

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported): **February 19, 2019** (**February 15, 2019**)

Avis Budget Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-10308
(Commission File Number)

06-0918165
(IRS Employer Identification Number)

6 Sylvan Way
Parsippany, NJ
(Address of Principal Executive Offices)

07054
(Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers;
Compensatory Arrangements of Certain Officers.**

Item 5.02

Appointment of John F. North III as Chief Financial Officer

On February 19, 2019, Avis Budget Group, Inc. (the “Company”) announced that John F. North III, 41, will become Chief Financial Officer of the Company effective March 18, 2019. Martyn Smith will continue to serve as Interim Chief Financial Officer until March 18, 2019.

Mr. North has served in leadership roles in finance at Lithia Motors, Inc. since 2002, including as Chief Financial Officer from 2017 until his recent resignation. During his tenure at Lithia Motors, Mr. North also held the role of Chief Accounting Officer. Mr. North holds a degree in Finance from Santa Clara University and is a Certified Public Accountant.

Mr. North’s offer letter, dated February 15, 2019, (the “Offer Letter”) provides that he will receive an annual base salary of \$600,000, will be eligible to earn an annual incentive award at a target rate of 100% of base salary, subject to attainment of applicable performance goals, and will be eligible for long-term incentive awards. In connection with his appointment, Mr. North will receive a cash sign-on bonus of \$500,000 and is expected to receive a time-based restricted stock unit award with a grant date value of \$1,500,000 in April, which will vest ratably over the three years from the date of grant, subject to continued service. Mr. North is also expected to be granted a regular long-term incentive award under the Company’s 2019 program in April. The Company will also provide Mr. North with its standard severance agreement for Executive Vice Presidents.

Departure of Martyn Smith as Interim Chief Financial Officer

Martyn Smith will resign as Interim Chief Financial Officer of the Company effective March 18, 2019. In connection with Mr. Smith’s resignation, the Company and Mr. Smith entered into an amended and restated letter agreement, dated February 15, 2019 (the “Amended Agreement”), which provides that Mr. Smith will become an employee of one of the Company’s subsidiaries in the U.K. where he will be a special advisor available to assist with the transition of Chief Financial Officer duties and with special projects, including without limitation in the International Region. Under the terms of the Amended Agreement, Mr. Smith will continue to receive his current base salary for six months and thereafter will receive a cash payment of \$912,500, subject to the satisfaction of a release condition.

The Offer Letter and Amended Agreement are attached hereto as Exhibit 10.1 and 10.2, respectively, and incorporated herein by reference. The foregoing description of the Offer Letter and Amended Agreement is qualified in its entirety by reference to the full text of the Offer Letter and Amended Agreement, respectively. A copy of the Company’s press release announcing these management changes is attached as Exhibit 99.1 and is incorporated herein by reference.

(d) Exhibits.

The following exhibits are filed as part of this report:

| Exhibit No. | Description |
|--------------------|--|
| 10.1 | Offer Letter, dated February 15, 2019, between John North and Avis Budget Group, Inc. |
| 10.2 | Amended and Restated Letter Agreement, dated February 15, 2019, between Martyn Smith and Avis Budget Group, Inc. |
| 99.1 | Press release dated February 19, 2019. |

AVIS BUDGET GROUP, INC.
CURRENT REPORT ON FORM 8-K
Report Dated February 19, 2019 (~~February 15, 2019~~)

EXHIBIT INDEX

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| 10.2 | <u>Amended and Restated Letter Agreement, dated February 15, 2019, between Martyn Smith and Avis Budget Group, Inc.</u> |
| 99.1 | <u>Press release dated February 19, 2019.</u> |

February 15, 2019

Mr. John North
6 Sylvan Way
Parsippany, NJ 07960

Dear John:

We are pleased to confirm our offer of employment with Avis Budget Group, Inc. (“Avis Budget” or “the Company”), as Executive Vice President and Chief Financial Officer, effective March 18, 2019. This position will report directly to Larry De Shon, President and Chief Executive Officer, and will be based in the Company’s headquarters in Parsippany, NJ.

Your base salary will be \$23,076.92 paid on a bi-weekly basis, which equates to an annualized salary of \$600,000. This offer is contingent upon verification of your education, previous employment and satisfactory references, passing a drug test, a background check, and presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements.

You will be eligible to participate in the Company’s Annual Incentive Program, which for 2019 will provide for a target award of 100% of your base salary and will be prorated for actual days employed. Actual payout will be determined by the Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) based upon the Company’s financial performance and your individual performance, and the terms of the program. The Company retains the right in its sole discretion to amend, modify or rescind the program at any time and for any reason.

In connection with your employment, you will receive: (1) a one-time, sign-on cash bonus award of \$500,000 payable within 60 days of employment (the “Sign-on Bonus”) and (2) subject to approval by the Compensation Committee, in April, 2019, a one-time restricted stock unit award with a grant date value of \$1,500,000, which will vest one-third per year on the anniversary of the date of grant subject to continued employment. You will also be eligible to participate in the Company’s Long-Term Incentive Program, which will provide for a target award in 2019 of \$1,500,000. Equity awards under the Company’s Long-Term Incentive Program are determined by the Compensation Committee in its sole and exclusive discretion. The equity awards described in this paragraph will be subject to the terms and conditions of the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan and the applicable award agreements, which include restricted covenants (including non-compete, non-solicit and confidentiality provisions).

Should you voluntarily terminate your employment or be terminated for cause by the Company within twelve months of your employment start date, you will be required upon such termination to pay back 100% of the Sign-on Bonus to the Company (and forfeit any right to any cash award payments not yet paid).

You will be eligible for relocation assistance from your current residence to a residence located in northern New Jersey in accordance with the Company’s standard policies. You will also be entitled to participate in the Company’s executive car, financial planning and other perquisite programs applicable to Executive Vice Presidents of the Company, all in accordance with the terms of those programs as they may be amended from time to time, subject to the Compensation Committee’s annual approval of the continuation of these programs.

Following your commencement of employment, the Company will provide you with its standard severance agreement for Executive Vice Presidents, which generally provides that if your employment is terminated by the Company other than for “cause” as defined in the severance agreement, death or disability, subject to the release execution requirement set forth in the agreement, (1) you will receive 200% of the sum of (x) your base salary and (y) your target bonus, and (2) your then outstanding unvested equity awards granted by the Company that would have vested in accordance with their original vesting schedule during the two (2)-year period following your termination of employment will become vested, provided that awards that vest based on the achievement of performance goals will vest solely based on actual achievement of the applicable goals.

Your employment with the Company is contingent upon the following terms:

1. During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company or any of its subsidiaries, nor will you begin to organize or develop any competing entity (or assist anyone else in doing so).
2. You will not disclose at any time (except for business purposes on behalf of the Company or any of its subsidiaries and in accordance with corporate policy) any confidential or proprietary material of the Company or any of its subsidiaries. That material shall include, but is not limited to, the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information, and policies and procedures.
3. All documents (paper or electronic) and other information related in any way to the Company or any of its subsidiaries shall be the property of the respective applicable entity, and will be returned to such entity upon the end of your employment with the Company.

You agree that the terms of this letter shall be governed by New Jersey law, shall be resolved in a New Jersey Court or in a federal Court located in New Jersey, and that the terms of this letter may be enforced by the Company or its successors or assigns.

All payments and benefits described in this letter shall be subject to applicable tax withholdings and other standard payroll deductions.

Please indicate your acceptance of this offer by signing below and returning an executed copy of this letter to me. Per the Company’s standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with the Company is at will, and either you or the Company may terminate employment at any time, with or without cause. In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company, regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

John, we are excited that you will be joining the Company. If there is anything further I can do to assist you, please do not hesitate to contact me at (973) 496-3710.

Regards,

/s/ Ned Linnen

Ned Linnen
Chief Human Resources Officer
Avis Budget Group

Understood and accepted:

/s/ John North

John North Date: February 15, 2019

Enclosures

cc: J. Sera/J. Wooten/ K. Richards / Employee File

February 15, 2019

Martyn Smith
6 Sylvan Way
Parsippany, NJ 07960

Dear Martyn,

Your Existing Letter Agreement

Reference is made to the existing letter agreement between Avis Budget Group, Inc. (the “**Company**”) and yourself dated June 6, 2017 (the “**Existing Agreement**”), which terminated the contract of employment between Avis Budget Services Limited and yourself dated 25th January 2017 (the “**Former Contract**”). This letter agreement amends and restates the Existing Agreement in its entirety, but does not modify the termination of the Former Contract in any respect.

Assignment

Effective as of June 9, 2017, you were appointed as interim Chief Financial Officer of the Company (“**Interim CFO**”), reporting to the Chief Executive Officer of the Company.

As Interim CFO, you currently (i) have responsibility for the financial affairs of the Company, (ii) exercise supervisory responsibility for the performance of the duties of the Company’s Treasurer, Controller and Chief Accounting Officer, and (iii) have such other duties as may be prescribed by the Board of Directors of the Company (the “**Board**”), the Chairman of the Board or the Chief Executive Officer (collectively, the “**Interim CFO Duties**”).

For a period of six months following the effective date of the appointment by the Company of its next permanent Chief Financial Officer (the “**CFO Appointment Date**”), you agree to provide services to the Company in connection with transition-related matters and advise on special projects, including without limitation within the International Region (the “**Transition and Advisory Services**”). The Interim CFO Duties and the Transition and Advisory Services are collectively referred to herein as the “**Assignment**.”

For the avoidance of doubt, all duties described in this section will be in addition to your duties and responsibilities as non-executive director of the China JV, as long as applicable, and an employer-nominated trustee and director of Avis Pension Trustees Limited.

Duration

The initial term of the Assignment commenced May 22, 2017 and will terminate upon the CFO Appointment Date (the “**Initial Term**”). Following expiration of the Initial Term, the Assignment will continue for an additional six months (this six month period being the “**Extended Term**”).

Location

You will be expected to perform the Interim CFO Duties primarily at the Company's world headquarters located in Parsippany, New Jersey. You will continue to be expected to travel to both China, so long as applicable, and the UK in order to perform your duties, as necessary.

The Transition and Advisory Services are expected to be performed primarily from the U.K., with travel to the U.S. as may be requested by the Company's Chief Executive Officer.

Fees and Expenses Associated with Interim CFO Duties

So long as you continue to hold the position of Interim CFO, you will:

- (a) be paid an annual base salary of \$575,000, less applicable taxes and withholdings, including social security and medicare, according to the customary U.S. payroll practices of the Company, but in no event less frequently than once each month;
- (b) be eligible to earn a target annual incentive equal to 80% of your annual base salary, provided applicable Company and individual performance goals are achieved, pro-rated for the actual number of days in which you held the position of Interim CFO during the applicable fiscal year; it being understood that any annual incentive that becomes payable to you shall be paid as soon as reasonably practicable following receipt by the Board of the audited consolidated financial statements of the Company for the relevant fiscal year, but in no event later than two and a half months following the end of the applicable fiscal year in which such annual incentive was earned; and
- (c) receive relocation assistance and benefits under the Company's standard policies, including:
 - (i) Housing in a fully furnished two bedroom apartment or equivalent in the Parsippany, NJ metropolitan area;
 - (ii) Use of a Company automobile on a basis no less favourable than as provided to any other similarly situated executive of the Company;
 - (iii) Reimbursement for up to two business class flights between Newark, NJ and London, England each month for purposes of home visits; it being understood that business trips to London will also be considered home visits for purposes of this benefit and that such tickets may be in either your name or the name of your spouse;
 - (iv) Health coverage under the International Expatriate Health Plan for you and your spouse; and
 - (v) Immigration support.Any taxes associated with the above relocation assistance will be reimbursed consistent with the Company's standard policies.

Fees Associated with Transition and Advisory Services

During the Extended Term, you shall continue to be paid the base salary set forth above, payable according to customary U.K. payroll practices of Avis Budget Services Limited, but in no event less frequently than once each month. At the end of the Extended Term, you will

also be paid an amount equal to \$912,500, subject to, and contingent upon, your executing within forty-five days of the end of the Extended Term and not revoking one or more release agreements, in the form determined by the Company, which requires you, in part, to release all actual and purported claims against the Company and its affiliates and which also requires you to agree to certain confidentiality, competition and non-solicitation restrictions. The fees described in this paragraph shall be referred to as the **“Transition and Advisory Fees.”** All amounts referred to in this paragraph will be paid in GBP at the applicable exchange rates in effect on or about the payment date.

Travel Expenses

The Company will reimburse you for all reasonable travel and other expenses incurred by you in connection with the Assignment in accordance with applicable policies of the Company as in effect from time to time; it being understood that any travel undertaken in connection with the Transition and Advisory Services must be done solely at the request of the Company's Chief Executive Officer. You shall comply with such limitations and reporting requirements with respect to expenses as may be established by the Company from time to time and shall promptly provide all appropriate and requested documentation in connection with such expenses.

Tax Assistance

The Company will provide U.S. and U.K. personal income tax return preparation assistance through the Company's Tax Service provider for the year of your move to the United States and for any years impacted by your relocation to the United States. You will be responsible for any U.S. and U.K. tax payment with associated tax liability that arises, except as provided below.

If as a result of your relocation to the U.S. you incur any increased personal tax liability over your relative home country liability had you not been working in the U.S. (an **“Increased Personal Tax Liability”**), the Company will fund the excess tax incurred in an amount not to exceed an aggregate amount of \$250,000 in accordance with the Company's policies related to expatriate assignments.

In addition, equity awards granted by the Company prior to the start of your U.S. employment and vested during your U.S. employment may be subject to both U.K. and U.S. tax liability and tax return filings, and any such vesting may result in U.S. tax obligations after repatriation. Should any such U.S. tax obligations result in respect of such equity awards and you incur an Increased Personal Tax Liability with respect to such obligations, the Company will also fund the excess tax incurred, in accordance with the Company's policies related to expatriate assignments.

The Company's Tax Service provider will prepare a tax reconciliation calculation to determine the amount due back from the Company, if any, as needed after your returns have been finalized.

Termination

Either the Company or you may terminate the Assignment and the Initial Term or Extended Term at any time. If the Company terminates other than for cause (as defined below), the Company shall pay any amount of the Transition and Advisory Fees that have not yet been paid upon termination so long as the release condition described above has been satisfied. At the end of the Initial Term, the Company will pay your reasonable repatriation expenses to the U.K. to the extent that you are still located in the United States. You will not be entitled to any repatriation expenses or any remaining Transition and Advisory Fees that have not yet been paid in the event that the Company terminates your employment for cause or in the event that you elect to resign.

Section 409A

The intent of the parties is that payments and benefits under this agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder ("**Section 409A**") and, accordingly, to the maximum extent permitted, this agreement shall be interpreted and administered to be in compliance therewith. Each amount to be paid or benefit to be provided under this agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Except as specifically permitted by Section 409A or as otherwise specifically set forth in this Agreement, the benefits and reimbursements provided to you under this agreement and any compensation or benefit plan, program or arrangement of the Company or any of its subsidiaries during any calendar year shall not affect the benefits and reimbursements to be provided to you under the relevant section of this agreement or any such plan, program or arrangement in any other calendar year, and the right to such benefits and reimbursements cannot be liquidated or exchanged for any other benefit and shall be provided in accordance with Treas. Reg. Section 1.409A-3(i)(1)(iv) or any successor thereto. Further, in the case of reimbursement payments, reimbursement payments shall be made to you as soon as practicable following the date that the applicable expense is incurred, but in no event later than the last day of the calendar year following the calendar year in which the underlying expense is incurred.

Agreement Following End of Extended Term

So long as the Assignment and the Initial Term or the Extended Term have not been terminated by the Company for cause or voluntarily terminated by you, Avis Budget Services Limited agrees to enter into a new agreement with you substantially on the terms of the Former Contract as currently set forth on the date hereof following the expiration of the Term.

Definition of Cause

For purposes of this letter, "cause" shall mean: (i) your willful failure to substantially perform your duties as an employee of the Company or any subsidiary (other than any such failure resulting for your incapacity due to physical or mental illness); (ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against the Company or any

subsidiary; or (iii) conviction of a felony or any crime involving moral turpitude (which conviction, due to the passage of time or otherwise, is not subject to further appeal).

Applicable Law

This agreement is subject to and shall be interpreted in accordance with the laws of the State of New Jersey.

Yours sincerely,

/s/ Edward Linnen

Edward P. Linnen
Chief Human Resources Officer
Avis Budget Group, Inc.

AGREED AND ACKNOWLEDGED:

MARTYN SMITH

/s/ Martyn Smith

Martyn Smith
Date: February 15, 2019

AVIS BUDGET SERVICES LIMITED

/s/ Paul Ford

Paul Ford
Date: February 15, 2019



AVIS BUDGET GROUP ANNOUNCES APPOINTMENT OF CHIEF FINANCIAL OFFICER

PARSIPPANY, N.J., February 19, 2019 — Avis Budget Group, Inc. (**NASDAQ: CAR**) today announced that, effective March 18, 2019, John F. North III will join the Company as Chief Financial Officer. Mr. North will oversee all financial aspects of the Company, including financial planning and analysis, accounting and financial reporting, tax, internal audit, investor relations, and treasury and risk management. Martyn Smith will continue to be the Company's Interim Chief Financial Officer until March 18, 2019, and thereafter will serve in a transitional and advisory role for at least six months.

Since 2002, Mr. North has held various leadership roles in finance, including Chief Financial Officer and Chief Accounting Officer, at Lithia Motors, Inc., a Fortune 500 company and one of the largest automotive retailers in the United States. Mr. North was instrumental in transforming Lithia's finance and accounting functions as the company grew significantly from 2010 to 2018, and completing numerous acquisitions and integrating the businesses. Mr. North holds a degree in Finance from Santa Clara University, is a Certified Public Accountant and a CFA® Charterholder.

Avis Budget Group is grateful to Mr. Smith for his contributions and dedication in the role of Interim CFO, and his entire 16-year career with the Company and Avis Europe plc, which Avis Budget Group acquired in 2011.

"We are delighted to have John join our Company. He is a strategic and innovative leader with deep finance experience," said Larry D. De Shon, President and Chief Executive Officer of Avis Budget Group. "Additionally, his background in the auto retail industry will serve the Company well as we execute our strategy for success in mobility and sustained, profitable growth, including our initiative to increase our direct-to-consumer vehicle sales. At the same time, we thank Martyn and wish him well as he continues in a transitional and advisory role with the Company, and in all of his future endeavors."

About Avis Budget Group

Avis Budget Group, Inc. is a leading global provider of mobility solutions, both through its Avis and Budget brands, which have more than 11,000 rental locations in approximately 180 countries around the world, and through its Zipcar brand, which is the world's leading car sharing network, with more than one million members. Avis Budget Group operates most of its car rental offices in North America, Europe and Australasia directly, and operates primarily through licensees in other parts of the world. Avis Budget Group has approximately 30,000 employees and is headquartered in Parsippany, N.J. More information is available at www.avisbudgetgroup.com.

Forward-Looking Statements

This press release contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in Avis Budget Group's Annual Report on Form 10-K for the year ended December 31, 2017 and in other filings and furnishings made by the Company with the Securities and Exchange Commission from time to time. Except to the extent required by applicable federal securities laws, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

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