AVIS BUDGET GROUP, INC.
Form DEF 14A
March 28, 2014
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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 and Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

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))
x	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):

x 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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

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AVIS BUDGET GROUP, INC.

6 Sylvan Way

Parsippany, New Jersey 07054

March 28, 2014

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Avis Budget Group, Inc., which will be held at the DoubleTree by Hilton Downtown Wilmington Legal District, 700 N. King Street, Wilmington, Delaware 19801 on Friday, May 23, 2014, 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 our company of which you should be aware when you vote your shares.

We are pleased to again utilize the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to stockholders on the Internet. We are continuing the use of this method with a portion of our stockholders. We believe this process provides convenient and quick access to the needed information while reducing the environmental impact of our annual meeting and costs of printing and mailing full sets of proxy materials.

Your vote is important to us. Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting.

On behalf of the Board of Directors and the employees of Avis Budget Group, Inc., I would like to thank you for being a stockholder and express my appreciation for your ongoing support of our company.

Sincerely,

Ronald L. Nelson

Chairman of the Board and

Chief Executive Officer

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NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the Company) will be held on Friday, May 23, 2014, at 11:00 a.m. Eastern Time, at the DoubleTree by Hilton 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 ten nominees named in the accompanying proxy statement for a one-year term expiring in 2015 and until his or her successor is 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 2014.

3. To provide advisory approval of the compensation of our named executive officers.

4. To approve the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan.

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 27, 2014 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 23, 2014

The Company s Proxy Statement on Schedule 14A,

form of proxy card and 2013 Annual Report on Form 10-K

are available at:

www.edocumentview.com/CAR

By Order of the Board of Directors

Jean M. Sera

Corporate Secretary

Dated: March 28, 2014

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2014 PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Date and Time	May 23, 2014, 11:00 a.m., Eastern Time
Place	DoubleTree by Hilton Downtown Wilmington Legal District 700 N. King Street Wilmington, Delaware 19801
Record Date	March 27, 2014

Voting Matters and Vote Recommendations

Voting Matters	Proposal No.	Our Board s Vote Recommendation
Election of Directors (page 43)	1	FOR all ten director nominees
Ratification of Appointment of Auditors (pages 44-45)	2	FOR
Advisory Approval of the Compensation of our Named Executive Officers (page 46)	3	FOR
Approval of the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan (pages 47-53)	4	FOR

Corporate Governance Highlights

80% of directors are independent

Independent Presiding Director

All members of Compensation, Corporate Governance and Audit Committees are independent

Annual election of the entire Board

Majority voting and a director resignation policy for directors in uncontested elections
Robust executive and director stock ownership guidelines

No poison pill

No director nominee attended less than 75% of Board and Committee meetings held in 2013 during such director s period of service

Executive Compensation

See Executive Compensation for more information.

2013 Company Performance

We had a successful 2013. We made continued progress on our strategic plan and achieved an 8% increase in revenue. Our stock price performance has made us a top performing U.S. stock, reflecting the Company s solid operating and financial performance over the past several years, as illustrated below:

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Stock Price Performance

(One-Year and Three-Year)

Stock Price Growth

(Year-End Closing Stock Price)

2013 Compensation

Our named executive officers (NEOs) received total compensation for 2013 as set forth below. Compensation paid to our Chief Executive Officer (CEO) in 2013 was consistent with 2012 levels, reflecting strong performance in both years. The Committee approved increases to components of compensation paid to our other NEOs, including salary, based on a number of factors, including expanded responsibilities assumed by such officers following recent acquisitions. Aggregate compensation, as presented in the Summary Compensation Table below under Executive Compensation , for all such officers, however, appears to have decreased due to special three-year performance incentive awards granted to such officers in 2012.

Summary Compensation Table Totals

NEO	2013	2012
Chief Executive Officer	$ 7.28 million	$ 7.25 million
Chief Financial Officer	$ 2.83 million	$ 4.39 million
President, North America	$ 2.85 million	$ 4.52 million
President, Europe, Middle East and Africa*	$ 4.83 million	$ 4.51 million
President, Latin America/Asia-Pacific	$ 2.19 million	$ 3.20 million

* Includes, for 2013, $1.6 million of expatriate tax reimbursement in connection with the assignment of our President, EMEA to the United Kingdom.

As in prior years, compensation* for our NEOs in 2013 was significantly performance-based, as illustrated below:

CEO

Other NEOs (average)

* Pay mix reflects values as disclosed in the Summary Compensation Table, excluding Other Compensation, which constituted 5% or less of total compensation for all our NEOs other than our President, EMEA, who received expatriate and relocation benefits in 2013, including expatriate tax reimbursement. LTI is defined as long-term incentive.

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ABOUT THE ANNUAL MEETING

Why am I receiving these proxy materials?

The Board of Directors of Avis Budget Group, Inc. (the Company or Avis Budget) is soliciting your vote at the 2014 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the Meeting), to be held Friday, May 23, 2014, at 11:00 a.m. Eastern Time, at the DoubleTree by Hilton Downtown Wilmington Legal District, 700 N. King Street, Wilmington, Delaware 19801, for the purposes set

forth in this Proxy Statement. On or about April 4, 2014, 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 proxy card.

What items will I be voting on and what are the Board s voting recommendations?

Proposal	**Board s Voting Recommendation**
No. 1: Election of Directors (see page 43)	FOR each nominee
No. 2: Ratification of Appointment of Auditors (see pages 44-45)	FOR
No. 3: Advisory Approval of the Compensation of our Named Executive Officers (see page 46)	FOR
No. 4: Approval of the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan (see pages 47-53)	FOR

Could other matters be decided at the Meeting?

The Board of Directors is not aware of any other matters to be brought before the Annual Meeting. However, if any other matters properly come before the Meeting, the individuals named as proxies, 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.

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 27, 2014 (the Record Date).

How many votes can be cast by all stockholders?

106,217,593 votes, 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 35,405,864 votes, must be present, in person or by proxy, to constitute a quorum at the Meeting. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present.

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

Proposal	**Vote Requirement**	**Impact of Abstentions**
No. 1: Election of Directors	Uncontested Election: Directors are elected by a majority of votes cast (number of votes cast for each nominee must exceed the number of votes cast against that nominee) Contested Election: Plurality of shares present, in person or by proxy, and entitled to vote	Not counted as votes cast for or against and will have no effect on the outcome
No. 2: Ratification of Appointment of Auditors	Majority of shares present, in person or by proxy, and entitled to vote	Counted and will have the same effect as a vote against such proposal
No. 3: Advisory Approval of the Compensation of our Named Executive Officers	Majority of shares present, in person or by proxy, and entitled to vote	Counted and will have the same effect as a vote against such proposal
No. 4: Approval of the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan	Majority of shares present, in person or by proxy, and entitled to vote	Counted and will have the same effect as a vote against such proposal

Under the by-laws of the Company, each incumbent director is required to submit a contingent, irrevocable resignation that the Board of Directors may accept if the director fails to receive the required vote for election or re-election in an uncontested election. The Corporate Governance Committee is required to make a recommendation to the Board as to the action to be taken with respect to the tendered resignation. The Board is required to act on the resignation within 90 days of the date of certification of election results.

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 Proposal Nos. 1, 3, or 4, but the broker will have the discretion to vote your shares of Common Stock on Proposal No. 2. As a result, broker non-votes will have no effect on the outcome of Proposal Nos. 1, 3 or 4.

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

To conserve natural resources and reduce costs, we are sending to a portion of our stockholders a Notice containing instructions on how to access this Proxy Statement online, as permitted by the Securities and Exchange Commission (SEC) rules. If you received a Notice of Internet Availability by mail, you will not receive a printed copy of this Proxy Statement in the mail. Instructions on how to access this Proxy Statement over the Internet or how to obtain printed copies, if you prefer, are set forth in such Notice.

How do I vote?

You should submit your proxy or voting instructions as soon as possible. If you received or requested printed copies of the proxy materials by mail, the materials will include a proxy card, for registered stockholders (that is, if you hold your stock directly in your name through our transfer agent), or a vote instruction form (VIF) for beneficial owners (if your shares are held in street

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name such as in a stock brokerage account, by a bank or other nominee). Whether you are a registered stockholder or hold any of your shares in street name, you may vote in the following ways:

By Phone	By Internet
If you received or requested printed copies of the proxy materials by mail, in the U.S. or Canada, vote by dialing the number on the proxy card/VIF	Follow the instructions included on the proxy card/VIF or Notice of Internet Availability
By Mail	**In Person**
If you received or requested printed copies of the proxy materials by mail, vote by marking, dating and signing the proxy card or VIF and returning it promptly in the envelope provided	Attend the Meeting and vote in person. If you hold any shares in street name, you may not vote in person unless you bring with you a legal proxy from the organization that holds your shares

In all cases, the deadline for voting by telephone or via the Internet is 11:59 p.m., Eastern Time, on May 22, 2014.

Can I change my vote?

Yes. You may revoke your proxy at any time prior to the voting at the Meeting if, in accordance with the voting procedures described above, you:

- Vote again (including by phone or Internet by the applicable deadline); or
- Complete, sign, date and return a new proxy card or VIF with a later date; or
- Give timely written notice of such revocation to our Corporate Secretary at 6 Sylvan Way, Parsippany, N.J. 07054; or
- Attend the Meeting and vote in person.

What if I do not vote for some of the proposals?

Shares of Common Stock represented by proxies received by the Company (whether through the return of a proxy card or VIF), that do 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 ten nominees for the Board of Directors (Proposal No. 1);
- FOR the ratification of the appointment of auditors (Proposal No. 2);
- FOR the proposal regarding advisory approval of the compensation of our named executive officers (Proposal No. 3); and
- FOR the approval of the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan (Proposal No. 4).

How do participants in savings plans vote?

If you hold shares of Common Stock in the Avis Budget Group, Inc. Employee Savings Plan or the AB Car Rental Services Retirement Savings Plan for Bargaining Hourly Employees (collectively, the Savings Plans), you will receive a proxy card that covers shares of Common Stock held for you in the Savings Plans. In accordance with the provisions of the Savings Plans, the respective trustees will vote your shares of Common Stock as you have directed. To the extent such instructions are not received prior to noon, Eastern Time, on May 16, 2014, 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 16, 2014. Participants in the Savings Plans are not entitled to vote in person at the Meeting.

Do I need a ticket to attend the Meeting?

Yes. Admission will be by ticket only. Admission to the Meeting will be expedited if tickets are obtained in advance.

Registered stockholders: bring the bottom portion of the proxy card enclosed with this Proxy Statement (or obtained via the Internet) as your Meeting ticket. Notices will not be accepted as a Meeting ticket.

Beneficial owners: if you own shares of Common Stock through an intermediary, such as a bank or broker, request tickets in writing from the Corporate Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, N.J. 07054. Please 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 as of the Record Date.

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Stockholders without advance tickets: stockholders who do not obtain tickets in advance may obtain tickets on the Meeting date at the registration desk upon verifying his or her stock ownership as of the Record Date.

Attendance at the Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of the Company. Tickets may be issued to others at the discretion of the Company. 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. Cameras and recording devices will not be permitted at the Meeting.

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

Voting results will be tallied by the inspector of election. The Company will report the final results in a Current Report on Form 8-K, to be filed with the SEC within four business days following the Meeting.

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

This Proxy Statement and the Company s 2013 Annual Report may be viewed online at *www.edocumentview.com/CAR.* If you are a stockholder of record, 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 or by enrolling through the transfer agent s website at *www.envisionreports.com/CAR.* If you choose this

option, you will receive a proxy form in early April 2015 listing the web site locations where proxy materials will be posted and your choice will remain in effect until you notify us by mail that you wish to resume mail delivery of these documents. If you hold your shares of Common Stock through a bank, broker or another holder of record, refer to the information provided by that entity for instructions on how to elect this option.

How does a stockholder nominate someone to be a director?

Director nominations may be made by a stockholder so long as the qualifying stockholder follows the procedures outlined in the amended and restated by-laws of the Company. Pursuant to our by-laws, for a nomination to be made by a stockholder, such stockholder must have given the proper notice within the specific time limits set forth in the relevant provision therein. For the 2015 annual meeting, the Company must receive this notice on or before February 22, 2015. Such notice and nomination should be submitted in writing to the Corporate Secretary of the Company and should include the information required for stockholder nominations set forth in the Company s by-laws.

A copy of the full text of the Company s by-law provision describing the procedure for stockholder nominations may be accessed in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com.* Nothing contained in any section of the Company s website is incorporated by reference into this Proxy Statement.

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CORPORATE GOVERNANCE

Board of Directors

The Board of Directors (the Board) currently consists of ten members. Each of the directors elected at the Meeting will serve for a term of one year expiring at the 2015 annual meeting of stockholders and until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. The name 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 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.

Biographical Information for Nominees

MR. RONALD L. NELSON

Director since April 2003;

Chairman since August 2006

Board Committees: Executive (Chair)

Mr. Nelson, age 61, has been Chief Executive Officer of the Company and Chairman of the Board since August 2006. 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).

Specific Qualifications, Attributes, Skills and Experience:

- Chief Executive Officer, Chief Financial Officer and Chief Operating Officer experience
- Extensive Company and industry experience

Significant operating and financial experience

MR. ALUN CATHCART

Director since October 2011

Mr. Cathcart, age 70, was non-executive Chairman of the Board of Avis Europe Plc from May 2004 through October 2011 and also served as Chairman of the Nominations Committee and a member of the Remuneration Committee. Mr. Cathcart served as a member of the Board of Avis Europe from 1997 until it was acquired by Avis Budget Group in 2011. From 1983 to 1999, Mr. Cathcart was Chairman and Chief Executive of Avis Europe and he also served as Interim Chief Executive from November 2003 until March 2004. Mr. Cathcart spent 14 years in executive positions in the transportation industry before joining Avis Europe in 1980. Mr. Cathcart serves as Chairman of Palletways Group Limited.

Specific Qualifications, Attributes, Skills and Experience:

Chief Executive Officer experience

Extensive Company and industry experience

Broad international experience, particularly in the EMEA region

Financial expertise

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MS. MARY C. CHOKSI

Director since March 2007

Board Committees: Audit, Corporate Governance

Ms. Choksi, age 63, is a founding partner and Senior Managing Director of Strategic Investment Group, an investment management group founded in 1987, which designs and implements 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. Ms. Choksi was also a founding partner and, until May 2011, a Managing Director at Emerging Markets Investors Corporation (EMI). EMI and its successor, Ashmore EMM, manage 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. Prior to the establishment of Strategic and EMI, Ms. Choksi worked in the Pension Investment Division of the World Bank, which was responsible for investing the institution s pension plan. Before joining the Bank s finance complex, she worked for nine years in the development arm of the Bank, working on South and Southeast Asia. Ms. Choksi also serves on the board of Omnicom Group Inc., which files reports pursuant to the Exchange Act, and is a member of Omnicom s Audit and Finance Committees.

Specific Qualifications, Attributes, Skills and Experience:

Financial expertise

Broad international experience

Diverse personal background

MR. LEONARD S. COLEMAN

Director since December 1997; Presiding Director since February 2003

Board Committees: Compensation, Corporate Governance (Chair)

Mr. Coleman, age 65, was a Senior Advisor to Major League Baseball from 1999 to December 2005. Mr. Coleman is the former President of The National League of Professional Baseball Clubs from 1994 to 1999, having served from 1992 to 1994 as Executive Director, Market Development of Major League Baseball. Previously, Mr. Coleman was a municipal finance banker for Kidder, Peabody & Company. Prior to joining Kidder, Mr. Coleman served as commissioner of the New Jersey Department of Community Affairs and the Department of Energy, and chairman of the Hackensack Meadowlands Development Commission and the New Jersey Housing and Mortgage Finance Agency. He also served as the vice chairman of the State Commission on Ethical Standards, and a member of the Economic Development Authority, Urban Enterprise Zone Authority, Urban Development Authority, State Planning Commission and New Jersey Public Television Commission. Mr. Coleman is also a director of the following corporations which file reports pursuant to the Exchange Act: Aramark Holdings Corporation, Churchill Downs Incorporated, Electronic Arts Inc. and Omnicom Group Inc.

Specific Qualifications, Attributes, Skills and Experience:

- History with the Company
- Public service background
- International experience
- Diverse personal background

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MR. JEFFREY H. FOX

Director since July 2013

Mr. Fox, age 52, is a principal of The Circumference Group LLC, an investment and advisory firm which he founded in 2009. Mr. Fox was President and Chief Executive Officer of Convergys Corporation from 2010 to November 2012, and then Executive Chairman until April 2013. Previously, Mr. Fox worked for Alltel Corporation as Chief Operating Officer from 2007 through 2008, and as Group President from 2003 until 2007. Prior to joining Alltel, Mr. Fox worked in investment banking for ten years with Stephens Inc., preceded by two years with Merrill Lynch, specializing in mergers and acquisitions advisory services. Mr. Fox also currently serves as non-executive Chairman of the Board of Convergys Corporation, a company that files reports pursuant to the Exchange Act.

Specific Qualifications, Attributes, Skills and Experience:

Chief Executive Officer and Chief Operating Officer experience

Technology expertise

Significant operating experience

Financial expertise

MR. JOHN D. HARDY, JR.

Director since April 2008

Board Committees: Compensation (Chair)

From 1973 until his retirement in 2008, Mr. Hardy, age 70, was first an associate and later 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 and bonus 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.

Specific Qualifications, Attributes, Skills and Experience:

Extensive legal background

Significant securities law expertise

Compensation experience

MS. LYNN KROMINGA

Director since October 2006

Board Committees: Audit, Compensation

Ms. Krominga, age 63, is a management consultant and attorney. Since 1999, Ms. Krominga has been a consultant to private equity and venture capital investors, in which capacity she served in a number of operating and board positions, including Chief Executive Officer of Fashion Wire Daily, Inc.; Director and member of the Audit Committee of AHAVA, a global cosmeceuticals company; and advisor to London-based Apax Partners for acquisitions in Israel and the United States. She is the former President (and founder) of the Revlon Worldwide Licensing Division, and previously served as General Counsel and as International Counsel for Revlon s global operations. Prior to joining Revlon, she was an attorney at American Express Company and an associate at Cleary, Gottlieb, Steen & Hamilton. Until January 2013 (when the company was sold), Ms. Krominga served as Lead Director of Sunrise Senior Living, Inc., which had until then filed reports pursuant to the Exchange Act. From March through November 2008, she served as Chairman of the Board of Sunrise Senior Living (until the former CEO assumed that role); as Chairman of the Compensation Committee from 2008 to 2011; and as a member of the Audit, Compensation and Governance Committees from 2007 to 2013. Ms. Krominga also currently serves on the Board of Advisors of the University of Minnesota Law School.

Specific Qualifications, Attributes, Skills and Experience:

Significant legal, governance, licensing and regulatory expertise

International experience

Diverse personal background

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MR. EDUARDO G. MESTRE

Director since July 2008

Board Committees: Executive

Mr. Mestre, age 65, is Chairman of Global Advisory at Evercore Partners and was Vice Chairman with responsibility for the firm s U.S. advisory practice from 2004 through 2011. 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 also serves as a director of Comcast Corporation, a company that files reports pursuant to the Exchange Act.

Specific Qualifications, Attributes, Skills and Experience:

Financial expertise

Extensive advisory experience

Diverse personal background

MR. F. ROBERT SALERNO

Director since August 2006

Board Committees: Executive

Mr. Salerno, age 62, was previously Vice Chairman of the Company from June 2010 through December 2011, and President and Chief Operating Officer of the Company from August 2006 to June 2010. For nearly 30 years, Mr. Salerno 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 serves on the board of Norwegian Cruise Line Holdings, LLC, which files reports pursuant to the Exchange Act.

Specific Qualifications, Attributes, Skills and Experience:

Chief Operating Officer experience

Extensive Company and industry experience

Significant operating experience

MR. STENDER E. SWEENEY

Director since August 2006

Board Committees: Audit (Chair), Corporate Governance

Mr. Sweeney, age 75, 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.

Specific Qualifications, Attributes, Skills and Experience:

Operating experience

Accounting expertise

Financial expertise

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 and 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.

After evaluating the factors described above, the Board of Directors has affirmatively determined that eight of our current directors are independent in accordance with NASDAQ corporate governance listing standards and our own director independence criteria.

Independent Directors

Alun Cathcart	John D. Hardy, Jr.
Mary C. Choksi	Lynn Krominga
Leonard S. Coleman	Eduardo G. Mestre
Jeffrey H. Fox	Stender E. Sweeney

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

Board Leadership Structure

Our current Board leadership structure consists of:

- Chairman of the Board and CEO: Ronald L. Nelson;
- Presiding Director (our independent lead director): Leonard S. Coleman; and
- Fully independent Compensation, Corporate Governance and Audit Committees.

The Board of Directors, which is comprised of individuals who have extensive experience with board processes, has determined that the current leadership structure, as described above, best serves the Company and its stockholders. The Board of Directors believes that a combined Chairman of the Board and Chief Executive Officer, at this time, 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.

Having a Chairman who also serves as CEO allows timely communication with the Board on critical

business matters given the global reach of our business. 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 lead director, as further discussed below, adequately addresses any concerns over maintaining such a combined leadership role. Mr. Nelson, who possesses extensive financial, operating and management experience, and brings more than 10 years of executive and leadership experience with the Company 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 become a global enterprise following the acquisition of Avis Europe in 2011 and has maintained its position as a leader in the vehicle rental industry.

The position of Presiding Director was established in February 2003 by the Board of Directors to designate an independent lead director whose primary responsibilities include:

- presiding at all meetings of the Board at which the Chairman of the Board is not present, including periodic executive sessions of the independent members of the Board of Directors;

- serving as liaison between the Chairman of the Board and the independent directors;

- advising the Chairman of the Board with respect to information, meeting schedules and agendas sent to the Board;

- 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, including the authority to call meetings of the independent directors of the Board; and

- serving as the principal liaison for stockholder communications directed specifically to the Board.

Such delegation of well-defined responsibilities to a lead independent director helps ensure that an appropriate counter-balancing leadership structure is in place. The independent members of the Board of Directors have designated Mr. Coleman to serve in the position of Presiding Director. Mr. Coleman has served in this role since its creation and brings a history of leadership experience as a lead independent director.

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Risk Management and Risk Assessment

Management is responsible for assessing risk and for day-to-day risk management activities. The Board executes its oversight responsibility for risk assessment and risk management, acting directly and through its Committees, as follows:

Board/Committee	Responsibility/Role
Audit Committee	Assists in the Board s oversight of the Company s: major financial risk exposures and the steps management has undertaken to control such risks; and compliance with legal and regulatory requirements.
Compensation Committee	Oversees risks associated with its respective area of responsibility, including, among other things, risks associated with our compensation policies and practices with respect to executive compensation.
Corporate Governance Committee	Oversees risks associated with its respective area of responsibility, including corporate governance.
Full Board	Receives reports from the Committees, which are provided at every regular Board meeting. Considers specific risk topics. Receives regular reports from members of senior management that include discussion of the risks and exposures involved in their respective areas of responsibility. Such reports are provided in connection with and discussed at Board meetings.

In 2014, consistent with past practice, 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 compensation consultant engaged by the Compensation Committee to determine whether such programs create incentives that might motivate inappropriate or excessive risk-taking. In the course of such review, mitigating features of the Company s incentive compensation programs were considered, including: (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 directly to the Board of Directors by writing to the following address:

Board of Directors, c/o the Corporate Secretary, at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, N.J. 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 Corporate Secretary or via e-mail at *presiding.director@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.

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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 five meetings during 2013. In 2013, 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, in each case held during such director s period of service. We expect all directors 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 Corporate Governance Committee to be present at each annual meeting. The 2013 annual meeting of stockholders was attended by eight directors.

Committees of the Board of Directors

The standing committees of the Board include: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Executive Committee.

Name	Audit	Compensation	Corporate Governance	Executive
Alun Cathcart				
Mary C. Choksi	ü		ü	
Leonard S. Coleman		ü	Chair	
Jeffrey H. Fox				
John D. Hardy, Jr.		Chair		
Lynn Krominga	ü	ü		

Eduardo G. Mestre				ü
Ronald L. Nelson				Chair
F. Robert Salerno				ü
Stender E. Sweeney	Chair		ü	
Committee Meetings Held in 2013	8	6	4	*

* The Executive Committee acted solely by unanimous consent in 2013.

The charters of each of the Audit, Compensation and Corporate Governance Committees, respectively, can be found in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com*.

Audit Committee

The Audit Committee assists in the Board s oversight of:

the integrity of the Company s financial statements;

the Company s independent auditors qualifications and independence;

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- the performance of the Company s independent auditors and the Company s internal audit function;
- the Company s compliance with legal and regulatory requirements;
- the Company s systems of disclosure controls and procedures, and internal controls over financial reporting; and
- the Company s major financial risk exposures and the steps management has undertaken to control such risks.

The Audit Committee has the power and authority to engage the independent auditor, review and approve the services and terms of all audits, review and discuss with management the Company s annual audited and quarterly financial statements, and review the adequacy and effectiveness of the Company s accounting and internal control policies and procedures.

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.

Compensation Committee

The primary responsibilities of the Compensation Committee include to:

- review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and determine and approve the Chief Executive Officer s compensation level;
- review and approve individual elements of total compensation for our other executive officers;
- review and approve our annual and long-term incentive compensation programs and plans;
- review and approve all stock option and other equity awards;
- assess the results of the Company s most recent advisory vote on executive compensation; and
- evaluate whether compensation arrangements for executive officers incentivize unnecessary risk-taking.

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.

Corporate Governance Committee

General

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

In 2014, the Corporate Governance Committee voted to waive the mandatory retirement age contained in our Corporate Governance Guidelines with respect to Mr. Sweeney s 2014 Board nomination. In reaching this determination, the Corporate Governance Committee considered Mr. Sweeney s extensive knowledge and experience, his deep understanding of the Company s business and his leadership as Chair of the Audit Committee, and concluded that the Corporation would benefit from his continued service as a member of the Board. The Corporate Governance Committee will re-evaluate this waiver of Mr. Sweeney s retirement on an annual basis.

Director Nomination Procedures

The Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of members of the Board of Directors. 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 Corporate Secretary of the Company, at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, N.J. 07054, and should include the following: (a) the name of the stockholder and evidence of such stockholder s beneficial ownership of the shares of Common Stock, including the number of shares of Common Stock beneficially owned and the length of time of such beneficial ownership; and (b) the name of the candidate, such candidate s resume or a listing of his or her qualifications to be a director of the Company and such candidate s consent to be named as a director, if selected by the Corporate Governance Committee, nominated by the Board of Directors and elected. The written proposal should be submitted in the time frame and consistent with the requirements described in the by-laws of the Company and under the caption Stockholder Proposals for 2015 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. These candidates are evaluated by the Corporate Governance Committee by reviewing such candidates biographical information and qualifications and checking the candidates references. Qualified candidates are interviewed by at least one member of the Corporate Governance Committee. Using the input from this interview and other information, the Corporate Governance Committee evaluates whether the 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 the candidate or elect the 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.

Diversity

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 candidates not only for the position of Chief Executive Officer but for each senior executive level position held by a SLT member. In order to ensure that qualified candidates are available for such 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.

Related Person Transactions

There are no related person transactions that require reporting under SEC rules. The Company has adopted written procedures for the review, approval or ratification of transactions with Related Persons (the Policy) that apply to any transaction, arrangement or relationship in which:

- the Company (including any of its subsidiaries) was, is or will be a participant; and
- any Related Person (i.e., a director, executive officer or director nominee, any greater than 5% beneficial owner, any immediate family member of the foregoing, or any entity in which any of the foregoing persons is employed, or is a partner, principal or in a similar position, or has any greater than 5% beneficial interest) had, has or will have a direct or indirect interest.

Under the Policy, transactions with Related Persons are reviewed in advance by the General Counsel and Chief Compliance Officer and the Corporate Secretary of the Company, or in certain circumstances, as soon as possible thereafter. If it is determined by such officers that the transaction is a Related Person transaction and the amount involved exceeds $120,000:

- The transaction will be submitted to the Audit Committee, or, under certain circumstances, to the Chairman of the Audit Committee (the Chair).
- The Audit Committee or the Chair will then consider all relevant facts and circumstances available.
- The Audit Committee or the Chair will approve only those transactions, determined in good faith to be in, or are not inconsistent with, the best interests of the Company and its stockholders.

The Audit Committee reviews on an annual basis contributions by the Company in excess of $1,000, in the aggregate (other than contributions made pursuant to the Company s matching contribution program for employees and directors), to a charitable organization at which a Related Person is actively involved with fund-raising or serves as a director, trustee or in a similar capacity.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information regarding beneficial ownership of shares of Common Stock as of March 1, 2014, 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 (NEOs), 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: **			
Iridian Asset Management LLC 276 Post Road West Westport, CT 06880[4]	10,004,144	9.4%	
SRS Investment Management, LLC[5] 1 Bryant Park, 39th Floor New York, NY 10036	10,000,000	9.4%	
Dimensional Fund Advisors LP[6] Palisades West, Building One 6300 Bee Cave Road, Austin, TX 78746	7,572,938	7.1%	
Columbia Wanger Asset Management, L.P.[7] 227 West Monroe Street, Suite 3000 Chicago, IL 60606	6,666,050	6.2%	
Blue Ridge Capital, L.L.C.[8] 660 Madison Avenue, 20th Floor New York, NY 10065-8405	6,650,000	6.2%	
Vanguard Group, Inc.[9] 100 Vanguard Blvd. Malvern, PA 19355	5,733,072	5.4%	
Directors and Named Executive Officers[10][11]:			
Ronald L. Nelson	1,249,931	1.2%	553,000
Alun Cathcart	15,047	*	15,047
Mary C. Choksi	53,829	*	19,729
Leonard S. Coleman	48,853	*	22,353
Jeffrey Fox	1,736	*	1,736
John D. Hardy, Jr.	19,186	*	19,186
Lynn Krominga	20,021	*	15,967
Eduardo Mestre	26,919	*	21,919
F. Robert Salerno	28,898	*	9,181
Stender E. Sweeney	34,032	*	34,032

Larry D. De Shon	150,806	*	0
Thomas M. Gartland	80,649	*	0
Patric T. Siniscalchi	81,881	*	6,700
David B. Wyshner	176,857	*	85,604
All Directors and Executive Officers as a group (18 persons)	2,176,254(12)	2.0%	895,954(13)

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* 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 March 1, 2014.

(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 that may be settled, within 60 days of March 1, 2014.

(2) Based on 106,753,482 shares of Common Stock outstanding on March 1, 2014.

(3) Includes (i) vested stock option awards and (ii) stock option awards that may become vested, and restricted stock units that may be settled, within 60 days of March 1, 2014.

(4) Reflects beneficial ownership of 10,004,144 shares of Common Stock by Iridian Asset Management LLC, David L. Cohen and Harold J. Levy, as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 4, 2014. Such Schedule 13G indicates that Iridian Asset Management LLC, David L. Cohen and Harold J. Levy have shared voting and dispositive power over the shares of Common Stock.

(5) Reflects beneficial ownership of 10,000,000 shares of Common Stock by SRS Investment Management, LLC (SRS) and Karthik R. Sarma, as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 14, 2013. Such Schedule 13G indicates that SRS and Mr. Sarma share voting and dispositive power over the shares of Common Stock.

(6) Reflects beneficial ownership of 7,572,938 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 10, 2014. Such Schedule 13G indicates that Dimensional Fund Advisors LP has sole voting power over 7,461,926 shares of Common Stock and sole dispositive power over 7,572,938 shares of Common Stock.

(7) Reflects beneficial ownership of 6,666,050 shares of Common Stock by Columbia Wanger Asset Management, LLC (CWAM), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 6, 2014. Such Schedule 13G indicates that CWAM has sole voting power over 6,348,050 and sole dispositive power over 6,666,050 shares of Common Stock.

(8) Reflects beneficial ownership of 6,650,000 shares of Common Stock by Blue Ridge Capital, L.L.C. (BRC), as derived solely from information reported in a Schedule 13G under the Exchange Act, filed with the SEC on February 14, 2014. Such Schedule 13G indicates that BRC and John A. Griffin have shared voting and dispositive power over 6,650,000 shares of Common Stock, Blue Ridge Limited Partnership has shared voting and dispositive power over 4,313,700 shares of Common Stock, and Blue Ridge Offshore Master Limited Partnership has shared voting and dispositive power over 2,336,300 shares of Common Stock.

(9) Reflects beneficial ownership of 5,733,072 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 6, 2014. Such Schedule 13G indicates that The Vanguard Group, Inc. has sole voting power over 65,793 shares, sole dispositive power over 5,672,979 shares and shared dispositive power over 60,093 shares of Common Stock.

(10) Includes shares of Common Stock underlying fully vested but unexercised options, as follows:

NEO	Shares of Stock Underlying Options
Mr. Nelson	553,000
Mr. Siniscalchi	6,700
Mr. Wyshner	85,604

(11) For each non-employee director, (1) includes deferred stock units held under the Non-Employee Directors Deferred Compensation Plan (the Plan), which, pursuant to the terms of the Plan, will be distributed in the form of Common Stock on a one-to-one basis as soon as reasonably practicable following such director s retirement or termination of service from the Board for any reason (Director Shares), and (2) excludes deferred stock units 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), as follows:

Director	Director Shares	Director Deferred Shares	Director	Director Shares	Director Deferred Shares
Mr. Cathcart	15,047		Ms. Krominga	15,967	37,939
Ms. Choksi	19,729	35,584	Mr. Mestre	21,919	32,979
Mr. Coleman	22,353	45,301	Mr. Salerno	9,181	
Mr. Fox	1,736		Mr. Sweeney	34,032	32,679
Mr. Hardy	19,186	34,889			

(12) Excludes 219,371 Director Deferred Shares.

(13) Represents 159,150 Director Shares, 604,000 shares of Common Stock underlying fully vested but unexercised options with a strike price of $0.79 and 132,804 shares of Common Stock underlying fully vested but unexercised options with strike prices ranging from $11.53 to $30.04.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s executive officers and directors, and persons who beneficially own more than ten percent of a registered class of the Company s equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. As a practical matter, the Company assists its directors and executive officers by monitoring transactions and completing and filing Section 16 reports on their behalf. The Company believes that all filings required to be made under Section 16(a) of the Exchange Act during 2013 were timely made.

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
David B. Wyshner	Senior Executive Vice President and Chief Financial Officer
W. Scott Deaver	Executive Vice President, Chief Strategy and Development Officer
Larry D. De Shon	President, Europe, Middle East and Africa
Thomas M. Gartland	President, North America
Patric T. Siniscalchi	President, Latin America/Asia-Pacific
Michael K. Tucker	Executive Vice President, General Counsel and Chief Compliance Officer
Edward P. Linnen	Senior Vice President, Chief Human Resource Officer
Izilda P. Martins	Senior Vice President and Acting Chief Accounting Officer

Biographical information for our Chief Executive Officer is set forth above under Board of Directors Biographical Information for Nominees. Biographical information for all other present executive officers is set forth below.

Name	Biographical Information
David B. Wyshner	Mr. Wyshner, age 46, has been Chief Financial Officer since August 2006. Mr. Wyshner also held the title of Executive Vice President and Chief Financial Officer from August 2006 through October 2011, when he was promoted to Senior Executive Vice President, 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 of the Company 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 62, has been Executive Vice President, Chief Strategy and Development Officer since September 2012. Previously, Mr. Deaver held several positions with the Company, including as Executive Vice President, Strategy and Pricing and 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 54, has been President, EMEA since October 2011. Mr. De Shon held the title of Executive Vice President, Operations from October 2006 through October 2011. 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 positions in marketing, on-board service and airport operations.

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EXECUTIVE OFFICERS

Name	Biographical Information
Thomas M. Gartland	Mr. Gartland, age 56, has been President, North America since October 2011. Mr. Gartland held the title of Executive Vice President of Sales, Marketing & Customer Care from April 2008 through October 2011. 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.
Patric T. Siniscalchi	Mr. Siniscalchi, age 64, has been President, Latin America/Asia-Pacific since October 2011. Mr. Siniscalchi held the title of Executive Vice President, International Operations from August 2006 through October 2011. 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 56, 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 Csaplar & Bok.
Edward P. Linnen	Mr. Linnen, age 44, has been Senior Vice President, Chief Human Resource Officer since February 2013. Previously, Mr. Linnen held the title of Senior Vice President, HR for North America from October 2011 through February 2013. Mr. Linnen joined the Company in 2001, and served in several positions in the Company s human resources function, including as Vice President of Labor Relations & International HR, Vice President Domestic HR, and Field HR Director. Prior to joining the Company, Mr. Linnen served in various positions within human resources at Kraft Foods Inc. and Nabisco, Inc.
Izilda P. Martins	Ms. Martins, age 42, has been Senior Vice President and Acting Chief Accounting Officer of the Company since February 2013. Previously, she was Vice President and Acting Chief Accounting Officer of the Company since November 2010 and Vice President of Tax from August 2006 to November 2010. Ms. Martins was Director of Tax Planning and Mergers & Acquisitions of Cendant from November 2004 through August 2006. 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, 2013 for additional information regarding our financial results discussed below. In this proxy statement, we refer to Incentive Adjusted EBITDA, which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs and income taxes, excluding certain items that we believe are not representative of the results of operations of our business, such as restructuring expense. This non-GAAP measure is a performance metric in our incentive programs and a reconciliation is provided under Analysis of 2013 Pay Decisions. When we refer to the Committee in this Executive Compensation section, we are referring to the Compensation Committee.

Executive Summary

2013 Performance

Our strong 2013 results reflect continued progress on our strategic plan, an 8% increase in revenue and achievement of the second highest Incentive Adjusted EBITDA results since we became a pure-play vehicle rental company in 2006. Our 2013 Incentive Adjusted EBITDA of $769 million represents a decline of 8% compared to 2012 due to the normalization of the used car market, which resulted in, as anticipated, a significant increase in our fleet costs. Our stock price performance for the year reflects our significant 2013 achievements with an increase of 104%. Over a five-year period, we achieved robust stock price growth, representing a strong recovery from a low of $0.70 at year-end 2008 to $40.42 on December 31, 2013.

Stock Price Performance

(One-Year and Three-Year)

Stock Price Growth

(Year-End Closing Stock Price)

2013 Strategic Accomplishments

In 2013, the Company achieved the following strategic accomplishments:

Acquired Zipcar, Inc., making us the global leader in car sharing, and Payless, a leading car rental company in the deep-value segment of the car rental market

Implemented a stock repurchase program, with approximately 1.6 million shares repurchased in 2013

Delivered significant cost savings through our Performance Excellence process-improvement initiative and other productivity enhancement initiatives throughout the world

Invested in developing our brands, our technologies and the customer experience we offer

Realized incremental synergies from the integration of our European operations, including substantial growth of the Budget brand in Europe

Invested in our Brazilian licensee, which will allow us to increase the presence of our brands in this fast growing economy

2013 Compensation

Compensation paid to our CEO in 2013 was consistent with 2012 levels reflecting strong performance in both years. The Committee approved increases to components of compensation paid to our other NEOs, including salary, based on a number of factors, including expanded responsibilities assumed by such officers following recent acquisitions.

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Aggregate compensation, as presented in the Summary Compensation Table below, for all such officers, however, decreased due to special three-year performance incentive awards granted to such officers in 2012. Such awards are viewed by the Committee as part of compensation for 2012, 2013 and 2014.

Base Salaries

In recognition of the Company s increased size and complexity following the acquisition of Avis Europe in October 2011, and continued expansion with the acquisition of Zipcar in 2013, our CFO and Regional Presidents received base salary increases ranging from 4% to 17%. In making this determination, the Committee focused on ensuring that base salaries were competitive and fostered retention, and sought to recognize the expanded role and deep expertise of each such officer.

Annual Incentives

For the 2013 annual incentive program, the global Incentive Adjusted EBITDA goal was set, excluding contributions from significant acquisitions, at $738 million. This goal was modestly exceeded and annual incentive payments are reflective of such achievement with a global payout at 105% of target. We considered the 2013 goal to be appropriately challenging, despite it being below 2012 results, given the unusually robust used car market in 2012, which normalized in 2013, as we expected, resulting in higher fleet costs.

Long-Term Incentives

Excluding the special performance long-term incentives awarded in 2012 referred to above, target grant date long-term incentive values were essentially unchanged year-over-year. However, for our CFO and Regional Presidents, an above-target opportunity was included following a review of long-term incentive program designs used by peer companies. The performance metric for our CEO s performance award was relative total shareholder return, consistent with 2012. The performance metric selected for our other NEO awards was a combination of Incentive Adjusted EBITDA and relative total shareholder return goals.

As in prior years, compensation* for our NEOs in 2013 was significantly performance-based, as illustrated below:

CEO

Other NEOs (average)

* Pay mix reflects values as disclosed in the Summary Compensation Table, excluding Other Compensation, which constituted 5% or less of total compensation for all our NEOs other than our President, EMEA, who received expatriate and relocation benefits in 2013, including expatriate tax reimbursement. LTI is defined as long-term incentive.

Compensation Practices

We believe that our compensation programs reflect sound practices, such as:

- an executive compensation recoupment (or clawback) policy with respect to incentive compensation;
- executive stock ownership guidelines with significant share ownership requirements;
- a policy prohibiting executives from entering into speculative (or hedging) transactions in our securities;
- no excise tax gross-up or single-trigger change-in-control provisions;
- no tax gross-ups on executive perquisites except with respect to relocation and expatriate benefits; and

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a relative total shareholder return performance metric included in our performance-based long-term incentive awards.

Our Named Executive Officers

This discussion addresses executive compensation in 2013 for our named executive officers, who are:

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

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

Thomas M. Gartland President, North America (our President, NA);

Larry D. De Shon President, Europe, Middle East and Africa (our President, EMEA); and

Patric T. Siniscalchi President, Latin America/Asia-Pacific (our President, LA/AP).

Mr. De Shon, Mr. Gartland and Mr. Siniscalchi are sometimes referred to herein as our Regional Presidents.

Philosophy, Components and Mix of Executive Compensation

Pay for performance continues to be a fundamental tenet of our compensation philosophy, which includes the core principles of rewarding the attainment of appropriately challenging performance goals and aligning our executives objectives with our stockholders interests. The Committee also believes that it is imperative to the success of our business to ensure that our executive-level positions are held by persons possessing outstanding capabilities, strong commitment to our business and a drive to add value. At the same time, the Committee seeks to be mindful of competitive practices and competing alternatives for management talent.

Compensation for our NEOs is typically comprised of the following components:

Component	**Function and Objective**
Base Salary	Each of our NEOs receives a base salary in the form of cash. 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 role. Base salaries are designed to provide competitive compensation to attract and retain exceptional executive talent.
Annual Incentive Awards	Each of our NEOs receives an annual performance-based cash incentive opportunity. Annual incentives reward our executives upon achieving or exceeding specific annual performance goals using performance metrics approved by the Committee and that the Company believes are appropriate measures 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 an 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 health, life insurance, disability and retirement benefits, which are all part of our broad-based employee benefits program. Retirement benefits for NEOs (other than our President, LA/AP) are limited to (i) deferrals under the Company s deferred compensation plan for executives, which the Company matches up to a maximum of 6% of base salary and annual incentive, and/or (ii) participation in our 401(k) plan. Other executive benefits and perquisites include auto use and financial planning services. Certain of our NEOs also are provided with limited personal use of Company aircraft services.

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Analysis of 2013 Pay Decisions

2013 Compensation for our CEO

Consistent with 2012, for 2013, the Committee maintained for our CEO an annual base salary of $1.15 million and a target payout of 150% of base salary for the annual performance-based incentive, as further described under Annual Incentive Program for all NEOs. The Committee also awarded our CEO a long-term incentive opportunity, with a grant date target value of $3.5 million and with 70% of the award subject to the attainment of performance goals based on the relative total shareholder return of our Company s stock compared to that of the companies comprising the Russell 2000 Index (Relative TSR). The 2013 long-term incentive was consistent with the long-term incentive awarded to our CEO in 2012 and was determined by the Committee in light of the Company s strong 2012 performance.

The Committee determined that a long-term incentive comprised of a mix of predominantly performance-based restricted stock (PSUs) and cash units (PCUs) was appropriate, considering our pay-for-performance philosophy. Cash units, which are payable in cash in an amount equal to the number of units that vest multiplied by the 90-day average closing price of our shares prior to the vesting date, were included as a component to limit the dilutive effect of the award.

The target award consists of 57,783 PSUs and 57,783 PCUs, which are scheduled to vest at the end of the three-year performance period ending on January 23, 2016, based on the achievement of Relative TSR goals, using the average closing prices for the 90-day periods prior to the beginning and end of the performance period. The award also includes 24,764 time-based restricted stock units (RSUs) and 24,764 cash units (RCUs), which are scheduled to be settled on January 23, 2016. Each award component generally is also subject to continued employment through January 27, 2015 to coincide with the current termination date set forth in our agreement with our CEO. The Committee set a three-year performance period for the PSUs and PCUs, consistent with what the Committee believed to be peer and general market practices, understanding that payment of the RSUs and RCUs may not be made until one year following the end of the CEO s employment.

The Committee selected Relative TSR as the performance metric as it believed that such metric would align our CEO s compensation with stockholders

focus on total shareholder return and was considered an emerging best practice in the compensation arena. The performance-based units vest at 25% to 150% of the target number of units granted based on the achievement of the following performance goals (with straight-line interpolation used for Relative TSR achieved between the specified goals):

Relative TSR (compared to the Russell 2000 Index) over Three-Year Measurement Period	Achievement Level (as a % of target units awarded)
75^{th} Percentile or Higher	150%
Median of Index	100%
35^{th} Percentile	50%
25^{th} Percentile	25%
<25^{th} Percentile	0%

Base Salaries for our CFO and Regional Presidents

The Committee approved base salary increases ranging from 4% to 17% for our CFO and Regional Presidents, representing the first base salary increase for such officers since 2011 and resulting in a base salary of $700,000 for our CFO, President, NA and President, EMEA, and a base salary of $520,000 for our President, LA/AP, effective as of March 2013. Salaries for our NEOs are generally determined based on several factors, including past practice, reasonable comparability with Peer Group pay data and Survey Data (as described under Consideration of Peer Groups and Survey Data) and each NEO s responsibilities, capabilities and skills, commitment to our business, leadership and drive to add value. For our CFO, the Committee also considers the size and complexity of our balance sheet and capital structure.

The base salary increases for our CFO, President, NA and President, EMEA were approved based on the factors set forth above, and to recognize the significantly expanded roles and scope of responsibilities assumed by such officers in 2011, following our acquisition of Avis Europe. Such responsibilities continued to expand with the growth of our Company in 2013 when we acquired Zipcar (announced in early January 2013) and Payless. The Committee also focused on the importance of retaining the current management team in light of the Company s recent expansion and the depth of experience each such officer possesses.

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Annual Incentive Awards for all NEOs

In establishing the 2013 annual incentive program, the Committee determined that target payouts as a percentage of base salary should remain consistent with 2012 levels. Accordingly, such targets for 2013 were 150% for our CEO and 100% for all of our other NEOs, with payout opportunities ranging from 25% to 200% of target.

Consistent with past practice, the performance metric for our 2013 annual incentive program was Incentive Adjusted EBITDA, which is a key measure of operational and financial performance and is driven by profitable sales and our strategic plan. The

performance goals, presented below, were set in January 2013 based on the Company s 2013 business plan, which reflected an anticipated normalization of a used car market that was particularly strong in 2012. Accordingly, 2013 goals were lower than goals for 2012. Goals for 2012 were ultimately set to reflect anticipated substantial increases in Incentive Adjusted EBITDA compared to 2011 (37% for target payout) due to anticipated lower fleet costs for such year driven by the robust used car market. Interpolation is utilized to determine the payout percentage for performance achievement above threshold but below target or maximum achievement levels, as applicable.

Achievement Level	Payout Opportunity (% of Target)	2013 Incentive Adjusted EBITDA Goals (Dollars in Millions) Global*	President, NA	President, EMEA	President, LA/AP
Maximum	200%	$ 886	$ 610	$ 151	$ 175
Target	100%	$ 738	$ 508	$ 126	$ 146
Threshold	25%	$ 664	$ 457	$ 113	$ 131

* Includes results from our Corporate and Other segment, which includes unallocated corporate overhead.

For the 2013 annual incentive, global Incentive Adjusted EBITDA was $746 million[1], which reflects the exclusion of the Incentive Adjusted EBITDA contributed by Zipcar given that goals were set prior to the transaction closing and that our definition provides for adjustments for acquisitions with a total asset value exceeding $100 million. Accordingly, actual payouts as a percentage of target are as follows:

NEO	Actual Payout (% of Target)	Weighting Global	North America	EMEA	LA/AP
CEO	105%	100%			
CFO	105%	100%			
President, NA	109%	25%	75%		
President, EMEA	120%	25%		75%	
President, LA/AP	101%	25%			75%

1 A reconciliation of global Incentive Adjusted EBITDA for the year ended December 31, 2013 to net income is set forth below (dollars are in millions):

Incentive Adjusted EBITDA (for 2013 annual incentive)	$ 746
Plus: Incentive Adjusted EBITDA contribution from Zipcar	25
Incentive Adjusted EBITDA contribution from other significant transactions	(2)
Incentive Adjusted EBITDA	$ 769
Less: Non-vehicle depreciation and amortization	152
Interest expense related to corporate debt, net	228
Early extinguishment of debt	147
Restructuring expense	61
Transaction-related costs	51
Impairment	33

Income before income taxes	$	97
Less: Provision for income taxes		81
Net income	$	16

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Long-Term Incentive Awards for our CFO and Regional Presidents

Awards granted to our CFO and our Regional Presidents under our 2013 long-term incentive program (the 2013 LTIP) had grant date fair values ranging from $1.1 million to $1.3 million. Such values represented an overall reduction in long-term incentives compared to 2012, due to the grant of special three-year performance awards in 2012 to such officers. Excluding the impact of such special performance awards, grant date fair values increased compared to 2012 due to the introduction of an above-target opportunity. The Committee approved such incremental opportunity following a review of practices of the Peer Group (as described in Consideration of Peer Groups and Survey Data). Fifty percent of the target 2013 LTIP awards consisted of time-based RSUs, which are scheduled to vest one-third on each of the first three anniversaries of the date of grant, and fifty percent consisted of PSUs, which are scheduled to vest on the third anniversary of the date of grant based on achievement of Incentive Adjusted EBITDA and Relative TSR goals. Vesting of both the RSUs and PSUs generally is subject to continued employment.

The following factors were reviewed to determine the appropriate type of equity to be granted: perceived

value to award recipients to effect retention goals, a general review of peer practices, potential dilution and projected expense balanced with the value delivered to award recipients. Based on an analysis of these factors, the Committee determined that an equal mix, at target, of performance-based and time-based restricted stock units would:

- align incentives with stockholders focus on profitability and financial performance;
- reflect the relevant decision-making impact of the individual and the impact of those decisions on the Company; and
- maximize retention of key employees over the longer term.

Incentive Adjusted EBITDA, with three-year cumulative goals, was selected as the primary performance metric for the 2013 LTIP awards due to the importance of this measure to our Company s long-term profitable growth. Such goals were initially set in January 2013 based on the Company s 2013 business plan, assuming a moderate three year growth rate; however, goals were later increased to reflect the Company s acquisition of Zipcar. As a result, Zipcar s contribution to Incentive Adjusted EBITDA will not be excluded from the three-year results for purposes of determining whether goals have been achieved.

Incentive Adjusted EBITDA goals for the 2013 LTIP are as follows (with straight-line interpolation used to determine the payout percentage for performance achievement above threshold but below target or maximum achievement levels, as applicable):

Achievement Level	Achievement Level (as a % of target units awarded)	Cumulative Three-Year Goal Incentive Adjusted EBITDA (Dollars in billions)
Maximum	125%	$2.675
Target	100%	$2.432
Threshold	50%	$2.189

A Relative TSR component was also included to reflect the importance of total shareholder return to stockholders. So long as the threshold Incentive Adjusted EBITDA goal is achieved, vesting can be increased by up to 20% if the following Relative TSR goals are achieved (with straight-line interpolation used for Relative TSR achieved between the specified goals):

Relative TSR Over Three-Year Measurement Period	Increase
³60%	20%
55%	10%
£50%	0%

Severance Arrangements for Regional Presidents

In 2013, the Committee approved amendments to the severance arrangements for the Regional Presidents to more closely align the severance arrangements for such officers with severance arrangements applicable to our CEO and CFO and in order to recognize the impact of such individuals on our Company s operations. Under the amended arrangements, if employment is terminated by the Company other than for cause and other than due to death, disability or resignation, then outstanding unvested stock-based awards that would have vested in accordance with their original vesting schedule by the two-year anniversary of such termination of employment will become vested on termination, except that, for awards intended to be performance-based compensation for purposes of Section 162(m) of the Code, such awards will remain outstanding following such termination and become vested or be forfeited based on actual achievement of the applicable performance goals during the two-year period following such termination. Prior to such amendments, in a similar termination, a cash payment equal to the value of stock-based awards that would hav