UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 1-10308

Avis Budget Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**06-0918165**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
6 Sylvan Way Parsippany, NJ	**07054**
(Address of principal executive offices)	*(Zip Code)*

(973) 496-4700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock was 101,988,727 shares as of October 31, 2009.

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FORWARD-LOOKING STATEMENTS

The forward-looking statements contained herein are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on various facts and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “believes”, “expects”, “anticipates”, “intends”, “projects”, “estimates”, “plans”, “may increase”, “may fluctuate” and similar expressions or future or conditional verbs such as “will”, “should”, “would”, “may” and “could” are generally forward-looking in nature and not historical facts. You should understand that the following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- the high level of competition in the vehicle rental industry and the impact such competition may have on pricing and rental volume;
- an increase in our fleet costs as a result of an increase in the cost of new vehicles and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;
- the results of operations or financial condition of the manufacturers of our cars, which could impact their ability to perform their payment obligations under repurchase and/or guaranteed depreciation arrangements they have with us, and/or their willingness or ability to make cars available to us or the rental car industry as a whole on commercially reasonable terms or at all;
- risks associated with the impact of the Chapter 11 bankruptcy filings of General Motors and Chrysler;
- weakness in travel demand, including the downturn in airline passenger traffic in the United States and in the international locations in which we operate;
- the decline in general economic conditions and weakness in the housing market, which could lead to a disruption or decline in rental activity, and the impact such a disruption or decline may have on us, particularly during our peak season or in key market segments;
- our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market as outstanding indebtedness matures, as a result of the significant disruption in the credit market or other factors, and the financial condition of financial-guaranty firms that have insured a portion of our outstanding vehicle-backed debt;
- an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the locations in which we operate;
- our dependence on third-party distribution channels;
- our ability to successfully implement our cost-savings and efficiency improvement initiatives and business strategy;
- the impact of our derivative instruments, which can be affected by fluctuations in interest rates;
- our ability to accurately estimate our future results;
- a major disruption in our communication or centralized information networks;
- our exposure to uninsured claims in excess of historic levels;
- our failure or inability to comply with regulations or any changes in regulations, including with respect to personally identifiable information;
- any impact on us from the actions of our licensees, dealers and independent contractors;

- substantial increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy or other resources on which we depend to operate our business;
- risks related to our indebtedness, including our substantial amount of debt and our ability to incur substantially more debt;
- our ability to meet the financial and other covenants contained in our senior credit facilities, our outstanding unsecured senior notes and certain asset-backed funding arrangements;
- the terms of agreements among us and the former real estate, hospitality and travel distribution businesses following the separation of those businesses from us during third quarter 2006, when we were known as Cendant Corporation (the “Separation”), particularly with respect to the allocation of assets and liabilities, including contingent liabilities and guarantees, commercial arrangements, the ability of each of the separated companies to perform its obligations, including its indemnification obligations, under these agreements, and the former real estate business’ right to control the process for resolving disputes related to contingent liabilities and assets;
- the trading price of our stock, which could limit our access to capital;
- risks associated with litigation involving the Company;
- our exposure to fluctuations in foreign exchange rates; and
- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services.

Other factors and assumptions not identified above, including those described under headings such as “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2008 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. Most of these factors are difficult to predict accurately and are generally beyond our control.

You should consider the areas of risk described above, as well as those described under headings such as “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2008 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q and those that may be disclosed from time to time in filings and furnishings with the Securities and Exchange Commission, in connection with any forward-looking statements that may be made by us and our businesses generally. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Revenues				
Vehicle rental	$ 1,123	$ 1,298	$ 3,036	$ 3,611
Other	342	403	935	1,112
Net revenues	1,465	1,701	3,971	4,723
Expenses				
Operating	731	847	2,020	2,435
Vehicle depreciation and lease charges, net	357	473	1,104	1,296
Selling, general and administrative	155	171	421	513
Vehicle interest, net	75	74	215	234
Non-vehicle related depreciation and amortization	26	23	71	62
Interest expense related to corporate debt, net	37	31	114	92
Restructuring charges	1	6	14	6
Impairment	—	1,262	1	1,262
Separation costs	—	—	—	2
Total expenses	1,382	2,887	3,960	5,902
Income (loss) before income taxes	83	(1,186)	11	(1,179)
Provision for (benefit from) income taxes	26	(180)	9	(176)
Net income (loss)	$ 57	$ (1,006)	$ 2	$ (1,003)
Earnings (loss) per share:				
Basic	$ 0.55	$ (9.91)	$ 0.02	$ (9.84)
Diluted	$ 0.54	$ (9.91)	$ 0.02	$ (9.84)

See Notes to Consolidated Condensed Financial Statements (Unaudited).

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Avis Budget Group, Inc.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 470	$ 258
Receivables, net	307	360
Deferred income taxes	89	75
Other current assets	263	380
Total current assets	1,129	1,073
Property and equipment, net	439	485
Deferred income taxes	546	503
Goodwill	76	75
Other intangibles, net	477	467
Other non-current assets	839	889
Total assets exclusive of assets under vehicle programs	3,506	3,492
Assets under vehicle programs:		
Program cash	7	12
Vehicles, net	6,135	7,164
Receivables from vehicle manufacturers and other	163	533
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	151	117
	6,456	7,826
Total assets	$ 9,962	$ 11,318
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 846	$ 901
Current portion of long-term debt	12	10
Total current liabilities	858	911
Long-term debt	1,873	1,779
Other non-current liabilities	1,121	1,121
Total liabilities exclusive of liabilities under vehicle programs	3,852	3,811
Liabilities under vehicle programs:		
Debt	887	892
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	3,629	5,142
Deferred income taxes	1,266	1,188
Other	99	192
	5,881	7,414
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $.01 par value—authorized 10 million shares; none issued and outstanding	—	—
Common stock, $.01 par value—authorized 250 million shares; issued 136,915,861 and 136,812,802 shares	1	1
Additional paid-in capital	9,092	9,197
Accumulated deficit	(2,642)	(2,644)
Accumulated other comprehensive income (loss)	(71)	(194)
Treasury stock, at cost— 34,617,266 and 35,030,086 shares	(6,151)	(6,267)
Total stockholders' equity	229	93
Total liabilities and stockholders' equity	$ 9,962	$ 11,318

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2009	**2008**
Operating Activities		
Net income (loss)	$ 2	$ (1,003)
Adjustments to reconcile net income (loss) to net cash provided by operating activities exclusive of vehicle programs:		
Non-vehicle related depreciation and amortization	71	62
Goodwill, tradename and investment impairment	1	1,262
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Receivables	25	24
Income taxes and deferred income taxes	(8)	(193)
Accounts payable and other current liabilities	30	(13)
Other, net	33	12
Net cash provided by operating activities exclusive of vehicle programs	154	151
Vehicle programs:		
Vehicle depreciation	1,096	1,267
	1,096	1,267
Net cash provided by operating activities	1,250	1,418
Investing Activities		
Property and equipment additions	(19)	(65)
Proceeds received on asset sales	10	13
Proceeds received from Realogy and Wyndham, net	2	3
Net assets acquired, net of cash acquired, and acquisition-related payments	—	(88)
Other, net	(2)	(14)
Net cash used in investing activities exclusive of vehicle programs	(9)	(151)
Vehicle programs:		
Decrease in program cash	5	1
Investment in vehicles	(5,019)	(7,023)
Proceeds received on disposition of vehicles	5,424	5,021
Distribution from (investment in) Avis Budget Rental Car Funding (AESOP) LLC—related party	19	(343)
	429	(2,344)
Net cash provided by (used in) investing activities	420	(2,495)

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Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Continued)
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2009	**2008**
Financing Activities		
Proceeds from borrowings	100	—
Principal payments on borrowings	(8)	(7)
Repurchases of common stock	—	(33)
Other, net	(2)	—
Net cash provided by (used in) financing activities exclusive of vehicle programs	90	(40)
Vehicle programs:		
Proceeds from borrowings	5,728	6,836
Principal payments on borrowings	(7,335)	(5,927)
Net change in short-term borrowings	36	388
Other, net	(6)	(8)
	(1,577)	1,289
Net cash (used in) provided by financing activities	(1,487)	1,249
Effect of changes in exchange rates on cash and cash equivalents	29	(12)
Net increase in cash and cash equivalents	212	160
Cash and cash equivalents, beginning of period	258	214
Cash and cash equivalents, end of period	$ 470	$ 374

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Unless otherwise noted, all amounts in tables are in millions, except per share amounts)

1. Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

Avis Budget Group, Inc. provides car and truck rentals and ancillary services to businesses and consumers in the United States and internationally. The accompanying unaudited Consolidated Condensed Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries ("Avis Budget"), as well as entities in which Avis Budget directly or indirectly has a controlling financial interest (collectively, the "Company"), and have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial reporting.

The Company operates in the following business segments:

- **Domestic Car Rental**— provides car rentals and ancillary products and services in the United States.
- **International Car Rental**— provides vehicle rentals and ancillary products and services primarily in Argentina, Australia, Canada, New Zealand, Puerto Rico and the U.S. Virgin Islands.
- **Truck Rental**— provides truck rentals and related services to consumers and light commercial users in the United States.

In presenting the Consolidated Condensed Financial Statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgments and available information. Accordingly, actual results could differ from those estimates. In management's opinion, the Consolidated Condensed Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company's 2008 Annual Report on Form 10-K filed on February 26, 2009.

Vehicle Programs. The Company presents separately the financial data of its vehicle programs. These programs are distinct from the Company's other activities since the assets under vehicle programs are generally funded through the issuance of debt, asset-backed funding or other similar arrangements which are collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of the Company's vehicle programs. The Company believes it is appropriate to segregate the financial data of its vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

Separation. In connection with the separation of Cendant Corporation (as the Company was formerly known) into four independent companies (the "Separation"), the Company completed the spin-offs of Realogy Corporation ("Realogy") and Wyndham Worldwide Corporation ("Wyndham") on July 31, 2006 and completed the sale of Travelport, Inc. ("Travelport") on August 23, 2006.

Compliance with Debt Covenants, Business Risks and Management's Plans

Compliance with Debt Covenants. Many of the Company's debt instruments, including its senior credit facilities, contain financial and other covenants that impose significant requirements on the Company and limit its ability to engage in certain transactions or activities. The Company's financial covenants require it to maintain minimum trailing twelve month EBITDA (as defined in the Company's senior credit facilities) amounts on a quarterly basis. Commencing with the Company's fiscal quarter ending June 30, 2010, the requirement to maintain a quarterly minimum trailing twelve month EBITDA under the financial covenants of its amended senior credit facilities will be replaced by the maximum leverage ratio that was in place prior to the December 2008 amendment to the senior credit facilities.

The U.S. economy appears to have been in recession throughout 2008 and for at least a portion of 2009. Historically, the Company's results of operations have declined during periods of general economic weakness. The effects of the recession contributed to the significant year-over-year decline in the results of the Company's operations for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008, excluding the 2008

impairment charge. If economic conditions in the United States worsen, the Company's results of operations could be materially and adversely impacted.

The Company relies upon financing for its operations, particularly asset-backed financing, through asset-backed securities and the lending market, for its vehicle fleet. In fourth quarter 2008, the Company amended and renewed its two asset-backed domestic rental car conduit facilities and as a result of these amendments and renewals, the Company's borrowing costs and collateral requirements for 2009 have increased compared to 2008. In October 2009, the Company combined these facilities into one facility, renewed such facility for $1.9 billion and reduced the associated borrowing costs; such facility now matures in October 2010. During July and October 2009, the Company issued a total of $900 million in asset-backed notes for rental car financing. The existing availability under the asset-backed vehicle financing programs including the asset-backed conduit facility should be sufficient to fund the Company's Domestic Car Rental fleet for 2010. Approximately $42 million and $1.1 billion of term asset-backed financings for the Company's car rental operations will mature before the end of 2009 and in 2010, respectively. A default by, or insolvency of, any of the financial-guaranty firms that have insured a portion of the Company's outstanding vehicle-backed debt could affect the timing for repayment of such debt.

Dependence on Vehicle Manufacturers. The Company is dependent on vehicle manufacturers for its fleet purchases and related incentive payments, and a substantial portion of the rental cars that comprise its domestic car fleet ("program cars") are subject to manufacturer repurchase or guaranteed depreciation programs. A default on any repurchase or guaranteed depreciation agreement or incentive payment could leave the Company with a substantial unpaid claim against the manufacturer particularly with respect to program cars that were either (i) resold at an amount less than the amount guaranteed under the applicable agreement, and therefore subject to a "true-up" payment obligation from the manufacturer or (ii) returned to the manufacturer but for which the Company was not paid. In addition, the Company could incur additional expenses if, following a manufacturer default, the prices at which it were able to dispose of program cars were less than the specified prices under the repurchase or guaranteed depreciation program and/or if the prices at which the Company were able to dispose of non-program cars were less than previously assumed.

Cost Reduction Initiatives. In light of the challenging conditions facing its business as well as for competitive reasons, the Company has taken numerous actions to reduce expenses, including implementing a five-point plan designed to reduce costs and improve efficiency. This plan includes (i) significant reductions in operating costs, fleet costs, selling, general and administrative expenses, headcount, discretionary spending and other variable costs, (ii) improving station, channel and customer profitability, (iii) strengthening the Company's pricing strategies and marketing, selling and affinity efforts, (iv) consolidation of both customer facing and non-customer facing activities and locations to reduce costs and provide synergies, and (v) consolidation of purchasing and procurement programs and practices. The Company closed and consolidated certain facilities and terminated employees in fourth quarter 2008 and the nine months ended September 30, 2009 in conjunction with this initiative (see Note 2—Restructuring Charges). The Company has also generated and expects to generate additional cost savings in 2009 through implementation of its Performance Excellence process improvement initiative, which began in late 2007. The Company has also identified a number of additional cost reduction measures that it could implement, if necessary, to offset additional costs.

Notwithstanding the December 2008 amendments to the Company's senior credit facilities and its cost reduction initiatives, due to reduced demand for travel services, disruption in the credit markets, rising borrowing costs, the Company's dependence on vehicle manufacturers, and other factors, there can be no assurance that the Company will be able to generate sufficient earnings to enable it to satisfy the minimum EBITDA requirement or other covenants included in its senior credit facilities, the asset-backed conduit facilities used to finance a portion of its domestic car rental operations or other borrowing agreements. The Company's failure to comply with these covenants, if not waived, would cause a default under the senior credit facilities and could result in principal under the conduit facilities being required to be repaid from a portion of vehicle disposition proceeds and lease payments the Company makes to its vehicle program subsidiaries and adversely affect the Company's liquidity position. If such a failure were to occur, there can be no assurance that the Company would be able to refinance or obtain a replacement for such facilities and in certain circumstances such failure could also give rise to a default under the instruments that govern its other indebtedness. As of September 30, 2009, the Company was in compliance with the financial covenants of its senior credit facilities.

Adoption of New Accounting Standards during 2009

In April 2009, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" ("FSP FAS 141(R)-1"), as codified in FASB Accounting Standards Codification ("ASC") topic 805, *Business Combinations*. The Company adopted FSP FAS 141(R)-1 on January 1, 2009, as required, and it had no impact on its financial statements at the time of adoption.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2 and FAS 124-2"), as codified in FASB ASC topic 320, *Investments—Debt*

and Equity Securities. FSP FAS 115-2 and FAS 124-2 provides additional guidance on how to evaluate whether an impairment of a debt security is other than temporary and for recognition of any such impairment in the financial statements. The Company adopted FSP FAS 115-2 and FAS 124-2 on June 30, 2009, as required, and it had no impact on its financial statements.

In April 2009, FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"), as codified in FASB ASC topic 820, *Fair Value Measurements and Disclosures*. FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, "Fair Value Measurements", when the volume and level of activity for the asset or liability have significantly decreased. FSP FAS 157-4 applies prospectively for interim and annual reporting periods ending after June 15, 2009. The Company adopted FSP FAS 157-4 on June 30, 2009, as required, and it had no impact on its financial statements.

In April 2009, FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1"), as codified in FASB ASC topic 825, *Financial Instruments*. FSP FAS 107-1 and APB 28-1 amends FASB Statement No. 107, "Disclosures about Fair Values of Financial Instruments", as codified in ASC topic 825, and requires a publicly traded entity to include disclosures about the fair value of its financial instruments for its interim reporting periods as well as its annual financial statements. FSP FAS 107-1 and APB 28-1 is effective for interim periods ending after June 15, 2009. The Company adopted FSP FAS 107-1 and APB 28-1 on June 30, 2009, as required, and it did not have a significant impact on its financial statements; however, it did result in enhanced disclosure about the fair value of financial instruments in the Company's interim financial statements.

In May 2009, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 165, "Subsequent Events" ("SFAS No. 165"), as codified in FASB ASC topic 855, *Subsequent Events*. SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted SFAS No. 165 on June 30, 2009, as required, and it did not have a significant impact on its financial statements.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" ("SFAS No. 168"), as codified in FASB ASC topic 105, *Generally Accepted Accounting Principles*. SFAS No. 168 replaces FASB Statement No. 162 to allow the FASB Accounting Standards Codification to become the single source of authoritative U.S. accounting and reporting standards, other than guidance issued by the SEC. The Company adopted SFAS No. 168 on July 1, 2009, as required, and it did not have a significant impact on its financial statements.

In August 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-05, "Measuring Liabilities at Fair Value" ("ASU No. 2009-05"). ASU No. 2009-5 clarifies, among other things, that when a quoted price in an active market for the identical liability is not available, an entity must measure fair value using one or more specified techniques. The Company adopted ASU No. 2009-05 on July 1, 2009, as required, and it had no impact on its financial statements.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140" ("SFAS No. 166"), as codified in FASB ASC topic 860, *Transfers and Servicing*. SFAS No. 166 (i) removes the concept of a Qualifying Special Purpose Entity ("QSPE") from FASB No. 140, as codified in FASB ASC topic 860, *Transfers and Servicing*, and eliminates the exception from applying FIN 46(R), as codified in FASB ASC topic 810, *Consolidation*, to variable interest entities that are QSPEs, (ii) amends the accounting for transfers of financial assets and (iii) increases the related disclosures about transfers of financial assets. SFAS No. 166 applies to fiscal years beginning on or after November 15, 2009 and transfers that occurred both before and after its effective date. The Company will adopt SFAS No. 166 on January 1, 2010, as required, and does not believe it will have a significant impact on its financial statements.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS No. 167"), as codified in FASB ASC topic 810, *Consolidation*. SFAS No. 167 changes the method for determining the primary beneficiary of a variable interest entity ("VIE") from a quantitative-based risks and rewards calculation to a qualitative approach to identify which entity has the power to direct the activities of a VIE that most significantly impact the entity's economic performance, subject to certain exceptions. SFAS No. 167 applies prospectively for fiscal years beginning on or after November 15, 2009. The Company will adopt SFAS No. 167 on January 1, 2010, as required, and does not believe it will have a significant impact on its financial statements.

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2. Restructuring Charges

During 2008 and 2009, the Company implemented various strategic initiatives within the Company's Domestic Car Rental, International Car Rental and Truck Rental segments as part of its five-point plan announced in November 2008. These initiatives are targeted principally at reducing costs, enhancing organizational efficiency and consolidating and rationalizing existing processes and facilities. During the nine months ended September 30, 2009, as part of the five-point plan, the Company eliminated approximately 1,700 positions, resulting in the termination of approximately 1,200 employees within its Domestic Car Rental, International Car Rental and Truck Rental segments and the closure and consolidation of certain facilities, including data center, back-office administrative locations and local market vehicle rental locations. As a result of these actions, the Company incurred $1 million and $14 million in restructuring-related charges for the three and nine months ended September 30, 2009, respectively.

At September 30, 2009, the remaining liability relating to restructuring actions amounted to $5 million, primarily for lease obligation costs. As part of the five-point plan, the Company continues to implement steps to reduce costs and consolidate certain customer facing and non-customer facing activities and locations. The Company expects further restructuring costs of approximately $3 million to be incurred through December 31, 2009 and is continuing to look at other initiatives expected to reduce costs and may incur further restructuring costs.

The restructuring charges and corresponding utilization are recorded within the Company's segments as follows:

	Domestic Car Rental	International Car Rental	Truck Rental	Total
Balance as of January 1, 2009 [a]	$ 12	$ 2	$ 2	$ 16
Incremental charges [b]	12	1	1	14
Cash payment/utilization	(20)	(3)	(2)	(25)
Balance at September 30, 2009	$ 4	$ —	$ 1	$ 5

The initial recognition of the restructuring charges and the corresponding utilization from inception are summarized by category as follows:

	Personnel Related	Facility Related[c]	Asset Impairments[d]	Total
Balance as of January 1, 2009 [a]	$ 10	$ 5	$ 1	$ 16
Incremental charges [b]	10	3	1	14
Cash payment/utilization	(19)	(5)	(1)	(25)
Balance September 30, 2009	$ 1	$ 3	$ 1	$ 5

(a) The January 1, 2009 balance includes the 2008 initial charge that primarily represented severance benefits resulting from the reductions in staff. As of September 30, 2009, the Company had terminated all of these employees.

(b) During the nine months ended September 30, 2009, the Company incurred additional restructuring charges primarily for severance benefits resulting from the reductions in staff and the closure of certain facilities. The Company formally communicated the termination of employment to approximately 1,200 employees, representing a wide range of employee groups. As of September 30, 2009, the Company had terminated substantially all of these employees.

(c) At September 30, 2009, the remaining liability relates primarily to required minimum lease payments.

(d) At September 30, 2009, the remaining asset impairment liability relates primarily to shuttle buses held for sale.

3. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share ("EPS"):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income (loss)	$ 57	$ (1,006)	$ 2	$ (1,003)
Basic weighted average shares outstanding	102.3	101.6	102.1	101.9
Stock options and restricted stock units [a]	2.2	—	1.3	—
Diluted weighted average shares outstanding	104.5	101.6	103.4	101.9
Earnings per share:				
Basic	$ 0.55	$ (9.91)	$ 0.02	$ (9.84)
Diluted	$ 0.54	$ (9.91)	$ 0.02	$ (9.84)

(a) As the Company incurred a net loss for the three and nine months ended September 30, 2008, all outstanding stock options and restricted stock units have an anti-dilutive effect and therefore are excluded from the computation of diluted weighted average shares outstanding. Accordingly, basic and diluted weighted average shares outstanding are equal for such periods.

The following table summarizes the Company's outstanding common stock equivalents that were anti-dilutive and therefore excluded from the computation of diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Options [a]	3.4	5.3	3.4	5.3

(a) For the three and nine months ended September 30, 2008, all outstanding stock options were anti-dilutive, as the Company incurred a loss from continuing operations.

4. Acquisitions

Assets acquired and liabilities assumed in business combinations were recorded on the Company's Consolidated Condensed Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company's Consolidated Condensed Statements of Operations since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired, including trademark assets related to franchisees, and liabilities assumed is allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses. Any revisions to the fair values, within the allocation period, will be recorded by the Company as further adjustments to the purchase price allocations.

During the nine months ended September 30, 2009, the Company acquired the exclusive rights to certain Domestic Car Rental franchise territories, primarily due to a legal settlement, resulting in trademark intangible assets of $1 million. These acquisitions were not significant individually or in the aggregate to the Company's results of operations, financial position or cash flows.

During the nine months ended September 30, 2008, the Company acquired the exclusive rights to certain vehicle rental franchise territories and related assets, which included $36 million of associated vehicles, for $87 million in cash, resulting in trademark intangible assets of $50 million. These acquisitions for 2008 relate primarily to the Company's Domestic Car Rental segment and were not significant individually or in the aggregate to the Company's results of operations, financial position or cash flows.

5. Intangible Assets

Intangible assets consisted of:

	As of September 30, 2009			As of December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
Franchise agreements	$ 73	$ 21	$ 52	$ 73	$ 20	$ 53
Customer lists	19	9	10	19	8	11
Other	2	1	1	2	1	1
	$ 94	$ 31	$ 63	$ 94	$ 29	$ 65
Unamortized Intangible Assets						
Goodwill (a)	$ 76			$ 75		
Trademarks (b)	$ 414			$ 402		

(a) The increase in goodwill is due to fluctuations in foreign currency.
(b) The increase in trademarks is primarily due to fluctuations in foreign currency.

Amortization expense relating to all intangible assets was approximately $1 million during the third quarter of 2009 and 2008. For the nine months ended September 30, 2009 and 2008, amortization expense was approximately $2 million.

Based on the Company's amortizable intangible assets at September 30, 2009, the Company expects amortization expense of approximately $1 million for the remainder of 2009 and approximately $3 million for each of the five fiscal years thereafter.

6. Financial Instruments

Debt Instruments

The fair value of the Company's debt instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In some cases where quoted market prices are not available, prices are derived by considering the yield of the benchmark security that was issued to initially price the instruments and adjusting this rate by the estimated credit spread that market participants would demand for the instruments as of the measurement date. In situations where long-term borrowings are part of a conduit facility backed by short-term floating rate debt, the Company has determined that its carrying value approximates the fair value of this debt. The carrying amounts of cash and cash equivalents, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

The carrying amounts and estimated fair values of debt instruments are as follows:

	September 30, 2009	
	Carrying Amount	Estimated Fair Value
Corporate debt		
Current portion of long-term debt	$ 12	$ 12
Long-term debt	1,873	1,684
Debt under vehicle programs		
Vehicle-backed debt due to Avis Budget Rental Car Funding	3,629	3,536
Vehicle-backed debt	884	885

Derivative instruments and hedging activities

The Company uses foreign exchange forward contracts to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and forecasted foreign currency denominated acquisitions. The Company primarily hedges its foreign currency exposure to the Australian dollar, British pound, Canadian dollar and the New Zealand dollar. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the fair value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk they economically

hedge. Forward contracts used to hedge forecasted third party receipts and disbursements up to twelve months are designated and do qualify as cash flow hedges. The amount of gains or losses reclassified from other comprehensive income to earnings resulting from ineffectiveness during the three and nine months ended September 30, 2009 and 2008 was not material.

The Company uses various hedging strategies including interest rate swaps and interest rate caps to manage its exposure to changes in interest rates. The Company uses interest rate swaps, designated as cash flow hedges, to manage the risk related to its floating rate corporate debt. In connection with such cash flow hedges, the Company records net unrealized losses to other comprehensive income. To manage the risk associated with its floating rate vehicle-backed debt, the Company uses both interest rate swaps and caps. These derivatives include derivatives not designated as a hedge for accounting purposes and derivatives designated as cash flow hedges. In connection with such cash flow hedges, the Company records the effective portion of the change in fair value in other comprehensive income, net of tax. The Company records the change in fair value gains or losses related to derivatives not designated as a hedge in its consolidated results of operations.

The Company periodically enters into derivative commodity contracts to manage its exposure to changes in the price of unleaded gasoline. These instruments are not designated as hedges for accounting purposes and the changes in fair value are recorded in the Company's consolidated results of operations.

Certain of the Company's derivative instruments contain collateral support provisions that require the Company to post cash collateral to the extent that these derivatives are in a liability position. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position and the aggregate fair value of assets needed to settle these derivatives on September 30, 2009 was approximately $6 million, for which the Company has posted cash collateral of $7 million in the normal course of business.

As of September 30, 2009, the Company held derivative instruments with absolute notional values as follows: interest rate caps of $5.5 billion, interest rate swaps of $1.6 billion, foreign exchange forward contracts of $29 million and commodity contracts for the purchase of 3 million gallons of unleaded gasoline.

The Company used significant observable inputs (Level 2 inputs) to determine the fair value of its derivative assets and liabilities. Derivatives entered into by the Company are typically executed over-the-counter and are valued using internal valuation techniques, as no quoted market prices exist for such instruments. The valuation technique and inputs depend on the type of derivative and the nature of the underlying exposure. The principal techniques used to value these instruments are discounted cash flows and Black-Scholes option valuation models. These models take into account a variety of factors including, where applicable, maturity, commodity prices, interest rate yield curves, credit curves of the Company and counterparties, counterparty creditworthiness and forward and spot currency exchange rates. These factors are applied on a consistent basis and are based upon observable inputs where available.

Fair values of derivative instruments as of September 30, 2009 were as follows:

	Derivative Assets		**Derivative Liabilities**	
	Balance Sheet Category	**Fair Value**	**Balance Sheet Category**	**Fair Value**
Derivatives designated as hedging instruments [(a)]				
Interest rate swaps		$ —	Other non-current liabilities	$ 44
Total		$ —		$ 44
Derivatives not designated as hedging instruments [(a)]				
Foreign exchange forward contracts	Other current assets	$ 1	Other current liabilities	$ 3
Interest rate contracts	Assets under vehicle programs	1	Liabilities under vehicle programs	3
Total		$ 2		$ 6

[(a)] Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding"), as it is not consolidated by the Company; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within other comprehensive income, as discussed in Note 15—Stockholders' Equity.

The effect of derivative instruments on the Consolidated Condensed Statement of Operations for the three months ended September 30, 2009 was (i) a loss of $1 million recognized as a component of operating expenses related to foreign

exchange forward contracts, (ii) an insignificant loss recognized as a component of operating expenses related to our commodity contracts and (iii) a $2 million loss recognized as a component of interest expense related to interest rate swaps not designated as hedging instruments. The loss on the interest rate swaps had no impact on net interest expense as it was offset by reduced interest expense on the underlying floating rate debt which it hedges.

The effect of derivative instruments on the Consolidated Condensed Statement of Operations for the nine months ended September 30, 2009, was (i) a loss of $5 million recognized as a component of operating expenses related to foreign exchange forward contracts, (ii) a gain of $3 million recognized as a component of operating expenses related to our commodity contracts and (iii) a loss of $4 million recognized as a component of interest expense related to interest rate swaps not designated as hedging instruments. The loss on the interest rate swaps had no impact on net interest expense as it was offset by reduced interest expense on the underlying floating rate debt which it hedges.

The Company also recognized a gain of $2 million and $26 million, as a component of other comprehensive income, net of tax, for the three and nine months ended September 30, 2009, respectively, which relates to interest rate swaps designated as cash flow hedges.

7. Vehicle Rental Activities

The components of the Company's vehicles, net within assets under vehicle programs are as follows:

	As of September 30, 2009	As of December 31, 2008
Rental vehicles	$ 7,005	$ 7,502
Less: Accumulated depreciation	(1,081)	(1,219)
	5,924	6,283
Vehicles held for sale	211	881
Vehicles, net	$ 6,135	$ 7,164

The components of vehicle depreciation and lease charges, net are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Depreciation expense	$ 363	$ 448	$ 1,096	$ 1,267
Lease charges	23	18	37	34
(Gain) loss on sales of vehicles, net and cost of vehicle disposition	(29)	7	(29)	(5)
Vehicle depreciation and lease charges, net	$ 357	$ 473	$ 1,104	$ 1,296

For the three months ended September 30, 2009 and 2008, vehicle interest, net on the accompanying Consolidated Condensed Statements of Operations excludes $38 million and $33 million, respectively, and for the nine months ended September 30, 2009 and 2008, excludes $116 million and $99 million, respectively, of interest expense related to the fixed and floating rate borrowings of the Company's Avis Budget Car Rental, LLC ("Avis Budget Car Rental") subsidiary. Such interest is recorded within interest expense related to corporate debt, net on the accompanying Consolidated Condensed Statements of Operations.

8. Income Taxes

The Company's effective tax rate from continuing operations for the nine months ended September 30, 2009 is a provision of 81.8%. Such rate differs from the Federal statutory rate of 35.0% primarily due to foreign withholding taxes and the differences in the amount of stock-based compensation recorded for book and tax purposes.

The Company's effective tax rate from continuing operations for the nine months ended September 30, 2008 is a benefit of 14.9%. Such rate differs from the Federal statutory rate of 35.0% primarily due to the impact of the non-deductible portion of the impairment charges, state taxes and differences in the amount of stock-based compensation recorded for book and tax purposes.

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9. Equity Investment

At September 30, 2009, the Company's equity-method investee and approximate ownership interest, based on outstanding shares, are as follows:

Company	Percentage Ownership
Carey Holdings, Inc.	47.9%

The Company's investment in Carey Holdings, Inc. ("Carey") is recorded within other non-current assets on the Consolidated Condensed Balance Sheets and the Company's share of Carey's operating results is reported within operating expenses on the Consolidated Condensed Statements of Operations. At September 30, 2009, the Company's investment totaled $34 million, including a net loss of $9 million, representing the Company's share of Carey's operating results for the nine months ended September 30, 2009. As of September 30, 2009, Carey has not met the financial covenants in certain of its debt agreements and is currently in discussions with its lenders. At December 31, 2008, the Company's investment totaled $43 million.

10. Other Current Assets

Other current assets consisted of:

	As of September 30, 2009	As of December 31, 2008
Prepaid expenses	$ 130	$ 127
Receivables from Realogy [a]	52	112
Receivables from Wyndham [a]	34	70
Other	47	71
	$ 263	$ 380

[a] Represents amounts due for certain contingent and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation and services performed under the Transition Services Agreement entered into in connection with the Separation. These amounts are due from Realogy and Wyndham on demand upon the Company's settlement of the related liability. At September 30, 2009 and December 31, 2008, there are corresponding liabilities recorded within accounts payable and other current liabilities.

11. Other Non-Current Liabilities

Other non-current liabilities consisted of:

	As of September 30, 2009	As of December 31, 2008
Long-term income taxes payable	$ 476	$ 480
Public liability and property damage insurance liability	217	219
Accrued interest – tax contingencies	126	111
Pension liability	75	69
Other	227	242
	$ 1,121	$ 1,121

12. Long-term Debt and Borrowing Arrangements

Long-term debt consisted of:

	Maturity Date	As of September 30, 2009	As of December 31, 2008
Floating rate term loan [a]	April 2012	$ 780	$ 787
Floating rate notes	May 2014	250	250
7 5/8% notes	May 2014	375	375
7 3/4% notes	May 2016	375	375
Other [a]		105	2
Total long-term debt		1,885	1,789
Less: Current portion		12	10
Long-term debt		$ 1,873	$ 1,779

(a) The floating rate term loan and our revolving credit facility are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

In February 2007, the Company agreed to guarantee (the "Guarantee") the payment of principal, premium, if any, and interest on the $1.0 billion aggregate principal amount of senior notes issued by Avis Budget Car Rental in April 2006 (the "Notes"). The Notes consist of Avis Budget Car Rental's 7 5/8% Senior Notes due 2014, 7 3/4% Senior Notes due 2016 and Floating Rate Senior Notes due 2014. In consideration for providing the Guarantee, the Company received $14 million, before fees and expenses, from certain institutional investors. The $14 million consideration is being treated as deferred income and being amortized over the life of the debt. As of September 30, 2009, the deferred consideration remaining to be amortized amounted to $9 million.

Committed Credit Facilities and Available Funding Arrangements

At September 30, 2009, the committed credit facilities available to the Company and/or its subsidiaries at the corporate or Avis Budget Car Rental level were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility [a]	$ 1,150	$ 100	$ 730	$ 320
Letter of credit facility [b]	100	—	100	—

(a) This secured revolving credit facility was entered into by Avis Budget Car Rental in April 2006 and amended in December 2008, has a five year term and as of September 30, 2009 bears interest at one month LIBOR plus 400 basis points. The senior credit facilities, which encompass the floating rate term loan and the revolving credit facility, are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property. There is $320 million available capacity for the issuance of letters of credit, while the remaining borrowing capacity is $175 million, as total outstanding borrowings are limited to $275 million under this secured revolving credit facility.

(b) Final maturity date is March 2010.

The Company's debt agreements contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries, the incurrence of indebtedness by the Company and certain of its subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. The senior credit facilities also contain a minimum EBITDA requirement (as defined in the senior credit facilities). As of September 30, 2009, the Company was in compliance with the financial covenants in its senior credit facilities.

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13. Debt Under Vehicle Programs and Borrowing Arrangements

Debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding")) consisted of:

	As of September 30, 2009	As of December 31, 2008
Debt due to Avis Budget Rental Car Funding [(a)]	$ 3,629	$ 5,142
Budget Truck financing:		
Budget Truck Funding program	249	316
Capital leases	76	126
Other	562	450
	$ 4,516	$ 6,034

(a) The decrease reflects reduced borrowings within Domestic Car Rental operations principally due to a decrease in the size of the Company's car rental fleet.

The following table provides the contractual maturities of the Company's debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at September 30, 2009:

	Vehicle-Backed Debt	Capital Leases	Total
Within 1 year	$ 1,600	$ 66	$ 1,666
Between 1 and 2 years	1,036	10	1,046
Between 2 and 3 years	1,525	—	1,525
Between 3 and 4 years	75	—	75
Between 4 and 5 years	—	—	—
Thereafter	204	—	204
	$ 4,440	$ 76	$ 4,516

As of September 30, 2009, available funding under the Company's vehicle programs (including related party debt due to Avis Budget Rental Car Funding) consisted of:

	Total Capacity [(a)]	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding [(b)]	$ 5,059	$ 3,629	$ 1,430
Budget Truck financing:			
Budget Truck Funding program [(c)]	249	249	—
Capital leases [(d)]	76	76	—
Other [(e)]	810	562	248
	$ 6,194	$ 4,516	$ 1,678

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.
(b) The outstanding debt is collateralized by approximately $5.1 billion of underlying vehicles and related assets.
(c) The outstanding debt is collateralized by approximately $302 million of underlying vehicles and related assets.
(d) These capital leases are collateralized by approximately $91 million of underlying vehicles.
(e) The outstanding debt is collateralized by approximately $964 million of underlying vehicles and related assets.

Debt agreements under the Company's vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries and restrictions on indebtedness, mergers, liens, liquidations, and sale and leaseback transactions. As of September 30, 2009, the Company was not aware of any instances of non-compliance with such covenants.

14. Commitments and Contingencies

Contingencies

The Internal Revenue Service ("IRS") has commenced an audit of the Company's taxable years 2003 through 2006, the year of the Separation. The Company has recorded a $476 million liability in respect of such taxable years, reflecting the Company's current best estimates of the probable outcome with respect to certain tax positions. The Company believes that its accruals for tax liabilities, including the liabilities for which it is entitled to indemnification from Realogy and

Wyndham, are adequate for all remaining open years based on its assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter.

The rules governing taxation are complex and subject to varying interpretations. Therefore, the Company's tax accruals reflect a series of complex judgments about future events and rely heavily on estimates and assumptions. Although the Company believes the estimates and assumptions supporting its tax accruals are reasonable, the potential result of an audit or litigation related to tax could include a range of outcomes, and could result in tax liabilities for the Company that are materially different from those reflected in the Consolidated Condensed Financial Statements. Notwithstanding this, as discussed above, the Company is entitled to indemnification by Realogy and Wyndham for substantially all of its recorded liabilities for open tax matters and therefore does not expect such resolution to have a material impact on its earnings, financial position or cash flows. As further discussed below, Realogy posted a letter of credit in April 2007 for the benefit of the Company related to its indemnification obligations to the Company.

As a result of payments made by Realogy and Wyndham in July 2009, the judgment in respect of the litigation alleging breach of contract and fraud arising out of the acquisition of a business in 1998 which occurred just prior to Cendant's announcement of the discovery of accounting irregularities at its former CUC business units was satisfied. Plaintiffs have petitioned the court for attorneys' fees in the amount of $33 million and the Company has accrued liabilities of approximately $12 million in respect of this petition based on its assessment of amounts that plaintiffs are likely to recover. Regardless of the ultimate outcome of the petition for attorney's fees, pursuant to the Separation Agreement (described below), Realogy and Wyndham have assumed all liabilities related to this litigation, as discussed below, and therefore a corresponding receivable has been established for such amount. Additionally, a letter of credit, as discussed below, has been posted by Realogy to cover its share of the estimated liabilities it has assumed related to this litigation. Changes in liabilities related to such legal matters for which the Company is entitled to indemnification, and corresponding changes in the Company's indemnification assets, are shown net on the Consolidated Condensed Statements of Operations. There was no net impact to the Company's financial statements or cash balances as a result of the satisfaction of this judgment or the petition for attorneys' fees.

In connection with the spin-offs of Realogy and Wyndham, the Company entered into the Separation Agreement, pursuant to which Realogy assumed 62.5% and Wyndham assumed 37.5% of certain contingent and other corporate liabilities of the Company or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the separation of Travelport from the Company ("Assumed Liabilities"). Realogy is entitled to receive 62.5% and Wyndham is entitled to receive 37.5% of the proceeds from certain contingent corporate assets of the Company, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, arising or accrued on or prior to the separation of Travelport from the Company ("Assumed Assets"). Additionally, if Realogy or Wyndham were to default on its payment of costs or expenses to the Company related to any Assumed Liabilities, the Company would be responsible for 50% of the defaulting party's obligation. In such event, the Company would be allowed to use the defaulting party's share of the proceeds of any Assumed Assets as a right of offset.

The Company does not believe that the impact of any unresolved proceedings constituting Assumed Liabilities related to the litigation described above or other pre-Separation activities should result in a material liability to the Company in relation to its consolidated financial position or liquidity, as Realogy and Wyndham each have agreed to assume responsibility for these liabilities, which include liabilities associated with litigation which was retained by the Company in connection with the sale of its former Marketing Services division.

In April 2007, Realogy was acquired by an affiliate of Apollo Management VI, L.P. The acquisition does not affect Realogy's obligation to satisfy 62.5% of the contingent and other corporate liabilities of the Company or its subsidiaries pursuant to the terms of the Separation Agreement. As a result of the acquisition, Realogy has greater debt obligations and its ability to satisfy its portion of the contingent and other corporate liabilities may be adversely impacted. In accordance with the terms of the Separation Agreement, Realogy posted a letter of credit in April 2007 for the benefit of the Company to cover its estimated share of the Assumed Liabilities discussed above, subject to adjustment, although there can be no assurance that such letter of credit will be sufficient or effective to cover Realogy's actual obligations if and when they arise.

In October 2009, a jury rendered a verdict against the Company regarding an action filed in 2003 by one of the Company's licensees for breach of contract and other claims related to the Company's acquisition of its Budget vehicle rental business in 2002. The Company plans to file a motion to set aside the jury's decision or grant a new trial. The Company has accrued liabilities of $18 million related to this litigation.

In addition to the matters discussed above, the Company is also involved in claims, legal proceedings and governmental inquiries related to its vehicle rental operations, including contract disputes, business practices issues, insurance claims, intellectual property claims, environmental issues and other commercial, tax and employment matters, including wage and hour claims. The Company believes that it has adequately accrued for such matters as appropriate or, for matters not requiring accrual, believes that they will not have a material adverse impact on its results of operations, financial position or cash flows based on information currently available. However, litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable resolutions could occur, which could adversely impact the Company's results of operations or cash flows in a particular reporting period.

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers which require the Company to purchase approximately $4.4 billion of vehicles from manufacturers over the next twelve months. The majority of these commitments are subject to the vehicle manufacturers' satisfying their obligations under the repurchase and guaranteed depreciation agreements. The Company's featured suppliers for the Avis and Budget brands are General Motors Company and Ford Motor Company, respectively, although the Company purchases vehicles produced by numerous other manufacturers. The purchase of such vehicles is financed primarily through the issuance of vehicle-backed debt in addition to cash received upon the sale of vehicles in the used car market and under repurchase or guaranteed depreciation programs.

Concentrations

Concentrations of credit risk at September 30, 2009 include (i) risks related to the Company's repurchase or guaranteed depreciation agreements with domestic and foreign car manufacturers, including Chrysler Group LLC, General Motors Company, Hyundai Motor America, Kia Motors America and Ford Motor Company primarily with respect to receivables for program cars that have been returned to the car manufacturers and (ii) risks related to receivables from Realogy and Wyndham of $506 million and $310 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation.

Other Guarantees

The Company has provided certain guarantees to, or for the benefit of, subsidiaries of Realogy, Wyndham and Travelport which, as previously discussed, were disposed of during third quarter 2006. These guarantees relate to various real estate operating leases. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to the various real estate operating leases is estimated to be approximately $253 million. At September 30, 2009, the liability recorded by the Company in connection with these guarantees was approximately $5 million. To the extent that the Company would be required to perform under any of these guarantees, the Company is entitled to indemnification by Realogy, Wyndham and Travelport. The Company monitors the credit ratings and other relevant information for Realogy, Wyndham and Travelport's parent company in order to assess the status of the payment/performance risk of these guarantees.

15. Stockholders' Equity

Dividends

For the nine months ended September 30, 2009 and 2008, the Company did not pay cash dividends.

Share Repurchases

During the nine months ended September 30, 2009, the Company did not repurchase any of its common stock. The Company used approximately $33 million of available cash to repurchase approximately 2.9 million shares of Avis Budget Group, Inc. common stock under its common stock repurchase program during the nine months ended September 30, 2008.

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Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) were as follows:

	Currency Translation Adjustments	Unrealized Gains (Losses) on Cash Flow Hedges	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2009	$ 7	$ (149)	$ (52)	$ (194)
Current period change	97	26	—	123
Balance, September 30, 2009	$ 104	$ (123)	$ (52)	$ (71)

All components of accumulated other comprehensive income (loss) are net of tax except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries.

Total Comprehensive Income

Comprehensive income consists of net income (loss) and other gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net income.

The components of other comprehensive income (loss) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income (loss)	$ 57	$ (1,006)	$ 2	$ (1,003)
Other comprehensive income (loss):				
Currency translation adjustments	44	(74)	97	(49)
Gains (losses) on cash flow hedges, net of tax	2	(3)	26	(4)
	46	(77)	123	(53)
Total comprehensive income (loss)	$ 103	$ (1,083)	$ 125	$ (1,056)

During the nine months ended September 30, 2009 and 2008, the Company recorded unrealized gains on cash flow hedges of $42 million ($26 million, net of tax) and unrealized losses on cash flow hedges of $4 million, net of tax, respectively, in accumulated other comprehensive income (loss), which primarily related to the derivatives used to manage the interest-rate risk associated with the Company's vehicle-backed debt and the Company's floating rate debt. Such amount in the nine months ended September 30, 2009 and 2008, included $54 million of unrealized gains and $11 million of unrealized losses, excluding tax, respectively, on cash flow hedges related to the Company's vehicle-backed debt and is offset by a corresponding change in the Company's Investment in Avis Budget Rental Car Funding on the Consolidated Condensed Balance Sheets.

16. Stock-Based Compensation

The Company records compensation expense for all outstanding employee stock awards based on the estimated fair value of the award at the grant date and is recognized as an expense in the Consolidated Condensed Statement of Operations over the requisite service period. The Company recorded stock-based compensation expense of $4 million and $4 million ($2 million and $2 million, after tax) during third quarter 2009 and 2008, respectively, and $10 million and $11 million ($6 million and $6 million, after tax) during the nine months ended September 30, 2009 and 2008, respectively, related to employee stock awards that were granted by the Company.

The Company applies the direct method and tax law ordering approach to calculate the tax effects of stock-based compensation. In jurisdictions with net operating loss carryforwards, tax deductions for 2009 and 2008 exercises of stock-based awards did not generate a cash benefit. Approximately $30 million of tax benefits will be recorded in additional paid-in capital when realized in these jurisdictions.

In first quarter 2009, the Company granted approximately 4 million stock options to its employees under the Company's 2007 Equity and Incentive Plan. The grant consisted of approximately 2.7 million time-vesting stock options, approximately 0.9 million performance-vesting stock options and approximately 0.4 million market-vesting stock options. The performance-vesting and market-vesting stock options also contain a time-vesting component.

The time-based awards cliff vest on the two-year anniversary of the date of grant while the performance-based awards vest on the one-year anniversary of the date of grant provided certain minimum EBITDA levels are attained. The market-based awards were granted to the Company's CEO and President and vest on the two-year anniversary of the date of grant. The vesting of the market-based awards is conditional on the average closing stock price of the Company's common stock equaling or exceeding $5 for a 20 consecutive trading day period. This criterion has been met. The option exercise price was set at the closing price of the Company's common stock on the date of the grant and the options expire 10 years from the date of the grant. The performance-vesting stock options expire immediately if vesting criteria are not met by the deadline of such criteria.

The Company used the Black-Scholes option pricing model to calculate the fair value of the time-vesting and performance-vesting stock option awards granted in first quarter 2009. The Company determined the fair value of its market-vesting awards using a Monte Carlo simulation model with assumptions including, but not limited to, the options' expected life and the price volatility of the underlying stock. Based on facts and circumstances at the time of the grant, the Company used a blended volatility rate that combines market-based measures of implied volatility with historical volatility as the most appropriate indicator of the Company's expected volatility. The Company considered several factors in estimating the life of the options granted, including the historical option exercise behavior of employees and the option vesting periods. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant and, since the Company does not currently pay or plan to pay a dividend on its common stock, the expected dividend yield was zero. Based on these assumptions, the fair value of each of the Company's time-vesting, performance-vesting and market-vesting stock options issued in first quarter 2009 was estimated to be approximately $0.64, $0.59 and $0.45, respectively.

The following table presents the assumptions used to estimate the fair value of stock options at the time of the grant using the Black-Scholes and Monte Carlo simulation option pricing models:

	Three Months Ended March 31, 2009
Expected volatility of stock price	130%
Risk-free interest rate	1.22% - 1.46%
Expected life of options	3-4 years
Dividend yield	0.0%

The activity related to the Company's restricted stock units ("RSUs") and stock option plans consisted of (in thousands of shares):

	Nine Months Ended September 30, 2009			
	RSUs		Options	
	Number of RSUs	Weighted Average Grant Price	Number of Options	Weighted Average Exercise Price
Balance at January 1, 2009	2,673	$ 20.18	5,003	$ 24.90
Granted at fair market value	—	—	4,012	0.79
Vested/exercised	(612)	21.96	—	—
Cancelled	(192)	22.90	(1,639)	25.68
Balance at September 30, 2009 [a]	1,869	19.32	7,376	11.61

(a) As of September 30, 2009, the Company's outstanding RSUs and stock options had an aggregate intrinsic value of $25 million and $50 million, respectively. Aggregate unrecognized compensation expense related to RSUs and unvested stock options amounted to $28 million and $2 million, respectively, as of September 30, 2009. The balance of RSUs at September 30, 2009 consisted of 1,029,000 units related to time-based awards and 840,000 units related to performance-based awards.

The table below summarizes information regarding the Company's outstanding stock options as of September 30, 2009 (in thousands of shares):

Range of Exercise Prices	Weighted Average Contractual Life (years)	Number of Options
Less than $5.00	9.3	4,007
$5.01 to $10.00	—	—
$10.01 to $15.00	1.2	738
$15.01 to $20.00	2.0	314
$20.01 to $25.00	0.8	178
$25.01 to $30.00	1.9	1,167
$30.01 and above	0.3	972
	5.6	7,376

As of September 30, 2009, the Company also had approximately 0.5 million outstanding stock appreciation rights with a weighted average exercise price of $24.40, a weighted average remaining contractual life of 3.8 years and unrecognized compensation expense of $1 million.

17. Segment Information

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon revenue and "EBITDA," which is defined as income from continuing operations before non-vehicle related depreciation and amortization, any impairment of goodwill, other intangible asset or equity investment, non-vehicle related interest and income taxes. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Three Months Ended September 30,			
	2009		2008	
	Revenues	EBITDA	Revenues	EBITDA
Domestic Car Rental	$ 1,109	$ 102	$ 1,319	$ 67
International Car Rental	250	56	265	60
Truck Rental	106	13	116	6
Corporate and Other [(a)]	—	(25)	1	(3)
Total Company	$ 1,465	146	$ 1,701	130
Less: Non-vehicle related depreciation and amortization		26		23
Interest expense related to corporate debt, net		37		31
Impairment		—		1,262
Income (loss) before income taxes		$ 83		$ (1,186)

	Nine Months Ended September 30,			
	2009		2008	
	Revenues	EBITDA	Revenues	EBITDA
Domestic Car Rental	$ 3,100	$ 128	$ 3,695	$ 128
International Car Rental	597	93	725	116
Truck Rental	273	12	300	4
Corporate and Other [(a)]	1	(36)	3	(11)
Total Company	$ 3,971	197	$ 4,723	237
Less: Non-vehicle related depreciation and amortization		71		62
Interest expense related to corporate debt, net		114		92
Impairment		1		1,262
Income (loss) before income taxes		$ 11		$ (1,179)

(a) Includes unallocated corporate overhead, the elimination of transactions between segments and an $18 million charge recorded in third quarter 2009 for an adverse litigation judgment against the Company for a breach-of-contract claim filed in 2003.

Since December 31, 2008, there have been no significant changes in segment assets with the exception of the Company's Domestic Car Rental and International Car Rental segments' assets under vehicle programs. At September 30, 2009,

segment assets under vehicle programs amounted to approximately $5.0 billion and $956 million for Domestic Car Rental and International Car Rental, respectively, and at December 31, 2008, $6.5 billion and $780 million, for Domestic Car Rental and International Car Rental, respectively.

18. Guarantor and Non-Guarantor Consolidating Condensed Financial Statements

The following consolidating financial information presents Consolidating Condensed Statements of Operations for the three months and nine months ended September 30, 2009 and 2008, Consolidating Condensed Balance Sheets as of September 30, 2009 and December 31, 2008, and Consolidating Condensed Statements of Cash Flows for the nine months ended September 30, 2009 and 2008 for: (i) Avis Budget Group, Inc. (the "Parent"); (ii) Avis Budget Car Rental and Avis Budget Finance, Inc. (the "Subsidiary Issuers"); (iii) the guarantor subsidiaries; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent with the Subsidiary Issuers, the guarantor and non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. The Subsidiary Issuers and the guarantor and non-guarantor subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's Guarantee of the Notes issued by Avis Budget Car Rental. See Note 12—Long-term Debt and Borrowing Arrangements for additional description of these Notes. The Notes have separate investors than the equity investors of the Company and the Notes are guaranteed by certain subsidiaries.

Investments in subsidiaries are accounted for using the equity method of accounting for purposes of the consolidating presentation. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions. For purposes of the accompanying Consolidating Condensed Statements of Operations, certain expenses incurred by the Subsidiary Issuers are allocated to the guarantor and non-guarantor subsidiaries.

In September 2007, Avis Budget Car Rental transferred certain assets and liabilities to Wizard Services, Inc. ("Wizard Services", a newly created subsidiary. Wizard Services executed a Supplemental Indenture in January 2009 to become a subsidiary guarantor under the Indenture governing the Notes. Accordingly, financial information for Wizard Services for the three and nine months ended September 30, 2009 and as of September 30, 2009, is presented in the "Guarantor Subsidiaries" column. Previously, such information was included in the "Subsidiary Issuers" column. Financial information for the three and nine months ended September 30, 2008 and as of December 31, 2008 for Wizard Services has been recast to reflect Wizard Services as a Guarantor for comparability purposes.

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Consolidating Condensed Statements of Operations

Three Months Ended September 30, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 948	$ 175	$ —	$1,123
Other	—	—	246	494	(398)	342
Net revenues	—	—	1,194	669	(398)	1,465
Expenses						
Operating	5	21	567	138	—	731
Vehicle depreciation and lease charges, net	—	—	306	349	(298)	357
Selling, general and administrative	3	—	131	21	—	155
Vehicle interest, net	—	—	69	24	(18)	75
Non-vehicle related depreciation and amortization	—	—	24	2	—	26
Interest expense related to corporate debt, net:						
Interest expense	—	38	—	(1)	—	37
Intercompany interest expense (income)	—	(38)	38	—	—	—
Restructuring charges	—	—	1	—	—	1
Total expenses	8	21	1,136	533	(316)	1,382
Income (loss) before income taxes and equity in earnings of subsidiaries	(8)	(21)	58	136	(82)	83
Provision (benefit) for income taxes	1	(7)	17	15	—	26
Equity in earnings (loss) of subsidiaries	66	80	39	—	(185)	—
Net income (loss)	$ 57	$ 66	$ 80	$ 121	$ (267)	$ 57

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Nine Months Ended September 30, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 2,625	$ 411	$ —	$3,036
Other	1	—	685	1,407	(1,158)	935
Net revenues	1	—	3,310	1,818	(1,158)	3,971
Expenses						
Operating	12	25	1,644	339	—	2,020
Vehicle depreciation and lease charges, net	—	—	964	957	(817)	1,104
Selling, general and administrative	8	—	359	54	—	421
Vehicle interest, net	—	—	199	58	(42)	215
Non-vehicle related depreciation and amortization	—	—	66	5	—	71
Interest expense related to corporate debt, net:						
Interest expense	—	116	—	(2)	—	114
Intercompany interest expense (income)	—	(116)	116	—	—	—
Restructuring charges	—	—	13	1	—	14
Impairment	—	1	—	—	—	1
Total expenses	20	26	3,361	1,412	(859)	3,960
Income (loss) before income taxes and equity in earnings of subsidiaries	(19)	(26)	(51)	406	(299)	11
Provision (benefit) for income taxes	(5)	(5)	(15)	34	—	9
Equity in earnings (loss) of subsidiaries	16	37	73	—	(126)	—
Net income (loss)	$ 2	$ 16	$ 37	$ 372	$ (425)	$ 2

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Three Months Ended September 30, 2008

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 1,113	$ 185	$ —	$ 1,298
Other	—	—	294	552	(443)	403
Net revenues	—	—	1,407	737	(443)	1,701
Expenses						
Operating	1	3	702	141	—	847
Vehicle depreciation and lease charges, net	—	—	415	359	(301)	473
Selling, general and administrative	3	—	146	22	—	171
Vehicle interest, net	—	—	66	51	(43)	74
Non-vehicle related depreciation and amortization	—	—	21	2	—	23
Interest expense related to corporate debt, net:						
Interest expense	—	32	—	(1)	—	31
Intercompany interest expense (income)	—	(32)	32	—	—	—
Restructuring charges	—	—	5	1	—	6
Impairment	18	13	1,213	18	—	1,262
Total expenses	22	16	2,600	593	(344)	2,887
Income (loss) before income taxes and equity in earnings of subsidiaries	(22)	(16)	(1,193)	144	(99)	(1,186)
Provision (benefit) for income taxes	(12)	(4)	(183)	19	—	(180)
Equity in earnings (loss) of subsidiaries	(996)	(984)	26	—	1,954	—
Net income (loss)	$(1,006)	$ (996)	$ (984)	$ 125	$ 1,855	$(1,006)

Nine Months Ended September 30, 2008

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 3,106	$ 505	$ —	$ 3,611
Other	1		813	1,584	(1,286)	1,112
Net revenues	1	—	3,919	2,089	(1,286)	4,723
Expenses						
Operating	3	10	2,021	401	—	2,435
Vehicle depreciation and lease charges, net	—	—	1,128	983	(815)	1,296
Selling, general and administrative	8	—	441	64	—	513
Vehicle interest, net	—	—	214	161	(141)	234
Non-vehicle related depreciation and amortization	—	—	56	6	—	62
Interest expense related to corporate debt, net:						
Interest expense	(1)	96	—	(3)	—	92
Intercompany interest expense (income)	—	(96)	96	—	—	—
Restructuring charges	—	—	5	1	—	6
Impairment	18	13	1,213	18	—	1,262
Separation cost	—	2	—	—	—	2
Total expenses	28	25	5,174	1,631	(956)	5,902
Income (loss) before income taxes and equity in earnings of subsidiaries	(27)	(25)	(1,255)	458	(330)	(1,179)
Provision (benefit) for income taxes	(14)	(1)	(209)	48	—	(176)
Equity in earnings (loss) of subsidiaries	(990)	(966)	80	—	1,876	—
Net income (loss)	$(1,003)	$ (990)	$ (966)	$ 410	$ 1,546	$(1,003)

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Consolidating Condensed Balance Sheets

As of September 30, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 7	$ 268	$ 6	$ 189	$ —	$ 470
Receivables, net	—	64	155	88	—	307
Deferred income taxes	1	—	106	4	(22)	89
Other current assets	87	65	69	72	(30)	263
Total current assets	95	397	336	353	(52)	1,129
Property and equipment, net	—	54	344	41	—	439
Deferred income taxes	12	242	275	17	—	546
Goodwill	—	—	74	2	—	76
Other intangibles, net	—	7	386	84	—	477
Other non-current assets	765	60	12	54	(52)	839
Intercompany receivables (payables)	(29)	615	(849)	263	—	—
Investment in subsidiaries	124	922	2,132	—	(3,178)	—
Total assets exclusive of assets under vehicle programs	967	2,297	2,710	814	(3,282)	3,506
Assets under vehicle programs:						
Program cash	—	—	—	7	—	7
Vehicles, net	—	14	149	5,972	—	6,135
Receivables from vehicle manufacturers and other	—	—	1	162	—	163
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	151	—	151
	—	14	150	6,292	—	6,456
Total assets	$ 967	$ 2,311	$ 2,860	$ 7,106	$ (3,282)	$9,962
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	$ 100	$ 200	$ 485	$ 111	$ (50)	$ 846
Current portion of long-term debt	—	10	2	—	—	12
Total current liabilities	100	210	487	111	(50)	858
Long-term debt	—	1,872	1	—	—	1,873
Other non-current liabilities	638	119	289	124	(49)	1,121
Total liabilities exclusive of liabilities under vehicle programs	738	2,201	777	235	(99)	3,852
Liabilities under vehicle programs:						
Debt	—	6	76	805	—	887
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	3,629	—	3,629
Deferred income taxes	—	—	1,085	181	—	1,266
Other	—	—	—	99	—	99
	—	6	1,161	4,714	—	5,881
Total stockholders' equity	229	104	922	2,157	(3,183)	229
Total liabilities and stockholders' equity	$ 967	$ 2,311	$ 2,860	$ 7,106	$ (3,282)	$9,962

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As of December 31, 2008

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 11	$ 51	$ 15	$ 181	$ —	$ 258
Receivables, net	—	108	179	73	—	360
Deferred income taxes	1	—	95	3	(24)	75
Other current assets	189	66	88	41	(4)	380
Total current assets	201	225	377	298	(28)	1,073
Property and equipment, net	—	60	385	40	—	485
Deferred income taxes	12	217	255	19	—	503
Goodwill	—	—	74	1	—	75
Other intangibles, net	—	7	387	73	—	467
Other non-current assets	765	99	21	4	—	889
Intercompany receivables (payables)	(29)	794	(1,075)	310	—	—
Investment in subsidiaries	(19)	752	1,961	—	(2,694)	—
Total assets exclusive of assets under vehicle programs	930	2,154	2,385	745	(2,722)	3,492
Assets under vehicle programs:						
Program cash	—	—	—	12	—	12
Vehicles, net	—	—	174	6,990	—	7,164
Receivables from vehicle manufacturers and other	—	—	—	533	—	533
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	117	—	117
	—	—	174	7,652	—	7,826
Total assets	$ 930	$ 2,154	$ 2,559	$ 8,397	$ (2,722)	$ 11,318
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	$ 205	$ 234	$ 410	$ 80	$ (28)	$ 901
Current portion of long-term debt	—	10	—	—	—	10
Total current liabilities	205	244	410	80	(28)	911
Long-term debt	—	1,779	—	—	—	1,779
Other non-current liabilities	632	125	251	113	—	1,121
Total liabilities exclusive of liabilities under vehicle programs	837	2,148	661	193	(28)	3,811
Liabilities under vehicle programs:						
Debt	—	50	126	716	—	892
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	5,142	—	5,142
Deferred income taxes	—	—	1,020	168	—	1,188
Other	—	—	—	192	—	192
	—	50	1,146	6,218	—	7,414
Total stockholders' equity	93	(44)	752	1,986	(2,694)	93
Total liabilities and stockholders' equity	$ 930	$ 2,154	$ 2,559	$ 8,397	$ (2,722)	$ 11,318

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Consolidating Condensed Statements of Cash Flows

Nine Months Ended September 30, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	$ (4)	$ 105	$ (40)	$ 1,073	$ 116	$ 1,250
Investing activities						
Property and equipment additions	—	(9)	(9)	(1)	—	(19)
Proceeds received on asset sales	—	9	—	1	—	10
Proceeds received from Realogy and Wyndham, net	2	—	—	—	—	2
Other, net	—	(2)	—	—	—	(2)
Net cash provided by (used in) investing activities exclusive of vehicle programs	2	(2)	(9)	—	—	(9)
Vehicle programs:						
Decrease in program cash	—	—	—	5	—	5
Investment in vehicles	—	(28)	—	(4,991)	—	(5,019)
Proceeds received on disposition of vehicles	—	63	6	5,355	—	5,424
Distribution from Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	19	—	19
	—	35	6	388	—	429
Net cash provided by (used in) investing activities	2	33	(3)	388	—	420
Financing activities						
Proceeds from borrowings	—	100	—	—	—	100
Principal payments on borrowings	—	(7)	(1)	—	—	(8)
Net intercompany transactions	—	34	85	(3)	(116)	—
Other, net	(2)	—	—	—	—	(2)
Net cash provided by (used in) financing activities exclusive of vehicle programs	(2)	127	84	(3)	(116)	90
Vehicle programs:						
Proceeds from borrowings	—	—	—	5,728	—	5,728
Principal payments on borrowings	—	(42)	(50)	(7,243)	—	(7,335)
Net change in short-term borrowing	—	—	—	36	—	36
Other, net	—	(6)	—	—	—	(6)
	—	(48)	(50)	(1,479)	—	(1,577)
Net cash provided by (used in) financing activities	(2)	79	34	(1,482)	(116)	(1,487)
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	29	—	29
Net increase (decrease) in cash and cash equivalents	(4)	217	(9)	8	—	212
Cash and cash equivalents, beginning of period	11	51	15	181	—	258
Cash and cash equivalents, end of period	$ 7	$ 268	$ 6	$ 189	$ —	$ 470

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Nine Months Ended September 30, 2008

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	$ (10)	$ 119	$ 134	$ 1,505	$ (330)	$ 1,418
Investing activities						
Property and equipment additions	—	(14)	(43)	(8)	—	(65)
Net assets acquired, net of cash acquired, and acquisition-related payments	—	—	(72)	(16)	—	(88)
Proceeds received on asset sales	—	8	3	2	—	13
Payments received from Realogy and Wyndham, net	3	—	—	—	—	3
Other, net	(1)	(3)	(9)	(1)	—	(14)
Net cash provided by (used in) investing activities exclusive of vehicle programs	2	(9)	(121)	(23)	—	(151)
Vehicle programs:						
Decrease in program cash	—	—	—	1	—	1
Investment in vehicles	—	(98)	(9)	(6,916)	—	(7,023)
Proceeds received on disposition of vehicles	—	104	2	4,915	—	5,021
Investment in Avis Budget Rental Car Funding (AESOP) LLC	—	—	—	(343)	—	(343)
	—	6	(7)	(2,343)	—	(2,344)
Net cash provided by (used in) investing activities	2	(3)	(128)	(2,366)	—	(2,495)
Financing activities						
Principal payments on borrowings	(1)	(6)	—	—	—	(7)
Repurchases of common stock	(33)	—	—	—	—	(33)
Net intercompany transactions	16	(21)	36	(361)	330	—
Net cash provided by (used in) financing activities exclusive of vehicle programs	(18)	(27)	36	(361)	330	(40)
Vehicle programs:						
Proceeds from borrowings	—	30	—	6,806	—	6,836
Principal payments on borrowings	—	(24)	(40)	(5,863)	—	(5,927)
Net change in short-term borrowings	—	—	—	388	—	388
Other, net	—	(6)	(2)	—	—	(8)
	—	—	(42)	1,331	—	1,289
Net cash provided by (used in) financing activities	(18)	(27)	(6)	970	330	1,249
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	(12)	—	(12)
Net increase (decrease) in cash and cash equivalents	(26)	89	—	97	—	160
Cash and cash equivalents, beginning of period	37	99	12	66	—	214
Cash and cash equivalents, end of period	$ 11	$ 188	$ 12	$ 163	$ —	$ 374

19. Subsequent Events

The Company evaluated events through November 3, 2009 for consideration as a subsequent event to be included in its September 30, 2009 Condensed Consolidated Financial Statements issued November 3, 2009. Other than the item discussed in Note 14—Commitments and Contingencies, the following represent the Company's subsequent events.

On October 1, 2009, the Company's Avis Budget Rental Car Funding (AESOP) LLC subsidiary issued $450 million in asset-backed notes to provide funds for repayment of maturing vehicle-backed debt and the acquisition of rental cars in the United States. The expected final payment date for these notes is in February 2013.

On October 13, 2009, the Company completed an offering of $345 million of its 3.50% Senior Convertible Notes due 2014. The initial conversion rate for the notes is 61.5385 shares of common stock per $1,000 principal amount of the notes, which is equal to an initial conversion price of approximately $16.25 per share. The notes mature October 1, 2014. The Company simultaneously entered into a warrant transaction and purchased a convertible note hedge, which effectively increased the conversion premium of the notes, from the Company's perspective, to $22.50 per share.

On October 29, 2009, the Company's Avis Budget Rental Car Funding (AESOP) LLC subsidiary completed the annual renewal of its asset-backed conduit financing, which provides a portion of the financing for the Company's car rental fleet in the United States. This financing was previously comprised of two facilities, with an aggregate maximum available amount of $1.35 billion and $1.1 billion, respectively. At the Company's request, the two facilities were combined into one facility, with a maximum available amount of $1.95 billion and an expiration date of October 28, 2010. In connection with such renewal, the Company reduced its borrowing costs associated with this asset-backed conduit financing.

* * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Consolidated Condensed Financial Statements and accompanying Notes thereto included elsewhere herein and with our 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009 (the "2008 Form 10-K"). Unless otherwise noted, all dollar amounts in tables are in millions and those relating to our results of operations are presented before taxes.

We operate two of the most recognized brands in the global vehicle rental industry through Avis Rent A Car System, LLC and Budget Rent A Car System, Inc. We provide car and truck rentals and ancillary services to businesses and consumers in the United States and internationally.

We operate in the following business segments:

- **Domestic Car Rental**— provides car rentals and ancillary products and services in the United States.
- **International Car Rental**— provides vehicle rentals and ancillary products and services primarily in Argentina, Australia, Canada, New Zealand, Puerto Rico and the U.S. Virgin Islands.
- **Truck Rental**— provides truck rentals and related services to consumers and light commercial users in the United States.

Our revenues are derived principally from car and truck rentals in our Company-owned operations and include (i) time and mileage ("T&M") fees charged to our customers for vehicle rentals, (ii) reimbursement from our customers for certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as airport concession fees, which we pay in exchange for the right to operate at airports and other locations, and (iii) sales of loss damage waivers and insurance and rentals of navigation units and other items in conjunction with vehicle rentals. We also earn royalty revenue from our franchisees in conjunction with their vehicle rental transactions.

Car rental volumes are closely associated with the travel industry, particularly airline passenger volumes, or enplanements. Because we operate primarily in the United States and generate a significant portion of our revenue from our on-airport operations, we expect that our ability to generate revenue growth will be somewhat dependent on increases in domestic enplanements. We have also experienced significant per-unit fleet cost increases over the last four years, which have negatively impacted our margins. Accordingly, our ability to achieve profit margins consistent with prior periods remains dependent on our ability to successfully manage our costs and to implement changes in our pricing programs. Our vehicle rental operations are seasonal. Historically, the third quarter of the year has been our strongest quarter due to the increased level of leisure travel and household moving activity. Any occurrence that disrupts rental activity during the third quarter could have a disproportionate adverse effect on our results of operations. We have a partially variable cost structure and routinely adjust the size and, therefore, the cost of our rental fleet in response to fluctuations in demand. However, certain expenses, such as rent, are fixed and cannot be reduced in response to seasonal fluctuations in our operations.

We believe that the following factors, among others, may affect and/or have impacted our financial condition and results of operations:

- Domestic enplanements, which have declined so far in 2009 compared to 2008;
- Rising per-unit car fleet costs and changes in conditions in the used vehicle marketplace;
- Changes in the financial condition of vehicle manufacturers;
- Difficulty in achieving sustained pricing increases;
- Our expansion in off-airport or local vehicle rentals, including insurance replacement rentals;
- Increases in borrowing costs, and decreases in market appetite for, corporate and vehicle-related debt;
- Changes in foreign exchange rates; and
- Demand for truck rentals, which have been impacted by the decline in economic activity.

Many of these factors have caused our results for the nine months ended September 30, 2009 to be significantly lower than for the nine months ended September 30, 2008, excluding the 2008 impairment charge. Due to reduced demand for travel

services, rising borrowing costs and other factors, there can be no assurance that we will be able to satisfy the minimum EBITDA requirement and other covenants contained in our senior credit facilities and our asset-backed car rental conduit facilities. Failure to comply with such covenants could significantly impact our liquidity if we were unable to obtain an amendment or waiver or were unable to refinance or obtain a replacement for such facilities. The financial covenants to our senior credit facilities were amended in December 2008 and commencing with our fiscal quarter ending June 30, 2010, the requirement to maintain a quarterly minimum trailing twelve month EBITDA (as defined in our senior credit facilities) under these financial covenants will cease and be replaced by the maximum leverage ratio that was in place prior to the December 2008 amendments. There can also be no assurance that past results will be indicative of results we will achieve in 2009 or future periods. We have also been impacted by, and may be further impacted by, the recent financial market disruptions as we rely heavily on financing for our operations, particularly asset-backed financing. See "Risk Factors" set forth in Item 1A of our 2008 Form 10-K.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments.

We measure performance using the following key operating statistics: (i) rental days, which represents the total number of days (or portion thereof) a vehicle was rented, and (ii) T&M revenue per rental day, which represents the average daily revenue we earned from rental and mileage fees charged to our customers. Our car rental operating statistics (rental days and T&M revenue per rental day) are all calculated based on the actual rental of the vehicle during a 24-hour period. We believe that this methodology, while conservative, provides our management with the most relevant statistics in order to manage the business. Our calculation may not be comparable to other companies' calculation of similarly-titled statistics.

The reportable segments presented below represent our operating segments for which separate financial information is available and is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and "EBITDA", which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment of goodwill, other intangible asset or equity investment, non-vehicle related interest and income taxes. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

THREE MONTHS ENDED SEPTEMBER 30, 2009 VS. THREE MONTHS ENDED SEPTEMBER 30, 2008

Our consolidated results of operations comprised the following:

	Three Months Ended September 30,		
	2009	2008	Change
Net revenues	$ 1,465	$ 1,701	$ (236)
Total expenses	1,382	2,887	(1,505)
Income (loss) before income taxes	83	(1,186)	1,269
Provision for (benefit from) income taxes	26	(180)	206
Net income (loss)	$ 57	$ (1,006)	$ 1,063

During third quarter 2009, our net revenues decreased $236 million (14%) principally due to (i) a 14% decrease in T&M revenue in our car rental operations resulting primarily from a 21% decrease in car rental days, partially offset by a 9% increase in T&M revenue per day, (ii) a 15% decrease in total ancillary revenues, also resulting from decreased car rental days, and (iii) a 10% decrease in truck rental T&M revenue. In addition, the revenue decrease includes a negative impact of $14 million related to the effect of foreign currency exchange rate fluctuations on the translation of our international operations' results into U.S. dollars.

Total expenses decreased $1,505 million (52%) principally due to (i) the absence of a $1,262 million charge recorded during third quarter 2008 for the impairment of goodwill, our tradename asset and our investment in Carey Holdings, Inc. ("Carey"), (ii) a $134 million (16%) decrease in direct operating expenses largely resulting from the decrease in car rental days and reduced staffing levels, (iii) a $116 million (25%) decrease in vehicle depreciation, vehicle interest and lease charges resulting primarily from a 21% decline in our average car rental fleet and a 4% decline in per-unit fleet costs in light of increased residual values on vehicles sold in the used-vehicle market, and (iv) a $16 million (9%) decrease in selling, general and administrative expenses mainly related to reduced marketing and commission expenditures. The decrease in total expenses includes a positive impact from foreign currency exchange rates of $4 million, including our foreign exchange earnings hedges, and also reflects numerous actions taken in late 2008 and during the nine months ended September 30, 2009 to reduce non-volume-related expenses. These year-over-year expense decreases were partially offset by (i) an $18 million charge recorded in third quarter 2009 related to an adverse judgment against us in a breach-of-contract claim filed by a licensee in 2003 and (ii) a $6 million increase in interest expense on corporate debt related to the December 2008

amendments to our senior credit facilities.

As a result of these items, partially offset by a $206 million increase in our provision for income taxes, our net income increased $1,063 million.

Our effective tax rate for continuing operations was a provision of 31.3% for third quarter 2009 compared to a benefit of 15.2% for third quarter 2008. The unusually low tax rate for third quarter 2008 resulted primarily from the non-deductible portion of the impairment charge.

Following is a discussion of the results of each of our reportable segments during the three months ended September 30:

	Revenues			EBITDA		
	2009	2008	% Change	2009	2008	% Change
Domestic Car Rental	$1,109	$1,319	(16%)	$ 102	$ 67	52%
International Car Rental	250	265	(6)	56	60	(7)
Truck Rental	106	116	(9)	13	6	117
Corporate and Other [(a)]	—	1	*	(25)	(3)	*
Total Company	$1,465	$1,701		146	130	
Less: Non-vehicle related depreciation and amortization				26	23	
Interest expense related to corporate debt, net				37	31	
Impairment [(b)]				—	1,262	
Income (loss) before income taxes				$ 83	$(1,186)	

(*) Not meaningful.

(a) Includes unallocated corporate overhead, the elimination of transactions between segments and an $18 million charge recorded in third quarter 2009 for an adverse litigation judgment against us for a breach-of-contract claim filed in 2003.

(b) In third quarter 2008, we recorded a charge of $1,262 million for the impairment of goodwill, our tradename asset and our investment in Carey.

Domestic Car Rental

Revenues decreased $210 million (16%) while EBITDA increased $35 million (52%) in third quarter 2009 compared with 2008. The decrease in revenues was primarily due to lower demand for car rental services, partially offset by improved pricing for car rentals. The EBITDA increase was primarily due to decreased operating expenses and lower fleet costs.

The revenue decrease of $210 million was comprised of a $156 million (15%) decrease in T&M revenue and a $54 million (18%) decrease in ancillary revenues. The decrease in T&M revenue was principally the result of a 23% decrease in rental days, partially offset by a 9% year-over-year increase in T&M revenue per day. The $54 million decrease in ancillary revenues was also primarily due to the decline in rental days and reflected (i) a $25 million decrease in gasoline sales, which was more than offset in EBITDA by $42 million of decreased gasoline expense, (ii) a $17 million decrease in GPS rentals, counter sales of insurance and other items (although revenues per transaction increased year-over-year), and (iii) a $12 million decrease in airport concession and vehicle licensing revenues, $7 million of which was offset in EBITDA by lower airport concession and vehicle licensing fees remitted to airport and other regulatory authorities.

We continued to achieve significant cost savings during the third quarter as a result of our cost savings initiatives. EBITDA reflected a $93 million (14%) decrease in operating expenses, including (i) a $63 million decrease in expenses associated with car rental volume and fleet size, primarily related to agency operator commissions, shuttling expenses, credit card fees and other items, (ii) an $18 million decrease in employee costs, rents and other expenses related primarily to reduced domestic staffing levels and the closure of unprofitable locations, and (iii) a $13 million decrease in selling, general and administration expenses related to decreases in marketing and commission expenditures, most of which are volume-related, and other items due primarily to management's actions to reduce expenditures. EBITDA also reflected $103 million (26%) of decreased fleet depreciation and lease charges resulting from the 23% decrease in the average size of our domestic rental fleet and a 5% decline in per-unit fleet costs in light of increased residual values on vehicles sold in the used-vehicle market. The decreases in expenses were slightly offset by a $5 million increase in vehicle interest expense.

International Car Rental

Revenues and EBITDA decreased $15 million (6%) and $4 million (7%), respectively, in third quarter 2009 compared with third quarter 2008, primarily due to the impact of foreign currency exchange rate movements and lower demand for car rental services.

The revenue decrease of $15 million was comprised of a $10 million (5%) decrease in car rental T&M revenue and a $5 million (6%) decrease in ancillary revenues. Virtually all of the decline in revenue was due to foreign currency exchange rates, impacting T&M revenue by $10 million and ancillary revenues by $4 million, and was partially offset in EBITDA by the opposite impact on expenses of $4 million, including our foreign exchange earnings hedges. The decrease in T&M revenue was also driven by a 9% decrease in rental days and was partially offset by a 4% increase in T&M revenue per day (9% increase excluding foreign-exchange effects). The $5 million decrease in ancillary revenues was due to the decline in rental days and reflected (i) a $3 million decrease in counter sales of insurance, GPS rentals and other items (although revenues per transaction increased year-over-year) and (ii) a $2 million decrease in gasoline sales, which was offset in EBITDA by $4 million in lower gasoline costs.

EBITDA reflected a $5 million (5%) decrease in operating expenses which related primarily to a decrease in agency operator commissions, credit card fees, maintenance and damage, vehicle licensing and other costs amid lower rental volumes, offset by (i) a $2 million increase in insurance costs and (ii) a $2 million increase in facility and management fees, and other expenses. EBITDA also benefited from $7 million (12%) of decreased fleet depreciation and lease charges, primarily reflecting a 12% decrease in the average size of our international rental fleet.

Truck Rental

Revenues decreased $10 million (9%) while EBITDA increased $7 million (117%) in third quarter 2009 compared with third quarter 2008.

The revenue decrease was primarily due to a decline of $9 million (10%) in T&M revenue, which reflected a 9% year-over-year decrease in rental days while T&M revenue per day remain virtually unchanged year-over-year. EBITDA benefited from (i) a decline of $8 million (26%) in fleet depreciation, interest and lease charges reflecting lower per-unit fleet costs and a decrease in the average size of our truck rental fleet and (ii) a decrease of $7 million (10%) in direct operating costs primarily due to decreased employee costs and decreased operating commissions related to lower transaction volumes.

NINE MONTHS ENDED SEPTEMBER 30, 2009 VS. NINE MONTHS ENDED SEPTEMBER 30, 2008

Our consolidated results of operations comprised the following:

	Nine Months Ended September 30,		
	2009	2008	Change
Net revenues	$ 3,971	$ 4,723	$ (752)
Total expenses	3,960	5,902	(1,942)
Income (loss) before income taxes	11	(1,179)	1,190
Provision for (benefit from) for income taxes	9	(176)	185
Net income (loss)	$ 2	$ (1,003)	$ 1,005

During the nine months ended September 30, 2009, our net revenues decreased $752 million (16%) principally due to (i) a 16% decrease in T&M revenue in our car rental operations resulting primarily from a 20% decrease in domestic and international car rental days, partially offset by a 4% increase in T&M revenue per day, (ii) a 16% decrease in ancillary revenues, also resulting from decreased car rental days, and (iii) a 9% decrease in truck rental T&M revenue. In addition, the total revenue decrease includes a negative impact of $98 million related to the effect of foreign currency exchange rate fluctuations on the translation of our international operations' results into U.S. dollars.

Total expenses decreased $1,942 million (33%) principally due to (i) the absence of a $1,262 million charge recorded during third quarter 2008 for the impairment of goodwill, our tradename asset and our investment in Carey, (ii) a $433 million (18%) decrease in direct operating expenses largely resulting from the 20% decrease in car rental days, reduced staffing levels and other cost-saving actions, (iii) $192 million (15%) lower vehicle depreciation and lease charges resulting from a 19% decline in our average car rental fleet, partially offset by a 5% increase in per-unit fleet costs, (iv) a $92 million (18%) decrease in selling, general and administrative expenses mainly related to reduced marketing and commission expenditures, and (v) $19 million (8%) lower vehicle interest expense resulting from the reduction in our average car rental fleet. The decrease in total expenses includes a positive impact from foreign currency exchange rates of $77 million, including our foreign exchange earnings hedges, and also reflects numerous actions taken in late 2008 and the nine months ended September 30, 2009 to reduce non-volume-related expenses. These year-over-year expense decreases were partially offset by (i) a $22 million increase in interest expense on corporate debt related to the December 2008 amendments to our senior credit facilities, (ii) an $18 million charge recorded in third quarter 2009 related to an adverse judgment against us in a breach-of-contract claim filed by a licensee in 2003, (iii) a $9 million increase in non-vehicle related depreciation and amortization expense and (iv) an $8 million increase in restructuring costs, primarily for severance costs tied to headcount reductions. As a result of these items, offset by a $185 million increase in our provision for income taxes, net income increased $1,005 million for the nine months ended September 30, 2009.

Our effective tax rate was a provision of 81.8% for the nine months ended September 30, 2009, which was primarily due to foreign withholding taxes and the differences in the amount of stock-based compensation recorded for book and tax purposes, and a benefit of 14.9% for the nine months ended September 30, 2008, which resulted from the non-deductible portion of the impairment charge we incurred.

Following is a discussion of the results of each of our reportable segments during the nine months ended September 30:

	Revenues			EBITDA		
	2009	2008	% Change	2009	2008	% Change
Domestic Car Rental	$3,100	$3,695	(16%)	$ 128	$ 128	0%
International Car Rental	597	725	(18)	93	116	(20)
Truck Rental	273	300	(9)	12	4	200
Corporate and Other [(a)]	1	3	*	(36)	(11)	*
Total Company	$3,971	$4,723		197	237	
Less: Non-vehicle related depreciation and amortization				71	62	
Interest expense related to corporate debt, net				114	92	
Impairment [(b)]				1	1,262	
Income (loss) before income taxes				$ 11	$ (1,179)	

(*) Not meaningful.
(a) Includes unallocated corporate overhead, the elimination of transactions between segments and an $18 million charge recorded in third quarter 2009 related to an adverse litigation judgment against us for a breach-of-contract claim filed in 2003.
(b) In first quarter 2009, we recorded an approximately $1 million charge for the impairment of an investment. In third quarter 2008, we recorded a charge of $1,262 million for the impairment of goodwill, our tradename asset and our investment in Carey.

Domestic Car Rental

Revenues decreased $595 million (16%) while EBITDA remained unchanged in the nine months ended September 30, 2009 compared with the same period in 2008, primarily due to decreased demand for car rental services offset by reduced costs.

The revenue decrease of $595 million was comprised of a $458 million (16%) decrease in T&M revenue and a $137 million (17%) decrease in ancillary revenues. The decrease in T&M revenue was principally the result of a 21% decrease in rental days, partially offset by a 7% year-over-year increase in T&M revenue per day. The $137 million decrease in ancillary revenues was also primarily due to the decline in rental days and reflected (i) a $72 million decrease in gasoline sales, which was more than offset in EBITDA by $105 million of decreased gasoline expense, (ii) a $37 million decrease in airport concession and vehicle licensing revenues, which was offset by $30 million lower airport concession and vehicle licensing fees remitted to airport and other regulatory authorities, and (iii) a $28 million decrease in counter sales of insurance, GPS rentals and other items (although revenues per transaction increased year-over-year).

We have aggressively reduced costs during the nine months ended September 30, 2009 in response to the sharp decline in demand. EBITDA reflected a $310 million (16%) decrease in operating expenses including (i) a $161 million decrease in maintenance and damage, agency operator commissions, shuttling, credit card fees, and other costs amid lower rental volumes, (ii) a $75 million decrease in selling, general and administrative expenses related to decreases in marketing and commission expenditures, most of which are volume-related, and other items due primarily to management’s actions to reduce expenditures and (iii) a $66 million decrease in employee costs, rents and other expenses related primarily to reduced staffing levels and the closure of unprofitable locations. EBITDA also benefited from $150 million (14%) of decreased fleet depreciation and lease charges reflecting a 20% decrease in the average size of our domestic rental fleet and an 8% increase in per-unit fleet costs. The decreases in expenses were partially offset by $5 million of increased restructuring costs recorded in the nine months ended September 30, 2009 related to the Company’s previously announced cost reduction initiatives.

International Car Rental

Revenues and EBITDA decreased $128 million (18%) and $23 million (20%), respectively, in the nine months ended September 30, 2009 compared with nine months ended September 30, 2008, primarily due to the impact of foreign currency exchange rate movements and lower demand for car rentals.

The revenue decrease of $128 million was comprised of a $94 million (19%) decrease in car rental T&M revenue and a $34 million (15%) decrease in ancillary revenues. The total decline in revenue includes a $98 million decrease related to foreign currency exchange rates, impacting T&M revenue by $68 million and ancillary revenues by $30 million, and was largely offset in EBITDA by the opposite impact on expenses of $77 million, including our foreign exchange earnings hedges. The decrease in T&M revenue was principally driven by an 11% decrease in T&M revenue per day, all of which is due to

movements in foreign currency exchange rates, and a 9% decrease in rental days. The $34 million decrease in ancillary revenues was due to the decline in rental days and reflected (i) a $20 million decrease in counter sales of insurance, GPS rentals and other items, (ii) an $8 million decrease in gasoline sales, which was completely offset in EBITDA by lower gasoline costs, and (iii) a $6 million decrease in airport concession and vehicle licensing revenues, which was more than offset by $16 million lower airport concession and vehicle licensing fees remitted to airport and other regulatory authorities.

EBITDA reflects a $58 million (17%) decrease in operating expenses including (i) a $31 million decrease in agency operator commissions, maintenance and damage, vehicle licensing, credit card fees and other costs amid lower rental volumes, (ii) a $11 million decrease in selling, general and administrative expenses related primarily to decreased marketing and commission expenditures, (iii) a $10 million decrease in employee costs and other expenses related primarily to reduced staffing levels and (iv) a $7 million decrease in vehicle interest expense related to lower fleet levels. EBITDA also benefited from $28 million (17%) of decreased fleet depreciation and lease charges, reflecting a 9% decrease in the average size of our international rental fleet and a 9% decrease in per-unit fleet costs.

Truck Rental

Revenues decreased $27 million (9%) while EBITDA increased $8 million in the nine months ended September 30, 2009 compared with the same period in 2008.

The revenue decrease was primarily due to a decline of $22 million (9%) in T&M revenue and a $5 million (8%) decrease in ancillary revenues. The decrease in T&M revenue was principally driven by a 9% decrease in rental days and a 1% decrease in T&M revenue per day. EBITDA benefited from (i) a decrease of $23 million (11%) in operating expenses primarily due to reduced employee costs related to lower staffing levels and (ii) $18 million (21%) less fleet depreciation, interest and lease charges reflecting lower per-unit fleet costs. The increase in EBITDA was partially offset by (i) a $5 million increase in insurance-related expenses and (ii) a $1 million increase in restructuring charges related to the Company’s cost reduction initiatives.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We present separately the financial data of our vehicle programs. These programs are distinct from our other activities as the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of our vehicle programs. We believe it is appropriate to segregate the financial data of our vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

FINANCIAL CONDITION

	September 30, 2009	December 31, 2008	Change
Total assets exclusive of assets under vehicle programs	$ 3,506	$ 3,492	$ 14
Total liabilities exclusive of liabilities under vehicle programs	3,852	3,811	41
Assets under vehicle programs	6,456	7,826	(1,370)
Liabilities under vehicle programs	5,881	7,414	(1,533)
Stockholders’ equity	229	93	136

Total assets exclusive of assets under vehicle programs increased $14 million due to (i) a $212 million increase in cash and cash equivalents (see “Liquidity and Capital Resources—Cash Flows” for a detailed discussion) and (ii) a $57 million increase in deferred income taxes, offset by (i) a $117 million decrease in other current assets primarily due to a decrease in receivables due from Realogy and Wyndham related to the satisfaction of a litigation judgment, for which we were entitled to indemnification by Realogy and Wyndham, (ii) a $53 million decrease in accounts receivable, primarily due to the collection of incentives from manufacturers, (iii) a $50 million decrease in other non-current assets, mainly related to deferred compensation and deferred financing costs and (iv) a $46 million decrease in property and equipment.

Total liabilities exclusive of liabilities under vehicle programs increased $41 million primarily due to a $96 million increase in corporate debt offset by a $55 million decrease in accounts payable and other current liabilities primarily due to the satisfaction of a litigation judgment, for which we were entitled to indemnification by Realogy and Wyndham.

Assets under vehicle programs decreased approximately $1.4 billion primarily due to (i) an approximate $1 billion decrease in our net vehicles and (ii) a $370 million decrease in receivables from vehicle manufacturers.

Liabilities under vehicle programs decreased approximately $1.5 billion reflecting a decrease in our borrowings due to reductions in the size of our car rental fleet to match reduced car rental demand. See “Liquidity and Capital Resources—Debt and Financing Arrangements” for a detailed account of the change in our debt related to vehicle programs.

Stockholders’ equity increased $136 million, primarily due to a $123 million increase in accumulated other comprehensive income resulting from currency translation and net unrealized gains in our cash flow hedges.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand and our ability to generate cash through operations and financing activities, as well as available funding arrangements and committed credit facilities, each of which is discussed below.

CASH FLOWS

At September 30, 2009, we had $470 million of cash on hand, an increase of $212 million from $258 million at December 31, 2008. The following table summarizes such increase:

	Nine Months Ended September 30,		
	2009	**2008**	**Change**
Cash provided by (used in):			
Operating activities	$ 1,250	$ 1,418	$ (168)
Investing activities	420	(2,495)	2,915
Financing activities	(1,487)	1,249	(2,736)
Effect of exchange rate changes	29	(12)	41
Net change in cash and cash equivalents	$ 212	$ 160	$ 52

During the nine months ended September 30, 2009, we generated $168 million less cash from operating activities in comparison to the same period in 2008. This change principally resulted from revenue and volume declines in the nine months ended September 30, 2009, partially offset by lower expenses driven by our cost savings initiatives.

We used approximately $2.9 billion less cash in investing activities during the nine months ended September 30, 2009 compared with the same period in 2008. This change primarily reflects the activities of our vehicle programs, which (i) used approximately $2 billion less cash due to our purchase of substantially fewer vehicles than in the prior-year period, (ii) received $403 million of incremental payments on disposition of vehicles and (iii) benefited from the absence of the $343 million capital contribution to Avis Budget Rental Car Funding (AESOP) LLC in the prior year, as well as the use of $88 million less cash for acquisitions and $46 million less cash for capital expenditures. We anticipate aggregate capital expenditures will approximate $40-45 million in 2009.

We generated approximately $2.7 billion less cash from financing activities during the nine months ended September 30, 2009 compared with the same period in 2008. This change primarily reflects reduced borrowings and increased principal repayments of debt under our vehicle programs, slightly offset by (i) $100 million in borrowings under our corporate credit facilities and (ii) $33 million used for the repurchase of common stock in the prior year.

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DEBT AND FINANCING ARRANGEMENTS

At September 30, 2009, we had approximately $6.4 billion of indebtedness (including corporate indebtedness of approximately $1.9 billion and debt under vehicle programs of approximately $4.5 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of September 30, 2009	As of December 31, 2008	Change
Floating rate term loan [(a)] [(b)]	April 2012	$ 780	$ 787	$ (7)
Floating rate notes [(a)]	May 2014	250	250	—
7 5/8% notes	May 2014	375	375	—
7 3/4% notes	May 2016	375	375	—
Other		105	2	103
		$ 1,885	$ 1,789	$ 96

(a) As of September 30, 2009 the floating rate term loan and floating rate notes bear interest at three month LIBOR plus 375 basis points and three month LIBOR plus 250 basis points, respectively. We use various hedging strategies, including derivative instruments, to manage a portion of the risks associated with our floating rate debt.

(b) The floating rate term loan and our revolving credit facility are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

The following table summarizes the components of our debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding")):

	As of September 30, 2009	As of December 31, 2008	Change
Debt due to Avis Budget Rental Car Funding [(a)]	$ 3,629	$ 5,142	$ (1,513)
Budget Truck financing:			
Budget Truck Funding program	249	316	(67)
Capital leases	76	126	(50)
Other	562	450	112
	$ 4,516	$ 6,034	$ (1,518)

(a) The decrease reflects reduced borrowings within Domestic Car Rental operations principally due to a decrease in the size of our car rental fleet.

As of September 30, 2009, the committed credit facilities available to us and/or our subsidiaries at the corporate or Avis Budget Car Rental, LLC level were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility [(a)]	$ 1,150	$ 100	$ 730	$ 320
Letter of credit facility [(b)]	100	—	100	—

(a) This secured revolving credit facility was entered into by Avis Budget Car Rental in April 2006 and amended in December 2008, has a five year term and as of September 30, 2009 bears interest at one-month LIBOR plus 400 basis points. The senior credit facilities, which encompass the floating rate term loan and our revolving credit facility are secured by pledges of all of the capital stock of substantially all of our direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property. There is $320 million available capacity for the issuance of letters of credit, while the remaining borrowing capacity is $175 million, as total outstanding borrowings are limited to $275 million under this credit facility.

(b) Final maturity date is March 2010.

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The following table presents available funding under our debt arrangements related to our vehicle programs at September 30, 2009:

	Total Capacity [a]	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding [b]	$ 5,059	$ 3,629	$ 1,430
Budget Truck financing			
Budget Truck Funding program [c]	249	249	—
Capital leases [d]	76	76	—
Other [e]	810	562	248
	$ 6,194	$ 4,516	$ 1,678

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.
(b) The outstanding debt is collateralized by approximately $5.1 billion of underlying vehicles and related assets.
(c) The outstanding debt is collateralized by approximately $302 million of underlying vehicles and related assets.
(d) These capital leases are collateralized by approximately $91 million of underlying vehicles.
(e) The outstanding debt is collateralized by approximately $964 million of underlying vehicles and related assets.

LIQUIDITY RISK

Our primary liquidity needs include the payment of operating expenses, servicing of corporate and vehicle related debt and procurement of rental vehicles to be used in our operations. Our primary sources of funding are operating revenue, cash received upon sale of vehicles, and borrowings under our vehicle-backed borrowing arrangements and our revolving credit facility.

As discussed above, as of September 30, 2009, we have cash and cash equivalents of $470 million, available letter of credit capacity under our revolving credit facility of $320 million, and available capacity under our vehicle programs of approximately $1.7 billion.

Our liquidity position has been and may be negatively affected by the recent financial market disruptions and the current downturn in the U.S. and worldwide economies, which have resulted in and may result in further unfavorable conditions in the vehicle rental industry, in the asset-backed financing market, and in the credit markets generally. These factors have contributed to and could further contribute to changes in the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, a downturn in the U.S. economy or a disruption in the credit markets could impact our liquidity due to (i) decreased demand and pricing for vehicles in the used vehicle market, (ii) increased costs associated with, and/or reduced capacity or increased collateral needs under, our financings, such as the increased costs, including additional collateral requirements, incurred in connection with the 2008 amendments to our asset-backed conduit facilities and increased costs and decreased capacity that resulted from the 2008 amendments to our senior credit facilities, (iii) the adverse impact of vehicle manufacturers, including Chrysler Group LLC, General Motors Company, Hyundai Motor America, Kia Motors America or Ford Motor Company, being unable or unwilling to honor its obligations to repurchase or guarantee the depreciation on the related program vehicles, (iv) any potential disruption to our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market, (v) the impact of an insolvency event or actual or potential default by any of the financial guaranty firms that have insured a portion of our outstanding vehicle-backed debt and (vi) the effect of any of Realogy, Wyndham or Travelport being unable or unwilling to honor its obligations under the Separation Agreement. Financial guaranty firms Ambac Assurance Corporation, MBIA Insurance Corporation, Assured Guaranty Corp. and Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) currently provide financial guaranties for approximately $1.45 billion, $725 million, $250 million and $125 million, respectively, of our domestic term asset-backed car rental financing.

Our liquidity position also may be negatively affected if we are unable to remain in compliance with the financial and other covenants associated with our senior credit facilities and other borrowings. As of September 30, 2009, we were in compliance with the financial covenants in our senior credit facilities. Commencing with our fiscal quarter ending June 30, 2010, the requirement to maintain a quarterly minimum trailing twelve month EBITDA under the financial covenants of our amended senior credit facilities will be replaced by the maximum leverage ratio that was in place prior to the December 2008 amendment. For additional information regarding our liquidity risks, please see Part I, Item 1A, “Risk Factors” of our 2008 Form 10-K and this Quarterly Report on Form 10-Q.

CONTRACTUAL OBLIGATIONS

Our future contractual obligations have not changed significantly from the amounts reported within our 2008 Form 10-K with the exception of our commitment to purchase vehicles, which decreased by approximately $200 million from December 31, 2008 to approximately $4.4 billion at September 30, 2009. Changes to our obligations related to corporate indebtedness and

debt under vehicle programs are presented above within the section titled “Liquidity and Capital Resources—Debt and Financing Arrangements” and also within Notes 12 and 13 to our Consolidated Condensed Financial Statements.

As of September 30, 2009, our liability recorded for tax obligations was $476 million. The Internal Revenue Service has commenced an audit of our taxable years 2003 through 2006, the year of the Separation. We are entitled to indemnification by Realogy and Wyndham for substantially all of our recorded liabilities for open tax matters and therefore do not expect such resolution to have a significant impact on our earnings, financial position or cash flows. Realogy posted a letter of credit in April 2007 for the benefit of the Company related to its indemnification obligations to the Company. For additional information regarding our contractual obligations, including information regarding the letter of credit referred to above, see Note 14 to our Consolidated Condensed Financial Statements.

ACCOUNTING POLICIES

The results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. However, in presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions that we are required to make pertain to matters that are inherently uncertain as they relate to future events. Presented within the section titled “Critical Accounting Policies” of our 2008 Form 10-K are the accounting policies (related to goodwill and other indefinite-lived intangible assets, vehicles, income taxes, financial instruments and public liability, property damage and other insurance liabilities) that we believe require subjective and/or complex judgments that could potentially affect 2009 reported results. There have been no significant changes to those accounting policies or our assessment of which accounting policies we would consider to be critical accounting policies.

During 2009, we adopted the following standards as a result of the issuance of new accounting pronouncements:

- FASB Staff Position FAS 141(R)-1, “Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies”, as codified in FASB ASC topic 805, *Business Combinations*
- FASB Staff Position FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”, as codified in FASB ASC topic 320, *Investments—Debt and Equity Securities*
- FASB Staff Position FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”, as codified in FASB ASC topic 820, *Fair Value Measurements and Disclosures*
- FASB Staff Position FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments”, as codified in FASB ASC topic 825, *Financial Instruments*
- SFAS No. 165, “Subsequent Events”, as codified in FASB ASC topic 855, *Subsequent Events*
- SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162”, as codified in FASB ASC topic 105, *Generally Accepted Accounting Principles*
- ASU No. 2009-05, “Measuring Liabilities at Fair Value”

We will adopt the following recently issued accounting pronouncements as required:

- SFAS No. 166, “Accounting for Transfers of Financial Assets-an amendment to FASB statement No. 140”, as codified in ASC topic 860, *Transfers and Servicing*
- SFAS No. 167, “Amendments to FASB Interpretation No. 46(R)”, as codified in ASC topic 810, *Consolidations*

For detailed information regarding these pronouncements and the impact thereof on our business, see Note 1 to our Consolidated Condensed Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We assess our market risk based on changes in interest rates and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest rates and foreign currency exchange rates. We used September 30, 2009 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, that the impact of a 10% change in interest rates and foreign currency exchange rates on our earnings, fair values and cash flows would not be material.

Item 4. Controls and Procedures

(a) *Disclosure Controls and Procedures*. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this quarterly report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) *Internal Controls Over Financial Reporting*. There have been no changes in our internal control over financial reporting (as such term is defined in rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In October 2009, a judgment was entered against us in the amount of $16 million following the completion of a jury trial for damages related to breach of contract in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003, involved breach of contract and other claims by one of our licensees related to the acquisition of our Budget vehicle rental business in 2002. We believe the verdict in this case is unsupported by the evidence. Accordingly, we plan to file a motion to set aside the jury’s decision or grant a new trial, and if necessary, appeal this judgment.

With respect to *CSI Investments et al. v. Cendant et al.* (S.D.N.Y) (the “Credentials Litigation”), an action for breach of contract and fraud arising out of Cendant’s acquisition of the Credentials business in 1998, the plaintiffs petitioned the court for attorneys’ fees in the amount of $33 million in September 2009. Pursuant to the Separation Agreement, Realogy and Wyndham are responsible for 62.5% and 37.5%, respectively, of the liability related to the Credentials Litigation. There was no net impact to our financial statements or cash balances as a result of the petition for attorneys’ fees.

Item 1A. Risk Factors

The Company has had no material changes in its risk factors from those previously reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 other than the following:

Conversion of our convertible senior notes due 2014, and the note hedge and warrant transactions entered into in connection with the issuance of the notes, may have an adverse impact on the price of our common stock.

Any of the following transactions and activities could adversely affect the value of our common stock in connection with our recent issuance of $345 million of 3.5% convertible senior notes due 2014 and the note hedge and warrant transactions entered into in connection with such issuance:

- the conversion of some or all of our convertible senior notes, any sales by noteholders in the public market of our common stock issued upon such conversion and any selling of our common stock (including short selling) due to the existence of the notes;
- the exercise of some or all of the warrants, any sales by warrantholders in the public market of our common stock issued upon such exercise of the warrants and any selling of our common stock (including short selling) due to the existence of the warrants; and
- the entry into, or the modification or the unwinding of, various derivative transactions with respect to our common stock by the counterparties in connection with their obligations under the note hedge and warrant transactions.

Item 6. Exhibits

See Exhibit Index.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVIS BUDGET GROUP, INC.

Date: November 3, 2009

/s/ David B. Wyshner
David B. Wyshner
Executive Vice President and
Chief Financial Officer

Date: November 3, 2009

/s/ Brett D. Weinblatt
Brett D. Weinblatt
Senior Vice President and
Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
2.1	Separation and Distribution Agreement by and among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport, Inc., dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 1, 2006).
2.2	Letter Agreement dated August 23, 2006 relating to the Separation and Distribution Agreement by and among Realogy Corporation, Cendant Corporation*, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
3.1	Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated September 5, 2006).
3.2	Amended and Restated By-Laws of the Company (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated March 27, 2009).
4.1	Indenture dated as of October 13, 2009, by and between Avis Budget Group, Inc. and The Bank of Nova Scotia Trust Company of New York, as Trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 13, 2009).
10.1	Second Amendment, dated as of August 27, 2009, to the Series 2006-1 Supplement dated as of January 19, 2006, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Bank of New York Trust Company, N.A.), as trustee and Series 2006-1 Agent.
10.2	Third Amendment, dated as of August 27, 2009, to the Series 2005-1 Supplement dated as of February 25, 2005, between Avis Budget Rental Car Funding (AESOP) LLC, and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Bank of New York), as trustee and Series 2005-1 Agent.
10.3	Amendment No. 5 to the Series 2006-1 Supplement, dated as of August 21, 2009, between Centre Point Funding, LLC, as Issuer, Budget Truck Rental, LLC, as Administrator, Deutsche Bank Securities, Inc., Riverside Funding LLC, Deutsche Bank AG, New York Branch, Sheffield Receivables Corporation, Barclays Bank PLC and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), in its capacity as Trustee.
10.4	Supply and Feature Agreement dated October 30, 2007, by and among Ford Motor Company, Avis Budget Car Rental, LLC and AESOP Leasing L.P.**
10.5	Avis Budget Car Rental 2010 Model Year Program Letter dated August 28, 2009 between Avis Budget Car Rental, LLC and Ford Motor Company** (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 2, 2009).
10.6	Series 2009-2 Supplement, dated as of October 1, 2009, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2009-2 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 1, 2009).
10.7	Purchase Agreement dated as of October 7, 2009, by and among Avis Budget Group, Inc. and J.P. Morgan Securities Inc., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and Deutsche Bank Securities Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 13, 2009).
10.8(a)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.2(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.8(b)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.2(b) to the Company's Current Report on Form 8-K dated October 13, 2009).

10.8(c)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Deutche Bank AG, London Branch (Incorporated by reference to Exhibit 10.2(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.8(d)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.2(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.8(e)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.2(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.9(a)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.3(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.9(b)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.3(b) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.9(c)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.3(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.9(d)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.3(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.9(e)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.3(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.10(a)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.4(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.10(b)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.4(b) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.10(c)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Deutche Bank AG, London Branch (Incorporated by reference to Exhibit 10.4(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.10(d)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.4(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.10(e)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.4(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.11(a)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.5(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.11(b)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.5(b) to the Company's Current Report on Form 8-K dated October 13, 2009).

10.11(c)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.5(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.11(d)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.5(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.11(e)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.5(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.12	Amended and Restated Series 2008-1 Supplement, dated as of October 29, 2009 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on the Form 8-K dated October 30, 2009).
12	Statement re: Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Cendant Corporation is now known as Avis Budget Group, Inc.

** The Company has applied for confidential treatment of portions of this Exhibit. Accordingly, portions thereof have been omitted and filed separately.

Exhibit 10.1

SECOND AMENDMENT TO THE SERIES 2006-1 SUPPLEMENT

This SECOND AMENDMENT (this "Amendment"), dated as of September 1, 2009, amends the Series 2006-1 Supplement (the "Series 2006-1 Supplement"), dated as of January 19, 2006, as amended by the First Amendment thereto, dated May 9, 2007, and is between AVIS BUDGET RENTAL CAR FUNDING (AESOP) LLC (formerly known as Cendant Rental Car Funding (AESOP) LLC), a special purpose limited liability company established under the laws of Delaware ("ABRCF") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (as successor in interest to The Bank of New York), a national banking association, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2006-1 Noteholders and the Surety Provider (in such capacity, the "Series 2006-1 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between ABRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Definitions List attached as Schedule I to the Base Indenture (as amended through the date hereof) or the Series 2006-1 Supplement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 12.2(i) of the Base Indenture, an amendment to any Supplement requires the consent of ABRCF, the Trustee, the applicable Enhancement Provider and each affected Noteholder of the applicable Series of Notes;

WHEREAS, pursuant to Section 6.11 of the Series 2006-1 Supplement, the Surety Provider is deemed to be the sole holder of the Series 2006-1 Notes for the purpose of giving all consents, waivers and approvals under the Series 2006-1 Supplement and the Base Indenture on behalf of the Series 2006-1 Notes;

WHEREAS, ABRCF has requested the Trustee, the Series 2006-1 Agent and the Surety Provider to, and, upon the effectiveness of (i) this Amendment and (ii) the letter (the "Consent Letter"), dated as of the date hereof, among ABRCF and the Surety Provider, ABRCF, the Trustee, the Series 2006-1 Agent and the Surety Provider have agreed to, amend certain provisions of the Series 2006-1 Supplement as set forth herein;

WHEREAS, the parties desire to amend the Series 2006-1 Supplement (1) to increase the Series 2006-1 Maximum Non-Program Vehicle Percentage, (2) to increase the number of Kia, Suzuki and Hyundai Vehicles ABRCF can purchase for inclusion in the AESOP I Operating Lease Loan Agreement Borrowing Base and (3) to require a certain percentage of Kia and Hyundai vehicles to be included at the Series 2006-1 Standard & Poor's Highest Enhanced Vehicle Percentage in the AESOP I Operating Lease Loan Agreement Borrowing Base; and

WHEREAS, ABRCF has requested the Trustee, the Series 2006-1 Agent and each Noteholder to, and, upon this Amendment becoming effective, ABRCF, the Trustee, the

Series 2006-1 Agent and the Surety Provider, voting as the deemed sole Noteholder, have agreed to, amend certain provisions of the Series 2006-1 Supplement as set forth herein;

NOW, THEREFORE, it is agreed:

1. Each of the following defined terms, as set forth in Article I(b) of the Series 2006-1 Supplement, is hereby amended and restated in its entirety as follows:

"Series 2006-1 Maximum Manufacturer Amount" means, as of any day, any of the Series 2006-1 Maximum Mitsubishi Amount, the Series 2006-1 Maximum Individual Isuzu/Subaru Amount, the Series 2006-1 Maximum Hyundai Amount, the Series 2006-1 Maximum Kia Amount or the Series 2006-1 Maximum Suzuki Amount.

"Series 2006-1 Maximum Non-Program Vehicle Percentage" means, as of any date of determination, the sum of (a) 85% and (b) a fraction, expressed as a percentage, the numerator of which is the aggregate Net Book Value of all Redesignated Vehicles manufactured by a Bankrupt Manufacturer or a Manufacturer with respect to which a Manufacturer Event of Default has occurred, and in each case leased under the AESOP I Operating Lease or the Finance Lease as of such date, and the denominator of which is the aggregate Net Book Value of all Vehicles leased under the Leases as of such date.

"Series 2006-1 Required Enhancement Amount" means, as of any date of determination, the sum of (i) the product of the Series 2006-1 Required Enhancement Percentage as of such date and the Series 2006-1 Invested Amount as of such date, (ii) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Program Vehicle Amount as of such date over the Series 2006-1 Maximum Non-Program Vehicle Amount as of such date, (iii) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Mitsubishi and leased under the Leases as of such date over the Series 2006-1 Maximum Mitsubishi Amount as of such date, (iv) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Isuzu or Subaru, individually, and leased under the Leases as of such date over the Series 2006-1 Maximum Individual Isuzu/Subaru Amount as of such date, (v) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Hyundai and leased under the Leases as of such date over the Series 2006-1 Maximum Hyundai Amount as of such date, (vi) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia and leased under the Leases as of such date over the Series 2006-1 Maximum Kia Amount as of such date, (vii) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Suzuki and leased under the Leases as of such date over the Series 2006-1 Maximum Suzuki Amount as of such date, (viii) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the

immediately preceding Business Day of the excess, if any, of the Specified States Amount as of such date over the Series 2006-1 Maximum Specified States Amount as of such date and (ix) the Series 2006-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Eligible Manufacturer Amount as of such date over the Series 2006-1 Maximum Non-Eligible Manufacturer Amount as of such date.

"Series 2006-1 Standard & Poor's Highest Enhanced Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, (a) the numerator of which is the sum, without duplication, of (i) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by either of the Standard & Poor's Specified Non-Investment Grade Manufacturers as of such date, (ii) the excess, if any, of (A) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by a Standard & Poor's Non-Investment Grade Manufacturer other than a Standard & Poor's Specified Non-Investment Grade Manufacturer, as of such date over (B) 30.00% of the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date, (iii) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by a Bankrupt Manufacturer and (iv) the Series 2006-1 Standard & Poor's Kia/Hyundai Highest Enhanced Vehicle Percentage Amount as of such date and (b) the denominator of which is the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date.

"Series 2006-1 Standard & Poor's Lowest Enhanced Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, (a) the numerator of which is an amount equal to (X) the sum, without duplication, of (1) the aggregate Net Book Value of all Program Vehicles leased under the AESOP I Operating Lease that are manufactured by Eligible Program Manufacturers having long-term senior unsecured debt ratings of "BBB" or higher from Standard & Poor's as of such date, (2) so long as any Eligible Non-Program Manufacturer has a long-term senior unsecured debt rating of "BBB" or higher from Standard & Poor's and no Manufacturer Event of Default has occurred and is continuing with respect to such Eligible Non-Program Manufacturer, the aggregate Net Book Value of all Non-Program Vehicles leased under the AESOP I Operating Lease manufactured by each such Eligible Non-Program Manufacturer that are subject to a Manufacturer Program and remain eligible for repurchase thereunder as of such date and (3) the lesser of (A) the sum of (x) if as of such date any Eligible Program Manufacturer has a long-term senior unsecured debt rating of "BBB-" from Standard & Poor's, the aggregate Net Book Value of all Program Vehicles leased under the AESOP I Operating Lease manufactured by each such Eligible Program Manufacturer as of such date and (y) if as of such date any Eligible Non-Program Manufacturer has a long-term senior unsecured debt rating of "BBB-" from Standard & Poor's and no Manufacturer Event of Default has occurred and is continuing with respect to such Eligible Non-Program Manufacturer, the aggregate Net Book Value of all Non-Program Vehicles leased under the AESOP I Operating Lease manufactured by each such Eligible Non-Program Manufacturer that are subject to a Manufacturer Program and remain eligible for repurchase thereunder as of such date and (B) 10% of the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date minus (Y) the

Series 2006-1 Standard & Poor’s Kia/Hyundai Lowest Enhanced Vehicle Percentage Adjustment Amount as of such date and (b) the denominator of which is the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date.

2. Each of the following defined terms are hereby added, in appropriate alphabetical order, to Article I(b) of the Series 2006-1 Supplement:

“Series 2006-1 Maximum Hyundai Amount” means, as of any day, with respect to Hyundai, an amount equal to 20% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

“Series 2006-1 Maximum Individual Isuzu/Subaru Amount” means, as of any day, with respect to Isuzu or Subaru, individually, an amount equal to 5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

“Series 2006-1 Maximum Kia Amount” means, as of any day, with respect to Kia, an amount equal to 10% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

“Series 2006-1 Maximum Suzuki Amount” means, as of any day, with respect to Suzuki, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

“Series 2006-1 Standard & Poor’s Kia/Hyundai Highest Enhanced Vehicle Percentage Amount” means, as of any date of determination, the sum, without duplication, of (i) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by Hyundai in excess of 15% of the aggregate Net Book Value of all Vehicles leased under the Leases on such date, (ii) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by Kia in excess of 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such date, and (iii) the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease that are manufactured by Hyundai and Kia, in the aggregate in excess of 20% of the aggregate Net Book Value of all Vehicles leased under the Leases on such date.

“Series 2006-1 Standard & Poor’s Kia/Hyundai Lowest Enhanced Vehicle Percentage Adjustment Amount” means, (i) as of any date of determination on which either Kia or Hyundai has a long-term senior unsecured debt rating of at least “BBB-” from Standard & Poor’s, the sum of the Net Book Values as of such date of each Vehicle manufactured by Kia or Hyundai that is included both in (x) the calculation of the Series 2006-1 Standard & Poor’s Kia/Hyundai Highest Enhanced Vehicle Percentage Amount on such date and (y) the calculation of subclause (a)(X) of the definition of Series 2006-1 Standard & Poor’s Lowest Enhanced Vehicle Percentage on such date and (ii) as of any other date, zero.

3. Each of the following defined terms, as set forth in Article I(b) of the Series 2006-1 Supplement, is hereby deleted in its entirety: “Series 2006-1 Maximum Aggregate

Kia/Isuzu/Subaru/Hyundai/Suzuki Amount", "Series 2006-1 Maximum Individual Hyundai/Suzuki Amount" and "Series 2006-1 Maximum Individual Kia/Isuzu/Subaru Amount."

4. Article 6 of the Series 2006-1 Supplement is hereby amended by adding the following clause as Section 6.22:

"Section 6.22 Capitalized Cost Covenant. ABRCF hereby agrees that it shall not permit the aggregate Capitalized Cost for all Vehicles purchased in any model year that are not subject to a Manufacturer Program to exceed 85% of the aggregate MSRP (Manufacturer Suggested Retail Price) of all such Vehicles; provided, however, that ABCRF shall not modify the customary buying patterns or purchasing criteria used by the Administrator and its Affiliates with respect to the Vehicles if the primary purpose of such modification is to comply with this covenant."

5. This Amendment is limited as specified and, except as expressly stated herein, shall not constitute a modification, acceptance or waiver of rights under, or of any other provision of the Series 2006-1 Supplement.

6. This Amendment shall become effective as of the date (the "Amendment Date") on which each of the following has occurred: (i) each of the parties hereto shall have executed and delivered this Amendment to the Trustee, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to each outstanding Series of Notes and each Enhancement Provider pursuant to the Base Indenture and related Supplements, (iii) all certificates and opinions of counsel required under the Base Indenture shall have been delivered to the Trustee and (as applicable) the Surety Provider, (iv) the Surety Provider, as the Requisite Noteholder and third-party beneficiary of this Amendment, shall have executed the Consent Letter consenting hereto and (v) a majority of the Managers of ABRCF has approved this Amendment.

7. From and after the Amendment Date, (i) all references to the Series 2006-1 Supplement shall be deemed to be references to the Series 2006-1 Supplement as amended hereby, (ii) the Series 2006-1 Supplement, as amended hereby, shall remain in full force and effect and (iii) this Amendment shall constitute a Transaction Document as defined in the Insurance Agreement.

8. ABRCF hereby reaffirms that each of the representations and warranties of ABRCF in the Transaction Documents dated other than the date hereof was true and correct in all material respects as of the date it was originally made (or as of such other date as specified therein) and each of the representations and warranties of the Issuer contained in the Transaction Documents dated as of the Amendment Date is true and correct in all material respects as of the Amendment Date.

9. ABRCF hereby confirms that it is in compliance in all material respects with its covenants in the Transaction Documents.

10. This Amendment may be executed in separate counterparts by the parties hereto, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument.

11. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date above first written.

AVIS BUDGET RENTAL CAR FUNDING
(AESOP) LLC, as Issuer

By: /s/ David Calabria
Name: David Calabria
Title: Assistant Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee and Series 2006-1 Agent

By: /s/ Sally Tokich
Name: Sally Tokich
Title: Senior Associate

Exhibit 10.2

THIRD AMENDMENT TO THE SERIES 2005-1 SUPPLEMENT

This THIRD AMENDMENT (this "Amendment"), dated as of September 1, 2009, amends the Series 2005-1 Supplement (the "Series 2005-1 Supplement"), dated as of February 25, 2005, as amended by the First Amendment thereto, dated December 23, 2005 and the Second Amendment thereto, dated May 9, 2007, and is between AVIS BUDGET RENTAL CAR FUNDING (AESOP) LLC (formerly known as Cendant Rental Car Funding (AESOP) LLC), a special purpose limited liability company established under the laws of Delaware ("ABRCF") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (as successor in interest to The Bank of New York), a national banking association, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2005-1 Noteholders and the Surety Provider (in such capacity, the "Series 2005-1 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between ABRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Definitions List attached as Schedule I to the Base Indenture (as amended through the date hereof) or the Series 2005-1 Supplement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 12.2(i) of the Base Indenture, an amendment to any Supplement requires the consent of ABRCF, the Trustee, the applicable Enhancement Provider and each affected Noteholder of the applicable Series of Notes;

WHEREAS, pursuant to Section 6.11 of the Series 2005-1 Supplement, the Surety Provider is deemed to be the sole holder of the Series 2005-1 Notes for the purpose of giving all consents, waivers and approvals under the Series 2005-1 Supplement and the Base Indenture on behalf of the Series 2005-1 Notes;

WHEREAS, ABRCF has requested the Trustee, the Series 2005-1 Agent and the Surety Provider to, and, upon the effectiveness of (i) this Amendment and (ii) the letter (the "Consent Letter"), dated as of the date hereof, among ABRCF and the Surety Provider, ABRCF, the Trustee, the Series 2005-1 Agent and the Surety Provider have agreed to, amend certain provisions of the Series 2005-1 Supplement as set forth herein;

WHEREAS, the parties desire to amend the Series 2005-1 Supplement (1) to increase the Series 2005-1 Maximum Non-Program Vehicle Percentage and (2) increase the number of Kia, Suzuki and Hyundai Vehicles ABRCF can purchase for inclusion in the AESOP I Operating Lease Loan Agreement Borrowing Base; and

WHEREAS, ABRCF has requested the Trustee, the Series 2005-1 Agent and each Noteholder to, and, upon this Amendment becoming effective, ABRCF, the Trustee, the Series 2005-1 Agent and the Surety Provider, voting as the deemed sole Noteholder, have agreed to, amend certain provisions of the Series 2005-1 Supplement as set forth herein;

NOW, THEREFORE, it is agreed:

1. Each of the following defined terms, as set forth in Article I(b) of the Series 2005-1 Supplement, is hereby amended and restated in its entirety as follows:

"Series 2005-1 Maximum Manufacturer Amount" means, as of any day, any of the Series 2005-1 Maximum Mitsubishi Amount, the Series 2005-1 Maximum Individual Isuzu/Subaru Amount, the Series 2005-1 Maximum Hyundai Amount, the Series 2005-1 Maximum Kia Amount, the Series 2005-1 Maximum Suzuki Amount or the Series 2005-1 Maximum Aggregate Hyundai/Kia Amount.

"Series 2005-1 Maximum Non-Program Vehicle Percentage" means, as of any date of determination, 85%; provided that the Series 2005-1 Maximum Non-Program Vehicle Percentage as of any date of determination shall be increased by a fraction, expressed as a percentage, the numerator of which is the aggregate Net Book Value of all Redesignated Vehicles manufactured by each Bankrupt Manufacturer and each other Manufacturer with respect to which a Manufacturer Event of Default has occurred and leased as of such date under the AESOP I Operating Lease or the Finance Lease as of such date and the denominator of which is the aggregate Net Book Value of all Vehicles leased under the Leases as of such date.

"Series 2005-1 Required Enhancement Amount" means, as of any date of determination, the sum of (i) the product of the Series 2005-1 Required Enhancement Percentage as of such date and the Series 2005-1 Invested Amount as of such date, (ii) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Program Vehicle Amount as of such date over the Series 2005-1 Maximum Non-Program Vehicle Amount as of such date, (iii) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Mitsubishi and leased under the Leases as of such date over the Series 2005-1 Maximum Mitsubishi Amount as of such date, (iv) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Isuzu or Subaru, individually, and leased under the Leases as of such date over the Series 2005-1 Maximum Individual Isuzu/Subaru Amount as of such date, (v) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Hyundai and leased under the Leases as of such date over the Series 2005-1 Maximum Hyundai Amount as of such date, (vi) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia and leased under the Leases as of such date over the Series 2005-1 Maximum Kia Amount as of such date, (vii) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Suzuki and leased under the Leases as of such date over the Series 2005-1 Maximum Suzuki Amount as of such date, (viii) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Hyundai or Kia, in the aggregate, and leased under the Leases as of such date over the Series 2005-1 Maximum Aggregate Hyundai/Kia Amount as of such date, (ix)

the Series 2005-1 AESOP I Operating Lease Percentage as of the immediately preceding Business Day of the excess, if any, of the Specified States Amount as of such date over the Series 2005-1 Maximum Specified States Amount as of such date, (x) the Series 2005-1 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Eligible Manufacturer Amount as of such date over the Series 2005-1 Maximum Non-Eligible Manufacturer Amount as of such date and (xi) the Series 2005-1 Percentage of any Aggregate Adjustment Amount.

2. Each of the following defined terms are hereby added, in appropriate alphabetical order, to Article I(b) of the Series 2005-1 Supplement:

"Series 2005-1 Maximum Aggregate Hyundai/Kia Amount" means, as of any day, with respect to Hyundai or Kia, in the aggregate, an amount equal to 20% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-1 Maximum Hyundai Amount" means, as of any day, with respect to Hyundai, an amount equal to 15% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-1 Maximum Individual Isuzu/Subaru Amount" means, as of any day, with respect to Isuzu or Subaru, individually, an amount equal to 5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-1 Maximum Kia Amount" means, as of any day, with respect to Kia, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-1 Maximum Suzuki Amount" means, as of any day, with respect to Suzuki, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

3. Each of the following defined terms, as set forth in Article I(b) of the Series 2005-1 Supplement, is hereby deleted in its entirety: "Series 2005-1 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount", "Series 2005-1 Maximum Individual Hyundai/Suzuki Amount" and "Series 2005-1 Maximum Individual Kia/Isuzu/Subaru Amount."

4. Article 6 of the Series 2005-1 Supplement is hereby amended by adding the following clause as Section 6.22:

"Section 6.22 Capitalized Cost Covenant. ABRCF hereby agrees that it shall not permit the aggregate Capitalized Cost for all Vehicles purchased in any model year that are not subject to a Manufacturer Program to exceed 85% of the aggregate MSRP (Manufacturer Suggested Retail Price) of all such Vehicles; provided, however, that ABCRF shall not modify the customary buying patterns or purchasing criteria used by the Administrator and its Affiliates with respect to the Vehicles if the primary purpose of such modification is to comply with this covenant."

5. This Amendment is limited as specified and, except as expressly stated herein, shall not constitute a modification, acceptance or waiver of rights under, or of any other provision of the Series 2005-1 Supplement.

6. This Amendment shall become effective as of the date (the "Amendment Date") on which each of the following has occurred: (i) each of the parties hereto shall have executed and delivered this Amendment to the Trustee, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to each outstanding Series of Notes and each Enhancement Provider pursuant to the Base Indenture and related Supplements, (iii) all certificates and opinions of counsel required under the Base Indenture shall have been delivered to the Trustee and (as applicable) the Surety Provider, (iv) the Surety Provider, as the Requisite Noteholder and third-party beneficiary of this Amendment, shall have executed the Consent Letter consenting hereto and (v) a majority of the Managers of ABRCF has approved this Amendment.

7. From and after the Amendment Date, (i) all references to the Series 2005-1 Supplement shall be deemed to be references to the Series 2005-1 Supplement as amended hereby, (ii) the Series 2005-1 Supplement, as amended hereby, shall remain in full force and effect and (iii) this Amendment shall constitute a Transaction Document as defined in the Insurance Agreement.

8. ABRCF hereby reaffirms that each of the representations and warranties of ABRCF in the Transaction Documents dated other than the date hereof was true and correct in all material respects as of the date it was originally made (or as of such other date as specified therein) and each of the representations and warranties of the Issuer contained in the Transaction Documents dated as of the Amendment Date is true and correct in all material respects as of the Amendment Date.

9. ABRCF hereby confirms that it is incompliance in all material respects with its covenants in the Transaction Documents.

10. This Amendment may be executed in separate counterparts by the parties hereto, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument.

11. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date above first written.

AVIS BUDGET RENTAL CAR FUNDING
(AESOP) LLC, as Issuer

By: /s/ David Calabria
Name: David Calabria
Title: Assistant Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee and as Series 2005-1 Agent

By: /s/ Sally Tokich
Name: Sally Tokich
Title: Senior Associate

Exhibit 10.3

**AMENDMENT NO. 5
TO SERIES 2006-1 SUPPLEMENT**

This **AMENDMENT NO. 5 TO SERIES 2006-1 SUPPLEMENT**, dated as of August 21, 2009 (this "Amendment") is between Centre Point Funding, LLC (f/k/a Budget Truck Funding, LLC) ("BTF"), Budget Truck Rental, LLC ("BTR"), as Administrator, Deutsche Bank Securities, Inc., ("DBSI"), Riverside Funding LLC ("Riverside Funding"), Deutsche Bank AG, New York Branch ("DBAG"), Sheffield Receivables Corporation ("Sheffield"), Barclays Bank PLC ("Barclays") and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), in its capacity as Trustee.

RECITALS:

WHEREAS, BTF and the Trustee entered into that certain Base Indenture, dated as of May 11, 2006, as amended by that certain Amendment No. 1 to the Base Indenture, dated as of May 16, 2007, and as further amended by that certain Amendment No. 2 to the Base Indenture, dated as of February 15, 2008 (as the same may be further amended, modified, supplemented or amended and restated in accordance with its terms, the "Base Indenture");

WHEREAS, the parties hereto entered into that certain Series 2006-1 Supplement to the Base Indenture, dated as of May 11, 2006, as amended by that certain Amendment No. 1 to Series 2006-1 Supplement, dated as of May 16, 2007, as further amended by that certain Amendment No. 2 to Series 2006-1 Supplement, dated as of February 15, 2008, as further amended by that certain Amendment No. 3 to Series 2006-1 Supplement, dated as of May 8, 2008, and as further amended by that certain Amendment No. 4 to Series 2006-1 Supplement, dated as of December 23, 2008 (the "Series Supplement");

WHEREAS, pursuant to Section 10.11 of the Series Supplement, the Series Supplement may be modified or amended in accordance the requirements of Section 12.1 of the Base Indenture, and pursuant thereto the Requisite Investors or each affected Noteholder, as required, have consented in writing to the amendments effected by this Amendment; and

WHEREAS, this Amendment has been duly authorized by all necessary limited liability company action on the part of BTF;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.1. Terms Defined in Series Supplement or Base Indenture. Capitalized terms used in this Amendment not herein defined shall have the meaning contained in the Series Supplement and, if not defined therein, in the Definitions List attached to the Base Indenture as Annex 1 or as otherwise set forth in the Base Indenture.

ARTICLE II.

Amendments

Section 2.1. Amendments to Article I—Definitions.

(a) Article I of the Series Supplement is hereby amended by adding the following definition in proper alphabetical sequence:

"Series 2006-1 Legal Final Maturity Date" means the date that is May 8, 2012.

(b) The definition "Series 2006-1 Required Liquidity Amount" set forth in Article I of the Series Supplement is hereby amended by adding the following proviso at the end thereof:

provided, however, that, notwithstanding the foregoing, if (x) the Series 2006-1 Borrowing Base as of such date minus the amount of Permitted Investments on deposit in the Series 2006-1 Principal Subaccount as of such date is equal to or less than (y) $20 million as of such date, then the "Series 2006-1 Required Liquidity Amount" as of such date shall be an amount equal to the Series 2006-1 Borrowing Base as of such date minus the amount of Permitted Investments on deposit in the Series 2006-1 Principal Subaccount as of such date.

Section 2.2. Amendments to Schedule II—Enhancement Percentages. Schedule II to the Series Supplement is hereby amended and restated in its entirety by the replacement thereof with the Schedule II attached as Annex A hereto.

ARTICLE III.

Miscellaneous

Section 3.1. Effectiveness of Amendment. This Amendment shall become effective as of the date hereof.

Section 3.2. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any of the parties hereto under the Series Supplement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Series Supplement, all of which are hereby ratified and affirmed in all respects by each of the parties hereto and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the Series Supplement specifically referred to herein, and any references in the Base Indenture to the provisions of the Series Supplement specifically referred to herein shall be to such provisions as amended by this Amendment.

Section 3.3. Waiver of Notice. Each of the parties hereto waives any prior notice and any notice period that may be required by any other agreement or document in connection with the execution of this Amendment.

Section 3.4. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 3.5. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAWS), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 3.6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties herein in separate counterparts, each of which when executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CENTRE POINT FUNDING, LLC, as Issuer

By: /s/ David B. Wyshner
Name: David B. Wyshner
Title: Executive Vice President,
Chief Financial Officer and Treasurer

DEUTSCHE BANK SECURITIES, INC., as Administrative Agent

By: /s/ Robert Sheldon
Name: Robert Sheldon
Title: Director

By: /s/ Amit Patel
Name: Amit Patel
Title: Vice President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., not in its individual capacity but as Trustee

By: /s/ Sally R. Tokich
Name: Sally R. Tokich
Title: Senior Associate

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., not in its individual capacity but as Series 2006-1 Agent

By: /s/ Sally R. Tokich
Name: Sally R. Tokich
Title: Senior Associate

BUDGET TRUCK RENTAL, LLC, as Administrator

By: /s/ David B. Wyshner
Name: David B. Wyshner
Title: Chief Financial Officer and Treasurer

RIVERSIDE FUNDING LLC, as a CP Conduit Purchaser

By: /s/ Jill A. Russo
Name: Jill A. Russo
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH, as an APA Bank

By: /s/ Robert Sheldon
Name: Robert Sheldon
Title: Director

By: /s/ Amit Patel
Name: Amit Patel
Title: Vice President

DEUTSCHE BANK SECURITIES, INC., as a Funding Agent

By: /s/ Robert Sheldon
Name: Robert Sheldon
Title: Director

By: /s/ Amit Patel
Name: Amit Patel
Title: Vice President

SHEFFIELD RECEIVABLES CORPORATION, as a CP Conduit Purchaser

By: /s/ Jason D. Muncy
Name: Jason D. Muncy
Title: Associate Director

BARCLAYS BANK PLC, as an APA Bank

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

BARCLAYS BANK PLC, as a Funding Agent

By: /s/ Jeffrey Goldberg
Name: Jeffrey Goldberg
Title: Associate Director

ACKNOWLEDGED AND AGREED TO BY:

AVIS BUDGET CAR RENTAL, LLC, as Guarantor

By: /s/ David B. Wyshner

Name: David B. Wyshner

Title: Chief Financial Officer

Annex A

SCHEDULE II TO SERIES 2006-1 SUPPLEMENT

Exhibit 10.4

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AS INDICATED BY [REDACTED] AND SEPARATELY FILED WITH THE COMMISSION.

SUPPLY AND FEATURE AGREEMENT

This Agreement is made this 30th day of October, 2007, by and among Ford Motor Company, a Delaware corporation ("Ford"), Avis Budget Car Rental, LLC, a Delaware Limited Liability Company ("ABCR"), and AESOP Leasing L.P., a Delaware limited partnership ("AESOP"),

WHEREAS the parties hereto desire to set forth the terms and conditions under which ABCR and Budget Licensees will acquire Ford Vehicles for use in or in support of businesses conducted by ABCR and Budget Licensees (as defined below) at various locations in the United States and for ABCR to feature and promote Ford Vehicles.

Ford and ABCR agree as follows:

1. Term of Agreement. This agreement shall be effective for the period beginning as of the date written above and ending August 31, 2011.

2. Definitions. The terms set forth below shall have the following meanings:

Acquire—to obtain, by purchase or lease, Vehicles for use in or in support of operations at Budget brand locations.

Acquisition—the act of Acquiring Vehicles.

Acquisition Year—each period of 12 months from and including September 1 to and including the next following August 31 during the term of this Agreement. Each such Acquisition Year shall be referred to by the calendar year next following the commencement of the Acquisition Year. For example, the 2008 Acquisition Year shall commence on September 1, 2007, and end on August 31, 2008. Acquisition Year may also be referred to as "Model Year".

Annual Acquisition Plan— a written plan for Acquisitions by ABCR and Budget Licensees of Ford Vehicles for an Acquisition Year (see Section 4.1).

Base Annual Volume—defined in Section 5.2.

Budget Licensee—an independent person or entity that is authorized by ABCR's subsidiary, Budget Rent A Car system, Inc, to conduct a daily motor vehicle rental business in the United States under any trademark of Budget.

Confidential Material—defined in Section 27.

Control—"control" (including "controlling," "controlled by," and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a corporation or other legal entity, whether through the ownership of voting securities, by contract, or otherwise.

Ford Dealer—an independent entity in the United States authorized by Ford to sell new Ford Vehicles under one or more dealer sales and service agreements.

Ford Fleet Programs—price incentives, guaranteed resale or repurchase incentives or similar programs offered by Ford to purchasers of Ford Vehicles for daily rental service in the United States.

Ford Vehicles—any new and previously unregistered Vehicles bearing the marks "Ford", "Mercury" or "Lincoln" as from time to time are offered for sale by Ford in the United States to Ford Dealers for resale.

Program Letter—the document reflecting the specific arrangements agreed by ABCR and Ford for Ford Fleet Programs to meet the specific needs of the parties for each Acquisition Year. The Program Letter will be subject to the terms and conditions of this Agreement.

Projected Annual Volume—the number of Ford Vehicles that ABCR anticipates will be acquired by ABCR and Budget Licensees in each Acquisition Year, which number must be agreed to by Ford.

Promotional Programs—Programs carried out by ABCR, subject to the terms and conditions of this Agreement, that prominently feature Ford Vehicles and promote the rental thereof. Such programs may include, without limitation, major media, or other advertising, direct mail solicitations, catalogue covers, point of rental materials, and such other activities as ABCR may perform to promote Ford products in the Budget system and such other programs as Ford and ABCR may agree upon from time to time. It is understood that promotional programs will not be exclusive to Ford; however, ABCR agrees that it will not enter into any exclusive promotional programs for the Budget brand with any other manufacturer or agree to any promotional program with another manufacturer that compromises or disparages Ford and/or its products.

Vehicle—any new and unused passenger car, van or truck.

3. Ford's Fleet Programs. Ford will offer to ABCR, as soon as practicable prior to the commencement of the Acquisition Year, the Ford Fleet Programs then being generally offered to large daily rental companies for the upcoming Acquisition Year. Ford reserves the right in its sole discretion to terminate, discontinue, amend, supplement, or modify any such Ford Fleet Programs at any time and without cause. After consultation between Ford and ABCR, the parties will annually execute a Program Letter incorporating the detailed terms of the Ford Fleet Program and modifications thereto for the coming Acquisition Year. ABCR's executed Annual Program Letter will contain a certification by ABCR that Ford's Fleet Program, including the Supply Program Payment, are reasonably necessary for Ford to be competitive with programs offered by other manufacturers to ABCR, or reasonably available to ABCR. Refusal to execute

an Annual Program Letter will be considered a material breach of this Agreement, entitling Ford to cease all payments to ABCR.

4. Annual Acquisition Plan

4.1. On or before July 1 of each Acquisition Year, ABCR and Ford will commence discussions and determine the volume of acquisitions by ABCR and Budget Licensees of Ford Vehicles for the following Acquisition Year (the "Annual Acquisition Plan"). The Plan will include total volume, by model for Acquisitions of Ford Vehicles. Ford will provide ABCR a good faith estimate of the volume and mix of Ford Vehicles likely to be available for acquisition for the upcoming Acquisition Year.

4.2. Each Month ABCR shall prepare and submit to Ford during the last week of the month a revision of the Annual Acquisition Plan showing the detail of Acquisitions of Ford Vehicles by ABCR and Budget Licensees by month and by vehicle line. Each revision will show a firm plan for Acquisitions of Ford Vehicles by month and by vehicle line for the next three months, and effective with the September submission, an estimate of acquisitions for the remainder of the Acquisition Year. ABCR will also provide Ford a schedule of repurchase program vehicle returns, by month and location, for Ford Vehicles anticipated to be returned in the current month and the following three months.

4.3 The mix of Ford Vehicles to be acquired in Acquisition Years after 2008 will be similar to the mix for the 2008 Model Year with changes mutually agreed by the parties, and will be recorded in the Program Letter for that Acquisition Year. Changes to mix shall include changes determined necessary by Ford to accommodate changes to its Vehicle line-up or Vehicle content. ABCR agrees that it will cause Ford Dealers to submit orders on a timely basis in order for Ford to schedule production of Ford Vehicles prior to December 31 of an Acquisition Year accounting for at least **[REDACTED]** of the total Ford Vehicles to be Acquired in that Acquisition Year.

5. Annual Supply Program.

5.1 **[REDACTED]** ABCR acknowledges that from time to time in the past the demand for Ford Vehicles for retail and fleet sales in the United States has been at levels that required Ford to limit the allocation of such Vehicles available to fleet buyers such as ABCR and Budget Licensees. Accordingly, ABCR agrees that it is in the long-term interest of ABCR to make the undertakings set forth in this Agreement to ensure availability of Ford Vehicles.

5.2 In each Acquisition Year, the expected total Acquisitions by ABCR and Budget Licensees shall be at least **[REDACTED]** Ford Vehicles ("Base Annual Volume"). In no event shall the total Acquisitions be less than **[REDACTED]** Ford Vehicles in any Acquisition Year. Failure to achieve total Acquisitions of at least **[REDACTED]** Ford Vehicles will be a material breach by ABCR under this Agreement.

5.3 **[REDACTED]**

5.4 **[REDACTED]**

5.5 The ABCR officer most familiar with the Ford Program will sign the annual Program Letter. Such signature on the Program Letter shall evidence ABCR's acknowledgement that the Ford Fleet Program provided to ABCR is reasonably necessary for Ford to be competitive with

programs offered by other manufacturers to ABCR, or reasonably available to ABCR and the Program Letter shall contain such language. Refusal to sign an annual Program Letter will be considered a material breach of this Agreement, entitling Ford to cease all payments to ABCR.

6. Ford Vehicle Allocation.

6.1. In consideration of the obligations undertaken by ABCR, Ford shall cooperate with Ford Dealers with whom ABCR or Budget Licensees negotiate the Acquisition of Ford Vehicles (consistent with the sales and service agreements between Ford and Ford Dealers) to make reasonable allocations of Ford Vehicles available for resale to ABCR and Budget Licensees. Subject to any production disruption described in Section 6.3, such reasonable allocation of Ford Vehicles in any Acquisition Year shall not be fewer than **[REDACTED]** Ford Vehicles in such numbers by vehicle class and Ford Fleet Program as Ford may, in consultation with ABCR, establish.

Ford may allocate fewer than **[REDACTED]** Ford Vehicles in an Acquisition Year if Ford and ABCR reasonably agree that the terms of the applicable Ford Fleet Programs are such that the lower allocation provides the equivalent rental usage and cost structure of **[REDACTED]** Ford Vehicles under prior year Ford Fleet Programs. If the parties are unable to agree that an allocation of less than **[REDACTED]** Ford Vehicles provides such equivalent usage and cost structure, the reduced allocation will be accepted by ABCR. In these circumstances, Ford will use its reasonable best efforts to allocate the maximum number of Ford Vehicles to ABCR. For the sake of the equivalent use calculation all at risk vehicles will have an assumed life of **[REDACTED]**.

6.2 With respect to any additional allocation above **[REDACTED]** Ford Vehicles in an Acquisition Year, Ford shall make reasonable efforts to fill orders for Ford Vehicles to be Acquired by ABC or Budget Licensees, it being understood that Ford is subject to concurrent commitments to provide Ford Vehicles to Ford Dealers for other purposes, including demand for Ford Vehicles for retail sales. In the event Ford determines such commitments cannot be satisfied from existing Ford Vehicle production capacity, Ford shall have the right to allocate available Ford Vehicle production to balance those commitments in the manner it deems most appropriate in its business judgment. It is further understood that Ford will target to offer additional vehicles to ABCR above the agreed upon minimum **[REDACTED]** in at minimum volumes proportional to such offers to other fleet accounts with similar minimum volume’s and similarly situated. ABCR agrees that an offer in such circumstances is not a commitment by Ford to produce or ship the quantities of vehicles specified and that volumes are based on a number of economic and business factors, variables, and assumptions, some or all of which may change over time and may or may not be accurate at the time they were made or at any future time.

6.3. If, because of (a) shortage or curtailment of material, labor, transportation, or utility service; (b) any labor or production difficulty; (c) any governmental action; or (d) any cause beyond the reasonable control of Ford or Ford Affiliates, Ford Vehicle production is disrupted and material deliveries of Ford Vehicles to be Acquired by ABCR or Budget Licensees are delayed as a result, then ABCR and Ford shall make good faith, reasonable efforts to revise the

affected Annual Acquisition Plan or Plans so that a minimum volume of **[REDACTED]** Ford Vehicles shall be attained. If the Acquisition of **[REDACTED]** Ford Vehicles is not attained despite the good faith, reasonable efforts of ABCR to revise the Annual Acquisition Plan, then the liquidated damages of Section 8 shall not apply to the extent of any shortfall solely attributable to a production disruption described in this Section.

7. ABCR Certificates on Acquisitions. At the end of each program year, a representative of the ABCR Fleet Department and members of Ford ABCR Account Management Team will meet to agree on the total acquisitions made by ABCR and the Budget Licensees during the Acquisition Year. If there is a dispute that cannot be resolved between the parties the dispute resolution procedure set forth in Section 29 herein will be followed. Upon reasonable request and notice by Ford, Ford may periodically examine ABCR's Vehicle reporting system.

8. Budget Purchase Decision.

8.1. In the event ABCR and Budget Licensees shall Acquire fewer than **[REDACTED]** Ford Vehicles in any Acquisition Year, ABCR and Ford agree that Ford would be harmed by the consequent loss of profit, production and exposure of Ford Vehicles to rental customers of ABCR and Budget Licensees who are potential purchasers of Ford Vehicles, and that the damages to Ford would be difficult to ascertain. Accordingly, ABCR agrees to pay Ford liquidated damages of **[REDACTED]** per vehicle for any shortfall below **[REDACTED]** Ford Vehicles Acquired by ABCR and Budget Licensees in any Acquisition Year. Such payment shall be in lieu of all other rights and remedies. **[REDACTED]**

8.2. Such liquidated damages shall be paid **[REDACTED]** days after agreement on the volume is made under Section 7 of this Agreement. Upon prior written notice to ABCR, Ford may offset the amount of any such damages against any payments then due or thereafter becoming due from Ford to ABCR in the manner provided by Section 24, without limiting any right or remedy Ford may have to collect such liquidated damages from Budget.

9. Budget Licensee Program.

9.1 ABCR agrees that in each Acquisition Year it will develop a program to promote the acquisition and use of Ford Vehicles by Budget Licensees ("Licensee Program"). It is understood that ABCR does not control the type of vehicles Budget Licensees acquire and use in their rental fleets.

9.2 ABCR will be responsible for the Licensee Program, including forecasting acquisitions, communications and payment to Budget Licensees. The Licensee Program will be funded and administered by ABCR. The amount funded will not be less than **[REDACTED]** of the payments associated with the vehicles purchased by the Licensees. The Licensee Program will be reviewed with Ford prior to each Acquisition Year and ABCR will work with Ford to address any concerns expressed by Ford prior to implementation. ABCR will have no obligation to fund a licensee Program if Base Annual Volume is not exceeded. ABCR will have until August 1st of each program year to notify Ford in writing of its intent to decline to conduct a Licensee Program if the base volume is not exceeded for that year. In such case, if ABCR declines to administer and fund a Licensee Program, Ford reserves the right to enter into negotiations with

the Budget Licensees and fund a Budget Licensee Program which could result in a revised Purchase Plan to ABCR.

9.3 [REDACTED]

10. Operations in Other Countries. ABCR will encourage subsidiaries in Canada, Puerto Rico, Australia and New Zealand to negotiate programs with the respective Ford affiliate companies in those areas for the acquisition of vehicles by ABCR's subsidiaries and their licensees.

11. Option Allocation Agreements. ABCR agrees that so long as it purchases Ford Vehicles that are subject to Ford's Daily Rental Repurchase Program (one of the Fleet Programs referenced in Paragraph 3 of this Agreement), ABCR will enter into an Option Allocation Agreement in which the amount allocated to the repurchase option shall equal the estimate, reasonably determined by Ford, of any loss on the resale of such Ford Vehicles. Each such Option Allocation agreement will provide that the parties will reflect the allocations set forth therein in all federal, state and local-income tax returns. An Option Allocation Agreement shall not apply for the calendar years 2007 and 2008. Beginning with model year 2009, and for the two model years thereafter, reactivation of the Option Allocation Agreement will be part of the annual Program Letter discussions between ABCR and Ford unless such allocation or Agreement does not comply with the law or application regulation.

[Feature Provisions]

12. Promotional Programs.

12.1 Subject to the terms and conditions hereof, during each Model Year ABCR shall:

(a) Vigorously carry out Promotional Programs;

(b) perform surveys and services as may be mutually agreed to from time to time by Ford and ABCR;

(c) prominently feature Ford and Lincoln Mercury products at substantially all Budget locations; and

(d) meet with Ford's ABCR Account Manager prior to each Acquisition Year, or more frequently if deemed mutually desirable, to communicate ABCR's plans for Promotional Programs for the following Acquisition Year and to review Ford's advertising guidelines. Subsequent to such meeting, ABCR shall immediately notify Ford's ABCR Account Manager of any change in promotional direction. ABCR will not run any Promotional Program that (a) could damage the reputation of Ford or its products, (b) promotes irresponsible driving practices and/or (c) includes advertising that is false or misleading. When a Ford vehicle is featured, it will be done in accordance with the custom of the RAC industry and Ford guidelines. Any vehicle that will be featured in a way that is different than past practices will be reviewed with Ford in advance. If Ford reasonably deems that the Promotional Program is unsatisfactory and Ford so notifies ABCR, ABCR shall make such changes as are mutually agreeable to both Ford and ABCR. Ford reserves the right to invoke prior review and agreement to all ABCR

advertising if Ford believes ABCR advertising is harming the Ford Motor Company and/or its products. From time to time and upon request of Ford or ABCR both parties will meet to review Promotional Plans to ensure both parties are in agreement to the promotion programs planned or currently in process.

(e) Send to Ford prior to **[REDACTED]**, a summary of Promotional Programs implemented by ABCR for the Budget Brand during the preceding quarter so that Ford may determine **[REDACTED]**. If Ford reasonably deems the Promotional Programs and/or the value to Ford of such programs to be unsatisfactory, Ford and ABCR will work together toward a satisfactory resolution. If the parties are unable to resolve their differences they will enter dispute resolution as described in Section 29 herein. ABCR will feature Ford products in advertising and promotions associated with its Budget brand. This agreement to feature Ford products **[REDACTED]**.

12.2 With respect to Budget Licensees, during each Model Year ABCR shall timely communicate its promotional activities pursuant to this Section with such Licensees and shall distribute information about such activities to them. ABCR shall vigorously promote such activities to Budget Licensees in substantially the same manner and to the same extent that ABCR has historically promoted such promotional activities with Budget Licensees. The parties understand that ABCR does not control the types of promotional activities of Budget Licensees.

13. <u>Criteria for Promotional Programs Featuring Ford.</u> Promotional Programs shall meet the following criteria:

(a) they shall be published, placed or controlled by ABCR; and

(b) they shall use or contain the name of a Ford Vehicle or refer by name to Ford Motor Company in accordance with the custom of the daily rental industry with a tag line substantially similar to the following: “We feature Ford and Lincoln Mercury Vehicles” at least once with an influence value and with a prominence that is reasonably satisfactory to Ford; and

(c) they shall, where feasible, use or contain a pictorial representation of a Ford Vehicle of that Model Year (furnished by Ford from time to time in accordance with Section 16 hereof) with an influence value and with a prominence reasonably satisfactory to Ford; and

(d) When featuring Ford Vehicles they shall not, except as Ford may consent in advance contain any pictorial representations, trade name or endorsement of, or testimonial to, any vehicle other that a Ford Vehicle, or any reference by name to any vehicle manufacturer other than Ford.

14. **[REDACTED]**

14.1 **[REDACTED]**

14.2 **[REDACTED]**

14.3 Beginning with the 2009 Acquisition Year through 2011 Acquisition Year, Ford agrees **[REDACTED]**.

(a) For the 2009 Program Year, **[REDACTED]**

Multiplied by a fraction, the numerator of which is the CPI for April 2008 and the denominator of which shall be the CPI for April 2007, or **[REDACTED]**, whichever is smaller;

(b) For the 2010 Acquisition Year, **[REDACTED]** multiplied by a fraction, the numerator of which is the CPI for April 2009 and the denominator of which shall be the CPI for April 2008, or **[REDACTED]**, whichever is smaller;

(c) For the 2011 Acquisition Year, **[REDACTED]** multiplied by a fraction, the numerator of which is the CPI for April 2010 and the denominator of which shall be the CPI for April 2009, or **[REDACTED]**, whichever is smaller;

As used herein, "CPI means the United States Department of Labor's Bureau of Labor Statistics Revised Consumer Price Index for All Urban Consumers, or the successor of such Index.

15. No Use of Ford in Script, Etc. ABCR will not use, and will use all reasonable efforts to prevent the use at any Budget location not owned by ABCR, any advertising or promotional materials that contain: the Ford script-in-oval trademark; the word "Ford" or "Ford Motor Company" in script; or any statement that is detrimental to Ford or to the good name of Ford, or to any product made or sold by Ford.

16. Pictures of Ford Vehicles. Ford will furnish to ABCR, from time to time, pictorial representations of Ford Vehicles for use by ABCR in its advertising and promotion. Each pictorial representation of a Ford vehicle used in a Promotional Program originally released more than one month after the public introduction of a new model of such Ford Vehicle will, if practicable, be a pictorial representation of such new model.

17. Furnishing Copies of Promotional Programs. ABCR will furnish to Ford, upon request copies or examples of all Promotional Program materials (including, without limitation, print advertisements, collateral material, mat services, telecommunication material and outdoor displays) prepared for ABCR or on ABCR's behalf and placed through its advertising agencies during the month preceding such request.

18. No Copyright Violation. ABCR represents, warrants and covenants that no Promotional Program or other information or material released by ABCR or under its control will contain any reference to Ford or a Ford Vehicle that would reflect unfavorably on Ford, or, to the best of ABCR's knowledge violate the copyright or right of privacy of, or constitute a libel or slander or actionable derogation of, or violate any legal or equitable right of, any person or entity; and in all other respects ABCR agrees, in the performance of its services hereunder, to comply with all laws, rules and regulations and other legal requirements applicable to the performance of such services. ABCR agrees to take reasonable steps to ensure that the Budget Licensees are aware of these obligations and will abide by them.

19. ABCR's Indemnity of Ford. ABCR will indemnify and hold harmless Ford, and its dealers from and against all claims, damages, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys fees) arising out of or connected with any advertising,

promotion or publicity released by ABCR or under ABCR's control and with any failure by ABCR to perform its obligations hereunder.

20. Ford's Indemnity of ABCR. Ford will indemnify and hold harmless ABCR , its affiliates and Budget Licensees from and against all claims, damages, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys fees) arising out of or connected with the proper use of any pictorial representation, information or data furnished by Ford hereunder and with any failure by Ford to perform its obligations hereunder.

[General Provisions]

21. Illegality of Agreement.

22. If any provision of this Agreement is rendered invalid, illegal or unenforceable by enactment of a statute or a final decision by a court or governmental agency of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired.

22.2 If, in the opinion of legal counsel to Ford, the enactment of a statute or a final decision by a court or governmental agency of competent jurisdiction would likely require Ford to make payments **[REDACTED]** to or for the benefit of Ford Dealers or others, either party may terminate the provisions of this Agreement relating to **[REDACTED]** Promotional Programs, effective immediately upon notice to the other party. Upon such notice, neither party shall have further obligation to the other under those provisions, except as to obligations that are due and payable as of the date of partial termination.

23. Right to Audit ABCR Records. Ford shall have the right, through its duly authorized agents or representatives, to examine copy and audit all records of ABCR relating to its obligations under this Agreement at reasonable times and intervals during normal business hours and upon two days' prior written notice in order to verify ABCR's compliance with such obligations. Such records will include, without limitation, all documents of ABCR and such Budget Licensee information as ABCR may have in its custody pertaining to the Promotional Programs and the Acquisition of Ford Vehicles by ABCR or Budget Licensees. ABCR agrees to retain all records and documents, including journals and ledgers, which relate in any way to such Acquisition and Promotional Programs for two Model Years prior to any Model Year.

24. Right of Offset.

24.1 Immediately upon the failure of Ford, Ford Dealers or Ford Motor Credit Company (and their successors or assigns) to receive timely payment of amounts owed with respect to the purchase of Ford Vehicles, Ford shall have the following rights:

(a) The right to offset against such unpaid amount plus any amounts which ABCR may owe to Ford or Ford Dealers, any amounts which Ford may owe to ABCR for the repurchase of Ford Motor Vehicles; provided, however the foregoing shall in no way affect, modify or limit the

obligations which Ford may owe to AESOP Leasing L.P., AESOP Leasing Corp. II, AESOP Funding II LLC or any trustee or lender to AESOP Funding II LLC.

(b) The right to offset against such unpaid amount plus any amounts which ABCR may owe to Ford or Ford Dealers, any and all amounts which Ford or it subsidiaries or its affiliates may owe to ABCR for any reason; provided, however, the foregoing shall in no way affect, modify or limit the obligations which Ford may owe to AESOP Leasing LP., AESOP Leasing Corp, II, AESOP Funding II LLC, or any trustee or lender to AESOP Funding II, LLC.

(c) The right to terminate shipment of and stop in-transit any Vehicles in the process of shipment to ABCR.

24.2 Anything herein to the contrary notwithstanding, the provisions of this Section 24 shall not affect, limit or modify any obligations of Ford to AESOP Leasing LP, AESOP Leasing Corp. II or AESOP Funding II LLC or their respective lenders.

24.3 ABCR, on behalf of itself, any entities it controls and any entities providing services to it relating to the purchase, Acquisition, or use of Ford Vehicles, agrees that none of them will assert any interest in any Ford Vehicles adverse to the ownership or security interests of Ford, any Ford Dealer, or Ford Motor Credit Company prior to the payment in full for the Ford Vehicle.

25. Entire Agreement. Subject to Section 37, this Agreement contains the entire agreement among the parties and supersedes any prior agreements and understandings, written and oral, between ABCR and Ford with respect to the subject matter hereof

This Agreement may not be changed in any way except by a writing signed and delivered by the duly authorized representatives of Ford and ABCR.

26. Notices. Any notice, consent, approval or other communication required or permitted hereunder shall be in writing, shall be transmitted given by registered or certified United States Mail or by express mail courier service, and shall be deemed given when deposited in the mail, postage prepaid and addressed as follows:

(a) if to Ford:

Ford Motor Company
Regent Court Building
16800 Executive Plaza Drive
Dearborn, MI 48126
Attention: Executive Director, Rental, Lease and Remarketing Operations

with a copy to:

Ford Motor Company
Office of the Secretary
One American Road

Dearborn, Michigan 48126; and

(b) if to ABCR:

Avis Budget Car Rental, LLC
6 Sylvan Way
Parsippany, New Jersey 07054
Attention: SVP Fleet Services

(c) if to AESOP:

AESOP Leasing LP
6 Sylvan Way
Parsippany, New Jersey 07054
Attention: Karen C. Sclafani

Such addresses may be changed by notice given in like manner.

27. Confidentiality. This Agreement, or any part of the contents hereof, and all records, statements and matters relating hereto including information obtained or provided pursuant to Paragraph 23 (collectively “Confidential Material”) shall be treated as confidential and each of the parties shall take or cause to be taken the same degree of care in preventing disclosure of the Confidential Material as it does with its own confidential trade or business information. Further, except as may otherwise be required by law or by subpoena or civil investigative demand, neither party shall provide the Confidential Material, or any part thereof, to any other person or legal entity, without the prior written consent of the other, which consent shall not be withheld unreasonably. In disclosing the Confidential Material to any person or legal entity, the disclosing party will impose on the receiving party the same degree of confidentially and care that the parties have undertaken in the first sentence of this Section or, in the case of Confidential Material supplied to any person or governmental agency pursuant to subpoena or civil investigative demand, requirement of the Securities and Exchange Commission or similar request, the disclosing party will seek an appropriate protective order or confidential treatment, and will use its best efforts to assure that the receiving party or entity returns all copies of all the Confidential Material that shall have been furnished to it, promptly after the receiving party or entity shall have completed its required analysis or review of such Confidential Material.

28. Michigan Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of the State of Michigan without giving effect to the principles of conflicts of laws thereof. Any litigation regarding this Agreement shall be brought only in the United States District Court in Detroit, Michigan. The parties irrevocably and unconditionally waive any objection to the laying of venue of any such litigation in that Court, and agree not to plead or claim that such litigation has been brought in an inconvenient forum. Neither party shall be liable for any special, incidental, consequential or punitive damages caused by or arising out of any performance or non-performance of this Agreement.

29. Dispute Resolution. If a dispute arises between the parties relating to this Agreement, the following procedure shall be implemented before either party pursues other available

remedies except that either party may seek injunctive relief from a court where appropriate in order to maintain the status quo while this procedure is being followed:

(a) The parties shall hold a meeting promptly, attended by persons with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute; provided, however, that no such meeting shall be deemed to vitiate or reduce the obligations and liabilities of the parties hereunder or be deemed a waiver by a party hereto of any remedies to which such party would otherwise be entitled hereunder.

(b) If, within 30 days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they agree to submit the dispute to mediation in accordance with the then-current Model Procedure for Mediation of Business Disputes of the CPR Institute for Dispute Resolution and to bear equally the costs of the mediation.

(c) The parties will jointly appoint a mutually acceptable mediator, seeking assistance in such regard from the CPR Institute for Dispute Resolution if they have been unable to agree upon such appointment within 20 days from the conclusion of the negotiation period.

(d) The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of 30 days. If the parties are not successful in resolving the dispute through the mediation, then the parties agree to submit the matter to binding arbitration in accordance with the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration of Business Disputes, by a sole arbitrator.

(e) Mediation or arbitration shall take place in the City of Dearborn, Michigan unless otherwise agreed by the parties. The substantive and procedural law of the State of Michigan shall apply to the proceedings. Equitable remedies shall be available in any arbitration. Punitive damages shall not be awarded. This clause is subject to the Federal Arbitration Act, 9 U.S.C.A. § 1 et seq. and judgment upon the award rendered by the Arbitrator, if any, may be entered by a court as provided in Section 28.

30. Termination

30.1 Ford and ABCR may terminate this Agreement upon mutual agreement at any time.

30.2 The non-breaching party may terminate this Agreement if the other party shall materially breach any material representation, warranty, covenant or obligation contained in this Agreement, and such other party shall fail to cure such breach, if capable of cure, within 90 days after the date written notice specifying the nature of such breach is received by it from the non-breaching party (or such longer period of time if permitted by the non-breaching party in writing).

30.3 A party may terminate this Agreement effective immediately by giving written notice to the other party in the event the other party is adjudged insolvent or bankrupt, or upon the institution of any proceeding by or against the other party (and, in the latter case, not dismissed

within 30 days) seeking relief, reorganization or arrangement under any Law relating to insolvency, or for the making of any assignment for the benefit of creditors, or upon the appointment of a receiver, liquidator or trustee of any substantial part of the other party's property or assets, or upon liquidation, dissolution or winding up of the other party's business.

30.4 Termination or expiration of this Agreement shall not affect either party's obligations in existence on or prior to the effective date of the termination or expiration.

30.6 The provisions set forth in Sections 5.4, 11, 14, 15, 17, 19, 20, 21, 23, 24, 25, 27, 28, and 29 of this Agreement shall survive the termination or expiration of this Agreement to the extent required for their full observance and performance.

31. Failure to Perform due to Strike, etc Excused. Other than as to payment obligations, if the failure of either party to fulfill its obligations within the time periods set forth in this Agreement, arise because of circumstances such as acts of God, acts of government, floods, fires, explosions, accidents, strikes or other labor disturbances, wars, civil insurrection, sabotage, nuclear or environmental disaster or other similar circumstances wholly outside the control of the defaulting Party (collectively, "Force Majeure Event"), then such failure shall be excused hereunder for the duration of such Force Majeure Event., In the event a Force Majeure Event continues for more than thirty calendar days, or a mutually-recognized significant reduction in air travel occurs, the parties will commence negotiations in an effort to agree on modifications to this Agreement permitting both parties to continue without substantial penalty.

32. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

33. Waivers and Extensions. The parties to this Agreement may waive any right, breach or default which such party has the right to waive, provided that such waiver will not be effective against the waiving party unless it is in writing, signed by such party, and specifically refers to this Agreement. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision will be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision. No waiver or extension of time for performance of any obligations or acts will be deemed a waiver or extension of the time for performance of any other obligations or acts.

34. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of ABCR and Ford and their respective successors and assigns; provided, however, no assignment of the obligations of ABCR or Ford hereunder shall release ABCR or Ford, as assignor, from the performance of its obligations for the remainder of the term of this Agreement following any assignment. This Agreement and the rights, duties and obligations contained in it may not be assigned by a party without the prior written consent of the other party, provided the other party receives at least 30 days notice of the proposed assignment and its terms. Information reasonably requested from the proposed assignor or assignee will be provided at least 10 business days prior to the date any consent is due.

35. Headings. The paragraph headings herein are included for convenience of reference only and shall not be deemed a part of this Agreement.

36. Ford Acknowledgement. Ford acknowledges that Vehicles purchased pursuant to this Agreement may be utilized in the rental car operations of both the Avis and Budget brand subsidiaries of ABCR. In the event ABCR or its parent or affiliates acquire a rental car company, the parties will commence discussions to determine whether the newly acquired company will be included in this acknowledgement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement, effective as of the day and year first above written.

FORD MOTOR COMPANY

By: /s/ Francisco Codina

Its:

Group Vice President
N.A. Marketing Sales & Service

Avis Budget Car Rental, LLC

By: /s/ Edward Gitlitz

Its: Senior V.P., Fleet Services

AESOP LEASING L.P.
By AESOP LEASING CORP., its General Partner

By: /s/ Karen C. Sclafani

Its: EVP & General Counsel

Exhibit 12

Avis Budget Group, Inc.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Nine Months Ended September 30,	
	2009	**2008**
Earnings before fixed charges:		
Income (loss) before income taxes	$ 11	$ (1,179)
Plus: Fixed charges	299	339
Earnings available to cover fixed charges	$ 310	$ (840)
Fixed charges[a]:		
Interest, including amortization of deferred financing costs	$ 250	$ 293
Interest portion of rental payment	49	46
Total fixed charges	$ 299	$ 339
Ratio of earnings to fixed charges [b]	1.04x	—

(a) Consists of interest expense on all indebtedness (including amortization of deferred financing costs) and the portion of operating lease rental expense that is representative of the interest factor. Interest expense on all indebtedness is detailed as follows:

	Nine Months Ended September 30,	
	2009	**2008**
Related to debt under vehicle programs	$ 134	$ 194
All other	116	99
	$ 250	$ 293

(b) Earnings were not sufficient to cover fixed charges for the nine months ended September 30, 2008.

* * *

Exhibit 31.1

CERTIFICATIONS

I, Ronald L. Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2009

/s/ RONALD L. NELSON

CHIEF EXECUTIVE OFFICER

Exhibit 31.2

I, David B. Wyshner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2009

/S/ DAVID B. WYSHNER

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Exhibit 32

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Avis Budget Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald L. Nelson, as Chief Executive Officer of the Company, and David B. Wyshner, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ RONALD L. NELSON

RONALD L. NELSON
CHIEF EXECUTIVE OFFICER
November 3, 2009

/S/ DAVID B. WYSHNER

DAVID B. WYSHNER
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
November 3, 2009