITDA, excluding unusual items or any other applicable adjustments as determined by the Committee. Interpolation is utilized to determine the payout percentage for MIP EBITDA achievement above threshold but below maximum achievement levels. MIP EBITDA for 2010 was calculated by excluding the following items from Adjusted EBITDA of \$384 million: (i) \$14 million of general and administrative expenses related to the potential acquisition of Dollar Thrifty; (ii) \$11 million in restructuring charges; and (iii) \$1 million of expense for an adverse litigation judgment related to the acquisition of our Budget vehicle rental business in 2002.

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At the same time that the Committee approved the performance metric and the goals required to achieve specified levels of payouts, the Committee established levels of incentive payout opportunity for each NEO, expressed as a percentage of base salary earned. The Committee determined that target payouts as a percentage of base salary should remain consistent with 2009 levels, which for our CEO, Vice Chairman and CFO were pre-established in the employment agreements with such officers. Accordingly, annual incentive targets for the 2010 MIP as a percentage of base salary were 150% for our CEO, 100% for our Vice Chairman and our CFO, and 75% for the other NEOs.

Performance goals for the 2010 MIP are summarized below:

Achievement Level	MIP EBITDA (in millions)	Change from MIP EBITDA in 2009 (Actual)	Payout (% of Target Payout)
Maximum	³ \$385	58%	150%
Target	\$325	34%	100%
Threshold	\$260	7%	50%
Below Threshold	< \$260		0%

MIP EBITDA for 2010 was \$410 million, which represents a 69% increase compared to 2009, resulting in a payout percentage of 150%, meaning that each of our NEOs earned 150% of his target annual incentive opportunity.

Long-Term Incentive Awards