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

FORM 10-K

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

For the fiscal year ended December 31, 2022
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. 001-10308

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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	TRADING SYMBOL(S)	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, Par Value $.01	CAR	The Nasdaq Global Select Market

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers

during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2022, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $4,269,199,382 based on the closing price of its common stock on the Nasdaq Global Select Market.

As of February 10, 2023, the number of shares outstanding of the registrant's common stock was 39,470,532.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be mailed to stockholders in connection with the registrant's 2023 annual meeting of stockholders (the "Annual Proxy Statement") are incorporated by reference into Part III hereof.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K may be considered “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any such forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, projected plans and objectives. These statements may be identified by the fact that they do not relate to historical or current facts and may use words such as “believes,” “expects,” “anticipates,” “will,” “should,” “could,” “may,” “would,” “intends,” “projects,” “estimates,” “plans,” “forecasts,” “guidance,” and similar words, expressions or phrases. 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. These factors include, but are not limited to:

- the high level of competition in the mobility industry, including from new companies or technology, and the impact such competition may have on pricing and rental volume;

- a change in our fleet costs, including as a result of a change in the cost of new vehicles, resulting from inflation or otherwise, manufacturer recalls, disruption in the supply of new vehicles, shortages in semiconductors used in new vehicle production, and/or a change 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 vehicles, which could impact their ability to perform their payment obligations under our agreements with them, including repurchase and/or guaranteed depreciation arrangements, and/or their willingness or ability to make vehicles available to us or the mobility industry as a whole on commercially reasonable terms or at all, particularly as COVID-19 related restrictions are lifted and travel demand increases;

- levels of and volatility in travel demand, including the current and any future volatility in airline passenger traffic;

- a deterioration in economic conditions, resulting in a recession or otherwise, particularly during our peak season or in key market segments;

- an occurrence or threat of terrorism, the current and any future pandemic diseases, natural disasters, military conflict, including the ongoing military conflict between Russia and Ukraine, or civil unrest in the locations in which we operate, and the potential effects of sanctions on the world economy and markets and/or international trade;

- any substantial changes in the cost or supply of fuel, vehicle parts, energy, labor or other resources on which we depend to operate our business, including as a result of COVID-19, inflation, the ongoing military conflict between Russia and Ukraine, and any embargos on oil sales imposed on or by the Russian government;

- our ability to continue to successfully implement or achieve our business plans and strategies, achieve and maintain cost savings and adapt our business to changes in mobility;

- political, economic or commercial instability in the countries in which we operate, and our ability to conform to multiple and conflicting laws or regulations in those countries;

- our ability to dispose of vehicles in the used-vehicle market on attractive terms;

- our dependence on third-party distribution channels, third-party suppliers of other services and co-marketing arrangements with third parties;

- risks related to completed or future acquisitions or investments that we may pursue, including the incurrence of incremental indebtedness to help fund such transactions and our ability to promptly and effectively integrate any acquired businesses or capitalize on joint ventures, partnerships and other investments;

- our ability to utilize derivative instruments, and the impact of derivative instruments we utilize, which can be affected by fluctuations in interest rates, gasoline prices and exchange rates, changes in government regulations and other factors;

- our exposure to uninsured or unpaid claims in excess of historical levels and our ability to obtain insurance at desired levels and the cost of that insurance;

- risks associated with litigation or governmental or regulatory inquiries, or any failure or inability to comply with laws, regulations or contractual obligations or any changes in laws, regulations or contractual obligations, including with respect to personally identifiable information and consumer privacy, labor and employment, and tax;

- risks related to protecting the integrity of, and preventing unauthorized access to, our information technology systems or those of our third-party vendors, licensees, dealers, independent operators and independent contractors, and protecting the confidential information of our employees and customers against security breaches, including physical or cybersecurity breaches, attacks, or other disruptions, compliance with privacy and data protection regulation, and the effects of any potential increase in cyberattacks on the world economy and markets and/or international trade;

- any impact on us from the actions of our third-party vendors, licensees, dealers, independent operators and independent contractors and/or disputes that may arise out of our agreements with such parties;

- any major disruptions in our communication networks or information systems;

- risks related to tax obligations and the effect of future changes in tax laws and accounting standards;

- risks related to our indebtedness, including our substantial outstanding debt obligations, recent and future interest rate increases, which increase our financing costs, downgrades by rating agencies and our ability to incur substantially more debt;

- our ability to obtain financing for our global operations, including the funding of our vehicle fleet through the issuance of asset-backed securities and use of the global lending markets;

- our ability to meet the financial and other covenants contained in the agreements governing our indebtedness, or to obtain a waiver or amendment of such covenants should we be unable to meet such covenants;

- significant changes in the assumptions and estimates that are used in our impairment testing for goodwill or intangible assets, which could result in a significant impairment of our goodwill or intangible assets;

- COVID-19 and its uncertain future impact on the global economy, including impacts on the ability or desire of people to travel, including due to travel restrictions, and other restrictions and orders, which may continue to impact our results, operations, outlooks, plans, goals, growth, cash flows, liquidity, and stock price; and

- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services.

We operate in a continuously changing business environment and new risk factors emerge from time to time. New risk factors, factors beyond our control, or changes in the impact of identified risk factors may cause actual results to differ materially from those set forth in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Moreover, we do not assume responsibility if future results are materially different from those forecasted or anticipated. Other factors and assumptions not identified above, including those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in Part II, Item 7, in “Risk Factors” set forth in Part I, Item 1A and in other portions of this

Annual Report on Form 10-K, may contain forward-looking statements and involve uncertainties that could cause actual results to differ materially from those projected in any forward-looking statements.

Although we believe that our assumptions are reasonable, any or all of our forward-looking statements may prove to be inaccurate and we can make no guarantees about our future performance. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could differ materially from past results and/or those anticipated, estimated or projected. We undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. 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.

PART I

ITEM 1. BUSINESS

Except as expressly indicated or unless the context otherwise requires, the "Company," "Avis Budget," "we," "our" or "us" means Avis Budget Group, Inc. and its subsidiaries. Unless the context requires otherwise, these references and references to our brands do not include the operations of our licensees, as further discussed below.

OVERVIEW

We are a leading global provider of mobility solutions through our three most recognized brands, Avis, Budget and Zipcar, as well as several other brands, well recognized in their respective markets. Our brands offer a range of options, from car and truck rental to car sharing. We license the use of the Avis, Budget, Zipcar and other brands' trademarks to licensees in areas in which we do not operate directly. We and our licensees operate our brands in approximately 180 countries throughout the world. We generally maintain a leading share of airport car rental revenues in North America, Europe and Australasia, and we operate a leading car sharing network, and one of the leading commercial truck rental businesses in the United States. We believe the range of options from our diversified brands enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand.

On average, our global rental fleet totaled approximately 655,000 vehicles in 2022. We completed more than 36 million vehicle rental transactions worldwide and generated total revenues of approximately $12 billion during 2022. Our brands and mobility solutions have an extended global reach with nearly 10,250 rental locations throughout the world, including approximately 3,900 locations operated by our licensees.

We categorize our operations into two reportable business segments:

- *Americas* - consisting primarily of (i) vehicle rental operations in North America, South America, Central America and the Caribbean, (ii) car sharing operations in certain of these markets, and (iii) licensees in certain areas in which we do not operate directly.

- *International* - consisting primarily of (i) vehicle rental operations in Europe, the Middle East, Africa, Asia and Australasia, (ii) car sharing operations in certain of these markets, and (iii) licensees in certain areas in which we do not operate directly.

Additional discussion of our reportable segments is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 21 – Segment Information to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

OUR STRATEGY

For 2023, we expect our strategy to continue to primarily focus on costs and customer experience to strengthen our Company, enable resilience and deliver stakeholder value. To execute our strategy, we expect to leverage marketing and technology, increase the electric vehicles in our fleet, and invest in related infrastructure. With respect to costs, we aim to achieve operational excellence and invest strategically to lower costs over the long term. For customer experience, we seek to enhance the customer journey by leveraging technology to, among other things, streamline reservations, modernize pick-up and exit, and digitize the on-rent experience to continue to offer value and convenience.

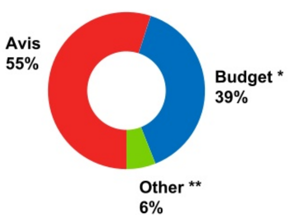
OUR BRANDS AND OPERATIONS

OUR BRANDS

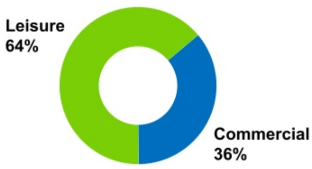
Our Avis, Budget and Zipcar brands are three of the most recognized brands in our industry. We believe that each of our brands is positioned to be embraced by different target customers, and we see benefits and savings from our brands sharing some of the same facilities, systems, and administrative infrastructure. In addition, we are able to recognize benefits as a result of complementary demand patterns with commercial rentals occurring primarily on business days and leisure rentals occurring primarily on holidays and weekends. We also operate the Payless and Apex brands in the value segment of the car rental industry, augmenting our Avis, Budget and Zipcar brands. In addition, our Maggiore and Morini Rent brands in Italy, FranceCars brand in France and Turiscar brand in Portugal further extend our offerings.

The following graphs present the approximate composition of our revenues in 2022.

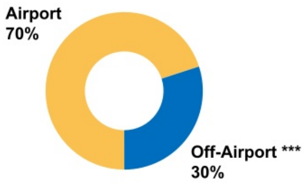
Revenues by Brand



Revenues by Customer



Revenues by Market



* Includes Budget Truck.
** Includes Zipcar and other operating brands.
*** Includes Budget Truck and Zipcar.

AVIS

The Avis brand provides high-quality vehicle rental and other mobility solutions at price points generally above non-branded and value-branded vehicle rental companies and serves the premium commercial and leisure segments of the travel industry. We operate or license Avis vehicle rental locations at virtually all of the largest commercial airports and cities in the world.

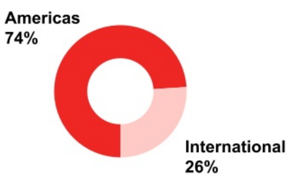
The table below presents the approximate number of Avis locations as of December 31, 2022.

	Avis Locations*		
	Americas	International	Total
Company-operated locations	1,890	1,080	2,970
Licensee locations	430	1,720	2,150
Total Avis Locations	2,320	2,800	5,120

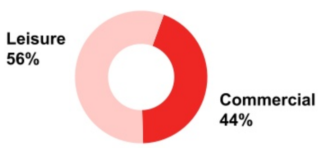
* Certain locations support multiple brands.

In 2022, our Company-operated Avis locations generated total revenues of approximately $6.5 billion. The following graphs present the approximate composition of our Avis revenues in 2022.

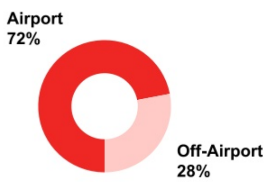
Avis Revenues by Segment



Avis Revenues by Customer



Avis Revenues by Market



We also license the Avis brand to independent commercial owners who operate approximately half of our locations worldwide and generally pay royalty fees to us based on a percentage of applicable revenues. In 2022, these royalty fees totaled approximately 1% of our Avis revenues.

We offer Avis customers a variety of premium services, including:

- the Avis mobile application, which allows customers a unique and innovative way to control many elements of their rental experience via their mobile devices without the need to visit the rental counter. The Avis mobile application also allows customers to track Avis shuttle buses to rental locations, find their vehicle, and locate nearby gas stations and parking facilities;
- *Avis Preferred*, an award-winning frequent renter rewards program that offers counter-bypass at major airport locations. Avis QuickPass, a feature on the Avis mobile application, allows Avis Preferred customers to choose, exchange or upgrade their car in the mobile application upon arrival, proceed straight to the vehicle, and utilize a unique code to exit via our automated Express Exit for a completely contactless rental experience;
- the *Avis Signature Series*, a selection of luxury vehicles;
- invited or earned customer status levels allowing for upgrades and counter bypass;
- availability of premium, sport and performance vehicles as well as eco-friendly vehicles, including hybrids and full electric;
- access to portable navigation units, tablets and satellite radio service;
- Avis rental services such as roadside assistance, fuel service options, e-receipts, electronic toll collection services that allow customers to pay highway tolls without waiting in toll booth lines, and amenities such as *Avis Access*, a full range of special products and services for drivers and passengers with disabilities;
- *Curbside Delivery*, a service that provides customers at select airport locations in the United States with the added convenience of being dropped off at the airport terminal in the same car that they rented; and
- for our corporate customers, *Avis Budget Group Business Intelligence*, a proprietary customer reporting solution that provides a centralized reporting tool and customer reporting portal for corporate clients in North America and Europe, enabling them to easily view and analyze their rental activity, permitting them to better manage their travel budgets and monitor employee compliance with applicable travel policies.

Budget

Car Rental

The Budget brand is a leading supplier of vehicle rental and other mobility solutions focused primarily on more value-conscious customers. We operate or license Budget car rental locations at most of the largest airports and cities in the world.

The table below presents the approximate number of Budget locations as of December 31, 2022.

	Budget Locations*		
	Americas	**International**	**Total**
Company-operated locations	1,390	800	2,190
Licensee locations	480	1,060	1,540
Total Budget Locations	1,870	1,860	3,730

* Certain locations support multiple brands.

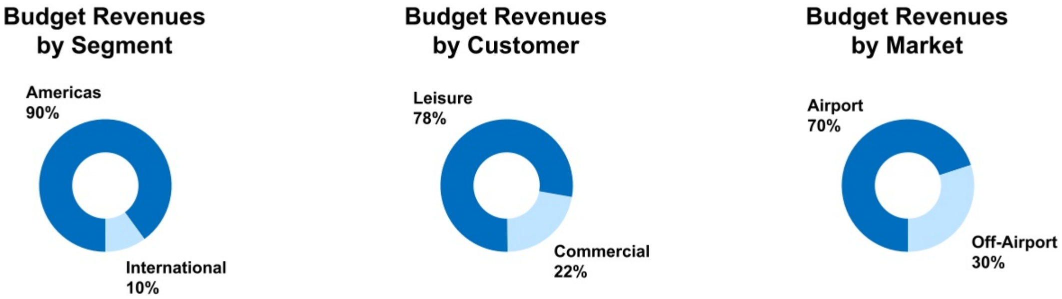
We also license the Budget brand to independent commercial owners who generally pay royalty fees to us based on a percentage of applicable revenues. In 2022, these royalty fees totaled approximately 1% of our Budget revenues.

Budget offers its customers several products and services similar to Avis, such as refueling options, roadside assistance, electronic toll collection, curbside delivery and other supplemental rental products, emailed receipts and special rental rates for frequent renters. In addition, Budget's mobile application allows customers to reserve, modify and cancel reservations on their mobile device, and its Fastbreak or QuickPass service expedites rental service for frequent travelers.

Budget Truck

Our Budget Truck rental business is one of the largest local and one-way truck and cargo van rental businesses in the United States. As of December 31, 2022, our Budget Truck fleet is comprised of approximately 19,000 vehicles that are rented through a network of approximately 415 dealer-operated and 390 Company-operated locations throughout the continental United States. These dealers are independently-owned businesses that generally operate other retail service businesses. In addition to their principal businesses, the dealers rent our light- and medium-duty trucks and commercial cargo vans to customers and are responsible for collecting payments on our behalf. The dealers receive a commission on all truck, van and ancillary equipment rentals. The Budget Truck rental business serves both the light commercial and consumer sectors. The light commercial sector consists of a wide range of businesses that rent light- to medium-duty trucks, which we define as trucks having a gross vehicle weight of less than 26,000 pounds, for a variety of commercial applications. The consumer sector consists primarily of individuals who rent trucks to move household goods on either a one-way or local basis.

In 2022, our Company-operated Budget vehicle rental operations generated total revenues of approximately $4.7 billion. The following graphs present the approximate composition of our Budget revenues in 2022.



zipcar

Zipcar is a leading car sharing network, driven by a mission to enable simple and responsible urban living. With its wide variety of self-service vehicles available by the hour or day, Zipcar offers comprehensive, convenient and flexible car sharing options in urban areas and college campuses in hundreds of cities and towns. Zipcar provides its members on-demand, self-service vehicles in reserved parking spaces located in neighborhoods, business districts, office complexes and college campuses, as an alternative to car ownership. We continue to offer our Zipcar Flex product in London providing for one-way rentals, including to and from Heathrow airport, which can be parked in public on-street spots in designated areas of the city.

Other Brands

Our other brands include the following:

- Payless, a leading rental car supplier serving the deep-value segment of the industry, which we license or operate in approximately 265 locations worldwide, including more than 175 locations operated by licensees and approximately 90 Company-operated locations.
    - Company-operated Payless locations are primarily located in North America, the majority of which are at or near major airports. Payless' rental fees are often lower than those of larger, more established vehicle rental brands.
    - The Payless business model allows us to extend the life-cycle of a portion of our rental fleet, as we "cascade" certain vehicles that exceed certain Avis and Budget age or mileage thresholds to be used by Payless.

- Maggiore and Morini Rent, leading vehicle rental brands in Italy.
  - Maggiore has a strong local reputation and benefits from a strong presence at airport, off-airport and railway locations and from the integration of our existing operations and rental fleet management expertise. We operate or license in approximately 135 rental locations throughout the country.
  - Morini Rent offers rental of cars, vans, and refrigerated vehicles. We operate in approximately 45 rental locations throughout the country.

- FranceCars, which operates one of the largest light commercial vehicle rental fleets in France in approximately 75 rental locations and leverages our existing operational processes and local customer base.

- Apex, which operates in approximately 30 rental locations at, or near, major airports and in several metropolitan cities in New Zealand and Australia.

- Turiscar, a leading vehicle rental brand in Portugal, which operates primarily in the corporate market, including light commercial vehicles, at approximately 25 rental locations throughout the country.

- ACL Hire, a provider of quality vehicle rental and maintenance services in the UK, with a strong focus on light commercial vehicles.

RESERVATIONS, MARKETING AND SALES

Reservations

Our customers can make vehicle rental reservations through our brand-specific websites and toll-free reservation centers, through our brand-specific mobile applications, online travel agencies, travel agents or through selected partners, including many major airlines, associations and retailers. Travel agents can access our reservation systems through all major global distribution systems, which provide information with respect to rental locations, vehicle availability and applicable rate structures.

Our Zipcar members can reserve vehicles through Zipcar's reservation system, which is accessible online or on a mobile device, by the minute, hour, or day, at rates that include gasoline, secondary insurance and other costs associated with vehicle ownership.

Marketing and Sales

We support our brands through a range of marketing channels and campaigns, including traditional media as well as digital media, including Internet and email marketing, social media, streaming services, and mobile device applications. We market through sponsorships of major sports entities. We also market through sponsorships of charitable organizations. We utilize a customer relationship management system that enables us to deliver more targeted and relevant offers to customers across online and offline channels, including an expedited and contactless rental process, and loyalty programs that reward frequent renters with free rental days and car class upgrades.

We maintain strong links to the travel industry including marketing alliances with numerous marketing partners, such as airlines and major hotel companies. In addition, we have developed relationships that provide brand exposure and access to new customers, including deals to provide vehicles to ride-hail drivers in cities across North America.

In 2022, approximately 60% of vehicle rental transactions originating from our Company-operated Avis locations were generated by travelers who rented from Avis under contracts between Avis and their employers or through membership in an organization with which Avis has a contractual affiliation. We offer Business Intelligence, an online portal complete with rental summary dashboards, visualizations and detailed reports that provides our corporate customers with insight into their program's performance, giving them direct access to more data in a customer-facing portal offering useful data insights, including options to customize and schedule reports. Avis also maintains marketing relationships with other organizations through which we are able to provide their customers with incentives to rent from Avis.

Additionally, we offer “Unlimited Rewards,” an award-winning loyalty incentive program for travel agents, and Avis and Budget programs for small businesses that offer discounted rates, central billing options and rental credits to members.

Our Zipcar brand utilizes a diverse set of marketing and sales strategies to acquire and engage members, including digital marketing, email and in-app messaging, and social media engagement. Zipcar maintains close relationships with universities that provide access to campuses and various marketing channels to attract students who, upon graduation, may continue their relationship with us. Through our Zipcar for Business program, we also offer direct-bill accounts and employee benefit programs to companies and governments that support the use of Zipcars.

LICENSING

We have licensees in approximately 175 countries throughout the world. Royalty fee revenues derived from our vehicle rental licensees in 2022 totaled $134 million, with approximately $92 million in our International segment and $42 million in our Americas segment. Licensed locations are independently operated by our licensees and range from large operations at major airport locations and territories encompassing entire countries to relatively small operations in suburban or rural locations. Our licensees generally maintain separate independently owned and operated fleets. Royalties generated from licensing provide us with a source of high-margin revenue because there are relatively limited additional costs associated with fees paid by licensees to us. In some geographies we facilitate one-way vehicle rentals between Company-operated and licensed locations, which enables us to offer an integrated network of locations to our customers.

We generally enjoy good relationships with our licensees and meet regularly with them at regional, national and international meetings. Our relationships with our licensees are governed by license agreements that grant the licensee the right to operate independently operated vehicle rental businesses in certain territories. Our license agreements generally provide our licensees with the exclusive right to operate under one or more of our brands in their assigned territory. These agreements impose obligations on the licensee regarding its operations, and most agreements restrict the licensee’s ability to sell, transfer or assign its rights granted under the license agreement or to change the control of its ownership without our consent.

The terms of our license agreements, including duration, royalty fees and termination provisions, vary based upon brand, territory, and original signing date. Royalty fees are generally structured to be a percentage of the licensee’s gross rental income. We maintain the right to monitor the operations of licensees and, when applicable, can declare a licensee to be in default under its license agreement. We perform audits as part of our program to assure licensee compliance with brand quality standards and contract provisions. Generally, we can terminate license agreements for certain defaults, including failure to pay royalties or to adhere to our operational standards. Upon termination of a license agreement, the licensee is prohibited from using our brand names and related marks in any business. In the United States, these license relationships constitute “franchises” under most federal and state laws regulating the offer and sale of franchises and the relationship of the parties to a franchise agreement.

We continue to optimize the Avis and Budget brands by issuing new license agreements and periodically acquiring licensees to grow our revenues and expand our global presence. Discussion of our acquisitions is included in Note 6 – Acquisitions to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

OTHER REVENUES

In addition to revenues derived from time and mileage fees from our vehicle rentals and licensee royalties, we generate revenues from our customers through the sale and/or rental of optional ancillary products and services. We offer products to customers that will enhance their rental experience, including:

- collision and loss damage waivers, under which we agree to relieve a customer from financial responsibility arising from vehicle damage incurred during the rental;

- additional/supplemental liability insurance or personal accident/effects insurance products which provide customers with additional protections for personal or third-party losses incurred;
- products for driving convenience such as fuel service options, roadside assistance services, electronic toll collection services, curbside delivery, tablet rentals, access to satellite radio, portable navigation units and child safety seat rentals; and
- products that supplement truck rental including automobile towing equipment and other moving accessories such as hand trucks, furniture pads and moving supplies.

We offer customized bundling of certain of these ancillary products and services, allowing our customers to benefit from discounted pricing and providing customers the flexibility to add multiple products or services that suit their needs.

We also receive payment from our customers for certain operating expenses that we incur, including vehicle licensing fees, as well as airport concession fees that we pay in exchange for the right to operate at airports and other locations. In addition, we collect membership fees in connection with our car sharing business.

OUR FLEET

We offer a wide variety of vehicles in our rental fleet, including luxury cars, electric, hybrid and fuel efficient vehicles, specialty-use vehicles and light commercial vehicles. Our fleet consists primarily of vehicles from the current and immediately preceding model year. We maintain a single fleet of vehicles for Avis and Budget in countries where we operate both brands. A substantial majority of Zipcar’s fleet is dedicated to use by Zipcar.

Fleet Purchases

We maintain a diverse rental fleet, in which no vehicle manufacturer represented more than 21% of our 2022 fleet purchases, and we regularly adjust our fleet levels to be consistent with demand. We participate in a variety of vehicle purchase programs with major vehicle manufacturers. In 2022, we primarily purchased vehicles from Stellantis N.V., Toyota Motor Corporation, Hyundai Motor Group, General Motors Company, Ford Motor Company, Volkswagen Group and Renault-Nissan-Mitsubishi Alliance.

Fleet costs represented approximately 10% of our aggregate expenses in 2022. Fleet costs can vary from year to year based on the prices at which we are able to purchase and dispose of rental vehicles, the mix of risk and program vehicles, holding periods, and overall fleet mix.

In 2022, approximately 12% of our average rental fleet was comprised of vehicles subject to agreements requiring automobile manufacturers to repurchase vehicles at a specified price during a specified time period or guarantee our rate of depreciation on the vehicles during a specified period of time; or vehicles subject to operating leases with a fixed lease period and interest rate. We refer to vehicles subject to these agreements as “program” vehicles and vehicles not subject to these agreements as “risk” vehicles because we retain the risk associated with such vehicles’ residual values at the time of their disposition. Our agreements with automobile manufacturers typically require that we pay more for program vehicles and maintain them in our fleet for a minimum number of months and impose certain return conditions, including vehicle condition and mileage requirements. When we return program vehicles to the manufacturer, we receive the price guaranteed at the time of purchase and are therefore protected from fluctuations in the price of previously-owned vehicles in the wholesale market. In 2022, approximately 24% of the vehicles we disposed of were sold pursuant to repurchase or guaranteed depreciation programs. Over the past several years, program vehicles have comprised of a decreasing proportion of our fleet. The approximate percentage of program vehicles in our average rental fleet within each of our reporting segments in 2022 was 44% for International and less than 1% for the Americas, respectively. The future percentages of program and risk vehicles in our fleet will depend on several factors, including our expectations for future used vehicle prices, our seasonal needs and the availability and attractiveness of manufacturers’ repurchase and guaranteed depreciation programs.

Fleet Dispositions

We dispose of our risk vehicles largely through alternative disposition channels, including direct-to-consumer, online auctions, and direct-to-dealer sales, as well as through more traditional automobile auctions. Alternative disposition channels provide the opportunity to increase vehicle sales prices and reduce relevant fleet costs compared to selling vehicles at auctions. Ultimate Test Drive program, retail locations, and RubyCar, our online retail sales platform, offer customers the ability to purchase well-maintained, late-model rental vehicles from our fleet. We dispose of our program vehicles in accordance with repurchase or guaranteed depreciation programs with major vehicle manufacturers.

Fleet Utilization

In 2022, our average quarterly vehicle rental fleet size ranged from a low of approximately 594,000 vehicles in the first quarter to a high of approximately 707,000 vehicles in the third quarter. Average fleet utilization for 2022, which is based on the number of rental days (or portion thereof) that vehicles are rented compared to the total amount of time that vehicles are available for rent, ranged from approximately 67% to approximately 71%. Our average car rental fleet size and utilization are typically highest in the summer months. Our calculation of utilization may not be comparable to other companies' calculation of similarly titled metrics.

Fleet Maintenance

We place a strong emphasis on the quality of our vehicle maintenance for customer safety and customer satisfaction reasons, and because quick and proper repairs are critical to fleet utilization. To accomplish this task, we have developed and continue to evolve specialized training programs for our technicians. Our Supply Chain Department reviews, distributes, and makes accessible OEM technical service bulletins that can be retrieved electronically at our repair locations. In addition, we have implemented policies and procedures to promptly address manufacturer recalls as part of our ongoing maintenance and repair efforts to maximize the customer experience.

CUSTOMER SERVICE

Our commitment to delivering a consistently high level of customer service across all of our brands is a critical element of our success and business strategy. Our *Customer Led, Service Driven*™ program focuses on continually improving the overall customer experience based on our research of customer service practices, improved customer insights, executing our customer relationship management strategy, delivering customer-centric employee training and leverage our mobile applications technology and the enriched experience it provides our customers. In addition, our social media platform allows us to engage with our customers in their preferred channel, which enables us to meet the needs of our customers while promoting our brands to gain more market share and drive customer loyalty.

The employees at our Company-operated locations are trained and empowered to resolve most customer issues at the location level. We also continuously track customer-satisfaction levels by sending location-specific surveys to recent customers and utilize detailed reports and tracking to assess and identify ways that we can improve our customer service delivery and the overall customer experience. Our location-specific surveys ask customers to evaluate their overall satisfaction with their rental experience and the likelihood that they will recommend our brands, as well as key elements of the rental experience. Results are analyzed in aggregate and by location to help further enhance our service levels to our customers.

We also offer rental options that provide greater control, self-service and contactless capabilities. While our mobile applications provide a fast customer experience, a company representative is available to meet customers' needs. Our survey platform includes specific questions to learn more about individual preferences and find innovative ways to better serve and anticipate our customers' needs.

AIRPORT CONCESSION AGREEMENTS

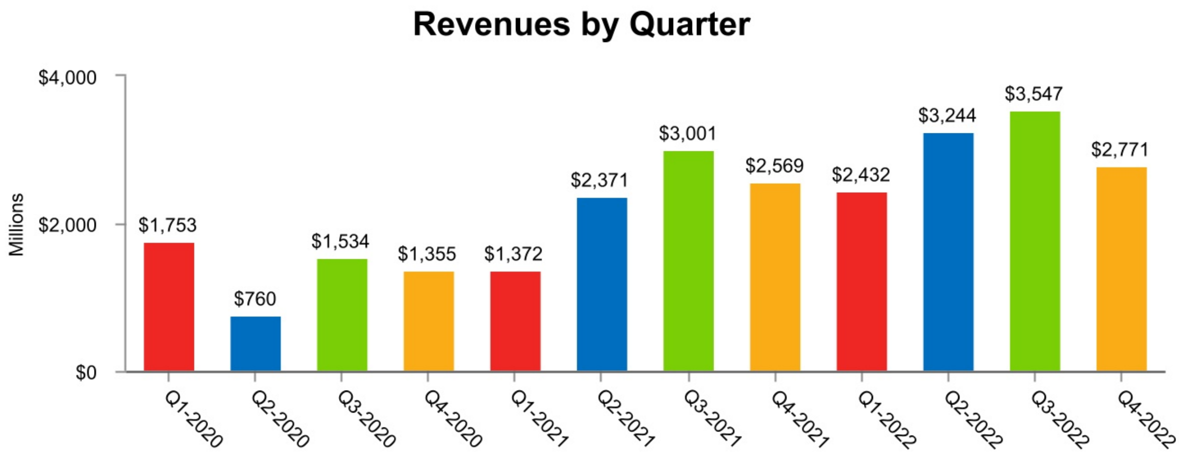
We generally operate our vehicle rental and car sharing services at airports under concession agreements with airport authorities, pursuant to which we typically make airport concession payments and/or lease payments. In general, concession fees for on-airport locations are based on a percentage of total commissionable revenues (as defined by each airport authority), often subject to minimum annual guaranteed amounts. Concessions are typically awarded by airport authorities every three to ten years based upon competitive bids. Our concession agreements with the various airport authorities generally impose certain minimum operating requirements, provide for relocation in the event of future construction and provide for abatement of the minimum annual guarantee in the event of extended low passenger volume.

OTHER BUSINESS CONSIDERATIONS

SEASONALITY

Our operating results are subject to variability due to seasonality, macroeconomic conditions and other factors. Car rental volumes tend to be associated with the travel industry, particularly airline passenger volumes, or enplanements, which in turn tend to reflect general economic conditions. Our operations are also seasonal, with the third quarter of the year historically having been our strongest due to the increased level of leisure travel during the quarter. 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.

The following chart presents our quarterly revenues for the years ended December 31, 2020, 2021 and 2022.



COMPETITION

The competitive environment for our industry is generally characterized by intense price and service competition among global, local and regional competitors. Competition in our vehicle rental operations is based primarily upon price, customer service quality, including usability of booking systems and ease of rental and return, vehicle availability, reliability, rental locations, product innovation and national or international distribution. In addition, competition is also influenced strongly by advertising, marketing, loyalty programs and brand reputation. We believe the prominence and service reputation of our brands, extensive worldwide ownership of mobility solutions and commitment to innovation provides us with a competitive advantage.

The use of technology has increased pricing transparency among vehicle rental companies and other mobility solutions providers enabling cost-conscious customers to more easily compare on the Internet and their mobile devices the rates available for the mobility solutions that fit their needs. This transparency has further increased the prevalence and intensity of price competition in the industry.

Our vehicle rental operations compete primarily with Enterprise Holdings, Inc., which operates the Enterprise, National and Alamo car rental brands; Hertz Global Holdings, Inc., which operates the Hertz, Dollar and Thrifty brands; Europcar Mobility Group, which operates the Europcar, Goldcar, InterRent, Buchbinder, Fox Rent A Car and Ubeeqo brands; and Sixt SE. We also compete with smaller local and regional vehicle rental companies for vehicle rental market share, and with ride-hailing companies largely for short length trips in urban areas. Our Zipcar brand also competes with various local and regional mobility companies, including mobility services sponsored by several auto manufacturers, ride-hailing and car sharing companies and other technology players in the mobility industry. Our Budget Truck operations in the United States competes with several other local, regional and nationwide truck rental companies including U-Haul International, Inc., Penske Truck Leasing Corporation, Ryder System, Inc., Enterprise Truck Rental, and Hertz.

INSURANCE AND RISK MANAGEMENT

Our vehicle rental and corporate operations expose us to various types of claims for bodily injury, death and property damage related to the use of our vehicles and/or properties, as well as general employment-related matters stemming from our operations. In addition, we currently purchase insurance coverage to limit our exposure to legal fees and expenses resulting from cybersecurity breaches. We generally retain economic exposure for liability to third parties arising from vehicle rental and car sharing services in the United States, Canada, Puerto Rico and the U.S. Virgin Islands, in accordance with the minimum financial responsibility requirements ("MFRs") and primacy of coverage laws of the relevant jurisdiction. In certain cases, we assume liability above applicable MFRs, up to $5 million per occurrence, other than in cases involving a negligent act on the part of the Company, for which we purchase insurance coverage for exposures beyond retained amounts from a combination of unaffiliated excess insurers.

In Europe, we insure the risk of liability to third parties arising from vehicle rental and car sharing services in accordance with local regulatory requirements primarily through insurance policies provided by unaffiliated insurers. We retain a portion of the insured risk of liability through local deductibles, and by reinsuring certain risks through our captive insurance subsidiary AEGIS Motor Insurance Limited. In Australasia, motor vehicle bodily injury insurance coverage is compulsory and provided upon vehicle registration. In addition, we provide our customers with third-party property damage insurance through an unaffiliated third-party insurer. We retain a share of property damage risk through local deductibles. AEGIS Motor Insurance Limited reinsures certain risks through unaffiliated companies, which limits its liabilities.

We offer our U.S. customers a range of optional insurance products and coverages such as supplemental liability insurance, personal accident insurance, personal effects protection, emergency sickness protection, automobile towing protection and cargo insurance, which create additional risk exposure for us. When a customer elects to purchase supplemental liability insurance or other optional insurance related products, we typically retain economic exposure to loss, since the insurance is provided by an unaffiliated insurer that is reinsuring its exposure through our captive insurance subsidiary, Constellation Reinsurance Co., Ltd. Additional personal accident insurance offered to our customers in Europe is provided by a third-party insurer, and primarily reinsured by our Avis Budget Europe International Reinsurance Limited subsidiary. We otherwise bear these and other risks, except to the extent that the risks are transferred through insurance or contractual arrangements.

OUR INTELLECTUAL PROPERTY

We rely primarily on a combination of trademark, trade secret and copyright laws, as well as contractual provisions with employees and third parties, to establish and protect our intellectual property rights. The service marks "Avis," "Budget" and "Zipcar" and related marks or designs incorporating such terms and related logos and marks such as "We Try Harder," "We Know The Road" and "Own The Trip, Not The Car" are material to our vehicle rental and car sharing businesses. Our subsidiaries and licensees actively use these marks. All of the material marks used by Avis, Budget and Zipcar are registered (or have applications pending for registration) with the U.S. Patent and Trademark Office as well as in foreign jurisdictions. Our subsidiaries own the marks and other intellectual property, including the Wizard system, used in our business. We also own trademarks and logos related to the "Apex Car Rentals" brand in Australia and New Zealand, the "Payless Car Rental" brand in the United States and several other countries, the "Maggiore" and "Morini Rent" brands in Italy, the "FranceCars" brand in France and the "Turiscar" brand in Portugal. Our subsidiaries have also filed patent applications pertaining to fleet and connected car technology in the U.S. and other countries.

ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

We recognize our role as one of the world's leading mobility solutions providers. As a result, we are focused on supporting the transition to a low-carbon economy and employ practices designed to promote a more fair, just and equal workplace and community.

The Environment: We are committed to offering safe and low-carbon transportation solutions:

- Greenhouse Gas Emissions: As our corporate and leisure customers become increasingly aware and concerned about pollution and congestion caused by vehicles, we aim to provide sustainable transportation solutions by leveraging connected vehicle technology and introducing more fuel efficient and low emission vehicles.

- Sustainable Operations: We are driving the efficiencies needed to reduce our environmental impact and enhance the sustainability of our operations. These are mainly driven by improvements in vehicle preventive maintenance, the incorporation of green building practices and by complying with environmental regulations.

- Carbon Offset Program: We work closely with our corporate customers to help them achieve their environmental impact reduction targets through our carbon offset program.

- Sustainable Fleet: We are actively anticipating and driving changes in mobility. Connected and autonomous vehicles are likely to become a common feature worldwide, along with an increased use of electric and shared vehicles, which is why we are building on our core experience, data intelligence and technology to develop entirely new lines of business and extend our offering and capabilities for our customers, businesses and cities. Our efforts include:

  - Car Sharing: Zipcar continually improves its car sharing technology, which includes its mobile member app, in-vehicle telematics hardware, and reservation, fleet management and community management systems. Zipcar's technology platform is key to providing a successful self-service experience for its members and effectively managing a distributed fleet of vehicles and associated parking locations. With more than one million members worldwide, Zipcar is helping reduce traffic and congestion.

  - Connected Vehicles: Connected vehicles support our ability to reduce emissions through a steadfast focus on fleet maintenance and optimization.

  - Fleet Efficiency: We offer our customers the opportunity to choose from a wide variety of vehicles, including hybrids, electric or fuel-efficient vehicles at almost all of our locations. Our fleet consists primarily of vehicles from the current and immediately preceding model year - this ensures the highest possible standards of air emissions control.

Social: We believe that our success has its foundation in how we treat our employees. We seek to foster an environment where communication among our employees is open, honest, and respectful; performance is recognized; growth is encouraged; and accomplishments - individual and collective - are celebrated. We also seek to support the well-being and development of the people we employ and the communities in which they work. Our efforts include:

- Giving Back: We are a global company with local reach in numerous communities around the world. Whether we work individually or as a team, doing the right thing and supporting our communities helps employees feel their work is more than just a job, and makes them feel proud to be part of the Avis Budget Group family. As well as encouraging our employees to volunteer in their local communities, we are committed to supporting a variety of causes and charities that aid people in crisis situations.

- Supporting Community Resilience: Over the past 70 years, we have developed strong competencies in responding to business disruptions. Whether the disruption is man-made, an extreme weather event or a global health crisis, our business continuity programs are central to how we respond in times of crisis. Our program's focus is on preparing and protecting our people, property and infrastructure. We utilize an "all hands on deck" approach within our incident management and command structure to ensure that we respond as rapidly and effectively as possible. We have also developed longstanding partnerships with leading national disaster response agencies, which strengthen our ability to provide support to affected customers, employees and communities.

Governance: Our Board of Directors monitors the effectiveness of our policy and decision making, including with respect to ESG, on the current and long-term value of our company.

Our most recent Corporate Governance documents are available on the Company's website. The information contained on the Company's website is not included in, or incorporated by reference into, this Annual Report on Form 10-K.

OUR HUMAN CAPITAL RESOURCES AND MANAGEMENT

Our human capital objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and future or prospective employees. Our compensation program is designed to attract, retain and motivate highly qualified employees and executives.

Employees

As of December 31, 2022, we employed approximately 24,500 people worldwide, of whom approximately 6,000 were employed on a part-time basis. Of our approximately 24,500 employees, approximately 8,000 were employed in our International segment. In our Americas segment, the majority of our employees are at-will employees and, therefore, not subject to any type of employment contract or agreement. In our International segment, we enter into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction. Many of our employees are covered by a variety of union contracts and governmental regulations affecting, among other things, compensation, job retention rights and pensions.

We strive to maintain satisfactory relationships with all of our employees, including the unions and work councils representing these employees. As of December 31, 2022, approximately 28% of our employees were covered by collective bargaining or similar agreements with various labor unions. We believe our employee relations are satisfactory. We have never experienced a large-scale work stoppage.

Employee Benefits

Supporting our employees with the right benefits is one of the most important things we do. We understand benefits are a key element to a total reward package, so ensuring we provide meaningful benefit programs and resources across the globe is an integral part of how we reward employees, including with respect to healthcare and retirement. As a global company, benefits will vary by country to reflect local practices and cultures, but our commitment to providing comprehensive and meaningful benefits and resources is consistent across the world. We continuously review and, when necessary, update our programs to ensure they remain flexible, competitive, and aligned to what is important for our employees and their families.

Global Gender Pay Equity

To ensure we are compensating both men and women employees fairly and equitably, we utilize a global Center of Excellence total rewards function which standardizes and harmonizes our rewards programs across all countries. As a result, we have established pay programs that provide for equal incentive pay opportunity for all employees in same or similar positions across the globe. Additionally, we utilize global guidelines and standards to inform compensation decisions for all new hires and promotions. To monitor our performance for our management employees, we evaluate base salary placement relative to our internal salary ranges for men and women. For our hourly field workforce (non-management employees), we maintain pay equity through our standardized compensation practices in which all employees begin at the same start rate, based on their location and position, and annual pay increases are applied consistently to all employees based on tenure.

Recruitment and Development

Our talent strategy is solidly rooted in attracting and retaining a diverse workforce. We run numerous recruitment programs that aim to give back to our local communities. Our Talent Acquisition teams have strong relationships with organizations that help us reach a diverse pool of candidates including LGBTQ+ and those with disabilities. We believe that our employees possess a wealth of knowledge that could and should be shared with others. We have a wealth of established learning and talent programs that we make available to our employees, including a digital learning platform that has transformed the way we produce, manage and share learning resources.

Diversity, Inclusion and Belonging

We embrace diversity and inclusion. We value each employee around the world, whose talent, skill and personality have helped establish us as a leading global mobility provider. We believe that embracing and promoting diversity is a critical component of our success and we have committed to creating a safe, supportive and inclusive environment. As an equal-opportunity employer, we are proud to provide an inclusive workplace that embraces and celebrates demographic, cultural and lifestyle differences. We strive to have a diverse and inclusive work environment where employees feel valued for their uniqueness, recognized for their diverse talents, and where they can bring their whole selves to work. We have created employee resource groups ("ERGs") to advocate for equality, provide opportunities for advancement, and facilitate discussion around best practices and resources to advance more targeted cultural and racial understanding and diversity. These ERGs provide a space where employees can foster connections and develop in a supportive environment. As of the end of 2022, we had the following ERGs: Power of Women, Power of Veterans, Power of Pride, and Power of Color.

Health and Safety

The health and safety of our employees is our highest priority because our people are our most valuable asset. Consistent with our operating philosophy, we are committed to safety and our core belief is that health and safety is every employee's responsibility, not only for our employees but for our customers, vendors, and all stakeholders. We currently collect incident rates to track safety performance for our United States operations, which represents our largest employee population.

Well-being

We take a holistic approach to well-being. We understand that to deliver our best performance, our employees need to be healthy and happy in all areas of their lives. Our Connecting You to Well-Being program focuses on helping our people achieve all aspects of wellness through encouraging habits that promote physical, emotional, and financial well-being.

REGULATION

We are subject to a wide variety of laws and regulations in the countries in which we operate, including those relating to, among others, consumer protection, insurance products and rates, franchising, customer privacy and data protection, securities and public disclosure, competition and antitrust, environmental matters, taxes, automobile-related liability, corruption and anti-bribery, labor and employment matters, health and safety, claims management, automotive retail sales, currency-exchange and other various banking and financial industry regulations, cost and fee recovery, the protection of our trademarks and other intellectual property, and local ownership or investment requirements. Additional information about the regulations that we are subject to can be found in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

COMPANY INFORMATION

Our principal executive office is located at 6 Sylvan Way, Parsippany, New Jersey 07054 (our telephone number is 973-496-4700). The Company files electronically with the Securities and Exchange Commission (the "SEC") required reports on Form 8-K, Form 10-Q and Form 10-K; proxy materials; registration statements and other forms or reports as required. Certain of the Company's officers, directors and stockholders also file statements of beneficial ownership and of changes in beneficial ownership on Forms 3, 4 and 5 with the SEC. Such materials may be accessed electronically on the SEC's Internet site (sec.gov). The Company maintains a website (avisbudgetgroup.com) and copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports, proxy materials and any amendments to these reports filed or furnished with the SEC are available free of charge in the Investor Relations section of our website (ir.avisbudgetgroup.com), as soon as reasonably practicable after filing with the SEC. Copies of our board committee charters, Codes of Conduct and Ethics, Corporate Governance Guidelines and other corporate governance information are also available on our website. If the Company should decide to amend any of its board committee charters, Codes of Conduct and Ethics or other corporate governance documents, copies of such amendments will be made available to the public through the Company's website. The information contained on the Company's website is not included in, or incorporated by reference into, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

The following is a discussion of the risks, uncertainties and assumptions that we believe are material to our business and should be considered carefully in conjunction with all of the other information set forth in this Annual Report on Form 10-K. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. In addition to the factors discussed elsewhere in this Annual Report on Form 10-K, the factors described in this item could, individually or in the aggregate, cause our actual results to differ materially from those described in any forward-looking statements. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected.

RISKS RELATED TO OUR INDUSTRY AND THE BROADER ECONOMY

We face risks related to the high level of competition in the mobility industry.

The mobility industry is highly competitive, with price being one of the primary factors. To the extent that our competitors reduce their pricing and we do not provide competitive pricing, or if price increases we implement make us less competitive, we risk losing rental volume, and reducing the chances of success for bids for customer accounts. If competitive pressures lead us to lose rental volume or match any downward pricing and we are unable to reduce our operating costs, then our financial condition or results of operations could be materially adversely impacted.

Additionally, pricing in the vehicle rental industry is impacted by the size of rental fleets and the supply of vehicles available for rent. Any significant fluctuations in the supply of rental vehicles, including as a result of actions taken by our competitors that increases fleet significantly above market demand, could negatively affect our pricing, operating plans or results of operations.

The competitive environment for our mobility services has become more intense as additional companies, including automobile manufacturers, ride-hailing companies, car sharing companies and other technology players in the mobility industry enter our existing markets or expand their operations, which may affect demand for rental vehicles. Some of these companies may have access to substantial capital, innovative technologies or have the ability to provide services at a relatively low cost. To the extent these companies can improve transportation efficiency, alter driving patterns or attitudes toward vehicle rental, offer more competitive prices, undertake more aggressive marketing campaigns, price their competing services below market or otherwise disrupt the mobility industry, we risk heightened pricing competition and/or loss of rental volume, which could adversely impact our business and results of operations.

The risk of competition on the basis of pricing in the truck rental industry can be even more impactful than in the car rental industry as it can be more difficult to reduce the size of our truck rental fleet in response to significantly reduced demand.

We face risks related to fleet costs and availability.

Fleet costs typically represent our single largest expense and can vary from year to year based on the prices that we are able to purchase and dispose of our vehicles. We purchase program vehicles, which are guaranteed a rate of depreciation through agreements with auto manufacturers, and non-program, or “risk” vehicles. In 2022, on average approximately 88% of our rental fleet was comprised of risk vehicles.

The costs of our risk vehicles may be adversely impacted by the relative strength of the used car market, particularly the market for one- to two-year old used vehicles, or potentially by the insolvency or bankruptcy of an auto manufacturer from whom we purchase vehicles. We currently sell risk vehicles through various sales channels in the used vehicle marketplace, including traditional auctions, on-line auctions, direct-to-dealer sales and directly to consumers through either retail lots or on-line. These channels may not produce stable vehicle prices in the future, as the market for used vehicles is subject to changes in demand for such vehicles, consumer interests, inventory levels, new car pricing, interest rates, fuel costs, tariffs and general economic conditions, and recent reports have suggested that prices in the used vehicle market may decrease in 2023 amid rising interest rates and improved availability of new cars and trucks. A reduction in residual values for risk vehicles in our rental fleet could cause us to sustain a substantial loss on the sale of such vehicles or require us to depreciate those vehicles at a more accelerated rate than previously anticipated while we own them.

If the market value of the vehicles in our fleet is reduced or our ability to sell vehicles in the used vehicle marketplace were to become severely limited, we may have difficulty meeting collateral requirements under our asset-backed financing facilities, which could lead to decreased capacity in such facilities and effectively increase our fleet costs or adversely impact our profitability. In addition, if we are unable to meet our collateral requirements under such facilities, the outstanding principal amount due may be required to be repaid earlier than anticipated. If that were to occur, the holders of our asset-backed debt may have the ability to exercise their right to instruct the trustee to direct the return of program vehicles and/or the sale of risk vehicles to generate proceeds sufficient to repay such debt.

Program and leased vehicles enable us to determine our depreciation expense in advance of purchase. Our program and leased vehicles also generally provide us with flexibility to reduce the size of our fleet rapidly. This flexibility is affected as the percentage of program vehicles in our fleet is reduced, or if the features of the programs provided by auto manufacturers are less favorable. Our inability to reduce the size of our fleet in response to seasonal demand fluctuations, economic constraints or other changes in demand could have an adverse impact on our fleet costs and results of operations.

Failure by a manufacturer to fulfill its obligations under any program agreement or incentive payment obligation, due to insolvency, bankruptcy or other reasons, could leave us with a material expense if we are unable to dispose of program vehicles at prices estimated at the time of purchase or with a substantial unpaid claim against the manufacturer, particularly with respect to program vehicles that were either (i) resold for an amount less than the amount guaranteed under the applicable program; or (ii) returned to the manufacturer, but for which we were not paid, and therefore we could incur a substantial loss as a result of such failure to perform.

While we source our fleet purchases from a wide range of auto manufacturers, we are exposed to risk to the extent that any auto manufacturer significantly curtails production. Such production may be curtailed as a result of a wide range of factors, including impacts of a pandemic and supply chain impacts, including shortages of parts, such as semiconductors, which have caused and may continue to cause certain auto manufacturers to suspend or slow production of new vehicles. We are also exposed to risk to the extent that any auto manufacturer increases the cost of vehicles, including as a result of inflation, labor shortages or supply chain disruptions, or declines to sell vehicles to us on terms or at prices consistent with past practice. Should any of these risks occur, we may be unable to obtain a sufficient number of vehicles to operate our business without significantly increasing our fleet costs or reducing our volumes.

We face risks related to safety recalls affecting our vehicles.

Our vehicles may be subject to safety recalls by their manufacturers, which could have an adverse impact on our business when we remove recalled vehicles from our rentable fleet. We cannot control nor predict the number of vehicles that will be subject to manufacturer recalls in the future. Recalls often require us to retrieve vehicles from customers and/or hold vehicles until we can arrange for the repairs described in the recalls to be completed. As such, recalls can increase our costs, negatively impact our revenues and/or reduce our fleet utilization. If a large number of vehicles were to be the subject of one or more recalls, or if needed replacement parts were not in adequate supply, we may be unable to utilize recalled vehicles for a significant period of time. We may also be subject to material liability claims or regulatory action related to vehicles subject to a safety recall. Depending on the nature and severity of the recall, it could create customer service problems, reduce the residual value of the vehicles involved, harm our reputation and/or have an adverse impact on our financial condition or results of operations.

Weakness or fluctuations in travel demand or general economic conditions, or a significant increase in fuel costs, can adversely impact our business.

Demand for vehicle rentals is generally subject to and impacted by international, national and local economic conditions and travel demand, which can be impacted by many factors, including inflation. When travel demand or economic conditions in the United States, Europe and/or worldwide weakens, our financial condition and results of operations are often adversely impacted.

Any significant airline capacity reductions, airfare or related fee increases, reduced flight schedules, or any events that disrupt or reduce business or leisure air travel or weaken travel demand and tourism, such as work stoppages, military conflicts, terrorist incidents, natural disasters, disease epidemics, or the response of governments to any such events, could have an adverse impact on our results of operations. In addition, any significant increases in fuel prices, a severe protracted disruption in fuel supplies or rationing of fuel, or severe inflation that disrupts consumers' discretionary spending patterns could discourage our customers from renting vehicles or reduce or disrupt air travel, which could also adversely impact our results of operations.

Our truck rental business can be impacted by the housing market. If conditions in the housing market were to weaken, we may see a reduction in truck rental transactions, which could have an adverse impact on our business. Our truck rental business can also be impacted by changes in the light commercial business sector. If the light commercial business develops their own package delivery service with a fleet of trucks and vans to use for their business, or other large competitors enter the package delivery service industry, in particular around the holiday season, we may see a reduction in truck rental transactions, which could have an adverse impact on our business.

We face risks related to political, economic and commercial instability or uncertainty in the countries in which we operate.

Our global operations expose us to risks related to international, national and local economic and political conditions and instability. Operating our business in a number of different regions and countries exposes us to a number of other risks, including:

- multiple and potentially conflicting laws, regulations, trade policies and agreements, and varying tax regimes that are subject to change;
- the imposition of currency restrictions, restrictions on repatriation of earnings or other restraints, as well as difficulties in obtaining financing in foreign countries for local operations;
- potential changes to import-export laws, trade treaties or tariffs in the countries where we purchase vehicles;
- international trade disruptions or disputes;
- local ownership or investment requirements, or compliance with local laws, regulations or business practices;
- uncertainty and changes to political and regulatory regimes as a result of changing social, political, regulatory and economic environments in the United States and internationally;
- national and international conflict, including terrorist acts; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

Exposure to these risks may adversely impact our financial condition or results of operations. Our licensees' vehicle rental operations may also be impacted by these risks, which in turn could impact the amount of royalty payments they make to us.

The ongoing military conflict between Russia and Ukraine and the related sanctions are causing uncertainty that may have an adverse impact on our business, financial condition and results of operations.

The world economy and markets are experiencing volatility and disruption from the ongoing military conflict between Russia and Ukraine, the length and impact of which are highly unpredictable. This conflict has led to, and could in the future lead to, significant volatility in our costs, including gas and fleet costs, including as a result of sanctions or any embargos on oil sales imposed on or by the Russian government; further impacts to fleet availability; and impacts on demand for travel as a result of weakness in economic conditions, increased inflation or increases in the cost of gas. In addition, as a result of the conflict, governmental and non-governmental entities have issued alerts noting the potential for increased cyber-attacks. Such risks and disruptions could adversely impact our business, results of operations and financial condition.

Impacts from COVID-19 continue to impact our company.

The COVID-19 pandemic has affected, and may continue to affect, our business, financial condition, results of operations and/or cash flows. Governmental authorities took, and continue to take, measures to address the pandemic, including, but not limited to, restrictions on travel. As a result, we faced, among other impacts to our business, reductions in travel volumes, impacts to staffing levels, and delays in receiving delivery of new vehicles from vehicle manufacturers, including, but not limited to, due to a global semiconductor supply shortage. As a result of the delays in receiving new vehicle deliveries, the average mileage of a portion of the vehicles in our fleet has increased, and we could face challenges meeting consumer demand and customer expectations should such delays continue. We cannot anticipate with any certainty the length, scope or severity of the pandemic's impact in each of the jurisdictions that we operate, including due to new variants. If the pandemic continues, there could be adverse impacts to our revenues, customer demand and expenses, the used car market, our workforce, our indebtedness and adequacy of cash flow, earnings and liquidity, consumer sentiment and discretionary spending patterns, and our overall financial condition, any of which could be material.

RISKS RELATED TO THE NATURE OF OUR BUSINESS

Damage to our reputation or brands may negatively impact our business.

Our reputation and global brands are integral to the success of our business. Maintenance of our Company's reputation and brands depends on many factors, including the quality of our products and services and the trust we maintain with our customers. Negative claims or publicity regarding our Company or our operations, offerings, practices, among many other things, may damage our brands or reputation, even if such claims are untrue. Damage to our reputation or brands could adversely impact our revenue and profitability.

We face risks related to third-party distribution channels that we rely upon.

We rely upon third-party distribution channels to generate a significant portion of our vehicle rental reservations, including:

- traditional and online travel agencies, airlines and hotel companies, marketing partners such as credit card companies and membership organizations and other entities that help us attract customers; and

- global distribution systems ("GDS"), such as Amadeus, Galileo/Apollo, Sabre and Worldspan, that connect travel agents, travel service providers and corporations to our reservation systems.

Changes in our pricing agreements, commission schedules or arrangements with third-party distribution channels, the termination of any of our relationships or a reduction in the transaction volume of such channels, or a GDS's inability to process and communicate reservations to us could have an adverse impact on our financial condition or results of operations.

We face risks related to our property leases and vehicle rental concessions.

We lease or have vehicle rental concessions at locations throughout the world, including at most airports where we operate and at train stations throughout Europe, where vehicle rental companies are frequently required to bid periodically for space at these locations. If we were to lose a property lease or vehicle rental concession, particularly at an airport or a train station in a major metropolitan area, there can be no assurance that we would be able to find a suitable replacement location on reasonable terms which could adversely impact our business. Most leases and airport concessions have fixed obligations that can be required even if our volume drops significantly. While we have been successful at partially mitigating some of these requirements in the past, including when enplanements have decreased significantly, there is no guarantee that we will be able to do so in the future, and if we are not successful our costs as a percentage of revenue could increase.

We face risks related to the seasonality of our business.

In our business, the third quarter of the year has historically been our most profitable quarter, as measured by net income and Adjusted EBITDA, due to the increased level of summer leisure travel and household moving activity. We vary our fleet size over the course of the year to help manage seasonal variations in demand, as well as localized changes in demand that we may encounter in the various regions in which we operate. Any circumstance or occurrence that disrupts rental activity during the third quarter, especially in North America and Europe, could have a disproportionately adverse impact on our financial condition or results of operations.

We face risks related to acquisitions, including the acquisition of existing licensees or investments in or partnerships with other related businesses.

We may engage in strategic transactions, including the acquisition of, or investment in, existing licensees and/or other businesses, partnerships or joint ventures. The risks involved in engaging in these types of transactions include the possible failure to successfully integrate the operations of acquired businesses, or to realize expected benefits within the anticipated time frame, or at all, such as cost savings, synergies, sales and growth opportunities. In addition, the integration of an acquired business or oversight of a partnership or joint venture may result in material unanticipated challenges, expenses, liabilities or competitive responses, including:

- inconsistencies between our standards, procedures and policies and those of an acquired business, partnership and/or joint venture;
- costs or inefficiencies associated with the integration of our operational and administrative systems;
- the increased scope and complexity of our operations could require significant attention from management and could impose constraints on our operations or other projects;
- unforeseen expenses, delays or conditions, including required regulatory or other third-party approvals or consents, or provisions in contracts with third parties that could limit our flexibility to take certain actions;
- an inability to retain the customers, employees, suppliers and/or marketing partners of an acquired business, partnership or joint venture or generate new customers or revenue opportunities through a strategic partnership;
- the costs of compliance with local laws and regulations and the implementation of compliance processes, as well as the assumption of unexpected liabilities, litigation, penalties or other enforcement actions;
- exposure to undetected malware and viruses embedded in the acquired IT systems of the acquired entity; and
- higher than expected costs arising due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies.

Any one of these factors could result in delays, increased costs or decreases in the amount of expected revenues related to or derived from a strategic transaction and could adversely impact our financial condition or results of operations.

We face risks related to vehicle electrification.

Vehicle electrification refers to a range of technologies that uses electricity to propel a vehicle and includes hybrid, plug-in, extended range and battery electric vehicles, as well as autonomous vehicles. We believe that the vehicle industry will continue to experience significant change in the coming years, in particular as it relates to vehicle electrification. Worldwide demand for electric and hybrid vehicles continues to increase, and manufacturers continue to invest more time and cost into producing these types of vehicles in an effort to reduce fuel consumption and greenhouse gas emissions, as mandated by various governmental standards and regulations. If we are not adequately prepared to meet consumer demand for electric, hybrid and autonomous vehicles as such demand develops, including if we are unable to attain an optimal and consistently reliable charging infrastructure and systems, which will require substantial capital investment, our financial condition or results of operations could be adversely impacted.

We face risks related to liability and insurance.

Our global operations expose us to several forms of liability, including claims for bodily injury, death and property damage related to the use of our vehicles, or for having our customers on our premises, as well as workers' compensation and other claims. We may become exposed to uninsured liability at levels in excess of our historical levels, which may exceed the level of our reserves and could adversely impact our financial condition and results of operations. Furthermore, insurance with unaffiliated insurers may not continue to be available to us on economically reasonable terms or at all. Should we be subject to an adverse ruling, or experience other significant liability for which we did not plan and were not adequately insured, our results of operations, financial position or cash flows could be negatively impacted.

We reinsure certain insurance exposures as well as offer optional insurance coverages through unaffiliated third-party insurers that then reinsure all or a portion of their risks through our insurance company subsidiaries, which subjects us to regulation under various insurance laws and statutes. Any changes in regulations that alter or impede our reinsurance obligations or insurance subsidiary operations, or any negative regulatory or other legal action against us with respect to our reinsurance, could adversely impact the economic benefits that we rely upon to support our reinsurance efforts, which in turn would adversely impact our financial condition or results of operations.

Optional insurance products that we offer to renters in the United States, including, but not limited to, supplemental or additional liability insurance, personal accident insurance and personal effects protection, are regulated under state laws. Our vehicle rental operations outside the United States must also comply with certain local laws and regulations regarding the sale of personal accident and effects insurance by intermediaries. Any changes in law that affect our operating requirements with respect to our sale of optional insurance products could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenue and profitability. Should more of our customers decline to purchase optional liability insurance products as a result of any changes in these laws, or otherwise, our financial condition or results of operations could be adversely impacted.

We offer loss damage waivers to our customers as an option for them to reduce their financial responsibility that may be incurred as a result of loss or damage to the rental vehicle. Certain states in the United States have enacted legislation that mandates disclosure to each customer and some states have statutes that establish or cap the daily rate that can be charged for loss damage waivers. Should new laws or regulations arise that place new limits on our ability to offer loss damage waivers to our customers, our financial condition or results of operations could be adversely impacted.

Additionally, current U.S. federal law pre-empts state laws that impute tort liability based solely on ownership of a vehicle involved in an accident. If such federal law were to change, our insurance liability exposure could materially increase.

We may be unable to collect amounts that we believe are owed to us by customers, insurers and other third parties related to vehicle damage claims or liabilities. The inability to collect such amounts in a timely manner or to the extent that we expect could adversely impact our financial condition or results of operations.

We face risks related to fluctuations in currency exchange rates.

Our operations generate revenue and incur operating costs in a variety of currencies. The financial position and results of operations of many of our foreign subsidiaries are reported in the relevant local currency and then translated to U.S. dollars at the applicable currency exchange rate for inclusion in our Consolidated Financial Statements. Changes in exchange rates among these currencies and the U.S. dollar have affected, and will continue to affect, among other things, the recorded levels of our assets and liabilities in our Consolidated Financial Statements. While we take steps to manage our currency exposure, such as currency hedging, we may not be able to effectively limit our exposure to intermediate- or long-term movements in currency exchange rates, which could adversely impact our financial condition or results of operations.

We face risks related to our derivative instruments.

We typically utilize derivative instruments to manage fluctuations in foreign exchange rates, interest rates and gasoline prices. The derivative instruments we use to manage our risk are usually in the form of interest rate swaps and caps and foreign exchange and commodity contracts. Periodically, we are required to determine the change in fair value, called the "mark-to-market," of some of these derivative instruments, which could expose us to substantial mark-to-market losses or gains if such rates or prices fluctuate materially from the time we entered into the derivatives. Accordingly, volatility in rates or prices may adversely impact our financial position or results of operations and could impact the cost and effectiveness of our derivative instruments in managing our risks.

Earnings for future periods may be impacted by impairment charges for goodwill and intangible assets.

We carry a significant amount of goodwill and identifiable intangible assets on our consolidated balance sheets. Goodwill is the excess of purchase price over the fair value of the net assets of acquired businesses. We assess goodwill and indefinite-lived intangible assets for impairment each year, or more frequently if circumstances suggest an impairment may have occurred. We have determined in the past and may again determine in the future that a significant impairment has occurred in the value of our goodwill. Additionally, we have a significant amount of identifiable intangible assets and fixed assets that could also be subject to impairment. If we determine that a significant impairment has occurred in the value of our unamortized intangible assets or fixed assets, we could be required to write off a portion of our assets, which could adversely affect our consolidated financial condition or our reported results of operations.

RISKS RELATED TO LEGAL, REGULATORY AND ESG-RELATED MATTERS

Costs associated with lawsuits, investigations or increases in legal reserves that we establish based on our assessment of contingent liabilities may have an adverse effect on our results of operations.

Our global operations expose us to various claims, lawsuits and other legal proceedings that arise in and outside of the ordinary course of our business in the countries in which we operate. We may be subject to complaints and/or litigation involving our customers, licensees, employees, independent operators and others with whom we conduct business, including claims for bodily injury, death and property damage related to use of our vehicles or our locations, or claims based on allegations of discrimination, misclassification as exempt, wage and hour pay disputes, and various other claims. We could be subject to substantial costs and/or adverse outcomes from such claims, which could have a material adverse effect on our financial condition, cash flows or results of operations.

At some of our locations, we outsource to third party independent contractors who operate the business as a separate entity and pay a commission for operating their business under our brands. There is a growing trend in the United States aimed at the gig economy to define independent contractors as employees. As such, we are subject to legislative and or judicial determination that any such changes are applicable to these independent contractors. Such determinations may require us to change the business operations and make such independent contractor locations employee operated. This could potentially expose us to additional costs and material liability under federal and state labor and employment and tax laws.

From time to time, our Company may be reviewed or investigated by government regulators, which could lead to tax assessments, enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, which could have an adverse impact on our financial condition or results of operations. In addition, while we maintain insurance coverage with respect to exposure for certain types of legal claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

We face risks related to laws and regulations that could impact our global operations.

We are subject to multiple, and sometimes conflicting, laws and regulations in the countries in which we operate that relate to, among others, consumer protection, competition and antitrust, customer privacy and data protection, securities and public disclosure, automotive retail sales, franchising, corruption and anti-bribery, environmental matters, taxes, automobile-related liability, labor and employment matters, cost and fee recovery, currency-exchange and other various banking and financial industry regulations, health and safety, insurance rates and products, claims management, protection of our trademarks and other intellectual property and other trade-related laws and regulations. We cannot predict the nature, scope or effect of future regulatory requirements to which our global operations may be subject or the manner in which existing or future laws may be administered or interpreted. Any alleged or actual violations of any law or regulation, change in law, regulation, trade treaties or tariffs, or changes in the interpretation of existing laws or regulations may subject us to government scrutiny, investigation and civil and criminal penalties, limit our ability to provide services in any of the countries in which we operate and could result in a material adverse impact on our reputation, business, financial position or results of operations.

In certain countries where we have Company-operated locations, we may recover certain costs from consumers, including costs associated with the title and registration of our vehicles, or concession costs imposed by an airport authority or the owner and/or operator of the premises from which our vehicles are rented. We may in the future be subject to potential laws or regulations that could negatively impact our ability to separately state, charge and recover such costs, which could adversely impact our financial condition or results of operations.

We are seeking Advanced Pricing Agreements with certain tax authorities to obtain certainty regarding our transfer pricing policy While this effort is ongoing, the process of negotiating and ultimately entering into these agreements may take several years. The ultimate results of our negotiations of these agreements with tax authorities, the expiration of such agreements, or changes in circumstances or in the interpretation of such agreements could increase our tax costs in these jurisdictions, including through the assessment of significant interest charges and/or penalties if non-compliance is adjudicated. To the extent we do not have an existing Advance Pricing Agreement or other agreement, governmental authorities could challenge our transfer pricing policy in the future and, if challenged, we may not prevail, which could increase our tax costs or reduce savings related to our transfer pricing policy.

We face risks related to environmental laws and regulations.

We are subject to a wide variety of environmental laws and regulations in connection with our operations, including, among other things, with respect to the ownership or use of tanks for the storage of petroleum products such as gasoline, diesel fuel and motor and waste oils; the treatment or discharge of waste waters; and the generation, storage, transportation and off-site treatment or disposal of solid or liquid wastes. We maintain liability insurance covering storage tanks at our locations. In the United States, we administer an environmental compliance program designed to ensure that these tanks are properly registered in the jurisdiction in which they are located and are in compliance with applicable technical and operational requirements. The tank systems located at each of our locations may not at all times remain free from undetected leaks, and the use of these tanks has resulted in, and from time to time in the future may result in, spills, which may be significant and may require remediation and expose us to material uninsured liability or liabilities in excess of insurance.

We may also be subject to requirements related to the remediation of substances that have been released into the environment at properties owned or operated by us or at properties to which we send substances for treatment or disposal. Such remediation requirements may be imposed without regard to fault and liability for environmental remediation can be substantial. These remediation requirements and other environmental regulations differ depending on the country where the property is located. We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the remediation of contamination at our owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Our compliance with existing or future environmental laws and regulations may, however, require material expenditures by us or otherwise have an adverse impact on our financial condition or results of operations.

Governments are likely to continue to pursue measures related to climate change and greenhouse gas emissions, including vehicle travel restrictions. Should rules establishing limitations on greenhouse gas or other emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions, or rules establishing bans on diesel or fuel vehicles from entering certain locations become effective in the countries in which we operate, demand for our services could be affected, our fleet and/or other costs could increase, and our business could be adversely impacted.

We face risks related to ESG matters.

Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer and customer use of substitutes to our products may result in increased costs, reduced demand for our products, reduced profits, increased investigations and litigation, reputational harm and negative impacts on our stock price and access to capital markets. We have developed certain initiatives, goals and practices relating to environmental, social and governance (ESG) matters. We may not be successful in implementing these initiatives, goals and practices, including due to factors beyond our control, and even if successful, they may not achieve our desired or expected outcomes. If our ESG initiatives, goals, and practices do not meet our expectations or those of our investors or other stakeholders, which continue to evolve, we may incur additional costs, and our brand, reputation and our results of operations and financial condition may be adversely impacted.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and investment community divestment initiatives may lead to negative publicity or investor sentiment toward us and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital.

We face risks related to franchising or licensing laws and regulations.

We license to third parties the right to operate locations using our brands in exchange for royalty payments. Our licensing activities are subject to various laws and regulations in the countries in which we operate. In particular, laws in the United States require that we provide extensive disclosure to prospective licensees in connection with licensing offers and sales, as well as comply with franchise relationship laws that could limit our ability to, among other things, terminate license agreements or withhold consent to the renewal or transfer of these agreements. We are also subject to certain regulations affecting our license arrangements in Europe and other international locations. Should our operations become subject to new laws or regulations that negatively impact our ability to engage in licensing activities, our financial condition or results of operations could be adversely impacted.

We face risks related to the actions of, or failures to act by, our licensees, dealers, independent operators or third-party vendors.

Our vehicle rental licensee and dealer locations are independently owned and operated. We also operate many of our Company-owned locations through agreements with independent operators, which are third-party independent contractors who receive commissions to operate such locations. We also enter into service contracts with various third-party vendors that provide services for us or in support of our business. Under our agreements with our licensees, dealers, independent operators and third-party vendors (collectively referred to as “third-party operators”), the third-party operators retain control over the employment and management of all personnel at their locations or in support of the services that they provide our Company. These agreements also generally require that third-party operators comply with all laws and regulations applicable to their businesses, including relevant internal policies and standards. Regulators, courts or others may seek to hold us responsible for the actions of, or failures to act by, third-party operators or their employees based on theories of vicarious liability, negligence, joint operations or joint employer liability. Although we actively monitor the operations of these third-party operators, and under certain circumstances have the ability to terminate their agreements for failure to adhere to contracted operational standards, we are unlikely to detect all misconduct or noncompliance by a third-party operator or its employees. It is our policy to vigorously seek to be dismissed from any claims involving third-party operators and to pursue indemnity for any adverse outcomes that affect the Company. Failure of third-party operators to comply with laws and regulations or our operational standards, or our inability to be dismissed from claims against our third-party operators, may expose us to liability, damages and negative publicity that may damage our brand and reputation and adversely affect our financial condition or results of operations.

We face risks associated with changes in tax laws.

The Tax Cuts and Jobs Act of 2017 (the “Tax Act”) eliminated the use of like-kind exchange for personal property and allowed for full expensing of qualified property purchases through 2022. From 2004 until its elimination, we utilized like-kind exchange to replace vehicles in a manner that allowed for a material deferral of U.S. federal and state income taxes. The effect of the repeal of the like-kind exchange treatment for vehicle sales has been largely offset through 2022 by the availability of full expensing for certain business assets (including our vehicles) in the year placed in service. The full expensing provision is scheduled to start to phase-out ratably over five years starting in 2023 and there can be no assurance that the phase-out will be delayed or that full expensing will be made permanent. Certain U.S. states have modified their tax statutes as a result of the Tax Act, and such state legislation does not allow the use of full expensing benefits for state tax purposes, which negatively impacts our tax liability in such states. Other U.S. states continue to modify their tax statutes related to full expensing. Therefore, we cannot offer assurance that the benefits from the expected tax deductions will continue.

The Inflation Reduction Act of 2022 (the “IRA”) includes a 15% corporate alternative minimum tax on certain large corporations and a 1% excise tax on certain corporate stock repurchases. The impact on the Company of these provisions, which became effective on January 1, 2023, will depend on several factors, including recently released and forthcoming interpretive regulatory guidance. The Company continues to review and assess the provisions of the IRA, and its potential impact on our financial condition, results of operations, liquidity, and cash flows.

There is also a high level of uncertainty in today’s tax environment stemming from both global initiatives put forth by the Organisation for Economic Co-operation and Development (the “OECD”), and unilateral measures being implemented by various countries. As an example, the OECD has put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. The Council of the EU recently adopted a Directive to ensure a global minimum level of taxation for certain multinational groups active in the EU consistent with Pillar Two, to be effective beginning after 2023.

RISKS RELATED TO OUR CAPITAL STRUCTURE AND INDEBTEDNESS

We face risks related to our current and future debt obligations, including risks related to conditions in the credit and asset-backed securities markets.

Our ability to satisfy and manage our debt obligations depends on our ability to generate cash flow and on overall financial market conditions. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, many of which are beyond our control. Our outstanding debt obligations require us to dedicate a significant portion of our cash flows to pay interest and principal on our debt, which reduces funds available to us for other purposes. Our business may not generate sufficient cash flow from operations to permit us to service our debt obligations and meet our other cash needs, which may force us to reduce or delay capital expenditures, sell or curtail assets or operations, seek additional capital or seek to restructure or refinance our indebtedness. If we must sell or curtail our assets or operations, it may negatively affect our ability to generate revenue. Certain of our debt obligations contain restrictive covenants and provisions that limit our ability to, among other things, incur additional debt; provide guarantees; pay dividends or distributions, redeem or repurchase capital stock; prepay, redeem or repurchase debt; create or incur liens; make distributions from our subsidiaries; sell assets and capital stock of our subsidiaries; and consolidate merge with or into, or sell substantially all of our assets to, another person. These covenants and provisions also limit our ability to respond to adverse changes in general economic, industry and competitive conditions, as well as changes in government regulation and changes to our business.

Our failure to comply with these restrictive covenants and provisions, if not waived, would cause a default under the applicable debt agreement and could result in a cross-default under several of our other debt obligations, including our U.S. and European asset-backed debt facilities. If such a default were to occur, we could be required to repay or accelerate debt payments to the lenders or holders of our debt, and there can be no assurance that we would be able to refinance or obtain a replacement for such financing programs.

We finance our vehicle fleet purchases and operations through the use of asset-backed securities in the United States, Canada, Australia and Europe and other debt financing structures available through the credit markets. If the asset-backed financing and/or credit markets were to be disrupted for any reason, we may be unable to obtain refinancing for our operations or vehicle fleet purchases at current levels, or at all, when our respective asset-backed financings or debt financings mature. Likewise, any disruption of the asset-backed financing or credit markets could also increase our borrowing costs, as we seek to refinance existing debt or increase our indebtedness. In addition, we could be subject to increased collateral requirements to the extent that we request any amendment or renewal of any of our existing asset-backed or debt financings.

We face risks related to increases in interest rates.

A portion of our borrowings, primarily our vehicle-backed borrowings, bears interest at variable rates that expose us to interest rate risk. If interest rates continue to increase, whether due to continued increases in market interest rates or one or more increases in our own cost of borrowing, our debt service obligations for our variable rate indebtedness would increase even though the amount of borrowings remain the same, and our results of operations could be adversely affected. As of December 31, 2022, our total outstanding debt of approximately $18.6 billion included unhedged interest rate sensitive debt of approximately $5.8 billion. During our seasonal borrowing peak in 2022, outstanding unhedged interest rate sensitive debt totaled approximately $7.2 billion.

Virtually all of our debt under vehicle programs and certain of our corporate indebtedness matures within the next five years. If we are unable to refinance maturing indebtedness at interest rates that are equivalent to or lower than the interest rates on our maturing debt, our results of operations or our financial condition may be adversely affected.

We face certain risks related to our share repurchase program.

Our Board of Directors previously authorized the repurchase of up to $8.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded most recently in February 2023 (the "Share Repurchase Program"). As of February 13, 2023, approximately $1.7 billion remains available under the Share Repurchase Program. If we purchase additional shares of our common stock under the Share Repurchase Program, the percentage of our outstanding common stock owned by SRS Investment Management, LLC and its affiliates ("SRS") may increase, even without further action by SRS. Under the terms of the Fourth Amended and Restated Cooperation Agreement between the Company and SRS, SRS has committed, with respect to shares of common stock SRS holds in excess of 35% of the Company's outstanding common stock, to exercise its voting rights in the same proportion in which other shares of common stock are voted. Notwithstanding this commitment, the ownership by SRS of more than 50% of the Company's outstanding common stock could trigger, or increase the likelihood that we trigger, certain change in control provisions in the indentures governing our senior notes. The Company must make a 101% change of control offer for the senior notes if, within 60 days following a change of control, the ratings on the notes are downgraded by one or more gradations or withdrawn and the applicable rating agency announces that such downgrade or withdrawal is attributable to the change of control.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY MATTERS, DATA SECURITY AND PRIVACY

We face risks related to our protection of our intellectual property.

We have registered certain marks and designs as trademarks in the United States and in certain other countries. At times, competitors may adopt service names similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, we have been subject to, and from time to time in the future may be subject to, trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered trademarks. From time to time, we have acquired or attempted to acquire Internet domain names held by others when such names have caused consumer confusion or had the potential to cause consumer confusion. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations.

We face risks related to our reliance on communications networks and centralized information systems.

We rely heavily on the satisfactory performance and availability of our information systems, including our reservation systems, websites and network infrastructure to attract and retain customers, accept reservations, process rental and sales transactions, manage our fleet of vehicles, account for our activities and otherwise conduct our business. We rely on third-party communications service and system providers for technology services. We have been subjected to, and from time to time in the future may be subject to, a failure or interruption that results in the unavailability of certain of our information systems. Such a failure or interruption, or a major disruption, could cause a loss of reservations, interfere with our fleet management, slow rental and sales processes, create negative publicity that damages our reputation or otherwise adversely impacts our ability to manage our business effectively. We may experience system interruptions or disruptions for a variety of reasons, including from network failures, power outages, cyber-attacks, employee errors, software errors, an unusually high volume of visitors attempting to access our systems, or other events such as fire, explosions, earthquakes, storms, floods, epidemics, strikes, acts of war, civil unrest or terrorist acts. Because we are dependent in part on independent third parties for the implementation and maintenance of certain aspects of our systems and because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. Our systems' business continuity plans and insurance programs seek to mitigate such risks but they cannot fully eliminate the risks.

We face risks related to cybersecurity breaches of our systems and information technology.

Threats to network and data security are becoming increasingly diverse and sophisticated. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures may increase. Third parties may have the technology or expertise to breach the security of our customer transaction data and our security measures may not prevent or timely detect physical security or cybersecurity breaches, which could result in substantial harm to our business, our reputation or our results of operations. We rely on encryption and/or authentication technology licensed from and, at times, administered by independent third parties to secure transmission of confidential information, including credit card numbers and other customer personal information. Our outsourcing agreements with these third-party service providers, including third-party hosted cloud environments, generally require that they have adequate security systems in place to protect our customer transaction data. Despite the implementation of cybersecurity measures (including access controls, data encryption, vulnerability assessments, continuous monitoring, and maintenance of backup and protective systems), our information technology systems or those used by our third-party service providers may still be vulnerable to a breach. Additionally, if a third-party service provider on which we rely experiences a breach, we may not learn of such breach in a timely manner, or at all, which may inhibit our ability to mitigate its impacts, and exacerbate the risks described in this paragraph.

In addition, anyone who is able to circumvent our security measures, or those of our third-party service providers, could misappropriate proprietary information or cause interruptions in our operations. Risks of cybersecurity incidents caused by malicious third parties using sophisticated, targeted methods to circumvent firewalls, encryption, and other security defenses, could include hacking, viruses, malicious software, ransomware, phishing attacks, denial of service attacks and other attempts to capture, disrupt or gain unauthorized access to data are rapidly evolving and could lead to disruptions in our reservation system or other data systems, unauthorized release of confidential or otherwise protected information or corruption of data. The techniques used by third parties change frequently and may be difficult to detect for long periods of time. Any successful efforts by individuals to infiltrate, break into, disrupt, damage or otherwise steal from the Company's, its licensees' or its third-party service providers' security or information systems could damage our reputation and expose us to increased cybersecurity protection costs, litigation or other liability that could adversely impact our financial condition or results of operations. A cybersecurity breach resulting in the unauthorized use or disclosure of certain personal information could put individuals at risk of identity theft and financial or other harm and result in costs to the Company in investigation, remediation, legal defense and in liability to parties who are financially harmed. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities.

We are subject to privacy, data protection, data security and other regulations, as well as private industry standards, which could negatively impact our global operations and cause us to incur additional incremental expense or reputational harm that impacts our future operating results.

Our business requires the secure processing and storage of personal information relating to our customers, employees, business partners and others. Current privacy and data protection laws, particularly the European Union's General Data Protection Regulation and the equivalent in the United Kingdom (collectively, the "GDPR"), California Consumer Privacy Act including modifications by the California Privacy Rights Act (collectively, the "CCPA"), the Virginia Consumer Data Protection Act ("VCDPA"), and other regulations in the jurisdictions in which we operate impose obligations and restrictions regarding the types of information that we may collect, process, sell and retain about our customers, employees and other individuals with whom we deal or propose to deal, some of which may be non-public personal data. Several other US state privacy laws will go into effect in 2023, including the Colorado Privacy Act, the Connecticut Data Privacy Act, and the Utah Consumer Privacy Act. These laws and regulations, each wide-ranging in scope, provide individuals located in those jurisdictions greater control over their personal data. These laws impose several requirements relating to rights of the individuals to whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification, the use of third-party processors in connection with the processing of personal data, and the transfer or sale of personal data, and measures we must take to demonstrate compliance. These laws also impose significant forfeitures and penalties for noncompliance and afford private rights of action to individuals under certain circumstances. The Company has adopted policies and procedures in compliance with these laws, which may need to be updated as additional information concerning best practices are made available through guidance from regulatory authorities or published enforcement decisions. Privacy laws in the countries where we operate are developing at a rapid pace and may be interpreted and applied inconsistently from jurisdiction to jurisdiction and impose inconsistent or conflicting requirements. Complying with varying jurisdictional privacy requirements could increase our operating costs, divert management attention or require additional changes to our business practices. Should we be found to not be in compliance with the GDPR, CCPA, VCDPA or similar privacy and data protection laws, we could be subject to substantial monetary forfeitures, government consent decrees, regulatory enforcement actions, and other penalties that could negatively impact our operating results or harm our reputation.

The centralized nature of our information systems combined with the global nature of our business requires the routine flow of information about employees, customers and potential customers across national borders, particularly in the United States, the United Kingdom and Europe. In 2020, the Court of Justice of the European Union invalidated mechanisms for transferring personal information out of the EU. This decision imposes additional obligations and restrictions related to data transfers between the EU and other countries, including the U.S., and may affect our ability to serve our customers and efficiently manage our employees and operations. In addition, our failure to maintain the security of the data we hold, whether as a result of our own error or the actions of others, could harm our reputation or give rise to legal liabilities that adversely impact our financial condition or results of operations. Privacy and data protection laws and regulations restrict the ways that we process our transaction information and the Payment Card Industry imposes strict customer credit card data security standards to ensure that our customers' credit card information is protected. Failure to meet these data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments, which could adversely impact our financial condition or results of operations.

GENERAL RISK FACTORS

We face risks related to the market price of our common stock.

We cannot predict the prices at which our common stock will trade. The market price of our common stock has experienced substantial volatility in the past and may fluctuate widely in the future, depending on many factors, some of which may be beyond our control, including, but not limited to, the factors described in this "Risk Factors" section and the section titled "Forward-Looking Statements." If any of these factors materialize, it could cause our stock price to fall and may expose us to litigation, including class action lawsuits that, even if unsuccessful, could be costly to defend, distract management, and harm our reputation.

Certain provisions of our certificate of incorporation and by-laws and Delaware law could prevent or delay a potential acquisition of control of our Company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation, amended and restated by-laws and the laws in the State of Delaware contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the prospective acquirer and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. Delaware law also imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by effectively requiring those who seek to obtain control of the Company to negotiate with our Board of Directors and by providing our Board with more time to assess any such potential acquisition of control. However, these provisions could apply even if such a potential acquisition of control of the Company may be considered beneficial by some stockholders and could delay or prevent an acquisition of control that our Board of Directors determines is not in the best interests of our Company and our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at 6 Sylvan Way, Parsippany, New Jersey 07054 pursuant to a lease agreement that expires in October 2023. Upon expiration of our lease agreement, we plan to relocate to another property in the same city. We own a facility in Virginia Beach, Virginia, which serves as a satellite administrative facility for our car and truck rental operations. We also lease office space in Tulsa, Oklahoma, and Boston, Massachusetts, pursuant to leases expiring in 2025 and 2031, respectively. These locations primarily provide operational and administrative services or contact center operations for our Americas segment. We also lease office space in Bracknell, England, Barcelona, Spain and Budapest, Hungary, pursuant to leases expiring in 2032, 2026 and 2026, respectively, for corporate offices, contact center activities and other administrative functions, respectively, for our International segment. Other office locations throughout the world are leased for administrative, regional sales and operations activities.

We lease or have vehicle rental concessions for our brands at locations throughout the world. We own approximately 3% of the locations from which we operate and in some cases we sublease to licensees or other third parties. The remaining locations from which we operate our vehicle rental businesses are leased or operated under concession agreements with governmental authorities and private entities. Those leases and concession agreements typically require the payment of minimum rents or minimum concession fees and often also require us to pay or reimburse operating expenses, to pay additional rent, or concession fees above guaranteed minimums, based on a percentage of revenues or sales arising at the relevant premises, or to do both. See Note 3 – Leases to our Consolidated Financial Statements for information regarding lease commitments.

We believe that our properties are sufficient to meet our present needs and we do not anticipate any difficulty in securing additional space, as needed, on acceptable terms.

ITEM 3. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note 15 – Commitments and Contingencies to our Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON EQUITY

Our common stock is currently traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "CAR." At January 31, 2023, the number of stockholders of record was 2,083.

DIVIDEND POLICY

We neither declared nor paid any cash dividends on our common stock in 2022 or 2021, and we do not currently anticipate paying cash dividends on our common stock. However, we evaluate our dividend policy on a regular basis and may pay dividends in the future, subject to compliance with the covenants in our senior credit facility, the indentures governing our senior notes and our vehicle financing programs. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will also depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant.

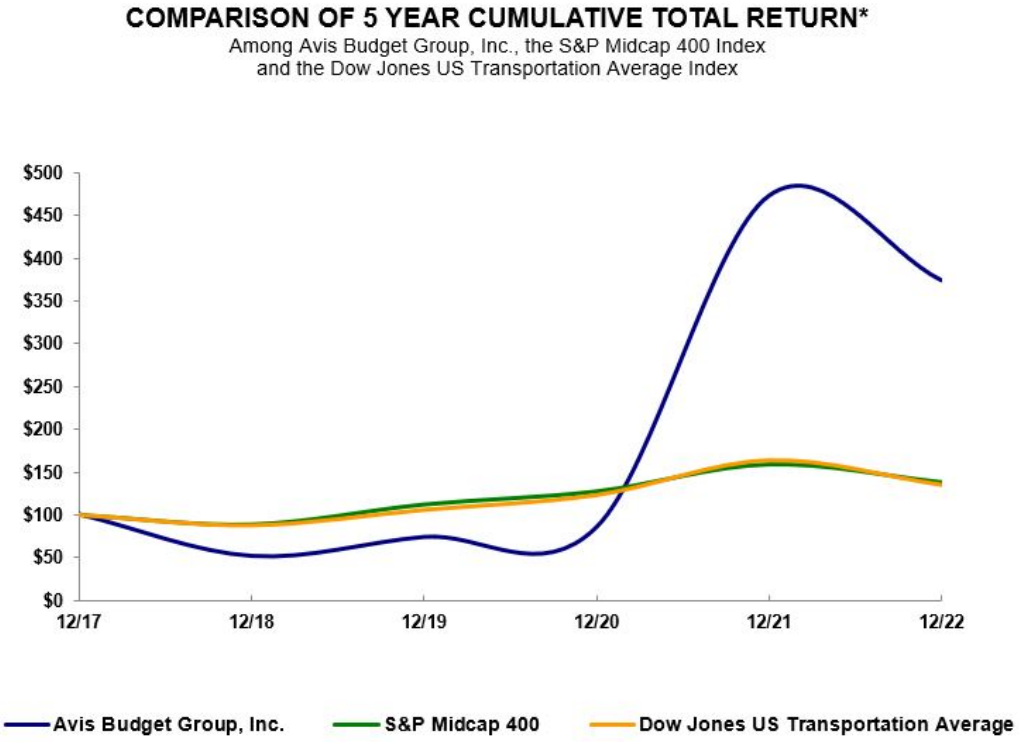
ISSUER PURCHASES OF EQUITY SECURITIES

	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ($ in millions)
October 2022	1.5	$ 173.33	1.5	$ 1,123
November 2022	1.5	225.02	1.5	785
December 2022	0.5	188.54	0.5	691
	3.5	$ 197.68	3.5	$ 691

The Company's Board of Directors has authorized the repurchase of up to approximately $8.1 billion of its common stock under a plan originally approved in 2013 and subsequently expanded, most recently in February 2023. Under the Company's stock repurchase program, the Company repurchases shares from time to time in open market transactions, and may also repurchase shares in accelerated share repurchases, tender offers, privately negotiated transactions or by other means. Repurchases may also be made under a plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The timing and amount of repurchase transactions will be determined by the Company's management based on its evaluation of market conditions, the Company's share price, legal requirements, restricted payment capacity under its debt instruments and other factors. The stock repurchase program may be suspended, modified or discontinued without prior notice.

PERFORMANCE GRAPH

Set forth below are a line graph and table comparing the cumulative total stockholder return of our common stock against the cumulative total returns of peer group indices, the S&P Midcap 400 Index, and the Dow Jones US Transportation Average Index for the period of five fiscal years commencing December 31, 2017 and ending December 31, 2022. The broad equity market indices used by the Company are the S&P Midcap 400 Index, which measures the performance of mid-sized companies, and the Dow Jones US Transportation Average Index, which measures the performance of transportation companies. The graph and table depict the result of an investment on December 31, 2017 of $100 in the Company's common stock, the S&P Midcap 400 Index and the Dow Jones US Transportation Average Index, including investment of dividends.



	As of December 31,					
	2017	2018	2019	2020	2021	2022
Avis Budget Group, Inc.	$ 100.00	$ 51.23	$ 73.47	$ 85.00	$ 472.58	$ 373.59
S&P Midcap 400 Index	$ 100.00	$ 88.92	$ 112.21	$ 127.54	$ 159.12	$ 138.34
Dow Jones US Transportation Average Index	$ 100.00	$ 87.67	$ 105.94	$ 123.44	$ 164.44	$ 135.56

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Part I, Item 1, "Business", Item 1A, "Risk Factors" and our Consolidated Financial Statements and accompanying Notes included in this Annual Report on Form 10-K commencing on page F-1. Our actual results of operations may differ materially from those discussed in forward-looking statements as a result of various factors, including but not limited to those included in Part I, Item 1A, "Risk Factors" and other portions of this Annual Report on Form 10-K. Unless otherwise noted, all dollar amounts in tables are in millions.

OVERVIEW

OUR COMPANY

We operate three of the most globally recognized brands in mobility solutions, Avis, Budget and Zipcar together with several other brands, well recognized in their respective markets. We are a leading vehicle rental operator in North America, Europe, Australasia and certain other regions we serve, with an average rental fleet of approximately 655,000 vehicles in 2022. We also license the use of our trademarks to licensees in the areas in which we do not operate directly. We and our licensees operate our brands in approximately 180 countries throughout the world.

RESULTS OF OPERATIONS

A discussion regarding our financial condition and results of operations for the year ended December 31, 2022 compared to 2021 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2021 compared to 2020 can be found under Part II, Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 17, 2022, which is available on the SEC's website at www.sec.gov and our Investor Relations website at ir.avisbudgetgroup.com.

In 2022, we saw strong demand and pricing for vehicle rentals, driven by global travel demand, and favorable conditions in the used-vehicle market in the United States. This coupled with disciplined cost management and continued fleet management resulted in revenues of approximately $12.0 billion, net income of $2.8 billion and Adjusted EBITDA of $4.1 billion for the year ended December 31, 2022.

We are susceptible to a number of industry-specific and global macroeconomic factors that may cause our actual results of operations to differ from our historical results of operations or current expectations. The factors and trends that we currently believe are or will be most impactful to our results of operations and financial condition include the following: interest rates, inflationary impact on items such as commodity prices and wages, used car values, and an economic downturn that may impact travel demand. We continue to monitor the potential favorable or unfavorable impacts of these and other factors on our business, operations, financial condition, and future results of operations. Our strategy continues to primarily focus on costs and customer experience to strengthen our company, enable resilience, and deliver stakeholder value.

We measure performance principally using the following key metrics: (i) rental days, which represent the total number of days (or portion thereof) a vehicle was rented, (ii) revenue per day, which represents revenues divided by rental days, (iii) vehicle utilization, which represents rental days divided by available rental days, with available rental days being defined as average rental fleet times the number of days in the period, and (iv) per-unit fleet costs, which represent vehicle depreciation, lease charges and gain or loss on vehicle sales, divided by average rental fleet. Our rental days, revenue per day and vehicle utilization metrics are all calculated based on the actual rental of the vehicle during a 24-hour period. We believe that this methodology provides management with the most relevant metrics in order to effectively manage the performance of the business. Our calculation may not be comparable to the calculation of similarly-titled metrics by other companies. We present currency exchange rate effects to provide a method of assessing how our business performed excluding the effects of foreign currency rate fluctuations. Currency exchange rate effects are calculated by translating the current-year results at the prior-period average exchange rate plus any related gains and losses on currency hedges.

We assess performance and allocate resources based upon the separate financial information of our operating segments. In identifying our reportable segments, we also consider the nature of services provided by our operating segments, the geographical areas in which our segments operate and other relevant factors. Management evaluates the operating results of each of our reportable segments based upon revenues and "Adjusted EBITDA," which we define as income from continuing operations before non-vehicle related depreciation and amortization; any impairment charges; restructuring and other related charges; early extinguishment of debt costs; non-vehicle related interest; transaction-related costs, net; charges for unprecedented personal-injury and other legal matters, net, which includes amounts recorded in excess of $5 million related to class action lawsuits; non-operational charges related to shareholder activist activity, which include third party advisory, legal and other professional fees; COVID-19 charges, net; other (income) expense, net, and income taxes.

We revised our definition of Adjusted EBITDA to exclude other (income) expense, net. We did not revise prior years' Adjusted EBITDA because there were no other charges similar in nature. We believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our operating businesses and in comparing our results from period to period. We also believe that Adjusted EBITDA is useful to investors because it allows them to assess our results of operations and financial condition on the same basis that management uses internally. Adjusted EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with U.S. GAAP. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Year Ended December 31, 2022 vs. Year Ended December 31, 2021

Our consolidated results of operations comprised the following:

	Year Ended December 31,			
	2022	**2021**	**$ Change**	**% Change**
Revenues	$ 11,994	$ 9,313	$ 2,681	29%
Expenses				
Operating	5,285	4,255	1,030	24%
Vehicle depreciation and lease charges, net	828	1,197	(369)	(31%)
Selling, general and administrative	1,348	1,145	203	18%
Vehicle interest, net	402	313	89	28%
Non-vehicle related depreciation and amortization	225	272	(47)	(17%)
Interest expense related to corporate debt, net:				
Interest expense	250	218	32	15%
Early extinguishment of debt	—	136	(136)	n/m
Restructuring and other related charges	19	64	(45)	(70%)
Transaction-related costs, net	8	5	3	60%
Other (income) expense, net	(7)	—	(7)	n/m
Total expenses	$ 8,358	$ 7,605	$ 753	10%
Income before income taxes	3,636	1,708	1,928	n/m
Provision for income taxes	880	425	455	n/m
Net income	$ 2,756	$ 1,283	$ 1,473	n/m
Less: net loss attributable to non-controlling interests	(8)	(2)	(6)	n/m
Net income attributable to Avis Budget Group, Inc.	$ 2,764	$ 1,285	$ 1,479	n/m

n/m Not meaningful.

Revenues increased $2.7 billion, or 29%, for the year ended December 31, 2022 compared to 2021, primarily due to a 23% increase in volume and a 8% increase in revenue per day, excluding exchange rate effects, partially offset by a $327 million negative impact from currency exchange rate movements. Total expenses increased 10% for the year ended December 31, 2022, compared to 2021, primarily due to increased demand, partially offset by cost discipline as volume returned. Our effective tax rates for the years ended December 31, 2022 and 2021 were provisions of approximately 24% and 25% , respectively. As a result of these items, our net income increased by $1.5 billion compared to 2021. For the years ended December 31, 2022 and 2021, we reported earnings per diluted share of $57.16 and $19.44, respectively.

Operating expenses decreased to 44.1% of revenue for the year ended December 31, 2022 compared to 45.7% in 2021, primarily due to increased revenues and cost discipline as volume returned. Vehicle depreciation and lease charges decreased to 6.9% of revenue for the year ended December 31, 2022 compared to 12.9% in 2021, primarily due to 41% lower per unit fleet cost, excluding exchange rate effects, driven by a favorable trend in the used-vehicle market. Selling, general and administrative costs decreased to 11.2% of revenue for the year ended December 31, 2022 compared to 12.3% in 2021, primarily due to increased revenues and cost discipline as volume returned. Vehicle interest costs represented 3.4% of revenue, unchanged for the year ended December 31, 2022 compared to 2021.

Following is a more detailed discussion of the results of each of our reportable segments and reconciliation of net income to Adjusted EBITDA:

	2022		2021	
	Revenues	**Adjusted EBITDA**	**Revenues**	**Adjusted EBITDA**
Americas	$ 9,474	$ 3,660	$ 7,557	$ 2,364
International	2,520	560	1,756	118
Corporate and Other [a]	—	(87)	—	(71)
Total Company	$ 11,994	$ 4,133	$ 9,313	$ 2,411

	Reconciliation of net income (loss) to Adjusted EBITDA	
	2022	**2021**
Net income	$ 2,756	$ 1,283
Provision for income taxes	880	425
Income before income taxes	$ 3,636	$ 1,708
Add: Non-vehicle related depreciation and amortization [b]	235	279
Interest expense related to corporate debt, net:		
Interest expense	250	218
Early extinguishment of debt	—	136
Restructuring and other related charges [c]	19	64
Transaction-related costs, net [d]	8	5
Unprecedented personal-injury and other legal matters, net [e]	1	3
COVID-19 charges, net [f]	(9)	(2)
Other (income) expense, net	(7)	—
Adjusted EBITDA	$ 4,133	$ 2,411

(a) Includes unallocated corporate overhead which is not attributable to a particular segment.
(b) Includes cloud computing costs of $10 million and $7 million in 2022 and 2021, respectively, within operating expenses.
(c) Other related charges include costs associated with the separation of certain of our officers.
(d) Primarily comprised of acquisition and integration related expenses.
(e) Reported within operating expenses in our consolidated results of operations.
(f) The following table presents the unusual, direct and incremental costs due to the COVID-19 pandemic:

	2022	2021
Minimum annual guaranteed rent in excess of concession fees, net	$ (9)	$ (2)
Vehicles damaged in overflow parking lots, net of insurance proceeds	—	(7)
Other charges	—	7
Operating expenses	(9)	(3)
Selling, general and administrative expenses	—	1
COVID-19 charges, net	$ (9)	$ (2)

Americas

	2022	2021	% Change
Revenues	$ 9,474	$ 7,557	25 %
Adjusted EBITDA	$ 3,660	$ 2,364	55 %

Revenues increased 25% for the year ended December 31, 2022 compared to 2021, primarily due to a 22% increase in volume and a 3% increase in revenue per day.

Operating expenses are consistent with prior year at 43.8% of revenue for the year ended December 31, 2022 compared to 43.7% in 2021. Vehicle depreciation and lease charges decreased to 4.4% of revenue for the year ended December 31, 2022 compared to 11.3% in 2021, primarily due to increased revenues and a 61% decrease in per-unit fleet costs, excluding exchange rate effects, driven by a favorable trend in the used-vehicle market. Selling, general and administrative costs decreased to 9.5% of revenue for the year ended December 31, 2022 compared to 10.3% in 2021, primarily due to increased revenues and cost discipline as volume returned. Vehicle interest costs increased to 3.7% of revenue for the year ended December 31, 2022 compared to 3.4% in 2021, primarily due to higher interest rates.

Adjusted EBITDA was $1.3 billion higher for the year ended December 31, 2022 compared to 2021, primarily due to increased revenues, lower per-unit fleet costs and cost discipline as volume returned.

International

	2022	2021	% Change
Revenues	$ 2,520	$ 1,756	44 %
Adjusted EBITDA	$ 560	$ 118	375 %

Revenues increased 44% for the year ended December 31, 2022, compared to 2021, primarily due to a 31% increase in revenue per day, excluding exchange rate effects, a 23% increase in volume, partially offset by a $310 million negative impact from currency exchange rate movements.

Operating expenses decreased to 44.3% of revenue for the year ended December 31, 2022 compared to 53.5% in 2021, primarily due to increased revenues and cost discipline as volume returned. Vehicle depreciation and lease charges decreased to 16.4% of revenue for the year ended December 31, 2022 compared to 19.7% in 2021, primarily due to increased revenues and improved utilization, partially offset by a 10% increase in per-unit fleet costs, excluding exchange rate effects. Selling, general and administrative costs decreased to 15.0% of revenue for the year ended December 31, 2022 compared to 17.1% in 2021, primarily due to increased revenues and cost discipline as volume returned. Vehicle interest costs decreased to 2.2% of revenue for the year ended December 31, 2022 compared to 3.1% in 2021, primarily due to increased revenue.

Adjusted EBITDA was $442 million higher for the year ended December 31, 2022 compared to 2021, primarily due to increased revenues and cost discipline as volume returned, partially offset by an increase in per-unit fleet costs and a $80 million negative impact from currency exchange rate movements.

Corporate and Other

	2022		2021		% Change
Revenues	$	—	$	—	n/m
Adjusted EBITDA	$	(87)	$	(71)	23 %

n/m Not meaningful.

Adjusted EBITDA decreased $16 million for the year ended December 31, 2022, compared to 2021, due to higher selling, general and administrative expenses related to current year performance accruals and computer technology transformation costs, which are not attributable to a particular segment.

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

	As of December 31,					
	2022		2021		Change	
Total assets exclusive of assets under vehicle programs	$	8,499	$	8,581	$	(82)
Total liabilities exclusive of liabilities under vehicle programs		9,656		8,933		723
Assets under vehicle programs		17,428		14,019		3,409
Liabilities under vehicle programs		16,971		13,876		3,095
Stockholders' equity		(700)		(209)		(491)

The increase in liabilities exclusive of liabilities under vehicle programs compared to 2021 is principally related to the increase in corporate indebtedness from the issuance of Floating Rate Term Loan due March 2029. See "Liquidity and Capital Resources" and Note 13 – Long-term Corporate Debt and Borrowing Arrangements to our Consolidated Financial Statements.

The increases in assets and liabilities under vehicle programs are principally related to the increase in the size of our vehicle rental fleet to meet increased demand. The decrease in stockholders' equity compared to 2021 is principally related to our share repurchases, partially offset by comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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.

In March 2022, we entered into a $750 million Floating Rate Term Loan due March 2029, at a price of 97% of the aggregate principal amount, with interest paid monthly, which is part of our senior credit facilities. The Floating Rate Term Loan due March 2029 bears interest at one-month Secured Overnight Financing Rate ("SOFR") plus 350 basis points.

During 2022, our Avis Budget Rental Car Funding (AESOP) LLC subsidiary issued approximately $2.1 billion of asset-backed notes with expected final payment dates ranging from March 2023 to February 2028, and a weighted average interest rate of 4.94%. The proceeds from these borrowings were used to fund the repayment of maturing vehicle-backed debt and the acquisition of rental cars in the United States.

Our Board of Directors has authorized the repurchase of up to $8.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded, most recently in February 2023. Our stock repurchases may occur through open market purchases, privately negotiated transactions or trading plans pursuant to Rule 10b5-1 of the Exchange Act. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements, restricted payment capacity under our debt instruments and other factors. The repurchase program may be suspended, modified or discontinued at any time without prior notice. The repurchase program has no set expiration or termination date. For the year ended December 31, 2022, we repurchased approximately 16.7 million shares of common stock at a cost of approximately $3.3 billion under the program. As of February 13, 2023, approximately $1.7 billion of authorization remained available to repurchase common stock under the program.

Cash Flows

Year Ended December 31, 2022 vs. Year Ended December 31, 2021

The following table summarizes our cash flows:

	Year Ended December 31,		
	2022	**2021**	**Change**
Cash provided by (used in):			
Operating activities	$ 4,707	$ 3,491	$ 1,216
Investing activities	(4,299)	(6,306)	2,007
Financing activities	(360)	2,687	(3,047)
Effect of changes in exchange rates on cash and cash equivalents, program and restricted cash	(32)	(11)	(21)
Net change in cash and cash equivalents, program and restricted cash	16	(139)	155
Cash and cash equivalents, program and restricted cash, beginning of period	626	765	(139)
Cash and cash equivalents, program and restricted cash, end of period	$ 642	$ 626	$ 16

The increase in cash provided by operating activities during 2022 compared with 2021 is primarily due to the increase in our net income.

The decrease in cash used in investing activities during 2022 compared with 2021 is primarily due to the increase in proceeds received on vehicle sales.

The decrease in cash provided by financing activities during 2022 compared with 2021 is primarily due to the increase in repurchases of common stock and net payments on vehicle borrowings, offset by a decrease in net payments on corporate borrowings.

We anticipate that our non-vehicle property and equipment additions will be approximately $325 million in 2023.

Debt and Financing Arrangements

At December 31, 2022, we had approximately $18.5 billion of indebtedness (including corporate indebtedness of approximately $4.7 billion and debt under vehicle programs of approximately $13.8 billion). For information regarding our debt and borrowing arrangements, see Note 1 – Basis of Presentation, Note 13 – Long-term Corporate Debt and Borrowing Arrangements, and Note 14 – Debt Under Vehicle Programs and Borrowing Arrangements to our Consolidated Financial Statements.

LIQUIDITY RISK

Our primary liquidity needs include the procurement of rental vehicles to be used in our operations, servicing of corporate and vehicle-related debt and the payment of operating expenses. The present intention of management is to reinvest the undistributed earnings of our foreign subsidiaries indefinitely into our foreign operations. Our primary sources of funding are operating revenue, cash received upon the sale of vehicles, borrowings under our vehicle-backed borrowing arrangements and our senior revolving credit facility, and other financing activities.

Our liquidity has in the past been, and could in the future be, negatively affected by any financial market disruptions or the absence of a recovery or worsening of the U.S. and worldwide economies, which may result in unfavorable conditions in the mobility industry, in the asset-backed financing market and in the credit markets generally. We believe these factors have affected and could further affect the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, a worsening or prolonged downturn in the worldwide economy or a disruption in the credit markets could further 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, (iii) the adverse impact of vehicle manufacturers being unable or unwilling to honor their obligations to repurchase or guarantee the depreciation on the related program vehicles and (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market (see Part I, Item 1A, “Risk Factors” for further discussion).

As of December 31, 2022, we had access to $0.6 billion of available cash and cash equivalents and available borrowings under our revolving credit facility of approximately $1.0 billion, providing us with access to an approximate $1.6 billion of total liquidity.

Our liquidity position could also be negatively impacted if we are unable to remain in compliance with the consolidated first lien leverage ratio requirement and other covenants associated with our senior credit facilities and other borrowings. As of December 31, 2022, we were in compliance with the financial covenants governing our indebtedness. For additional information regarding our liquidity risks, see Part I, Item 1A, “Risk Factors”.

CONTRACTUAL OBLIGATIONS

For contractual obligations for material cash requirements from known contractual and other obligations as part of a liquidity and capital resources discussion, see Note 3 – Leases, Note 13 – Long-term Corporate Debt and Borrowing Arrangements, Note 14 – Debt Under Vehicle Programs and Borrowing Arrangements, and Note 15 – Commitments and Contingencies to our Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

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 principals (GAAP), we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they relate to future events and/or events that are outside of our control. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

Goodwill and Other Indefinite-lived Intangible Assets. We have reviewed the carrying value of our goodwill and other indefinite-lived intangible assets for impairment. In performing this review, we are required to make an assessment of fair value for our goodwill and other indefinite-lived intangible assets. When determining fair value, we utilize various assumptions, including the fair market trading price of our common stock and management’s projections of future cash flows, which include forecast of future revenue and Adjusted EBITDA. When appropriate, comparative market multiples and other factors are used to corroborate the discounted cash flow results. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause the fair value to be less than the respective carrying amount. In such event, we would then be required to record a charge, which would impact earnings. We review the carrying value of goodwill and other indefinite-lived intangible assets for impairment annually or more frequently if circumstances indicate that an impairment may have occurred.

Our goodwill and other indefinite-lived intangible assets are allocated among our reporting units. During 2022, 2021 and 2020, there was no impairment of goodwill and other intangible assets. See Note 7 – Intangible Assets to our Consolidated Financial Statements.

Vehicles. We present vehicles at cost, net of accumulated depreciation, on the Consolidated Balance Sheets. We record the initial cost of the vehicle, net of incentives and allowances from manufacturers. We acquire our rental vehicles either through repurchase and guaranteed depreciation programs with certain automobile manufacturers or outside of such programs. For rental vehicles purchased under such programs, we depreciate the vehicles such that the net book value on the date of sale or return to the manufacturers is intended to equal the contractual guaranteed residual values. For risk vehicles acquired outside of manufacturer repurchase and guaranteed depreciation programs, we depreciate based on the vehicles' estimated residual market values at their expected dates of disposition. The estimation of residual values requires us to make assumptions regarding the age and mileage of the vehicle at the time of disposal, as well as expected used vehicle market conditions. We regularly evaluate estimated residual values and adjusts depreciation rates as appropriate. Differences between actual residual values and those estimated result in a gain or loss on disposal and are recorded as part of vehicle depreciation and lease charges, net, at the time of sale. See Note 2 – Summary of Significant Accounting Policies to our Consolidated Financial Statements. For a discussion of risk factors and assumptions relative to our vehicle valuations, refer to Item 1A, "Risk Factors", included under Part 1 of this Annual Report on Form 10-K.

Income Taxes. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been reflected in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. In the event we were to determine that we would be able to realize deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Currently we do not record valuation allowances on the majority of our tax loss carryforwards as there are adequate deferred tax liabilities that could be realized within the carryforward period.

See Note 2 – Summary of Significant Accounting Policies and Note 9 – Income Taxes to our Consolidated Financial Statements for more information regarding income taxes.

Public Liability, Property Damage and Other Insurance Liabilities. Insurance liabilities on our Consolidated Balance Sheets include supplemental liability insurance, personal effects protection insurance, public liability, property damage and personal accident insurance claims for which we are self-insured. We estimate the required liability of such claims on an undiscounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, our historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents for which we are ultimately liable and changes in the cost per incident. See Note 2 – Summary of Significant Accounting Policies to our Consolidated Financial Statements.

Adoption of New Accounting Pronouncements

For a description of our adoption of new accounting pronouncements and the impact thereof on our business, see Note 2 – Summary of Significant Accounting Policies to our Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

For a description of recently issued accounting pronouncements and the impact thereof on our business, see Note 2 – Summary of Significant Accounting Policies to our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including changes in currency exchange rates, interest rates and gasoline prices. We manage our exposure to market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments, particularly currency forward contracts to manage and reduce currency exchange rate risk; swap contracts, futures and options contracts, to manage and reduce the interest rate risk related to our debt; and derivative commodity instruments to manage and reduce the risk of changing unleaded gasoline prices.

We are exclusively an end user of these instruments. We do not engage in trading, market-making or other speculative activities in the derivatives markets. We manage our exposure to counterparty credit risk related to our use of derivatives through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. Our counterparties are substantial investment and commercial banks with significant experience providing such derivative instruments.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses discussed below. These “shock tests” are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled. For additional information regarding our borrowings and financial instruments, see Note 13 – Long-term Corporate Debt and Borrowing Arrangements, Note 14 – Debt Under Vehicle Programs and Borrowing Arrangements and Note 20 – Financial Instruments to our Consolidated Financial Statements.

Currency Risk Management

We have exposure to currency exchange rate fluctuations worldwide and particularly with respect to the Australian, Canadian and New Zealand dollars, the euro and British pound sterling. We use currency forward contracts and currency swap contracts to manage exchange rate risk that arises from certain intercompany transactions and from non-functional currency denominated assets and liabilities and earnings denominated in non-U.S. dollar currencies. Our currency forward contracts are often not designated as hedges and therefore changes in the fair value of these derivatives are recognized in earnings as they occur. We anticipate that such currency exchange rate risk will remain a market risk exposure for the foreseeable future.

We assess our market risk based on changes in currency exchange rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on earnings, cash flows and fair values based on a hypothetical 10% appreciation or depreciation in the value of the underlying currencies being hedged, against the U.S. dollar at December 31, 2022. With all other variables held constant, a hypothetical 10% change (increase or decrease) in currency exchange rates would not have a material impact on our 2022 earnings. Because unrealized gains or losses related to foreign currency forward and swap contracts are expected to be offset by corresponding gains or losses on the underlying exposures being hedged, when combined, these foreign currency contracts and the offsetting underlying commitments do not create a material impact on our Consolidated Financial Statements.

Interest Rate Risk Management

Our primary interest rate exposure at December 31, 2022 was interest rate fluctuation in the U.S. due to its impact on variable rate borrowings and other interest rate sensitive liabilities. We use interest rate swaps and caps to manage our exposure to interest rate movements. We anticipate interest rate fluctuation will remain a primary market risk exposure for the foreseeable future.

We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. Based on our interest rate exposures and derivatives as of December 31, 2022, we estimate that a 10% change in interest rates would not have a material impact on our 2022 earnings. Because gains or losses related to interest rate derivatives are expected to be offset by corresponding gains or losses on the underlying exposures being hedged, when combined, these interest rate contracts and the offsetting underlying commitments do not create a material impact on our Consolidated Financial Statements.

Commodity Risk Management

We have commodity price exposure related to fluctuations in the price of gasoline. We anticipate that such commodity risk will remain a market risk exposure for the foreseeable future. We determined that a hypothetical 10% change in the price of gasoline would not have a material impact on our earnings as of December 31, 2022.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Consolidated Financial Statements and Consolidated Financial Statement Index commencing on Page F-1 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of 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”)). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

(b) *Management’s Annual Report on Internal Control Over Financial Reporting*. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. Based on this assessment, our management believes that, as of December 31, 2022, our internal control over financial reporting was effective. The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm. Their attestation report is included below.

(c) *Changes in Internal Control Over Financial Reporting*. During the fourth quarter of 2022, there was no change 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) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Avis Budget Group, Inc.
Parsippany, New Jersey

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Avis Budget Group, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 of the Company and our report dated February 16, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 16, 2023

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2022.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2022.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2022.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

ITEM 15(A)(1). FINANCIAL STATEMENTS

See Consolidated Financial Statements and Consolidated Financial Statements Index commencing on page F-1 hereof.

ITEM 15(A)(2). FINANCIAL STATEMENT SCHEDULES

See Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2022, 2021 and 2020 commencing on page G-1 hereof.

ITEM 15(A)(3). EXHIBITS

See Exhibit Index commencing on page H-1 hereof.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ CATHLEEN DEGENOVA

Cathleen DeGenova

Vice President and Chief Accounting Officer

Date: February 16, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOSEPH A. FERRARO (Joseph A. Ferraro)	President and Chief Executive Officer	February 16, 2023
/s/ BRIAN CHOI (Brian Choi)	Executive Vice President and Chief Financial Officer	February 16, 2023
/s/ CATHLEEN DEGENOVA (Cathleen DeGenova)	Vice President and Chief Accounting Officer	February 16, 2023
/s/ BERNARDO HEES (Bernardo Hees)	Executive Chairman of the Board of Directors	February 16, 2023
/s/ JAGDEEP PAHWA (Jagdeep Pahwa)	Vice Chairman of the Board of Directors	February 16, 2023
/s/ ANU HARIHARAN (Anu Hariharan)	Director	February 16, 2023
/s/ LYNN KROMINGA (Lynn Krominga)	Director	February 16, 2023
/s/ GLENN LURIE (Glenn Lurie)	Director	February 16, 2023
/s/ KARTHIK SARMA (Karthik Sarma)	Director	February 16, 2023

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Avis Budget Group, Inc.
Parsippany, New Jersey

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Avis Budget Group, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Vehicles - Depreciation Expense - United States Risk Vehicles - Refer to Notes 2 and 8 to the financial statements

Critical Audit Matter Description

The Company records rental vehicles at cost, net of accumulated depreciation. The initial cost of the vehicles is recorded net of incentives and allowances from manufacturers. Rental vehicles acquired by the Company outside of manufacturer repurchase and guaranteed depreciation programs are referred to as risk vehicles and the carrying values of these risk vehicles are depreciated based upon the vehicles' estimated residual values at their expected dates of disposition. The estimation of residual values for risk vehicles requires the Company to make assumptions regarding factors which include, but are not limited to, the anticipated age of the vehicles and market conditions for used vehicles at the time of disposal. The Company regularly evaluates estimated residual values and adjusts vehicle depreciation rates as appropriate. Any adjustments to depreciation are made prospectively.

Given the volume of risk vehicles in the United States and the significant estimation uncertainty and judgments made by management to calculate the estimated residual values of these risk vehicles, auditing the estimated residual values of United States risk vehicles and related vehicle depreciation expense required extensive audit effort to develop an independent expectation of residual values and depreciation expense, and a high degree of auditor judgment was required when performing audit procedures and evaluating the results of those procedures. The significant estimation uncertainty was primarily due to management's assumptions regarding the impact of future consumer demand and general economic conditions on expected pricing of used vehicles. Additionally, auditing the calculation of the estimated residual values for United States risk vehicles was challenging due to the volume of data inputs utilized in management's calculation, including historical sales data and data specific to the Company's current fleet.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures to assess the reasonableness of the estimated residual values and vehicle depreciation expense related to United States risk vehicles included the following, among others:

- We evaluated the appropriateness and consistency of the Company's methods, significant assumptions and judgments to calculate the estimated residual values of risk vehicles and the expected dates of disposition.

- We tested the effectiveness of controls over vehicle depreciation expense related to risk vehicles and management's review of the significant assumptions and judgments to calculate the estimated residual values of risk vehicles, including those over the Company's monitoring of residual values and used vehicle market conditions.

- We assessed the reasonableness of the estimated residual values of risk vehicles by performing the following procedures on a selection of risk vehicles:

  - We tested the underlying historical data that served as the basis for the Company's calculation of the estimated residual values to evaluate the reasonableness of the inputs.

  - We tested the mathematical accuracy of the Company's calculation of the estimated residual values and vehicle depreciation expense rates.

  - We tested significant assumptions and judgments used in the Company's calculation by developing an independent expectation of residual values and compared them to the estimated residual values calculated by the Company. Our independent expectation was calculated using our professional judgment by reference to third-party data, information produced by the Company, subsequent vehicle sales, and inquiries of management.

  - We searched for contradictory evidence associated with the significant assumptions and judgments made by management based on our knowledge of the industry and review of third-party industry data.

- We developed an independent expectation of depreciation expense based on, but not limited to, the vehicles' age and results of our residual value testing and compared it to the amount recorded by the Company as depreciation expense.

Self-Insurance Reserves - Public Liability and Property Damage Claims - United States - Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company is self-insured for public liability and property damage claims. These self-insurance reserves represent an estimate for both reported claims not yet paid and claims incurred but not yet reported. The estimated reserve requirements for such claims are calculated on an undiscounted basis using actuarial methods and various assumptions which include, but are not limited to, historical loss experience and projected loss development factors. The required liability is subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents for which the Company is ultimately liable and changes in the cost per incident.

Given the volume of public liability and property damage claims in the United States and the subjectivity of estimating the related self-insurance reserves for reported claims not yet paid and claims incurred but not yet reported due to uncertain exposure and projected loss development, performing audit procedures to evaluate whether these self-insurance reserves were appropriately recorded as of December 31, 2022 required a significant degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to United States public liability and property damage self-insurance reserves included the following, among others:

- We tested the effectiveness of controls over management's review of significant assumptions, key inputs and methods used to calculate the estimate of the reported claims not yet paid and claims incurred but not yet reported.

- We tested the underlying data that served as the basis for the Company's actuarial analysis, including historical claims, to test the reasonableness of the inputs to the actuarial estimate.

- With the assistance of our actuarial specialists, we developed an independent estimate of the self-insurance reserves, including assessment of loss data and claim development factors, and compared our estimate to management's estimate. In addition, we performed the following:

  – Evaluated the reasonableness of the methodologies used in management's estimate based on actuarial methods followed in the insurance industry associated with such liabilities.

  – Evaluated the reasonableness of the assumptions used in management's estimate by comparing prior-year assumptions of expected development and ultimate loss to actuals incurred during the current year to identify potential bias in the determination of these liabilities.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 16, 2023

We have served as the Company's auditor since 1997.

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Revenues	$ 11,994	$ 9,313	$ 5,402
Expenses			
Operating	5,285	4,255	3,322
Vehicle depreciation and lease charges, net	828	1,197	1,368
Selling, general and administrative	1,348	1,145	703
Vehicle interest, net	402	313	318
Non-vehicle related depreciation and amortization	225	272	286
Interest expense related to corporate debt, net:			
Interest expense	250	218	231
Early extinguishment of debt	—	136	9
Restructuring and other related charges	19	64	118
Transaction-related costs, net	8	5	3
Other (income) expense, net	(7)	—	—
Total expenses	8,358	7,605	6,358
Income (loss) before income taxes	3,636	1,708	(956)
Provision for (benefit from) income taxes	880	425	(272)
Net income (loss)	2,756	1,283	(684)
Less: net loss attributable to non-controlling interests	(8)	(2)	—
Net income (loss) attributable to Avis Budget Group, Inc.	$ 2,764	$ 1,285	$ (684)
Earnings (loss) per share			
Basic	$ 58.41	$ 19.79	$ (9.71)
Diluted	$ 57.16	$ 19.44	$ (9.71)

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2022	**2021**	**2020**
Net income (loss)	$ 2,756	$ 1,283	$ (684)
Less: net loss attributable to non-controlling interests	(8)	(2)	—
Net income (loss) attributable to Avis Budget Group, Inc.	2,764	1,285	(684)
Other comprehensive income (loss), net of tax			
Currency translation adjustments:			
Currency translation adjustments, net of tax of $(11), $(20) and $23, respectively	(46)	$ (35)	$ 33
Reclassification of currency translation adjustments to earnings	—	11	(2)
Cash flow hedges:			
Net unrealized holding gains (losses), net of tax of $(20), $(6), and $14, respectively	57	18	(39)
Reclassification of cash flow hedges to earnings, net of tax of $(2), $(5), and $(3), respectively	7	14	8
Minimum pension liability adjustment:			
Pension and post-retirement benefits, net of tax of $(4), $(13), and $12, respectively	11	39	(36)
Reclassification of pension and post-retirement benefits to earnings, net of tax of $(2), $(2), and $(3), respectively	3	7	6
	32	54	(30)
Total comprehensive income (loss) attributable to Avis Budget Group, Inc.	$ 2,796	$ 1,339	$ (714)

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	As of December 31,	
	2022	**2021**
Assets		
Current assets:		
Cash and cash equivalents	$ 570	$ 534
Receivables (net of allowance for doubtful accounts of $86 and $84, respectively)	810	775
Other current assets	506	538
Total current assets	1,886	1,847
Property and equipment, net	594	537
Operating lease right-of-use assets	2,405	2,368
Deferred income taxes	1,379	1,615
Goodwill	1,070	1,108
Other intangibles, net	666	724
Other non-current assets	499	382
Total assets exclusive of assets under vehicle programs	8,499	8,581
Assets under vehicle programs:		
Program cash	70	89
Vehicles, net	15,961	12,866
Receivables from vehicle manufacturers and other	421	222
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	976	842
	17,428	14,019
Total assets	$ 25,927	$ 22,600
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 2,547	$ 2,389
Short-term debt and current portion of long-term debt	27	19
Total current liabilities	2,574	2,408
Long-term debt	4,644	3,990
Long-term operating lease liabilities	1,884	1,910
Other non-current liabilities	554	625
Total liabilities exclusive of liabilities under vehicle programs	9,656	8,933
Liabilities under vehicle programs:		
Debt	2,534	2,542
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	11,275	8,848
Deferred income taxes	2,754	2,242
Other	408	244
	16,971	13,876
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, $.01 par value—authorized 10 shares; none issued and outstanding	—	—
Common stock, $.01 par value—authorized 250 shares; issued 137 shares, respectively	1	1
Additional paid-in capital	6,666	6,676
Retained earnings (accumulated deficit)	2,579	(185)
Accumulated other comprehensive loss	(101)	(133)
Treasury stock, at cost 98 and 81 shares, respectively	(9,848)	(6,579)
Stockholders' equity attributable to Avis Budget Group, Inc.	(703)	(220)
Non-controlling interests	3	11
Total stockholders' equity	(700)	(209)
Total liabilities and stockholders' equity	$ 25,927	$ 22,600

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Operating activities			
Net income (loss)	$ 2,756	$ 1,283	$ (684)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Vehicle depreciation	1,709	1,402	1,330
Amortization of right-of-use assets	877	806	945
(Gain) loss on sale of vehicles, net	(1,019)	(361)	(157)
Non-vehicle related depreciation and amortization	225	272	286
Deferred income taxes	682	378	(317)
Stock-based compensation	25	30	9
Amortization of debt financing fees	34	33	33
Early extinguishment of debt costs	—	136	9
Net change in assets and liabilities:			
Receivables	(97)	(143)	115
Income taxes	6	(28)	1
Accounts payable and other current liabilities	217	414	(181)
Operating lease liabilities	(879)	(801)	(936)
Other, net	171	70	238
Net cash provided by operating activities	4,707	3,491	691
Investing activities			
Property and equipment additions	(246)	(108)	(94)
Proceeds received on asset sales	2	3	6
Net assets acquired (net of cash acquired)	(3)	(46)	(69)
Other, net	(33)	(3)	—
Net cash used in investing activities exclusive of vehicle programs	(280)	(154)	(157)
Vehicle programs:			
Investment in vehicles	(10,491)	(10,054)	(5,401)
Proceeds received on disposition of vehicles	6,606	4,077	8,753
Investment in debt securities of Avis Budget Rental Car Funding (AESOP)—related party	(439)	(367)	(286)
Proceeds from debt securities of Avis Budget Rental Car Funding (AESOP)—related party	305	192	268
	(4,019)	(6,152)	3,334
Net cash provided by (used in) investing activities	(4,299)	(6,306)	3,177

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

	Year Ended December 31,		
	2022	2021	2020
Financing activities			
Proceeds from long-term borrowings	$ 729	$ 1,100	$ 991
Payments on long-term borrowings	(24)	(1,354)	(308)
Net change in short-term borrowings	(1)	1	—
Debt financing fees	(7)	(24)	(26)
Proceeds from issuance of common stock	—	—	15
Repurchases of common stock	(3,329)	(1,460)	(119)
Contributions from non-controlling interests	40	38	—
Net cash provided by (used in) financing activities exclusive of vehicle programs	(2,592)	(1,699)	553
Vehicle programs:			
Proceeds from borrowings	17,419	14,467	13,558
Payments on borrowings	(15,160)	(10,056)	(18,138)
Debt financing fees	(27)	(25)	(18)
	2,232	4,386	(4,598)
Net cash provided by (used in) financing activities	(360)	2,687	(4,045)
Effect of changes in exchange rates on cash and cash equivalents, program and restricted cash	(32)	(11)	42
Net increase (decrease) in cash and cash equivalents, program and restricted cash	16	(139)	(135)
Cash and cash equivalents, program and restricted cash, beginning of period	626	765	900
Cash and cash equivalents, program and restricted cash, end of period	$ 642	$ 626	$ 765
Supplemental disclosure			
Interest payments	$ 543	$ 509	$ 503
Income tax payments, net	$ 192	$ 75	$ 44

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Stockholders' Equity Attributable to Avis Budget Group, Inc.	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balance at January 1, 2020	137.1	$ 1	$ 6,741	$ (785)	$ (157)	(63.2)	$ (5,144)	$ 656	$ —	$ 656
Cumulative effect of accounting change		—	—	(1)	—		—	(1)	—	(1)
Comprehensive loss:										
Net loss	—	—	—	(684)	—	—	—	—	—	(684)
Other comprehensive loss	—	—	—	—	(30)	—	—	—	—	(30)
Total comprehensive loss				(684)	(30)			(714)	—	(714)
Non-controlling interests	—	—	(2)	—	—	—	—	(2)	—	(2)
Net activity related to restricted stock units	—	—	(50)	—	—	0.5	54	4	—	4
Activity related to employee stock purchase plan	—	—	(1)	—	—	—	1	—	—	—
Issuance of common stock	—	—	(20)	—	—	0.4	35	15	—	15
Repurchases of common stock	—	—	—	—	—	(5.0)	(113)	(113)	—	(113)
Balance at December 31, 2020	137.1	$ 1	$ 6,668	$ (1,470)	$ (187)	(67.3)	$ (5,167)	$ (155)	$ —	$ (155)
Comprehensive income:										
Net income	—	—	—	1,285	—	—	—	—	(2)	1,283
Other comprehensive income	—	—	—	—	54	—	—	—	—	54
Total comprehensive income				1,285	54			1,339	(2)	1,337
Contributions from non-controlling interests	—	—	25	—	—	—	—	25	13	38
Net activity related to restricted stock units	—	—	(17)	—	—	0.4	31	14	—	14
Repurchases of common stock	—	—	—	—	—	(14.3)	(1,443)	(1,443)	—	(1,443)
Balance at December 31, 2021	137.1	$ 1	$ 6,676	$ (185)	$ (133)	(81.2)	$ (6,579)	$ (220)	$ 11	$ (209)
Comprehensive income:										
Net income	—	—	—	2,764	—	—	—	2,764	(8)	2,756
Other comprehensive income	—	—	—	—	32	—	—	32	—	32
Total comprehensive income				2,764	32			2,796	(8)	2,788
Contributions from non-controlling interests	—	—	24	—	—	—	—	24	—	24
Net activity related to restricted stock units	—	—	(34)	—	—	0.3	(2)	(36)	—	(36)
Repurchases of common stock	—	—	—	—	—	(16.7)	(3,267)	(3,267)	—	(3,267)
Balance at December 31, 2022	137.1	$ 1	$ 6,666	$ 2,579	$ (101)	(97.6)	$ (9,848)	$ (703)	$ 3	$ (700)

See Notes to Consolidated Financial Statements.

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

1. Basis of Presentation

Avis Budget Group, Inc. provides mobility solutions to businesses and consumers worldwide. The accompanying Consolidated Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries, as well as entities in which Avis Budget Group, Inc. directly or indirectly has a controlling financial interest (collectively, “we”, “our”, “us”, or the “Company”).

We operate the following reportable business segments:

- **Americas -** consisting primarily of (i) vehicle rental operations in North America, South America, Central America and the Caribbean, (ii) car sharing operations in certain of these markets, and (iii) licensees in the areas in which we do not operate directly.

- **International -** consisting primarily of (i) vehicle rental operations in Europe, the Middle East, Africa, Asia and Australasia, (ii) car sharing operations in certain of these markets, and (iii) licensees in the areas in which we do not operate directly.

We have completed the business acquisitions discussed in Note 6 – Acquisitions to these Consolidated Financial Statements. The operating results of the acquired businesses are included in the accompanying Consolidated Financial Statements from the dates of acquisition.

We present separately the financial data of our vehicle programs. These programs are distinct from our other activities since 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 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.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of our and all entities in which we have a direct or indirect controlling financial interest and variable interest entities for which we have determined we are the primary beneficiary. We consolidate joint venture activities when we have a controlling interest and record non-controlling interests within stockholders’ equity and the statement of comprehensive income equal to the percentage of ownership interest retained in such entities by the respective non-controlling party. Intercompany transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The use of estimates and assumptions as determined by management is required in the preparation of the Consolidated Financial Statements in conformity with GAAP. These estimates are based on management’s evaluation of historical trends and other information available when the Consolidated Financial Statements are prepared and may affect the amounts reported and related disclosures. Actual results could differ from those estimates.

Revenue Recognition

We derive revenues primarily by providing vehicle rentals and other related products and mobility services to commercial and leisure customers, as well as through licensing of our rental brands. Other related products and mobility services include sales of collision and loss damage waivers under which a customer is relieved from financial responsibility arising from vehicle damage incurred during the rental; products and services for driving convenience such as fuel service options, roadside safety net, electronic toll collection, tablet rentals, access to satellite radio, portable navigation units and child safety seat rentals; and rentals of other supplemental items including automobile towing equipment and other moving accessories and supplies. We also receive payment from customers for certain operating expenses that we incur, including airport concession fees that are paid by us in exchange for the right to operate at airports and other locations, as well as vehicle licensing fees. In addition, we collect membership fees in connection with our car sharing business.

We combine all lease and non-lease components of our vehicle rental contracts for which the timing and pattern of transfer are the same and the lease component meets the classification of an operating lease. Vehicle rentals and other related products and mobility services are recognized evenly over the period of rental, which is on average approximately five days. (See Note 3 – Leases).

Licensing revenues principally consist of royalties paid by our licensees and are recorded as the licensees' revenues are earned (over the rental period). We renew license agreements in the normal course of business and occasionally terminate, purchase or sell license agreements. In connection with ongoing fees that we receive from our licensees pursuant to license agreements, we are required to provide certain services, such as training, marketing and the operation of reservation systems.

We exclude from the measurement of our transaction price any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction and collected from a customer. As a result, revenue is recorded net of such taxes collected. Revenues and expenses associated with gasoline, airport concessions and vehicle licensing are recorded on a gross basis within revenues and operating expenses. Membership fees related to our car sharing business are generally nonrefundable, are deferred and recognized ratably over the period of membership.

Revenues are recognized under Leases (Topic 842) with the exception of royalty fee revenue derived from our licensees and revenue related to our customer loyalty program, which were approximately $165 million, $127 million and $159 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The following table presents our revenues disaggregated by geography:

	Year Ended December 31,		
	2022	2021	2020
Americas	$ 9,474	$ 7,557	$ 3,965
Europe, Middle East and Africa	1,927	1,400	1,127
Asia and Australasia	593	356	310
Total revenues	$ 11,994	$ 9,313	$ 5,402

The following table presents our revenues disaggregated by brand:

	Year Ended December 31,		
	2022	2021	2020
Avis	$ 6,519	$ 4,894	$ 2,961
Budget	4,701	3,715	1,908
Other	774	704	533
Total revenues	$ 11,994	$ 9,313	$ 5,402

Other includes Zipcar and other operating brands.

Deferred Revenue

We record deferred revenues when cash payments are received in advance of satisfying our performance obligations, including amounts that are refundable. In addition, certain customers earn loyalty points on rentals, for which we defer a portion of our rental revenues generally equivalent to the estimated retail value of points expected to be redeemed. We estimate points that will never be redeemed based upon actual redemption and expiration patterns. Currently loyalty points expire after 12 months of member inactivity. Future changes to expiration assumptions or expiration policy, or to program rules, may result in changes to deferred revenue as well as recognized revenues from the program.

The following table presents changes in deferred revenue associated with our customer loyalty program:

	Year Ended December 31,	
	2022	2021
Balance, January 1	$ 50	$ 34
Revenue deferred	52	49
Revenue recognized	(41)	(33)
Balance, December 31	$ 61	$ 50

At December 31, 2022 and 2021, $15 million and $33 million was included in accounts payable and other current liabilities, respectively, and $46 million and $17 million in other non-current liabilities, respectively. Non-current amounts are expected to be recognized as revenue within two to three years.

Currency Translation

Assets and liabilities of foreign operations are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the prevailing monthly average rate of exchange. The related translation adjustments are reflected in accumulated other comprehensive income (loss) in the stockholders' equity section of the Consolidated Balance Sheets and in the Consolidated Statements of Comprehensive Income (See Note 16 – Stockholders' Equity). We have designated our euro-denominated Notes as a hedge of our investment in euro-denominated foreign operations and, accordingly, record the effective portion of gains or losses on this net investment hedge in accumulated other comprehensive income (loss) as part of currency translation adjustments.

Cash and Cash Equivalents, Program Cash and Restricted Cash

We consider highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Program cash primarily represents amounts specifically designated to purchase assets under vehicle programs and/or to repay the related debt, as such we consider it a restricted cash equivalent. The following table provides a detail of cash and cash equivalents, program and restricted cash reported within the Consolidated Balance Sheets to the amounts shown in the Consolidated Statements of Cash Flows:

	As of December 31,	
	2022	2021
Cash and cash equivalents	$ 570	$ 534
Program cash	70	89
Restricted cash [(a)]	2	3
Total cash and cash equivalents, program and restricted cash	$ 642	$ 626

(a) Included within other current assets.

Property and Equipment

Property and equipment (including leasehold improvements) are stated at cost, net of accumulated depreciation and amortization. Depreciation (non-vehicle related) is computed utilizing the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the improvements. Useful lives are as follows:

Buildings	30 years
Furniture, fixtures & equipment	3 to 10 years
Capitalized software	3 to 7 years
Buses and support vehicles	4 to 15 years

We capitalize the costs of software developed for internal use when the preliminary project stage is completed and management (i) commits to funding the project and (ii) believes it is probable that the project will be completed and the software will be used to perform the function intended. The software developed or obtained for internal use is amortized on a straight-line basis commencing when such software is ready for its intended use. The net carrying value of software developed or obtained for internal use was $174 million and $188 million as of December 31, 2022 and 2021, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess, if any, of the fair value of the consideration transferred by the acquirer and the fair value of any non-controlling interest remaining in the acquiree, if any, over the fair values of the identifiable net assets acquired. We do not amortize goodwill, but assess it for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amounts of their respective reporting units exceed their fair values. We perform our annual impairment assessment in the fourth quarter of each year at the reporting unit level. We assess goodwill for such impairment by comparing the carrying value of each reporting unit to its fair value using the present value of expected future cash flows. When appropriate, comparative market multiples and other factors are used to corroborate the discounted cash flow results.

Other intangible assets, primarily trademarks, with indefinite lives are not amortized but are evaluated annually for impairment and whenever events or changes in circumstances indicate that the carrying amount of this asset may exceed its fair value. If the carrying value of an other intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Other intangible assets with finite lives are amortized over their estimated useful lives and are evaluated each reporting period to determine if circumstances warrant a revision to these lives.

Impairment of Long-Lived Assets

We are required to assess long-lived assets for impairment whenever circumstances indicate impairment may have occurred. This analysis is performed by comparing the respective carrying values of the assets to the undiscounted expected future cash flows to be generated from such assets. Property and equipment is evaluated separately at the lowest level of identifiable cash flows. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value.

Vehicles

Vehicles are stated at cost, net of accumulated depreciation. The initial cost of the vehicles is recorded net of incentives and allowances from manufacturers. We acquire a portion of our rental vehicles pursuant to repurchase and guaranteed depreciation programs established by automobile manufacturers. Under these programs, the manufacturers agree to repurchase vehicles at a specified price and date, or guarantee the depreciation rate for a specified period of time, subject to certain eligibility criteria (such as car condition and mileage requirements). We depreciate vehicles such that the net book value on the date of return to the manufacturers is intended to equal the contractual guaranteed residual values, thereby minimizing any gain or loss.

Rental vehicles acquired outside of manufacturer repurchase and guaranteed depreciation programs are depreciated based upon their estimated residual values at their expected dates of disposition, after giving effect to anticipated conditions in the used car market. Any adjustments to depreciation are made prospectively.

The estimation of residual values requires us to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. We regularly evaluate estimated residual values and adjust depreciation rates as appropriate. Differences between actual residual values and those estimated result in a gain or loss on disposal and are recorded as part of vehicle depreciation at the time of sale. Vehicle-related interest expense amounts are net of vehicle-related interest income of $1 million, $1 million and $12 million for 2022, 2021 and 2020, respectively.

Advertising Expenses

Advertising and digital marketing costs are generally expensed in the period incurred and are recorded within selling, general and administrative expenses in our Consolidated Statements of Operations. During 2022, 2021 and 2020, advertising costs were approximately $64 million, $81 million and $54 million, respectively. In addition, during 2022, 2021 and 2020, digital marketing costs were approximately $71 million, $44 million and $37 million, respectively.

Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. As a result of the provisions of the Tax Cuts and Jobs Act, we account for Global Intangible Low-Taxed Income ("GILTI") as a component of current period income tax expense in the year incurred.

We record net deferred tax assets to the extent we believe that it is more likely than not that these assets will be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. In the event we were to determine that we would be able to realize the deferred income tax assets in the future in excess of their net recorded amount, we would adjust the valuation allowance, which would reduce the provision for income taxes.

Fair Value Measurements

We measure the fair value of assets and liabilities and discloses the source for such fair value measurements. Financial assets and liabilities are classified as follows: Level 1, which refers to assets and liabilities valued using quoted prices from active markets for identical assets or liabilities; Level 2, which refers to assets and liabilities for which significant other observable market inputs are readily available; and Level 3, which are valued based on significant unobservable inputs.

The fair value of our financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market (Level 1 inputs). 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 credit spread that market participants would demand for the instruments as of the measurement date (Level 2 inputs). In situations where long-term borrowings are part of a conduit facility backed by short-term floating rate debt, we have determined that its carrying value approximates the fair value of this debt (Level 2 inputs). The carrying amounts of cash and cash equivalents, available-for-sale securities, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

Our derivative assets and liabilities consist principally of currency exchange contracts, interest rate swaps, interest rate caps and commodity contracts, and are carried at fair value based on significant observable inputs (Level 2 inputs). Derivatives entered into by us 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. We principally use discounted cash flows to value these instruments. These models take into account a variety of factors including, where applicable, maturity, currency exchange rates, our interest rate yield curves and counterparties, credit curves, counterparty creditworthiness and commodity prices. These factors are applied on a consistent basis and are based upon observable inputs where available.

Derivative Instruments

Derivative instruments are used as part of our overall strategy to manage exposure to market risks associated with fluctuations in currency exchange rates, interest rates and gasoline costs. As a matter of policy, derivatives are not used for trading or speculative purposes.

All derivatives are recorded at fair value either as assets or liabilities. Changes in fair value of derivatives not designated as hedging instruments are recognized currently in earnings within the same line item as the hedged item. The changes in fair value of a derivative that is designated as either a cash flow or net investment hedge is recorded as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. Amounts related to our derivative instruments are recognized in the Consolidated Statements of Cash Flows consistent with the nature of the hedged item (principally operating activities).

Currency Transactions

Currency gains and losses resulting from foreign currency transactions are generally included in operating expenses within the Consolidated Statements of Operations; however, the net gain or loss of currency transactions on intercompany loans and the unrealized gain or loss on intercompany loan hedges are included within interest expense related to corporate debt, net.

Self-Insurance Reserves

The Consolidated Balance Sheets include $391 million and $383 million of liabilities associated with retained risks of liability to third parties as of December 31, 2022 and 2021, respectively. Such liabilities relate primarily to public liability and third-party property damage claims, as well as claims arising from the sale of ancillary insurance products including, but not limited to, supplemental liability, personal effects protection and personal accident insurance. These obligations represent an estimate for both reported claims not yet paid and claims incurred but not yet reported. The estimated reserve requirements for such claims are recorded on an undiscounted basis utilizing actuarial methodologies and various assumptions which include, but are not limited to, our historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents for which we are ultimately liable and changes in the cost per incident. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

The Consolidated Balance Sheets also include liabilities of approximately $53 million and $48 million as of December 31, 2022 and 2021, respectively, related to workers' compensation, health and welfare and other employee benefit programs. The liabilities represent an estimate for both reported claims not yet paid and claims incurred but not yet reported, utilizing actuarial methodologies similar to those described above. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense on a straight-line basis over the vesting period. Our policy is to record compensation expense for stock options, and restricted stock units that are time- and performance-based, for the portion of the award that vests. Compensation expense related to market-based restricted stock units is recognized provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied. We estimate the fair value of restricted stock units using the market price of our common stock on the date of grant. We estimate the fair value of stock-based and cash unit awards containing a market condition using a Monte Carlo simulation model. Key inputs and assumptions used in the Monte Carlo simulation model include the stock price of the award on the grant date, the expected term, the risk-free interest rate over the expected term, the expected annual dividend yield and the expected stock price volatility. The expected volatility is based on a combination of the historical and implied volatility of our publicly traded, near-the-money stock options, and the valuation period is based on the vesting period of the awards. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant and, since we do not currently pay or plan to pay a dividend on our common stock, the expected dividend yield was zero.

Business Combinations

We use the acquisition method of accounting for business combinations, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values at the date of acquisition. Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized if fair value can be reasonably estimated at the acquisition date. The excess, if any, of (i) the fair value of the consideration transferred by the acquirer and the fair value of any non-controlling interest remaining in the acquiree, over (ii) the fair values of the identifiable net assets acquired is recorded as goodwill. Gains and losses on the re-acquisition of license agreements are recorded in the Consolidated Statements of Operations within transaction-related costs, net, upon completion of the respective acquisition. Costs incurred to effect a business combination are expensed as incurred, except for the cost to issue debt related to the acquisition.

We record contingent consideration resulting from a business combination at its fair value on the acquisition date. The fair value of the contingent consideration is generally estimated by utilizing a Monte Carlo simulation technique, based on a range of possible future results (Level 3). Any changes in contingent consideration are recorded in transaction-related costs, net.

Transaction-related Costs, net

Transaction-related costs, net are classified separately in the Consolidated Statements of Operations. These costs are comprised of expenses primarily related to acquisition-related activities such as due-diligence and other advisory costs, expenses related to the integration of the acquiree's operations with our comparable expenses, including the implementation of best practices and process improvements, non-cash gains and losses related to re-acquired rights, expenses related to pre-acquisition contingencies and contingent consideration related to acquisitions.

Investments

We account for investments for which we have the ability to exercise significant influence, but do not have a controlling interest, using the equity method of accounting and record our proportional share of net income or loss within operating expenses in the Consolidated Statements of Operations. We assess equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. Any difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge if the loss in value is deemed other than temporary. As of December 31, 2022 and 2021, we had investments with a carrying value of $77 million and $72 million, respectively, recorded within other non-current assets on the Consolidated Balance Sheets.

Aggregate realized gains and losses on equity investments and dividend income are recorded within operating expenses on the Consolidated Statements of Operations. During 2022, 2021 and 2020, the amounts realized from the sale of equity investments and dividend income was $12 million, $10 million and $5 million, respectively. See Note 17 – Related Party Transactions for our equity method investment in our former subsidiary.

Divestitures

We classify long-lived assets and liabilities to be disposed of as held for sale in the period in which they are available for immediate sale in their present condition and the sale is probable and expected to be completed within one year. We initially measure assets and liabilities held for sale at the lower of their carrying value or fair value less costs to sell and assesses their fair value each reporting period until disposed. When the divestiture represents a strategic shift that has, or will have, a major effect on our operations and financial results, the disposal is presented as a discontinued operation.

In February 2022, we completed the sale of our operations in the United States Virgin Islands for $13 million, for the right to operate the Avis brand. During the year ended December 31, 2022, we recorded a gain of $2 million within restructuring and other related charges.

In December 2021, we entered into a stock purchase agreement with Spuigroep B.V. to sell our operations in the Netherlands. In March 2022, we completed the sale of our operations in the Netherlands for $15 million, subject to working capital adjustments, for the right to operate the Avis and Budget brands. During the year ended December 31, 2022, we recorded a loss of $7 million, net of impact of foreign currency adjustments, within restructuring and other related charges. The Netherlands operations are reported within our International reporting segment.

In May 2021, we completed the sale of our operation in Argentina to Urbiz S.A. for $4 million. As part of the sale, Urbiz S.A. agreed to pay the purchase price, plus interest, over two years for the right to operate the Avis and Budget brands. During the year ended December 31, 2021, we recorded a loss of $14 million, net of the impact of foreign currency adjustments, within restructuring and other related charges. In addition, we paid severance to terminated employees of $2 million.

Variable Interest Entity ("VIE")

We review our investments to determine if they are VIEs. A VIE is an entity in which either (i) the equity investors as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. Entities that are determined to be VIEs are consolidated if we are the primary beneficiary of the entity. The primary beneficiary possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. We will reconsider our original assessment of a VIE upon the occurrence of certain events such as contributions and redemptions, either by us, or third parties, or amendments to an entity's governing documents. On an ongoing basis, we reconsider whether we are deemed to be a VIE's primary beneficiary. See Note 17 – Related Party Transactions for our VIE investment in our former subsidiary.

Nonmarketable Equity Securities

We classify investments without readily determinable fair values that are not accounted for under the equity method as nonmarketable equity securities. The accounting guidance requires nonmarketable equity securities to be recorded at cost and adjusted to fair value at each reporting period. We apply the measurement alternative, which allows these investments to be recorded at cost, less impairment, if any, and subsequently adjust for observable price changes of identical or similar investments of the same issuer. Any changes in value are recorded within operating expenses. As of December 31, 2022 and 2021, our nonmarketable equity securities within non-current assets on our Consolidated Balance sheets were not material and no material adjustments were made to the carrying values of these securities during the years ended December 31, 2022, 2021 or 2020.

Recently Issued Accounting Pronouncements

Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

In October 2021, the FASB issued ASU 2021-08, "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which amends Topic 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. ASU 2021-08 becomes effective for us on January 1, 2023. Early adoption is permitted on a retrospective or prospective basis. The adoption of this accounting pronouncement is not expected to have a material impact on our Consolidated Financial Statements.

Reference Rate Reform

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848)," which amends ASU 2020-04 and clarifies the scope and guidance of Topic 848 to allow derivatives impacted by the reference rate reform to qualify for certain optional expedients and exceptions for contract modifications and hedge accounting. The guidance is optional and is effective for a limited period of time through December 31, 2022. As of December 31, 2022, this guidance had no impact on our Consolidated Financial Statements and we will continue to evaluate this guidance.

3. Leases

Lessor

The following table presents our lease revenues disaggregated by geography:

	Year Ended December 31,		
	2022	2021	2020
Americas	$ 9,401	$ 7,501	$ 3,864
Europe, Middle East and Africa	1,852	1,343	1,080
Asia and Australasia	576	342	299
Total lease revenues	$ 11,829	$ 9,186	$ 5,243

The following table presents our lease revenues disaggregated by brand:

	Year Ended December 31,		
	2022	2021	2020
Avis	$ 6,420	$ 4,828	$ 2,851
Budget	4,650	3,674	1,878
Other	759	684	514
Total lease revenues	$ 11,829	$ 9,186	$ 5,243

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Other includes Zipcar and other operating brands.

Lessee

We have operating and finance leases for rental locations, corporate offices, vehicle rental fleet and equipment. Many of our operating leases for rental locations contain concession agreements with various airport authorities that allow us to conduct our vehicle rental operations on site. In general, concession fees for airport locations are based on a percentage of total commissionable revenue as defined by each airport authority, some of which are subject to minimum annual guaranteed amounts. Concession fees other than minimum annual guaranteed amounts are not included in the measurement of operating lease ROU assets and operating lease liabilities, and are recorded as variable lease expense as incurred. Our operating leases for rental locations often also require us to pay or reimburse operating expenses.

We lease a portion of our vehicles under operating leases. As of December 31, 2022 and 2021, we have guaranteed up to $65 million and $102 million, respectively, of residual values for these vehicles at the end of their respective lease terms. We believe that, based on current market conditions, the net proceeds from the sale of these vehicles at the end of their lease terms will equal or exceed their net book values and therefore have not recorded a liability related to guaranteed residual values.

The components of lease expense are as follows:

	Year Ended December 31,		
	2022	2021	2020
Property leases [(a)]			
Operating lease expense	$ 703	$ 561	$ 575
Variable lease expense	520	433	152
Sublease income	(5)	(6)	(6)
Total property lease expense	$ 1,218	$ 988	$ 721
Vehicle leases			
Finance lease expense:			
Amortization of ROU assets [(b)]	$ 29	$ 37	$ 33
Interest on lease liabilities [(c)]	3	4	3
Operating lease expense [(b)]	138	156	195
Total vehicle lease expense	$ 170	$ 197	$ 231

(a) Primarily included in operating expenses and includes $(9) million, $(2) million and $60 million of minimum annual guaranteed rent in excess of concession fees as defined in our rental concession agreement for the years ended December 31, 2022, 2021 and 2020, respectively.

(b) Included in vehicle depreciation and lease charges, net.

(c) Included in vehicle interest, net.

Supplemental balance sheet information related to leases is as follows:

	As of December 31,	
	2022	2021
Property leases		
Operating lease ROU assets	$ 2,405	$ 2,368
Short-term operating lease liabilities [(a)]	$ 555	$ 496
Long-term operating lease liabilities	1,884	1,910
Operating lease liabilities	$ 2,439	$ 2,406
Weighted average remaining lease term	8.2 years	8.8 years
Weighted average discount rate	4.30 %	3.84 %
Vehicle leases		
Finance		
Finance lease ROU assets, gross	$ 267	$ 353
Accumulated amortization	(45)	(72)
Finance lease ROU assets, net [(b)]	$ 222	$ 281
Short-term vehicle finance lease liabilities	$ 44	$ 126
Long-term vehicle finance lease liabilities	132	116
Vehicle finance lease liabilities [(c)]	$ 176	$ 242
Weighted average remaining lease term	2.0 years	2.2 years
Weighted average discount rate	1.82 %	1.97 %
Operating		
Vehicle operating lease ROU assets [(d)]	$ 86	$ 63
Short-term vehicle operating lease liabilities	$ 64	$ 50
Long-term vehicle operating lease liabilities	22	14
Vehicle operating lease liabilities [(e)]	$ 86	$ 64
Weighted average remaining lease term	1.4 years	1.3 years
Weighted average discount rate	4.86 %	2.66 %

(a) Included in accounts payable and other current liabilities.
(b) Included in vehicles, net within Assets under vehicle programs.
(c) Included in debt within liabilities under vehicle programs.
(d) Included in receivables from vehicle manufacturers and other within assets under vehicle programs.
(e) Included in other within liabilities under vehicle programs.

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,		
	2022	2021	2020
Cash payments for lease liabilities within operating activities:			
Property operating leases	$ 743	$ 639	$ 740
Vehicle finance leases	3	4	3
Vehicle operating leases	137	162	196
Cash payments for lease liabilities within financing activities:			
Vehicle finance leases	181	193	294
Non-cash activities - increase in ROU assets in exchange for lease liabilities:			
Property operating leases	812	484	666
Vehicle finance leases	153	223	257
Vehicle operating leases	161	115	111

Maturities of lease liabilities as of December 31, 2022 are as follows:

	Property Operating Leases	Vehicle Finance Leases	Vehicle Operating Leases
Within 1 year	$ 646	$ 44	$ 64
Between 1 and 2 years	441	4	18
Between 2 and 3 years	345	128	6
Between 3 and 4 years	286	—	1
Between 4 and 5 years	234	—	—
Thereafter	967	—	—
Total lease payments	2,919	176	89
Less: Imputed interest	(480)	—	(3)
Total	$ 2,439	$ 176	$ 86

4. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (“EPS”) (shares in millions):

	Year Ended December 31,		
	2022	2021	2020
Net income (loss) attributable to Avis Budget Group, Inc. for basic and diluted EPS	$ 2,764	$ 1,285	$ (684)
Basic weighted average shares outstanding	47.3	64.9	70.5
Options and non-vested stock	1.1	1.2	—
Diluted weighted average shares outstanding	$ 48.4	$ 66.1	$ 70.5
Earnings (loss) per share:			
Basic	$ 58.41	$ 19.79	$ (9.71)
Diluted	$ 57.16	$ 19.44	$ (9.71)

The following table summarizes our outstanding common stock equivalents that were anti-dilutive and therefore excluded from the computation of diluted EPS (shares in millions):

	As of December 31,		
	2022	2021	2020
Non-vested stock [a]	0.2	—	1.2

[a] The weighted average grant date fair value for anti-dilutive non-vested stock for 2022 and 2020 was $177.70 and $26.20, respectively.

5. Restructuring and Other Related Charges

Restructuring

During second quarter 2022, we initiated a restructuring plan to focus on consolidating our global operations by designing new processes and implementing new systems (“Cost Optimization”). As of December 31, 2022, we formally communicated and terminated employment of approximately 200 employees as part of this process. We expect no further restructuring expense related to this initiative.

During the first quarter of 2021, we initiated a global restructuring plan to focus on cost discipline by reviewing headcounts, facilities and contractor agreements. We transformed our business as we exited the COVID-19 crisis by controlling fixed costs and matching variable costs to demand (“T21”). We expect no further restructuring expense related to this initiative.

During first quarter 2020, we initiated a global restructuring plan to reduce operating costs, such as headcount and facilities, due to declining reservations and revenue resulting from the COVID-19 outbreak (“2020 Optimization”). We expect no further restructuring expense related to this initiative.

During third quarter 2019, we initiated a restructuring plan to exit our operations in Brazil by closing rental facilities, disposing of assets and terminating personnel (“Brazil”). This initiative is complete.

During first quarter 2019, we initiated a restructuring plan to drive global efficiency by improving processes and consolidating functions, and to create new objectives and strategies for our truck rental operations in the U.S. by reducing headcount, large vehicles and rental locations (“T19”). This initiative is complete.

The following tables summarize the change to our restructuring-related liabilities and identifies the amounts recorded within our reporting segments for restructuring charges and corresponding payments and utilizations:

	Personnel Related	Facility Related	Other [(a)]	Total
Balance at January 1, 2020	$ 3	$ 1	$ 2	$ 6
Restructuring expense:				
2020 Optimization	73	3	3	79
Brazil	1	1	(2)	—
T19	—	—	14	14
Restructuring payment/utilization:				
2020 Optimization	(68)	(2)	(1)	(71)
Brazil	—	(1)	2	1
T19	(5)	—	(15)	(20)
Balance as of December 31, 2020	$ 4	$ 2	$ 3	$ 9
Restructuring expense:				
T21	26	4	2	32
T19	—	—	(2)	(2)
Restructuring payment/utilization:				
T21	(17)	(4)	(4)	(25)
2020 Optimization	(5)	—	—	(5)
T19	(1)	—	2	1
Balance as of December 31, 2021	$ 7	$ 2	$ 1	$ 10
Restructuring expense:				
Cost Optimization	9	—	—	9
T21	3	—	—	3
Brazil	—	—	1	1
Restructuring payment/utilization:				
Cost Optimization	(6)	—	(1)	(7)
T21	(8)	(1)	—	(9)
2020 Optimization	(1)	—	—	(1)
Brazil	—	—	(1)	(1)
T19	—	(1)	—	(1)
Balance as of December 31, 2022	$ 4	$ —	$ —	$ 4

[(a)] Includes expenses primarily related to the disposition of vehicles.

	Americas	International	Total
Balance at January 1, 2020	$ 2	$ 4	$ 6
Restructuring expense:			
2020 Optimization	31	48	79
T19	14	—	14
Restructuring payment/utilization:			
2020 Optimization	(29)	(42)	(71)
Brazil	1	—	1
T19	(16)	(4)	(20)
Balance as of December 31, 2020	3	6	9
Restructuring expense:			
T21	5	27	32
T19	(2)	—	(2)
Restructuring payment/utilization:			
T21	(4)	(21)	(25)
2020 Optimization	(2)	(3)	(5)
T19	2	(1)	1
Balance as of December 31, 2021	2	8	10
Restructuring expense:			
Cost Optimization	2	7	9
T21	1	2	3
Brazil	1	—	1
Restructuring payment/utilization:			
Cost Optimization	(2)	(5)	(7)
T21	(2)	(7)	(9)
2020 Optimization	—	(1)	(1)
Brazil	(1)	—	(1)
T19	—	(1)	(1)
Balance as of December 31, 2022	$ 1	$ 3	$ 4

Other Related Charges

Limited Voluntary Opportunity Plans ("LVOP")

During the second quarter of 2021, our operations in our International segment offered a voluntary termination program to certain employees in field operations and general and administrative functions for a limited time. These employees, if qualified, elected resignation from employment in return for enhanced severance benefits to be settled in cash. During the year ended December 31, 2021, we recorded other related charges of approximately $17 million in connection with the LVOP. As of December 31, 2021, approximately 130 employees elected to participate in the plan and the participants have been terminated.

During 2020, we offered a voluntary termination program to certain employees in field operations, shared services, and general and administrative functions for a limited time. These employees, if qualified, elected resignation from employment in return for enhanced severance benefits to be settled in cash. During the year ended December 31, 2020, we recorded other related charges of approximately $18 million in connection with the LVOP.

Officer Separation Costs

In April 2022, we announced the departure of Veresh Sita as Executive Vice President and Chief Digital and Innovation Officer effective May 13, 2022. In connection with Mr. Sita's separation, we recorded other related charges of approximately $1 million, inclusive of accelerated stock-based compensation expense, for the year ended December 31, 2022.

In August 2020, we announced the resignation of John F. North, III as our Chief Financial Officer. Following his post-resignation transition to an advisory position, Mr. North continued to serve as a consultant through January 1, 2021. In connection with Mr. North's departure, we recorded other related charges of approximately $5 million, inclusive of accelerated stock-based compensation expense for the year ended December 31, 2020.

In March 2020, we announced the departure of Michael K. Tucker as Executive Vice President, General Counsel effective March 27, 2020. In connection with Mr. Tucker's separation, we recorded other related charges of approximately $2 million for the year ended December 31, 2020.

6. Acquisitions

2021

During 2021, we completed the acquisitions of various licensees in Europe and North America, for approximately $23 million, plus $22 million for acquired fleet. These investments were in-line with our strategy to re-acquire licensees when advantageous to expand our footprint of Company-operated locations. The acquired fleet was financed under our existing financing arrangements. In connection with these acquisitions, approximately $28 million was recorded to other intangibles related to franchise agreements. The license agreements are being amortized over a weighted average useful life of approximately one year. Differences between the preliminary allocation of purchase price and the final allocation were not material.

2020

During 2020, we completed the acquisitions of various licensees in North America and Europe, for approximately $28 million, plus $22 million for acquired fleet. These investments were in-line with our strategy to re-acquire licensees when advantageous to expand our footprint of Company-operated locations. The acquired fleet was financed under our existing arrangements. In connection with these acquisitions, approximately $28 million was recorded in other intangibles related to license agreements. The license agreements are being amortized over a weighted average useful life of approximately two years. Differences between the preliminary allocation of purchase price and the final allocation were not material for Avis and Budget Licensees.

7. Intangible Assets

Intangible assets consisted of:

	As of December 31, 2022			As of December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
License agreements [(a)]	$ 290	$ 217	$ 73	$ 298	$ 193	$ 105
Customer relationships [(b)]	247	207	40	257	204	53
Other [(c)]	48	39	9	51	36	15
	$ 585	$ 463	$ 122	$ 606	$ 433	$ 173
Unamortized Intangible Assets						
Goodwill	$ 1,070			$ 1,108		
Trademarks	$ 544			$ 551		

(a) Primarily amortized over a period ranging from 0 to 40 years with a weighted average life of 16 years.
(b) Primarily amortized over a period ranging from 3 to 20 years with a weighted average life of 12 years.
(c) Primarily amortized over a period ranging from 2 to 10 years with a weighted average life of 9 years.

Amortization expense relating to all intangible assets was as follows:

	Year Ended December 31,		
	2022	2021	2020
License agreements	$ 29	$ 47	$ 37
Customer relationships	10	14	23
Other	5	6	5
Total	$ 44	$ 67	$ 65

Based on our amortizable intangible assets at December 31, 2022, we expect related amortization expense of approximately $27 million for 2023, $22 million for 2024, $16 million for 2025, $15 million for 2026 and $12 million for 2027 excluding effects of currency exchange rates.

The carrying amounts of goodwill and related changes are as follows:

	Americas	International	Total Company
Goodwill as of January 1, 2021	$ 2,140	$ 1,115	$ 3,255
Accumulated impairment losses as of January 1, 2021	(1,587)	(531)	(2,118)
Goodwill as of January 1, 2021	553	584	1,137
Currency translation adjustments and other	—	(29)	(29)
Goodwill as of December 31, 2021	553	555	1,108
Currency translation adjustments and other	(3)	(35)	(38)
Goodwill as of December 31, 2022	$ 550	$ 520	$ 1,070

8. Vehicle Rental Activities

The components of vehicles, net within assets under vehicle programs are as follows:

	As of December 31,	
	2022	2021
Rental vehicles	$ 17,819	$ 14,612
Less: Accumulated depreciation	(2,211)	(1,911)
	15,608	12,701
Vehicles held for sale	317	165
Vehicles, net investment in lease[(a)]	36	—
Vehicles, net	$ 15,961	$ 12,866

[(a)]See Note 17 – Related Party Transactions

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

	Year Ended December 31,		
	2022	2021	2020
Depreciation expense	$ 1,709	$ 1,402	$ 1,330
Lease charges	138	156	195
(Gain) loss on sale of vehicles, net	(1,019)	(361)	(157)
Vehicle depreciation and lease charges, net	$ 828	$ 1,197	$ 1,368

At December 31, 2022, 2021 and 2020, we had payables related to vehicle purchases included in liabilities under vehicle programs - other of $265 million, $142 million and $232 million, respectively, and receivables related to vehicle sales included in assets under vehicle programs - receivables from vehicle manufacturers and other of $212 million, $134 million and $162 million, respectively.

9. Income Taxes

The provision for (benefit from) income taxes consists of the following:

	Year Ended December 31,		
	2022	2021	2020
Current			
Federal	$ —	$ —	$ (5)
State	137	35	21
Foreign	61	12	29
Current income tax provision	198	47	45
Deferred			
Federal	622	309	(104)
State	(22)	78	(90)
Foreign	82	(9)	(123)
Deferred income tax provision (benefit)	682	378	(317)
Provision for (benefit from) income taxes	$ 880	$ 425	$ (272)

Income (loss) before income taxes is comprised of the following:

	Year Ended December 31,		
	2022	2021	2020
United States	$ 3,114	$ 1,529	$ (590)
Foreign	522	179	(366)
Income (loss) before income taxes	$ 3,636	$ 1,708	$ (956)

Deferred income tax assets, net is comprised of the following:

	As of December 31,	
	2022	2021
Deferred income tax assets:		
Net tax loss carryforwards	$ 1,109	$ 1,480
Long-term operating lease liabilities	666	625
Accrued liabilities and deferred revenue	231	272
Tax credits	38	11
Depreciation and amortization	25	19
Provision for doubtful accounts	19	18
Other	167	100
Valuation allowance [a]	(101)	(167)
Deferred income tax assets	2,154	2,358
Deferred income tax liabilities:		
Operating lease right-of-use assets	657	614
Depreciation and amortization	90	102
Prepaid expenses	24	23
Other	4	4
Deferred income tax liabilities	775	743
Deferred income tax assets, net	$ 1,379	$ 1,615

(a) The valuation allowance of $101 million at December 31, 2022 relates to tax loss carryforwards and certain deferred tax assets of $97 million and $4 million, respectively. The valuation allowance of $167 million at December 31, 2021 relates to tax loss carryforwards and certain deferred tax assets of $163 million and $4 million, respectively. The valuation allowances will be reduced when and if we determine it is more likely than not that the related deferred income tax assets will be realized. The decrease in valuation allowance as compared to the year ended December 31, 2021 is primarily related to a release of valuation allowance for certain state net operating losses.

Deferred income tax assets and liabilities related to vehicle programs are comprised of the following:

	As of December 31,	
	2022	2021
Deferred income tax assets:		
Depreciation and amortization	$ 63	$ 80
Other	22	19
Deferred income tax assets	85	99
Deferred income tax liabilities:		
Depreciation and amortization	2,815	2,321
Other	24	20
Deferred income tax liabilities	2,839	2,341
Deferred income tax liabilities under vehicle programs, net	$ 2,754	$ 2,242

At December 31, 2022, we had U.S. federal net operating loss carryforwards of approximately $3.6 billion. The majority of the net operating loss carryforwards have an indefinite utilization period pursuant to the Tax Act and a significant remaining portion expires by 2031. Such net operating loss carryforwards are primarily related to accelerated depreciation of our U.S. vehicles. Currently, we do not record valuation allowances on the majority of our U.S. federal tax loss carryforwards as there are adequate deferred tax liabilities that could be realized within the carryforward period. At December 31, 2022, we had foreign net operating loss carryforwards of approximately $1.1 billion, the majority of which has an indefinite utilization period.

At December 31, 2022, we had undistributed earnings of certain foreign subsidiaries of approximately $1.2 billion that we have indefinitely reinvested, and on which we have not recognized deferred taxes. Estimating the amount of potential tax is not practicable because of the complexity and variety of assumptions necessary to compute the tax.

The reconciliation between the U.S. federal income tax statutory rate and our effective income tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
Adjustments to reconcile to the effective rate:			
State and local income taxes, net of federal tax benefits	3.9	5.5	4.8
Changes in valuation allowances	(1.3)	(0.6)	—
Taxes on foreign operations at rates different than U.S. federal statutory rates	1.2	(2.0)	3.1
Stock-based compensation	(0.5)	(0.3)	(0.1)
Other non-deductible (non-taxable) items	0.4	0.6	(0.4)
Other	(0.5)	0.7	—
	24.2 %	24.9 %	28.4 %

The following is a tabular reconciliation of the gross amount of unrecognized tax benefits for the year:

	2022	2021	2020
Balance, January 1	$ 58	$ 57	$ 54
Additions for tax positions related to current year	4	4	4
Additions for tax positions for prior years	3	3	—
Reductions for tax positions for prior years	(5)	(3)	(1)
Settlements	(5)	—	(3)
Foreign currency translation	(2)	(3)	3
Balance, December 31	$ 53	$ 58	$ 57

We do not anticipate that total unrecognized tax benefits will change significantly in 2023.

We are subject to taxation in the United States and various foreign jurisdictions. As of December 31, 2022, the 2007 through 2021 tax years generally remain subject to examination by the federal tax authorities. The 2012 through 2021 tax years generally remain subject to examination by various state tax authorities. In significant foreign jurisdictions, the 2012 through 2021 tax years generally remain subject to examination by their respective tax authorities.

Substantially all of the gross amount of the unrecognized tax benefits at December 31, 2022, 2021 and 2020, if recognized, would affect our provision for (benefit from) income taxes. As of December 31, 2022, our unrecognized tax benefits were offset by tax loss carryforwards and other deferred tax assets in the amount of $24 million.

The following table presents unrecognized tax benefits:

	As of December 31,	
	2022	2021
Unrecognized tax benefit in non-current income taxes payable [a]	$ 33	$ 30
Accrued interest payable on potential tax liabilities [b]	31	29

(a) Pursuant to the agreements governing the disposition of certain subsidiaries in 2006, we are entitled to indemnification for certain predisposition tax contingencies. As of December 31, 2022 and 2021, $13 million, in each period, of unrecognized tax benefits are related to tax contingencies for which we believe we are entitled to indemnification.

(b) We recognize potential interest related to unrecognized tax benefits within interest expense related to corporate debt, net on the accompanying Consolidated Statements of Operations. Penalties incurred during the years ended December 31, 2022, 2021 and 2020, were not significant and were recognized as a component of the provision for (benefit from) income taxes.

10. Other Current Assets

Other current assets consisted of:

	As of December 31,	
	2022	2021
Prepaid expenses	$ 252	$ 205
Sales and use taxes	142	238
Other	112	95
Other current assets	$ 506	$ 538

11. Property and Equipment, net

Property and equipment, net consisted of:

	As of December 31,	
	2022	2021
Land	$ 59	$ 50
Buildings and leasehold improvements	507	525
Capitalized software	906	932
Furniture, fixtures and equipment	382	426
Projects in process	89	84
Buses and support vehicles	90	80
	2,033	2,097
Less: Accumulated depreciation and amortization	(1,439)	(1,560)
Property and equipment, net	$ 594	$ 537

Depreciation and amortization expense relating to property and equipment during 2022, 2021 and 2020 was $181 million, $205 million and $218 million, respectively (including $115 million, $105 million and $113 million, respectively, of amortization expense relating to capitalized software). At December 31, 2022, we had payables related to property and equipment included in accounts payable and other current liabilities and in other non-current liabilities of $19 million and $1 million, respectively. At December 31, 2021, we had payables related to property and equipment included in accounts payable and other current liabilities and in other non-current liabilities of $20 million and $2 million, respectively.

12. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of December 31,	
	2022	2021
Short-term operating lease liabilities	$ 555	$ 496
Accounts payable	466	407
Accrued advertising and marketing	268	218
Accrued sales and use taxes	246	313
Accrued payroll and related	205	193
Deferred lease revenues – current	188	185
Public liability and property damage insurance liabilities – current	174	159
Other	445	418
Accounts payable and other current liabilities	$ 2,547	$ 2,389

13. Long-term Corporate Debt and Borrowing Arrangements

Long-term debt and other borrowing arrangements consisted of:

	Maturity Date	As of December 31, 2022	2021
4.125% euro-denominated Senior Notes	November 2024	$ 321	$ 341
4.500% euro-denominated Senior Notes	May 2025	268	284
4.750% euro-denominated Senior Notes	January 2026	375	398
5.750% Senior Notes	July 2027	732	728
4.750% Senior Notes	April 2028	500	500
5.375% Senior Notes	March 2029	600	600
Floating Rate Term Loan [(a)]	August 2027	1,176	1,187
Floating Rate Term Loan [(a)]	March 2029	725	—
Other [(b)]		18	19
Deferred financing fees		(44)	(48)
Total		4,671	4,009
Less: Short-term debt and current portion of long-term debt		27	19
Long-term debt		$ 4,644	$ 3,990

(a) The floating rate term loan is part of our senior revolving credit facility, which is secured by pledges of capital stock of certain our subsidiaries, and liens on substantially all of our intellectual property and certain other real and personal property.

(b) Primarily includes finance leases which are secured by liens on the related assets.

Term Loan

Floating Rate Term Loan due 2029. In March 2022, we entered into a $750 million Floating Rate Term Loan due March 2029, at a price of 97% of the aggregate principal amount, with interest paid monthly. The Term Loan bears interest at one-month Secured Overnight Financing Rate (“SOFR”) plus 350 basis points for an aggregate rate of 7.92%.

Floating Rate Term Loan due 2027. In February 2020, we amended our Floating Rate Term Loan and extended its maturity term to 2027. We increased the outstanding borrowing principal amount of the Floating Rate Term Loan to $1.2 billion and on April 1, 2020 used the additional loan amount to redeem $100 million of our outstanding 5.500% Senior Notes due 2023. As of December 31, 2022, the loan bears interest at one-month LIBOR plus 1.75%, for an aggregate rate of 6.14%; however, we entered into an interest rate swap to hedge $700 million of our interest rate exposure related to the floating rate term loan at an aggregate rate of 4.75%.

Senior Notes

4.125% euro-denominated Senior Notes due 2024. In September 2016, we issued €300 million of 4.125% euro-denominated Senior Notes due 2024 at par, with interest payable semi-annually. We have the right to redeem these notes in whole or in part at any time on or after November 15, 2019 at specified redemption prices plus accrued interest. In October 2016, we used the net proceeds from the offering primarily to redeem €275 million of our outstanding 6.000% euro-denominated Senior Notes due 2021.

4.500% euro-denominated Senior Notes due 2025. In March 2017, we issued €250 million of 4.500% euro-denominated Senior Notes due 2025, at par, with interest payable semi-annually. We have the right to redeem these notes in whole or in part on or after May 15, 2020 at specified redemption prices plus accrued interest. In April 2017, we used the net proceeds from the offering to redeem our outstanding €175 million principal amount of 6.000% euro-denominated Senior Notes due 2021 for €180 million plus accrued interest. In June 2017, we used the remaining proceeds to redeem a portion of our Floating Rate Senior Notes due 2017.

4.750% euro-denominated Senior Notes due 2026. In October 2018, we issued €350 million of 4.750% euro-denominated Senior Notes due 2026, at par, with interest payable semi-annually. We have the right to redeem these notes in whole or in part on or after September 30, 2021 at specified redemption prices plus accrued interest. In October 2018, we used the net proceeds from the offering to redeem our 5.125% Senior Notes due June 2022 for $410 million plus accrued interest.

5.750% Senior Notes due 2027. In July 2019, we issued $400 million of 5.750% Senior Notes due July 2027, at par, with interest payable semi-annually. We used the net proceeds from the offering to redeem $400 million principal amount of our 5.500% Senior Notes due April 2023. In August 2020, we issued $350 million of additional 5.750% Senior Notes due July 2027, at 92% of face value, under the indenture governing our existing 5.750% Senior Notes. We used the proceeds from this offering to redeem the outstanding $100 million in aggregate principal amount of our 5.500% Senior Notes due 2023, with the remainder being used for general corporate purposes.

4.750% Senior Notes due 2028. In March 2021, we issued $500 million of 4.750% Senior Notes due April 2028, at par, with interest paid semiannually. We have the right to redeem these notes in whole or in part at any time on or after April 1, 2024 at specified redemption prices plus accrued interest. Net proceeds, together with cash on hand, were used to redeem all of the outstanding 6.375% Senior Notes due 2024 for $356 million plus accrued interest and a portion of our outstanding 5.250% Senior Notes due 2025 for $142 million plus accrued interest.

5.375% Senior Notes due 2029. In March 2021, we issued $600 million of 5.375% Senior Notes due March 2029, at par, with interest paid semiannually. We have the right to redeem these notes in whole or in part at any time on or after March 1, 2024 at specified redemption prices plus accrued interest. Net proceeds, together with cash on hand, were used to redeem all of the outstanding 10.500% Senior Secured Notes due 2025 for $599 million plus accrued interest.

In connection with the debt amendments and repayments for the years ended December 31, 2021 and 2020, we recorded $136 million and $9 million in early extinguishment of debt costs, respectively.

The 5.750% Senior Notes, the 4.750% Senior Notes and the 5.375% Senior Notes are senior unsecured obligations of our Avis Budget Car Rental, LLC (“ABCR”) subsidiary, are guaranteed by us and certain of our domestic subsidiaries and rank equally in right of payment with all of our existing and future senior unsecured indebtedness.

The 4.125% euro-denominated Senior Notes, 4.500% euro-denominated Senior Notes and 4.750% euro-denominated Senior Notes are unsecured obligations of our Avis Budget Finance plc subsidiary, are guaranteed on a senior basis by us and certain of our domestic subsidiaries and rank equally with all of our existing senior unsecured debt.

Debt Maturities

The following table provides contractual maturities of our corporate debt at December 31, 2022:

Year	Amount
2023	$ 27
2024	346
2025	291
2026	396
2027	1,867
Thereafter	1,788
	$ 4,715

Committed Credit Facilities And Available Funding Arrangements

At December 31, 2022, the committed corporate credit facilities available to us and/or our subsidiaries were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Senior revolving credit facility maturing 2026 [a]	$ 2,000	$ —	$ 966	$ 1,034

[a] The senior revolving credit facility bears interest at one-month LIBOR plus 175 basis points and is part of our senior credit facilities, which include the floating rate term loan and the senior revolving credit facility, and which are secured by pledges of capital stock of certain of our subsidiaries, and liens on substantially all of our intellectual property and certain other real and personal property.

Debt Covenants

The agreements governing our indebtedness contain restrictive covenants, including restrictions on dividends paid to us by certain of our subsidiaries, the incurrence of additional indebtedness and/or liens by us and certain of our subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. Our senior credit facility also contains a maximum leverage ratio requirement. As of December 31, 2022, we were in compliance with the financial covenants governing our indebtedness.

14. 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 December 31, 2022	As of December 31, 2021
Americas – Debt due to Avis Budget Rental Car Funding [a]	$ 11,322	$ 8,889
Americas – Debt borrowings	598	612
International – Debt borrowings	1,700	1,757
International – Finance leases	176	177
Other	65	3
Deferred financing fees [b]	(52)	(48)
Total	$ 13,809	$ 11,390

[a] Increase reflects additional borrowings principally to fund increases in our rental fleet.
[b] Deferred financing fees related to Debt due to Avis Budget Rental Car Funding as of December 31, 2022 and 2021 were $47 million and $41 million, respectively.

Americas

Debt due to Avis Budget Rental Car Funding. Avis Budget Rental Car Funding, an unconsolidated bankruptcy remote qualifying special purpose limited liability company, issues privately placed notes to investors as well as to banks and bank-sponsored conduit entities. Avis Budget Rental Car Funding uses the proceeds from its note issuances to make loans to our wholly-owned subsidiary, AESOP Leasing LP ("AESOP Leasing"), on a continuing basis. AESOP Leasing is required to use the proceeds of such loans to acquire or finance the acquisition of vehicles used in our rental car operations. By issuing debt through the Avis Budget Rental Car Funding program, we pay a lower rate of interest than if we had issued debt directly to third parties. Avis Budget Rental Car Funding is not consolidated, as we are not the "primary beneficiary" of Avis Budget Rental Car Funding. We determined that we are not the primary beneficiary because we do not have the obligation to absorb the potential losses or receive the benefits of Avis Budget Rental Car Funding's activities since our only significant source of variability in the earnings, losses or cash flows of Avis Budget Rental Car Funding is exposure to our own creditworthiness, due to our loan from Avis Budget Rental Car Funding. Because Avis Budget Rental Car Funding is not consolidated, AESOP Leasing's loan obligations to Avis Budget Rental Car Funding are reflected as related party debt on our Consolidated Balance Sheets. We also have an asset within Assets under vehicle programs on our Consolidated Balance Sheets which represents securities issued to us by Avis Budget Rental Car Funding. AESOP Leasing is consolidated, as we are the “primary beneficiary” of AESOP Leasing; as a result, the vehicles purchased by AESOP Leasing remain on our Consolidated Balance Sheets. We determined we are the primary beneficiary of AESOP Leasing, as we have the ability to direct its activities, an obligation to absorb a majority of its expected losses and the right to receive the benefits of AESOP Leasing’s activities. AESOP Leasing’s vehicles and related assets, which as of December 31, 2022, approximate $13.2 billion and some of which are subject to manufacturer repurchase and guaranteed depreciation agreements, collateralize the debt issued by Avis Budget Rental Car Funding. The assets and liabilities of AESOP Leasing are presented on our Consolidated Balance Sheets within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The assets of AESOP Leasing, included within assets under vehicle programs (excluding the investment in Avis Budget Rental Car Funding (AESOP) LLC—related party) are restricted. Such assets may be used only to repay the respective AESOP Leasing liabilities, included within Liabilities under vehicle programs, and to purchase new vehicles, although if certain collateral coverage requirements are met, AESOP Leasing may pay dividends from excess cash. The creditors of AESOP Leasing and Avis Budget Rental Car Funding have no recourse to our general credit. We periodically provide Avis Budget Rental Car Funding with non-contractually required support, in the form of equity and loans, to serve as additional collateral for the debt issued by Avis Budget Rental Car Funding.

The business activities of Avis Budget Rental Car Funding are limited primarily to issuing indebtedness and using the proceeds thereof to make loans to AESOP Leasing for the purpose of acquiring or financing the acquisition of vehicles to be leased to our rental car subsidiaries and pledging its assets to secure the indebtedness. Because Avis Budget Rental Car Funding is not consolidated by us, its results of operations and cash flows are not reflected within our financial statements.

In May 2021, AESOP issued $800 million of asset-backed notes with an expected final payment date of August 2026. In June 2021, AESOP issued $96 million, $105 million and $103 million of asset-backed notes with expected final payment dates of March 2024, September 2024 and August 2025, respectively. In November 2021, AESOP issued $650 million of asset-backed notes with an expected final payment date of February 2027. In April 2022, AESOP issued $660 million of asset-backed notes to investors with an expected final payment date of August 2027. In May 2022, AESOP issued $87 million, $68 million and $55 million of asset-backed notes with expected final payment dates of March 2025, March 2023 and September 2023, respectively. In June 2022, AESOP entered into $800 million of variable funding asset-backed notes to investors with a final payment date of September 2022. In July 2022, AESOP issued $389 million and $374 million of asset-backed notes to investors with expected final payment dates of February 2026 and February 2028, respectively. Following this issuance, amounts available under our $800 million variable funding asset-backed notes supplement entered into during June 2022 were reduced to zero. In November 2022, AESOP issued $500 million of asset-backed notes to investors with an expected final payment date of April 2026. We used the proceeds from these borrowings to fund the repayment of maturing vehicle-backed debt and the acquisition of rental cars in the United States. Borrowings under the Avis Budget Rental Car Funding program primarily represent fixed rate notes and had a weighted average interest rate of 4.07% and 2.66% as of December 31, 2022 and 2021 respectively.

Debt borrowings. We finance the acquisition of vehicles used in our Canadian rental operations through a consolidated, bankruptcy remote special-purpose entity, which issues privately placed notes to investors and bank-sponsored conduits. We finance the acquisition of fleet for our truck rental operations in the United States through a combination of debt facilities and leases. These debt borrowings represent a mix of fixed and floating rate debt and had a weighted average interest rate of 4.26% and 2.64% as of December 31, 2022 and 2021 respectively.

International

Debt borrowings. In EMEA we operate a €1.7 billion European rental fleet securitization program, with maturity in 2024, which is used to finance fleet purchases for certain of our European operations. The International borrowings primarily represent floating rate notes and had a weighted average interest rate of 3.92% and 1.66% as of December 31, 2022 and 2021, respectively.

Finance leases. We obtain a portion of our International vehicles under finance lease arrangements. For the years ended December 31, 2022 and 2021, the weighted average interest rate on these borrowings was 1.82% and 1.25% respectively. All finance leases are on a fixed repayment basis and interest rates are fixed at the contract date.

Debt Maturities

The following table provides the contractual maturities of our debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2022:

	Debt under Vehicle Programs [a]
2023 [b]	$ 2,235
2024 [c]	5,485
2025	2,351
2026	2,124
2027	1,238
Thereafter	428
	$ 13,861

(a) Vehicle-backed debt primarily represents asset-backed securities.
(b) Includes $0.4 billion of bank and bank-sponsored facilities.
(c) Includes $2.4 billion of bank and bank-sponsored facilities.

Committed Credit Facilities And Available Funding Arrangements

The following table presents available funding under our debt arrangements related to our vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2022:

	Total Capacity [a]	Outstanding Borrowings [b]	Available Capacity
Americas – Debt due to Avis Budget Rental Car Funding	$ 11,921	$ 11,322	$ 599
Americas – Debt borrowings	970	598	372
International – Debt borrowings	2,628	1,700	928
International – Finance leases	208	176	32
Other	65	65	—
Total	$ 15,792	$ 13,861	$ 1,931

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.
(b) The outstanding debt is collateralized by vehicles and related assets of $13.0 billion for Americas - Debt due to Avis Budget Rental Car Funding; $1.0 billion for Americas - Debt borrowings; $2.6 billion for International - Debt borrowings; and $0.2 billion for International - Finance leases.

Debt Covenants

The agreements under our vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to us by certain of our subsidiaries and restrictions on indebtedness, mergers, liens, liquidations and sale and leaseback transactions, and in some cases also require compliance with certain financial requirements. As of December 31, 2022, we are not aware of any instances of non-compliance with any of the financial or restrictive covenants contained in the debt agreements under our vehicle-backed funding programs.

15. Commitments and Contingencies

Contingencies

In 2006, we completed the spin-offs of our Realogy (formally Realogy, now Anywhere Real Estate Inc.) and Wyndham subsidiaries. We do not believe that the impact of any resolution of pre-existing contingent liabilities in connection with the spin-offs should result in a material liability to us in relation to our consolidated financial position or liquidity, as Realogy and Wyndham each have agreed to assume responsibility for these liabilities. We are also named in litigation that is primarily related to the businesses of our former subsidiaries, including Realogy and Wyndham. We are entitled to indemnification from such entities for any liability resulting from such litigation.

In November 2011, Jose Mendez v. Avis Budget Group Inc., et al. was filed in U.S. District Court for the District of New Jersey. The plaintiff seeks to represent a purported nationwide class and two sub-classes of certain renters of vehicles from our Avis and Budget subsidiaries from April 2007 through December 2015. The plaintiff seeks damages in connection with claims relating to our electronic toll service, including that administrative fees and toll charges were not properly disclosed to customers and/or were excessive. Plaintiff's motion for class certification was approved by the Court in November 2017. The parties have entered into a settlement agreement and the Court has entered an order preliminarily approving the settlement. We have been named as a defendant in other purported consumer class action law suits, including a class action filed against us in Florida seeking damages in connection with a breach of contract claim and two purported class action suits filed against us in New Jersey, one related to fines and fees charged to car renters by us for violations incurred during the course of their rental and another related to ancillary charges at our Payless subsidiary. In the Florida lawsuit, the Court has entered an order preliminarily approving a proposed settlement.

We are currently involved, and in the future may be involved, in claims and/or legal proceedings, including class actions, and governmental inquiries that are incidental to our vehicle rental and car sharing operations, including, among others, contract and licensee disputes, competition matters, employment and wage-and-hour claims, insurance and liability claims, intellectual property claims, business practice disputes and other regulatory, environmental, commercial and tax matters. Litigation is inherently unpredictable and, although we believe that our accruals are adequate and/or that we have valid defenses in these matters, unfavorable resolutions could occur. We estimate that the potential exposure resulting from adverse outcomes of current legal proceedings in which it is reasonably possible that a loss may be incurred could, in the aggregate, be up to approximately $40 million in excess of amounts accrued as of December 31, 2022. We do not believe that the impact should result in a material liability to us in relation to our consolidated financial condition or results of operations.

Commitments to Purchase Vehicles

We maintain agreements with vehicle manufacturers under which we have agreed to purchase approximately $6.7 billion of vehicles from manufacturers over the next 12 months, a $0.8 billion increase compared to December 31, 2021, financed primarily through the issuance of vehicle-backed debt and cash received upon the disposition of vehicles. Certain of these commitments are subject to the vehicle manufacturers satisfying their obligations under their respective repurchase and guaranteed depreciation agreements.

Other Purchase Commitments

In the normal course of business, we make various commitments to purchase other goods or services from specific suppliers, including those related to marketing, advertising, computer services and capital expenditures. As of December 31, 2022, we had approximately $102 million of purchase obligations, which extend through 2027.

Concentrations

Concentrations of credit risk at December 31, 2022, include (i) risks related to our repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers and primarily with respect to receivables for program cars that have been disposed, but for which we have not yet received payment from the manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of $27 million and $16 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with their disposition.

Asset Retirement Obligations

We maintain a liability for asset retirement obligations. An asset retirement obligation is a legal obligation to perform certain activities in connection with the retirement, disposal or abandonment of assets. Our asset retirement obligations, which are measured at discounted fair values, are primarily related to the removal of underground gasoline storage tanks at our rental facilities. The liability accrued for asset retirement obligations was $26 million and $28 million at December 31, 2022 and 2021, respectively.

Standard Guarantees/Indemnifications

In the ordinary course of business, we enter into numerous agreements that contain standard guarantees and indemnities whereby we agree to indemnify another party, among other things, for performance under contracts and any breaches of representations and warranties thereunder. In addition, many of these parties are also indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees or indemnifications are granted under various agreements, including those governing (i) purchases, sales or outsourcing of assets, businesses or activities, (ii) leases of real estate, (iii) licensing of trademarks, (iv) access to credit facilities and use of derivatives and (v) issuances of debt or equity securities. The guarantees or indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) licensees under licensing agreements, (iv) financial institutions in credit facility arrangements and derivative contracts and (v) underwriters and placement agents in debt or equity security issuances. While some of these guarantees extend only for the duration of the underlying agreement, many may survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that we could be required to make under these guarantees, nor are we able to develop an estimate of the maximum potential amount of future payments to be made under these guarantees as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees, such as indemnifications provided to landlords against third-party claims for the use of real estate property leased by us, we maintains insurance coverage that mitigates our potential exposure.

16. Stockholders' Equity

Cash Dividend Payments

During 2022, 2021 and 2020, we did not declare or pay any cash dividends. Our ability to pay dividends to holders of our common stock is limited by our senior credit facility, the indentures governing our senior notes and our vehicle financing programs.

Share Repurchases

As of December 31, 2022, our Board of Directors authorized the repurchase of up to approximately $7.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded. During 2022, 2021 and 2020, we repurchased approximately 36 million shares of common stock at a cost of approximately $4.8 billion under the program. As of December 31, 2022, approximately $691 million of authorization remained available to repurchase common stock under this plan.

Share Issuances

On February 10, 2020, we announced we had appointed a new Chairman of the Board of Directors and in connection with this appointment, the new Chairman purchased an aggregate $15 million of unregistered shares of our common stock at a price per share equal to the closing price of our common stock on February 7, 2020. We issued the common stock from treasury shares.

Accumulated Other Comprehensive Income (Loss)

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

	Currency Translation Adjustments [(a)]	Net Unrealized Gains (Losses) on Cash Flow Hedges [(b)]	Minimum Pension Liability Adjustment [(c)]	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2020	$ 9	$ (20)	$ (146)	$ (157)
Other comprehensive income (loss) before reclassifications	33	(39)	(36)	(42)
Amounts reclassified from accumulated other comprehensive income (loss)	(2)	8	6	12
Net current-period other comprehensive income (loss)	31	(31)	(30)	(30)
Balance, December 31, 2020	40	(51)	(176)	(187)
Other comprehensive income (loss) before reclassifications	(35)	18	39	22
Amounts reclassified from accumulated other comprehensive income (loss)	11	14	7	32
Net current-period other comprehensive income (loss)	(24)	32	46	54
Balance, December 31, 2021	16	(19)	(130)	(133)
Other comprehensive income (loss) before reclassifications	(46)	57	11	22
Amounts reclassified from accumulated other comprehensive income (loss)	—	7	3	10
Net current-period other comprehensive income (loss)	(46)	64	14	32
Balance, December 31, 2022	$ (30)	$ 45	$ (116)	$ (101)

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 (see Note 9 – Income Taxes for impacts of the Tax Act) and include a $114 million gain, net of tax, related to our hedge of our investment in euro-denominated foreign operations (See Note 20 – Financial Instruments).

[(a)] For the years ended December 31, 2021 and 2020, the amounts were reclassified from accumulated other comprehensive income (loss) into restructuring and other related charges.

[(b)] For the years ended December 31, 2022, 2021 and 2020, the amounts reclassified from accumulated other comprehensive income (loss) into corporate interest expense were $9 million ($7 million, net of tax), $17 million ($12 million, net of tax) and $9 million ($6 million, net of tax), respectively. For the years ended December 31, 2021 and 2020, the amounts reclassified from accumulated other comprehensive income (loss) into vehicle interest expense were $2 million ($2 million, net of tax).

[(c)] For the years ended December 31, 2022, 2021 and 2020, amounts reclassified from accumulated other comprehensive income (loss) into selling, general and administrative expenses were $5 million ($3 million, net of tax), $9 million ($7 million, net of tax) and $9 million ($6 million, net of tax), respectively.

17. Related Party Transactions

SRS Mobility Ventures, LLC

In 2021, SRS Mobility Ventures, LLC acquired a 33 1/3% Class A Membership Interest in one of our subsidiaries at fair value of $37.5 million. SRS Mobility Ventures, LLC is an affiliate of our largest shareholder, SRS Investment Management, LLC.

On September 1, 2022, through the issuance of Class B Preferred Voting Membership Interests, SRS Mobility Ventures, LLC increased their ownership in this subsidiary to 51% at a fair value of $62 million. As a result, we deconsolidated our former subsidiary, Avis Mobility Ventures LLC (“AMV”), from our financial statements and now record our proportional share of the former subsidiary’s income or loss within other (income) expense, net in our Consolidated Statements of Operations as we do not have the ability to direct the significant activities of the former subsidiary and are therefore no longer primary beneficiary of the VIE.

In accordance with ASC Topic 810-10-40, we must deconsolidate a subsidiary as of the date we cease to have a controlling interest in that subsidiary and recognize the gain or loss in net income at that time. The fair value of our retained investment was determined utilizing a discounted cash flow methodology based on various assumptions, including projections of future cash flows, which include forecast of future revenue and EBITDA. Upon deconsolidation, our former subsidiary had a net asset carrying amount of $49 million resulting in a gain of $10 million, which is reported within other (income) expense, net during the year ended December 31, 2022.

We provide vehicles and related fleet services to AMV, as well as certain administrative services to support their operations. For the year ended December 31, 2022, we recognized $7 million of income related to these services within other (income) expense, net. At December 31, 2022, we had receivables from AMV of $6 million and a net investment in vehicle finance leases of $36 million. The carrying amount of our equity investment was approximately $49 million at December 31, 2022 and is recorded within other non-current assets in our Consolidated Balance Sheet. For the year ended December 31, 2022, we recorded losses of $10 million within other (income) expense, net related to our equity investment.

SRS Investment Management LLC

On December 23, 2022, we also entered into an amended and restated cooperation agreement with SRS Investment Management LLC and certain of its affiliates.

18. Stock-Based Compensation

Our Amended and Restated Equity and Incentive Plan provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units ("RSUs") and other stock- or cash-based awards to employees, directors and other individuals who perform services for us and our subsidiaries. The maximum number of shares reserved for grant of awards under the plan is 22.5 million, with approximately 4.1 million shares available as of December 31, 2022. We typically settle stock-based awards with treasury shares.

Time-based awards generally vest ratably over a three-year period following the date of grant, and performance- or market-based awards generally vest three years following the date of grant based on the attainment of performance- or market-based goals, all of which are subject to a service condition.

Stock Unit Awards

Stock unit awards entitle the holder to receive shares of common stock upon vesting on a one-to-one basis. Certain performance-based RSUs vest based upon the level of performance attained, but vesting can increase (typically by up to 20%) if certain relative total shareholder return goals are achieved. Market-based RSUs generally vest based on the level of total shareholder return or absolute stock price attainment.

In June 2020, we granted market-based RSUs that vest based on absolute stock price attainment. The grant date fair value of this award is estimated using a Monte Carlo simulation model. The weighted average assumptions used in the model are outlined in the table below. During the years ended December 31, 2022 and 2021, we did not issue any stock unit awards containing a market condition.

Expected volatility of stock price	91%
Risk-free interest rate	0.18%
Valuation period	3 years
Dividend yield	—%

Annual activity related to stock units consisted of (in thousands of shares):

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Time-based RSUs				
Outstanding at January 1, 2022	671	$ 39.39		
Granted [(a)]	180	172.34		
Vested [(b)]	(360)	37.35		
Forfeited	(40)	61.80		
Outstanding and expected to vest at December 31, 2022 [(c)]	451	$ 92.06	1.1	$ 74
Performance-based and market-based RSUs				
Outstanding at January 1, 2022	886	$ 35.40		
Granted [(a)]	99	193.48		
Vested [(b)]	(254)	34.24		
Forfeited	(40)	49.75		
Outstanding at December 31, 2022	691	$ 57.56	0.9	$ 113
Outstanding and expected to vest at December 31, 2022 [(c)]	683	$ 55.99	0.9	$ 112

(a) Reflects the maximum number of stock units assuming achievement of all performance-, market- and time-vesting criteria and does not include those for non-employee directors, which are discussed separately below. The weighted-average fair value of time-based RSUs, and performance-based and market-based RSUs granted in 2021 was $65.23 and $62.27, respectively, and the weighted-average fair value of time-based RSUs and performance-based RSUs granted in 2020 was $23.14 and $21.06, respectively.

(b) The total fair value of RSUs vested during 2022, 2021 and 2020 was $22 million, $17 million and $19 million, respectively.

(c) Aggregate unrecognized compensation expense related to time-based RSUs and performance-based and market-based RSUs amounted to $49 million and will be recognized over a weighted average vesting period of 1.0 year.

Non-employee Directors Deferred Compensation Plan

We grant stock awards on an annual basis to non-employee directors representing between 50% and 100% of a director's annual compensation and such awards could be deferred under the Non-employee Directors Deferred Compensation Plan. During 2022, 2021 and 2020, we granted 2,500, 8,800 and 34,000 awards, respectively, to non-employee directors.

Stock-Compensation Expense

During 2022, 2021 and 2020, we recorded stock-based compensation expense of $25 million ($17 million, net of tax), $30 million ($21 million, net of tax) and $9 million ($7 million, net of tax), respectively.

19. Employee Benefit Plans

Defined Contribution Savings Plans

We sponsor several defined contribution savings plans in the United States and certain foreign subsidiaries that provide certain of our eligible employees an opportunity to accumulate funds for retirement. We match portions of the contributions of participating employees on the basis specified by the plans. Our contributions to these plans were $26 million, $22 million and $23 million during 2022, 2021 and 2020, respectively.

Defined Benefit Pension Plans

We sponsor defined benefit pension plans in the United States and in certain foreign subsidiaries with some plans offering participation in the plans at the employees' option. Under these plans, benefits are based on an employee's years of credited service and a percentage of final average compensation. However, the majority of the plans are closed to new employees and participants are no longer accruing benefits.

The funded status of the defined benefit pension plans is recognized on the Consolidated Balance Sheets and the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost, are recognized as a component of accumulated other comprehensive loss, net of tax.

The components of net periodic (benefit) cost consisted of the following:

	Year Ended December 31,		
	2022	2021	2020
Service cost [a]	$ 5	$ 6	$ 5
Interest cost [b]	16	12	17
Expected return on plan assets [b]	(37)	(35)	(31)
Amortization of unrecognized amounts [b]	5	9	9
Net periodic (benefit) cost	$ (11)	$ (8)	$ —

(a) For the years ended December 31, 2022, 2021, and 2020, $4 million was included in operating expenses, in each period, and $1 million, $2 million and $1 million was included in selling, general and administrative expenses, respectively.
(b) Included in selling, general and administrative expenses.

We use a measurement date of December 31 for our pension plans. The funded status of the pension plans were as follows:

	As of December 31,	
Change in Benefit Obligation	2022	2021
Benefit obligation at end of prior year	$ 881	$ 926
Service cost	5	6
Interest cost	16	12
Actuarial (gain) loss	(247)	(17)
Plan amendments	(1)	(3)
Currency translation adjustment	(51)	(12)
Net benefits paid	(28)	(31)
Benefit obligation at end of current year	$ 575	$ 881
Change in Plan Assets		
Fair value of assets at end of prior year	$ 772	$ 722
Actual return on plan assets	(196)	71
Employer contributions	12	16
Currency translation adjustment	(46)	(5)
Net benefits paid	(28)	(32)
Fair value of assets at end of current year	$ 514	$ 772

Amounts recognized in the statement of financial position consist of the following:

	As of December 31,	
Funded Status	**2022**	**2021**
Classification of net balance sheet assets (liabilities):		
Non-current assets	$ 36	$ 50
Current liabilities	(4)	(5)
Non-current liabilities	(93)	(154)
Net funded status	$ (61)	$ (109)

The following assumptions were used to determine pension obligations and pension costs for the principal plans in which our employees participated:

	For the Year Ended December 31,		
U.S. Pension Benefit Plans	**2022**	**2021**	**2020**
Discount rate:			
Net periodic benefit cost	2.67 %	2.25 %	3.10 %
Benefit obligation	5.18 %	2.67 %	2.25 %
Long-term rate of return on plan assets	6.25 %	6.75 %	7.00 %
Non-U.S. Pension Benefit Plans			
Discount rate:			
Net periodic benefit cost	1.83 %	1.40 %	1.95 %
Benefit obligation	4.79 %	1.83 %	1.40 %
Long-term rate of return on plan assets	4.39 %	3.71 %	3.80 %

To select discount rates for our defined benefit pension plans, we use a modeling process that involves matching the expected cash outflows of such plans, to yield curves constructed from portfolios of AA-rated fixed-income debt instruments. We use the average yields of the hypothetical portfolios as a discount rate benchmark.

Our expected rate of return on plan assets of 6.25% and 4.39% for the U.S. plans and non-U.S. plans, respectively, used to determine pension obligations and pension costs, are long-term rates based on historic plan asset returns in individual jurisdictions, over varying long-term periods combined with current market expectations and broad asset mix considerations.

As of December 31, 2022 and 2021, plans with projected benefit obligations in excess of plan assets had projected benefit obligations of $332 million and $453 million, respectively, and plan assets of $235 million and $297 million, respectively. As of December 31, 2022 and 2021, plans with accumulated benefit obligations in excess of plan assets had accumulated benefit obligations of $329 million and $453 million, respectively, and plan assets of $235 million and $303 million, respectively. The accumulated benefit obligation for all plans was $571 million and $872 million as of December 31, 2022 and 2021, respectively. We expect to contribute approximately $1 million to the plans in 2023.

Our defined benefit pension plans' assets are invested primarily in mutual funds and may change in value due to various risks, such as interest rate and credit risk and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of the pension plans' investment securities will occur in the near term and that such changes would materially affect the amounts reported in our financial statements.

The defined benefit pension plans' investment goals and objectives are managed by us or Company-appointed and member-appointed trustees with consultation from independent investment advisors. While the objectives may vary slightly by country and jurisdiction, collectively we seek to produce returns on pension plan investments, which are based on levels of liquidity and investment risk that we believe are prudent and reasonable, given prevailing capital market conditions. The pension plans' assets are managed in the long-term interests of the participants and the beneficiaries of the plans. A suitable strategic asset allocation benchmark is determined for each plan to maintain a diversified portfolio, taking into account government requirements, if any, regarding unnecessary investment risk and protection of pension plans' assets. We believe that diversification of the pension plans' assets is an important investment strategy to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the pension plans. As such, we allocate assets among traditional equity, fixed income (government issued securities, corporate bonds and short-term cash investments) and other investment strategies.

The equity component's purpose is to provide a total return that will help preserve the purchasing power of the assets. The pension plans hold various mutual funds that invest in equity securities and are diversified among funds that invest in large cap, small cap, growth, value and international stocks as well as funds that are intended to "track" an index, such as the S&P 500. The equity investments in the portfolios will represent a greater assumption of market volatility and risk as well as provide higher anticipated total return over the long term. The equity component is expected to approximate 35%-55% of the plans' assets.

The purpose of the fixed income component is to provide a deflation hedge, to reduce the overall volatility of the pension plans' assets in relation to the liability and to produce current income. The pension plans hold mutual funds that invest in securities issued by governments, government agencies and corporations. The fixed income component is expected to approximate 35%-55% of the plans' assets.

The purpose of the alternative investment component is to provide diversification and risk reduction through less correlated investment strategies with the goal of enhanced returns and downside protection. Alternative strategies will not be used if they are designed solely to enhance return and/or employ significant leverage. Diversification of asset categories, investment styles and managers is central to managing investment risk. The alternative investment component is expected to approximate 5%-15% of the plans' assets.

The following table presents the defined benefit pension plans' assets measured at fair value:

	As of December 31, 2022			
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents and short-term investments	$ 18	$ 6	$ —	$ 24
U.S. equities	69	19	—	88
Non-U.S. equities	39	30	—	69
Government bonds	—	2	—	2
Corporate bonds	126	48	—	174
Other assets	2	101	54	157
Total assets	$ 254	$ 206	$ 54	$ 514

For the year ended December 31, 2022, we purchased and classified $54 million of investments as Level 3.

	As of December 31, 2021			
Asset Class	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents and short-term investments	$ 14	$ 48	$ —	$ 62
U.S. equities	115	45	—	160
Non-U.S. equities	56	89	—	145
Government bonds	6	11	—	17
Corporate bonds	134	51	—	185
Other assets	5	152	46	203
Total assets	$ 330	$ 396	$ 46	$ 772

For the year ended December 31, 2021, we purchased and classified $46 million of investments as Level 3.

We estimate that future benefit payments from plan assets will be $30 million, $31 million, $32 million, $33 million, $34 million and $183 million for 2023, 2024, 2025, 2026, 2027 and 2028 to 2032, respectively.

Multiemployer Plans

We contribute to a number of multiemployer plans under the terms of collective-bargaining agreements that cover a portion of our employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (iii) if we elect to stop participating in a multiemployer plan, we may be required to contribute to such plan an amount based on the under-funded status of the plan; and (iv) we have no involvement in the management of the multiemployer plans' investments. For the year ended December 31, 2022, we contributed $8 million and for the years ended December 31, 2021 and 2020, we contributed $7 million, in each period, to multiemployer plans.

20. Financial Instruments

Risk Management

Currency Risk. We use currency exchange contracts to manage our exposure to changes in currency exchange rates associated with certain of our non-U.S.-dollar denominated receivables and forecasted royalties, forecasted earnings of non-U.S. subsidiaries and forecasted non-U.S.-dollar denominated acquisitions. We primarily hedge a portion of our current-year currency exposure to the Australian, Canadian and New Zealand dollars, the euro and the British pound sterling. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the 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 12 months are designated and do qualify as cash flow hedges. We have designated our euro-denominated notes as a hedge of our investment in euro-denominated foreign operations.

The estimated net amount of existing gains or losses we expect to reclassify from accumulated other comprehensive income (loss) to earnings for cash flow and net investment hedges over the next 12 months is not material.

Interest Rate Risk. We use various hedging strategies including interest rate swaps and interest rate caps to create what we deem an appropriate mix of fixed and floating rate assets and liabilities. We use interest rate swaps and interest rate caps to manage the risk related to our floating rate corporate debt and our floating rate vehicle-backed debt. We record the changes in the fair value of our cash flow hedges to other comprehensive income (loss), net of tax, and subsequently reclassify these amounts into earnings in the period during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. We record the gains or losses related to freestanding derivatives, which are not designated as a hedge for accounting purposes, currently in earnings and are presented in the same line of the income statement expected for the hedged item. We estimate that approximately $16 million of gain currently recorded in accumulated other comprehensive income (loss) will be recognized in earnings over the next 12 months.

Commodity Risk. We periodically enter into derivative commodity contracts to manage our exposure to changes in the price of gasoline. These instruments were designated as freestanding derivatives and the changes in fair value are recorded in earnings and are presented in the same line of the income statement expected for the hedged item.

Credit Risk and Exposure. We are exposed to counterparty credit risks in the event of nonperformance by counterparties to various agreements and sales transactions. We manage such risk by evaluating the financial position and creditworthiness of such counterparties and by requiring collateral in certain instances in which financing is provided. We mitigate counterparty credit risk associated with our derivative contracts by monitoring the amount for which we are at risk with each counterparty, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing our risk among multiple counterparties.

There were no significant concentrations of credit risk with any individual counterparty or groups of counterparties at December 31, 2022 or 2021, other than (i) risks related to our repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers, and primarily with respect to receivables for program cars that were disposed but for which we have not yet received payment from the manufacturers (see Note 2 – Summary of Significant Accounting Policies), (ii) receivables from Realogy and Wyndham related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with their disposition and (iii) risks related to leases which have been assumed by Realogy but of which we are a guarantor. Concentrations of credit risk associated with trade receivables are considered minimal due to our diverse customer base. We do not normally require collateral or other security to support credit sales.

Fair Value

Derivative instruments and hedging activities

As described above, derivative assets and liabilities consist principally of currency exchange contracts, interest rate swaps, interest rate caps and commodity contracts. We held derivative instruments with absolute notional values as follows:

	As of December 31,	
	2022	2021
Foreign exchange contracts	$ 1,160	$ 1,655
Interest rate caps [(a)]	14,219	11,900
Interest rate swaps	1,450	1,450

(a) Represents $9.8 billion of interest rate caps sold, partially offset by approximately $4.4 billion of interest rate caps purchased at December 31, 2022 and $7.2 billion of interest rate caps sold, partially offset by approximately $4.7 billion of interest rate caps purchased at December 31, 2021. These amounts exclude $6.2 billion and $3.0 billion of interest rate caps purchased by our Avis Budget Rental Car Funding subsidiary at December 31, 2022 and 2021, respectively.

Fair values (Level 2) of derivative instruments are as follows:

	As of December 31, 2022		As of December 31, 2021	
	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives
Derivatives designated as hedging instruments				
Interest rate swaps [(a)]	$ 61	$ —	$ 2	$ 27
Derivatives not designated as hedging instruments				
Foreign exchange contracts [(b)]	4	6	7	10
Interest rate caps [(c)]	46	111	11	15
Total	$ 111	$ 117	$ 20	$ 52

Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding, as it is not consolidated by us; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within accumulated other comprehensive income (loss), as discussed in Note 16 – Stockholders' Equity.
(a) Included in other non-current assets or other non-current liabilities.
(b) Included in other current assets or other current liabilities.
(c) Included in assets under vehicle programs or liabilities under vehicle programs.

The effects of derivatives recognized in our Consolidated Financial Statements are as follows:

	Year Ended December 31,		
	2022	2021	2020
Financial instruments designated as hedging instruments [(a)]			
Interest rate swaps [(b)]	$ 64	$ 32	$ (31)
Euro-denominated notes [(c)]	44	56	(67)
Financial instruments not designated as hedging instruments [(d)]			
Foreign exchange contracts [(e)]	36	(3)	(5)
Interest rate caps [(f)]	(1)	(1)	—
Commodity contracts [(g)]	—	—	(6)
Total	$ 143	$ 84	$ (109)

(a) Recognized, net of tax, as a component of accumulated other comprehensive income (loss) within stockholders' equity.
(b) Classified as a net unrealized gain (loss) on cash flow hedges in accumulated other comprehensive income (loss). Refer to Note 16 – Stockholders' Equity for amounts reclassified from accumulated other comprehensive income (loss) into earnings.
(c) Classified as a net investment hedge within currency translation adjustment in accumulated other comprehensive income (loss).
(d) Gains (losses) related to derivative instruments are expected to be largely offset by (losses) gains on the underlying exposures being hedged.
(e) For the year ended December 31, 2022, included a $39 million gain in interest expense and a $3 million loss in operating expenses. For the year ended December 31, 2021, included a $2 million loss in interest expense and a $1 million loss in operating expenses. For the year ended December 31, 2020, included a $3 million loss in interest expense and a $2 million loss in operating expenses.
(f) Primarily included in vehicle interest, net.
(g) Included in operating expenses.

Debt Instruments

The carrying amounts and estimated fair values (Level 2) of debt instruments are as follows:

	As of December 31, 2022		As of December 31, 2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Corporate debt				
Short-term debt and current portion of long-term debt	$ 27	$ 26	$ 19	$ 18
Long-term debt	4,644	4,411	3,990	4,153
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	$ 11,275	$ 10,848	$ 8,848	$ 9,009
Vehicle-backed debt	2,423	2,422	2,528	2,559
Interest rate swaps and interest rate caps [(a)]	111	111	14	14

(a) Derivatives in liability position.

21. Segment Information

Our chief operating decision-maker assesses performance and allocates resources based upon the separate financial information of our operating segments. In identifying our reportable segments, we also consider the nature of services provided by our operating segments, the geographical areas in which the segments operate and other relevant factors. We aggregate certain of our operating segments into our reportable segments.

Management evaluates the operating results of each of our reportable segments based upon revenues and "Adjusted EBITDA," which we define as income from continuing operations before non-vehicle related depreciation and amortization; any impairment charges; restructuring and other related charges; early extinguishment of debt costs; non-vehicle related interest; transaction-related costs, net; charges for unprecedented personal-injury and other legal matters, net, which includes amounts recorded in excess of $5 million related to class action lawsuits; non-operational charges related to shareholder activist activity, which include third party advisory, legal and other professional fees; COVID-19 charges, net; other (income) expense, net; and income taxes.

We revised our definition of Adjusted EBITDA to exclude other (income) expense, net. We did not revise prior years' Adjusted EBITDA because there were no other charges similar in nature. We believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our operating businesses and in comparing our results from period to period. We also believe that Adjusted EBITDA is useful to investors because it allows them to assess our results of operations and financial condition on the same basis that management uses internally. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Year Ended December 31, 2022

	Americas	International	Corporate and Other (a)	Total
Revenues	$ 9,474	$ 2,520	$ —	$ 11,994
Vehicle depreciation and lease charges, net	414	414	—	828
Vehicle interest, net	348	54	—	402
Adjusted EBITDA	3,660	560	(87)	4,133
Non-vehicle depreciation and amortization	141	66	18	225
Assets exclusive of assets under vehicle programs	5,798	2,402	299	8,499
Assets under vehicle programs	14,269	3,159	—	17,428
Capital expenditures (excluding vehicles)	117	33	96	246

(a) Primarily represents unallocated corporate expenses and receivables from our former subsidiaries.

Year Ended December 31, 2021

	Americas	International	Corporate and Other (a)	Total
Revenues	$ 7,557	$ 1,756	$ —	$ 9,313
Vehicle depreciation and lease charges, net	851	346	—	1,197
Vehicle interest, net	258	55	—	313
Adjusted EBITDA	2,364	118	(71)	2,411
Non-vehicle depreciation and amortization	178	84	10	272
Assets exclusive of assets under vehicle programs	5,746	2,716	119	8,581
Assets under vehicle programs	11,437	2,582	—	14,019
Capital expenditures (excluding vehicles)	74	26	8	108

(a) Primarily represents unallocated corporate expenses and receivables from our former subsidiaries.

Year Ended December 31, 2020

	Americas	International	Corporate and Other [a]	Total
Revenues	$ 3,965	$ 1,437	$ —	$ 5,402
Vehicle depreciation and lease charges, net	968	400	—	1,368
Vehicle interest, net	274	44	—	318
Adjusted EBITDA	72	(202)	(45)	(175)
Non-vehicle depreciation and amortization	185	91	10	286
Assets exclusive of assets under vehicle programs	5,510	2,754	101	8,365
Assets under vehicle programs	7,155	2,018	—	9,173
Capital expenditures (excluding vehicles)	65	29	—	94

(a) Primarily represents unallocated corporate expenses and receivables from our former subsidiaries.

Provided below is a reconciliation of Adjusted EBITDA to income (loss) before income taxes.

	For the Year Ended December 31,		
	2022	2021	2020
Adjusted EBITDA	$ 4,133	$ 2,411	$ (175)
Less:			
Non-vehicle related depreciation and amortization [a]	235	279	286
Interest expense related to corporate debt, net			
Interest expense	250	218	231
Early extinguishment of debt	—	136	9
COVID-19 charges [b]	(9)	(2)	122
Restructuring and other related charges	19	64	118
Non-operational charges related to shareholder activist activity [c]	—	3	8
Unprecedented personal-injury and other legal matters, net [d]	1	—	4
Transaction-related costs, net	8	5	3
Other (income) expense, net	(7)	—	—
Income (loss) before income taxes	$ 3,636	$ 1,708	$ (956)

(a) Includes amortization of intangible assets recognized in purchase accounting of $43 million in 2022, $66 million in 2021 and $66 million in 2020. Includes operating expenses in our Consolidated Statements of Operations related to cloud computing costs of $10 million and $7 million in 2022 and 2021, respectively.

(b) The following table presents the unusual, direct and incremental costs due to the COVID-19 pandemic:

	2022	2021
Minimum annual guaranteed rent in excess of concession fees, net	$ (9)	$ (2)
Vehicles damaged in overflow parking lots, net of insurance proceeds	—	(7)
Other charges	—	7
Operating expenses	$ (9)	$ (3)
Selling, general and administrative expenses	—	1
COVID-19 charges, net	$ (9)	$ (2)

(c) Reported within selling, general and administrative expenses in our Consolidated Statements of Operations.

(d) Reported within operating expenses on our Consolidated Statements of Operations.

The geographic segment information provided below is classified based on the geographic location of our subsidiaries.

	United States	All Other Countries	Total
2022			
Revenues	$ 8,975	$ 3,019	$ 11,994
Assets exclusive of assets under vehicle programs	5,622	2,877	8,499
Assets under vehicle programs	13,514	3,914	17,428
Net long-lived assets	1,386	944	2,330
2021			
Revenues	$ 7,254	$ 2,059	$ 9,313
Assets exclusive of assets under vehicle programs	5,575	3,006	8,581
Assets under vehicle programs	10,915	3,104	14,019
Net long-lived assets	1,328	1,041	2,369
2020			
Revenues	$ 3,758	$ 1,644	$ 5,402
Assets exclusive of assets under vehicle programs	5,262	3,103	8,365
Assets under vehicle programs	6,797	2,376	9,173
Net long-lived assets	1,421	1,147	2,568

22. Subsequent Event

In January 2023, our Avis Budget Rental Car Funding (AESOP) LLC subsidiary issued $850 million of asset-backed notes to investors with a weighted average interest rate of 5.34%.

In February 2023, our Board of Directors approved a $1 billion increase in repurchase authorization to our Stock Repurchase Program.

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Schedule II – Valuation and Qualifying Accounts
(in millions)

Description	Balance at Beginning of Period	Expense (Benefit)	Other Adjustments[a]	Deductions	Balance at End of Period
Allowance for Doubtful Accounts:					
Year Ended December 31,					
2022	$ 84	$ 91	$ (3)	$ (86)	$ 86
2021	60	107	(2)	(81)	84
2020	52	73	3	(68)	60
Tax Valuation Allowance:					
Year Ended December 31,					
2022	$ 169	$ (63)	$ (3)	$ —	$ 103
2021	207	(35)	(3)	—	169
2020	214	(1)	(6)	—	207

(a) Primarily currency translation adjustments.

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 17, 2006 related 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, dated August 8, 2007).
3.1	Amended and Restated Certificate of Incorporation of Avis Budget Group, Inc. (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 Bylaws of Avis Budget Group, Inc., dated August 10, 2020 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, dated August 13, 2020).
4.1	Indenture dated as of September 26, 2016 among Avis Budget Finance plc, as Issuer, the Guarantors from time to time parties hereto and Deutsche Bank Trust Company Americas as Trustee, Deutsche Bank AG, London Branch as Paying Agent and Deutsche Bank Luxembourg S.A., as Registrar, governing the 4.125% Senior Notes due 2024 (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, dated November 3, 2016).
4.2	Indenture dated as of March 8, 2017 among Avis Budget Finance, plc, as Issuer, the Guarantors from time to time parties hereto, Deutsche Bank Trust Company Americas, as Trustee, Deutsche Bank AG, London Branch, as Paying Agent and Deutsche Bank Luxembourg S.A., as Registrar, governing the 4.50% Senior Notes due 2025 (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, dated May 4, 2017).
4.3	Indenture dated as of October 4, 2018 among Avis Budget Finance, plc, as Issuer, the Guarantors from time to time parties thereto, Deutsche Bank Trust Company Americas, as Trustee, Deutsche Bank AG, London Branch, as Paying Agent and Deutsche Bank Luxembourg S.A., as Registrar, governing the 4.75% Senior Notes due 2026 (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 dated November 6, 2018).
4.4	Indenture dated as of July 3, 2019 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and Deutsche Bank Trust Company Americas, as Trustee, governing the 5.75% Senior Notes due 2027 (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019, dated August 6, 2019).
4.5	First Supplemental Indenture, dated as of August 6, 2020, to the indenture dated as of July 3, 2019 by and among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, dated August 7, 2020).
4.6	Indenture, dated as of March 1, 2021, by and among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, governing the 5.375% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, dated March 1, 2021).
4.7	Indenture, dated as of March 23, 2021, by and among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, governing the 4.75% Senior Notes due 2028 (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, dated March 23, 2021).
4.8	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (Incorporated by reference to Exhibit 4.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, dated February 17, 2022).
10.1	Agreement between Avis Budget Group, Inc. and Joseph Ferraro (Incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, dated February 24, 2016).†
10.2	Service Agreement between Patrick Rankin and Avis Budget Services Limited, dated February 22, 2019 (Incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, dated February 20, 2020). †
10.3	Agreement between Patrick Rankin and Avis Budget Services Limited, dated August 15, 2019 (Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, dated February 20, 2020). †
10.4	Agreement between Avis Budget Group, Inc. and Edward Linnen, dated April 20, 2015 (Incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, dated February 20, 2020). †
10.5	Offer Letter, dated August 12, 2020, between Brian Choi and Avis Budget Group, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated August 13, 2020). †
10.6	Offer Letter, dated February 4, 2021, between Veresh Sita and Avis Budget Group, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K, dated February 17, 2022). †
10.7	Separation Agreement, dated April 19, 2022, between Veresh Sita and Avis Budget Group, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated April 22, 2022).

10.8	Avis Budget Group, Inc. Executive Severance Pay Plan for Grade A and B Employees and Summary Plan Description (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated December 14, 2020). †
10.9	Fourth Amended and Restated Cooperation Agreement, dated as of December 23, 2022, by and among Avis Budget Group, Inc., SRS Investment Management, LLC and certain of its affiliates (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 27, 2022).
10.10	Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan (Incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A, dated March 26, 2019).†
10.11	Amendment to the Avis Budget Group, Inc. Amended and Restated Equity and Incentive Plan dated October 26, 2021 (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, dated November 2, 2021).†
10.12	Form of Award Agreement - Restricted Stock Units (Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 dated February 21, 2019).†
10.13	Form of Award Agreement - Performance Based Restricted Stock Units (Incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, dated February 21, 2019).†
10.14	Form of Non-Employee Director Award Agreement - Restricted Stock Units (Incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, dated February 21, 2019).†
10.15	Form of Avis Budget Group, Inc. Severance Agreement (Incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, dated February 21, 2019).†
10.16	Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan, amended and restated as of January 1, 2019 (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 dated February 21, 2019).†
10.17	Amendment No. 1 dated as of December 8, 2022 to the Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan, amended and restated as of January 1, 2019. †
10.18	Avis Budget Group, Inc. Supplemental Savings Plan, amended and restated as of January 1, 2023. †
10.19	Avis Budget Group, Inc. Savings Restoration Plan, amended and restated as of November 1, 2008 (Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, dated February 26, 2009).†
10.20	Avis Rent A Car System, LLC Pension Plan (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, dated February 21, 2019).†
10.21	Cendant Corporation* Officer Personal Financial Services Policy (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated January 26, 2005).
10.22	Tax Sharing Agreement among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 28, 2006 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated August 1, 2006).
10.23	Amendment to the Tax Sharing Agreement, dated July 28, 2006, among Avis Budget Group, Inc., Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc. (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, dated August 7, 2008).
10.24	Second Amended and Restated Base Indenture, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).
10.25	Supplemental Indenture No. 1, dated as of December 23, 2005, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated January 20, 2006).
10.26	Supplemental Indenture No. 2, dated as of May 9, 2007, among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.27	Supplemental Indenture No. 3, dated as of August 16, 2013, among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.35(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.28	Second Amended and Restated Loan Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as a Permitted Nominee, and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).

10.29		First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as a Permitted Nominee, and Cendant Rental Car Funding (AESOP) LLC***, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated January 20, 2006).
10.30		Second Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Borrower, PV Holding Corp., as a Permitted Nominee, Quartx Fleet Management, Inc., as a Permitted Nominee, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.31		Third Amendment, dated as of August 16, 2013, among AESOP Leasing L.P., as Borrower, PV Holding Corp., as a Permitted Nominee, Quartx Fleet Management, Inc., as a Permitted Nominee, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.36(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.32		Fourth Amendment, dated as of July 28, 2022, among AESOP Leasing L.P., as Borrower, PV Holding Corp., as a Permitted Nominee, Quartx Fleet Management, Inc., as a Permitted Nominee, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, dated November 1, 2022).
10.33		Amended and Restated Loan Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.29(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.34		First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Borrower, and Cendant Rental Car Funding (AESOP) LLC***, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.29(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.35		Second Amendment, dated as of the May 9, 2007, among AESOP Leasing L.P., as Borrower, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.36		Third Amendment, dated as of August 16, 2013, among AESOP Leasing L.P., as Borrower, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.37(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.37		Fourth Amendment, dated as of July 28, 2022, between AESOP Leasing L.P., as Borrower, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, dated November 1, 2022).
10.38		Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, and Cendant Car Rental Group, Inc.**, as Lessee and as Administrator (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).
10.39		First Amendment, dated December 23, 2005, among AESOP Leasing L.P., as Lessor, and Cendant Car Rental Group, Inc.**, as Lessee and as Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated January 20, 2006).
10.40		Third Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Lessor and Avis Budget Car Rental, LLC, as Lessee and as the Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.41		Fourth Amendment, dated as of August 16, 2013, among AESOP Leasing L.P., as Lessor and Avis Budget Car Rental, LLC, as Lessee and as the Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.38(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.42		Fifth Amendment, dated as of July 28, 2022, among AESOP Leasing L.P., as Lessor and Avis Budget Car Rental, LLC, as Lessee and as the Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, dated November 1, 2022).
10.43		Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, Inc.**, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, Inc.****, as Lessee, and Budget Rent A Car System, Inc., as Lessee (Incorporated by reference to Exhibit 10.30(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).

10.44		First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, Inc.**, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, Inc.****, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.30(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.45		Third Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Lessor, Avis Budget Car Rental, LLC, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.46		Fourth Amendment, dated as of August 16, 2013, among AESOP Leasing L.P., as Lessor, Avis Budget Car Rental, LLC, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.39(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.47		Fifth Amendment, dated as of July 28, 2022, among AESOP Leasing L.P., as Lessor, Avis Budget Car Rental, LLC, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, dated November 1, 2022).
10.48		AESOP I Operating Sublease Agreement dated as of March 26, 2013 between Zipcar, Inc., as Sublessee and Avis Budget Car Rental, LLC, as Sublessor (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, dated May 8, 2013).
10.49		Second Amended and Restated Administration Agreement, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, AESOP Leasing L.P., AESOP Leasing Corp. II, Avis Rent A Car System, Inc.****, Budget Rent A Car System, Inc., Cendant Car Rental Group, Inc.** and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, dated March 1, 2006).
10.50		First Amendment, dated as of August 16, 2013, among Avis Budget Rental Car Funding (AESOP) LLC, AESOP Leasing L.P., AESOP Leasing Corp. II, Avis Rent A Car System, LLC, Budget Rent A Car System, Inc. and Avis Budget Car Rental, LLC, as Administrator, to the Second Amended and Restated Administration Agreement dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.41(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013, dated February 20, 2014).
10.51		Fifth Amended and Restated Series 2010-6 Supplement, dated as of April 14, 2022, by and among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, Avis Budget Car Rental, LLC, as Administrator, JPMorgan Chase Bank, N.A., as Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Committed Note Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee and as Series 2010-6 Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated April 19, 2022).
10.52		Third Amended and Restated Series 2015-3 Supplement, dated as of April 14, 2022, by and among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, Avis Budget Car Rental, LLC, as Administrator, JPMorgan Chase Bank, N.A., as Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Committed Note Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee and as Series 2015-3 Agent (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated April 19, 2022).
10.53		Series 2017-1 Supplement, dated as of March 15, 2017, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2017-1 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 21, 2017).
10.54		Amended and Restated Series 2017-2 Supplement, dated as of May 31, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2017-2 Agent (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated June 10, 2022).
10.55		Amended and Restated Series 2018-1 Supplement, dated as of May 31, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2018-1 Agent (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, dated June 10, 2022).
10.56		Amended and Restated Series 2018-2 Supplement, dated as of June 18, 2021, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2018-2 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated June 23, 2021).
10.57		Series 2019-1 Supplement, dated as of February 13, 2019, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2019-1 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 20, 2019).
10.58		Amended and Restated Series 2019-2 Supplement, dated as of June 18, 2021 between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2019-2 Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 23, 2021).

10.59		Amended and Restated Series 2019-3 Supplement, dated as of May 26, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2019-3 Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated June 10, 2022).
10.60		Amended and Restated Series 2020-1 Supplement, dated as of June 18, 2021, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2020-1 Agent. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated June 23, 2021).
10.61		Series 2020-2 Supplement, dated as of August 12, 2020, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2020-2 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated August 14, 2020).
10.62		Series 2021-1 Supplement dated as of May 18, 2021, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2021-1 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated May 21, 2021).
10.63		Series 2021-2 Supplement, dated as of November 17, 2021, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2021-2 Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated November 19, 2021).
10.64		Series 2022-1 Supplement, dated as of April 14, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2022-1 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated April 19, 2022).
10.65		Series 2022-2 Supplement, dated as of June 7, 2022, between Avis Budget Rental Car Funding (AESOP) LLC, Avis Budget Car Rental, LLC, as Administrator, JPMorgan Chase Bank, N.A., as Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Committed Note Purchasers, the APA Banks and the Funding Agents named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2022-2 Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 10, 2022).
10.66		Series 2022-3 Supplement, dated as of July 21, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2022-3 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated July 22, 2022).
10.67		Series 2022-4 Supplement, dated as of July 21, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2022-4 Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated July 22, 2022).
10.68		Series 2022-5 Supplement, dated as of November 29, 2022, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2022-5 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated December 2, 2022).
10.69		Series 2023-1 Supplement, dated as of January 17, 2023, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2023-1 Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 20, 2023).
10.70		Series 2023-2 Supplement, dated as of January 17, 2023, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2023-2 Agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated January 20, 2023).
10.71		Sixth Amended and Restated Credit Agreement, dated as of July 9, 2021, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, Avis Budget Group, Inc., the subsidiary borrowers from time to time party thereto, the financial institutions from time to time party thereto JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated July 13, 2021).
10.72		First Amendment, dated as of March 16, 2022, to the Sixth Amended and Restated Credit Agreement, dated as of July 9, 2021, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, Avis Budget Group, Inc., the subsidiary borrowers from time to time party thereto, the financial institutions from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 25, 2022).
10.73		Second Amendment, dated as of March 24, 2022, to the Sixth Amended and Restated Credit Agreement, dated as of July 9, 2021, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, Avis Budget Group, Inc., the subsidiary borrowers from time to time party thereto, the financial institutions from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, dated March 25, 2022).
10.74		Third Amendment, dated as of July 28, 2022, to the Sixth Amended and Restated Credit Agreement, dated as of July 9, 2021, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, as borrower, Avis Budget Group, Inc., the subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other parties thereto (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, dated November 1, 2022).
10.75		Offer Letter, dated May 17, 2022, between Ravi Simhambhatla and Avis Budget Group, Inc.†

10.76		Fourth Amendment, dated as of February 6, 2023, to the Sixth Amended and Restated Credit Agreement, dated as of July 9, 2021, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, as borrower, Avis Budget Group, Inc., the subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, and the other parties thereto.
21		Subsidiaries of Registrant.
23.1		Consent of Deloitte & Touche LLP.
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		Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH		XBRL Taxonomy Extension Schema.
101.CAL		XBRL Taxonomy Extension Calculation Linkbase.
101.DEF		XBRL Taxonomy Extension Definition Linkbase.
101.LAB		XBRL Taxonomy Extension Label Linkbase.
101.PRE		XBRL Taxonomy Extension Presentation Linkbase.
104		The cover page from the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, formatted as Inline XBRL and contained in Exhibit 101.

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*	Cendant Corporation is now known as Avis Budget Group, Inc.
**	Cendant Car Rental Group, LLC (formerly known as Cendant Car Rental Group, Inc.) is now known as Avis Budget Car Rental, LLC.
***	Cendant Rental Car Funding (AESOP) LLC, formerly known as AESOP Funding II L.L.C, is now known as Avis Budget Rental Car Funding (AESOP) LLC.
****	Avis Rent A Car System, Inc. is now known as Avis Rent A Car System, LLC.
†	Denotes management contract or compensatory plan.
††	Confidential treatment has been requested for certain portions of this Exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, which portions have been omitted and filed separately with the Securities and Exchange Commission.

AMENDMENT NO. 1 TO THE
AVIS BUDGET GROUP, INC.
NON-EMPLOYEE DIRECTORS DEFERRED COMPENSATION PLAN

December 8, 2022

This Amendment No. 1 (this "Amendment") dated December 8, 2022, to the Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan, amended and restated as of January 1, 2019 (the "Plan"), has been approved by the board of directors of Avis Budget Group, Inc., a Delaware corporation (the "Company").

AMENDMENT

Section 1. Defined Terms. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given them in the Plan.

Section 2. Authority to Amend the Plan. The Plan is being amended pursuant to Section 9.1 of the Plan.

Section 3. Amendment to the Plan. The last paragraph of the definition of "Change in Control," immediately following clause (d) therein, contained in Section 2.4 of the Plan, is hereby amended by deleting such paragraph in its entirety and replacing such paragraph with the following:

> "Notwithstanding the foregoing, (a) a Change of Control shall not be deemed to occur for purposes of any payment hereunder unless such transaction also constitutes a "change in control event" for purposes of Section 409A of the Code, and (b) under no circumstances shall the acquisition or ownership by SRS Investment Management, LLC and/or its affiliates of stock of the Company constitute a Change of Control."

Section 4. Effect of the Amendment. Except as expressly amended hereby, the Plan shall remain in full force and effect. Any reference to the Plan contained in any notice, request or other document executed concurrently with or after the execution and delivery of this Amendment shall be deemed to include this Amendment unless the context shall otherwise require. For the sake of clarity, this Amendment shall not be effective with respect to deferrals (and irrevocable deferral elections) made pursuant to the Plan prior to the date hereof, to the extent required to comply with Section 409A of the Code.

Section 5. Governing Law. This Amendment shall be construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

Section 6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

* * * * *

AVIS BUDGET GROUP, INC.
SUPPLEMENTAL SAVINGS PLAN

EFFECTIVE
JANUARY 1, 2023

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ARTICLE I - SPONSORSHIP AND PURPOSE OF PLAN

1.1 Sponsorship

Avis Budget Group, Inc. (the "Company") a corporation organized under the laws of the State of Delaware, sponsors the Avis Budget Group, Inc. Supplemental Savings Plan (the "Plan"), a non-qualified deferred compensation plan for the benefit of Participants and Beneficiaries (as defined herein). This Plan shall generally be effective January 1, 2023; however, the Plan will be effective as to each individual upon such individual becoming a Participant. The Plan is the result of amendments to the Avis Budget Group, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan") and the Avis Budget Group, Inc. Savings Restoration Plan (the "Savings Restoration Plan") (collectively such plans shall be referred to as "Legacy Plans"), to merge such plans into the Plan effective January 1, 2023.

Effective as of November 1, 2008, the Deferred Compensation Plan was amended to merge the Avis Rent A Car System, LLC Deferred Compensation Plan (referred to as the "Old ARAC Plan") into the deferred Compensation Plan and to conform with certain other administrative or operational procedures. Except where specifically noted, the provisions of this document will apply to the Plan, the Deferred Compensation Plan, the Savings Restoration Plan and the Old ARAC Plan.

1.2 Purpose of Plan

The Plan is intended to be an unfunded plan maintained primarily for the purpose of enabling certain employees to defer receipt of designated percentages or amounts of their Compensation and to provide a means for certain other deferrals of Compensation. The employees who participate in the Plan are a select group of management or highly compensated employees and this Plan shall be classified as a "top hat" plan.

ARTICLE II - DEFINITIONS

Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1 **Account** means, for each Participant, the account established for his or her benefit under Section 5.1.

2.2 **Beneficiary** means the person(s) or entity designated by the Participant in accordance with the provisions of Article VII to receive benefits under the Plan as a result of a Participant's death.

2.3 **Board** means the Board of Directors of the Company.

2.4 **<u>Change of Control</u>** means the date on which:

(a) any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 % of the total fair market value or total voting power of the stock of the Company;

(b) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company;

(c) a majority of members of the Company's Board of Directors is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board of Directors before the date of the appointment or election; or

(d) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month periods ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have at total gross fair market value equal to more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

<u>provided</u>, that, notwithstanding anything in the foregoing to the contrary, under no circumstances shall the acquisition or ownership by SRS Investment Management, LLC and/or its affiliates of stock of the Company constitute a Change of Control.

2.5 **<u>Code</u>** means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.6 **<u>Committee</u>** means a Committee of one or more persons appointed by the Board to administer the Plan. In the absence of such appointment, or if, due to resignation or other cause, no appointed members remain, the Board shall be the Committee.

2.7 **<u>Compensation</u>** means a Participant's annual base salary and annual bonus received from the Employer as compensation for services.

2.8 **<u>Disabled or Disability</u>** means the inability of a Participant to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, and the permanence and degree of which shall be supported by medical evidence satisfactory to the Committee.

2.9 **Election Form** means the participation election form as approved and prescribed by the Committee.

2.10 **Elective Deferral** means the portion of Compensation which is deferred by a Participant under Section 4.1.

2.11 **Eligible Employee** means each employee of the Employer who is determined by the Employer, in its sole discretion, to be eligible to participate in the Plan. Generally, an employee will be eligible to participate in the Plan if he or she is in compensation grade A or B. An employee who was eligible to participate in the Deferred Compensation Plan or the Savings Restoration Plan shall be eligible to participate in this Plan with respect to the amounts that were previously deferred or contributed under the Legacy Plans prior to the Effective Date; however, no such Legacy Plan participant shall be eligible to make Elective Deferrals or have Matching Deferrals made on their behalf under this Plan unless designated by the Employer to participate in such manner.

2.12 **Employer** means the Company, any successor to all or a major portion of the Company's assets or business which assumes the obligations of the Company, and each other entity that is affiliated with the Company which adopts the Plan with the consent of the Company, provided that the Company shall have the sole power to amend the Plan.

2.13 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.14 **Matching Deferral** means a deferral provided at the Employer's discretion for a Participant's benefit as described in Section 4.3.

2.15 **Participant** means any individual who participates in the Plan in accordance with Article III.

2.16 **Plan** means this Avis Budget Group, Inc. Supplemental Savings Plan, as amended from time to time. Effective November 1, 2008, this term shall be interpreted to include the Old ARAC Plan.

2.17 **Plan Year** means the twelve consecutive month period ending each December 31st.

2.18 **Termination of Employment** means a Participant's separation from the service of the Employer by reason of resignation, discharge, or retirement. Separation from service as a result of a transfer to an affiliate or subsidiary of the Employer does not constitute Termination of Employment.

2.19 **Trusts** means the trusts established by the Company that identifies the Plan as a plan with respect to which assets are to be held by a Trustee.

2.20 **Trustee** means the trustee or trustees under a Trust.

2.21 **Unforeseen Emergency** means a severe financial hardship arising from illness or accident of the Participant, Participant's spouse or dependents; casualty loss; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

ARTICLE III - PARTICIPATION

3.1 **Commencement of Participation**

Any Eligible Employee who elects to defer part of his or her Compensation in accordance with Section 4.1 shall become a Participant in the Plan as of the date such deferrals commence in accordance with Section 4.1. Participants under the Old ARAC Plan are automatically deemed Participants of the Plan as of November 1, 2008.

3.2 **Continued Participation**

A Participant in the Plan shall continue to be a Participant so long as any amount remains credited to his or her Account. Notwithstanding the foregoing, Participation in respect of any calendar year is not a guarantee of participation in respect of any future calendar year.

ARTICLE IV - ELECTIVE AND MATCHING DEFERRALS

4.1 **Elective Deferrals**

Any individual who becomes an Eligible Employee at the time he or she is hired by an Employer may, by making an election in the manner which the Committee has designated within 30 days following the date on which the Committee gives such individual written notice that the individual is an Eligible Employee, elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Committee may permit, which are earned by and payable to the Participant after the date on which the individual files the Election Form. Such election will be effective only for the Plan Year to which it relates. Provided, however, no elective deferrals of base salary may be made under the Plan with respect to Participants who are eligible to participate in the Employer’s 401(k) plan, until the Participant has made the maximum elective deferrals permitted under Code Sections 402(g) and 401(a) (17) to the Employer’s 401(k) Plan. At such time, the elected percentage or dollar amount of Compensation shall commence being contributed to the Plan.

Any other Eligible Employee may elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Committee may permit by making an election in the manner which the Committee has designated prior to the first day of such succeeding Plan Year. Such election shall be effective only for the Plan Year succeeding the Plan Year in which the election is made.

4.2 Elective Deferral Limitations

No dollar limitation exists on the total amount of Compensation that may be deferred under the Plan. However, each component of Compensation is subject to a separate deferral percentage limitation. For each Plan Year, a Participant may not defer more than:

- 75% of annual base salary; and
- 98 % of annual bonus.

4.3 Matching Deferrals

The Employer has the sole discretion to credit Matching Deferrals in the Accounts of any or all Eligible Employees in any amount it feels appropriate. However, in no event will such Matching Deferral exceed 6% of such Eligible Employee's Compensation for any Plan Year, after offsetting Compensation which was taken into account in computing matching contributions under the Employer's 401(k) Plan.

Matching Deferrals may, in any calendar year that the Employer deems appropriate, be made to Eligible Employees in an amount equal to (i) the percentage of bonus pay that has been deferred under this Plan up to a maximum of 6% of bonus pay; and (ii) the amount of matching contributions which would have been made under the Employer's 401(k) plan had such plan not limited matching contributions to those contributions made on account of elective deferrals which do not exceed the Code section 402(g) limit; however, the maximum elective deferral percentage upon which Matching Deferrals may be made is 6% and Matching Deferrals shall not be made upon Compensation which exceeds the Code section 401(a)(17) limit for such calendar year.

In addition, in any year that the Employer deems appropriate, Matching Deferrals shall be made, at a percentage level established by the Employer on Compensation which exceeds the Code section 401(a)(17) limit irrespective of whether the Eligible Employee's elective deferrals under the Employer's 401(k) plan reached the Code section 402(g) limit.

4.4 Vesting

A Participant shall be immediately vested in, and shall have a nonforfeitable right to, all Elective Deferrals, Matching Deferrals, and all income and gain attributable thereto, credited to his or her Account; provided, however, that the existence of such right shall not be deemed to vest in any Participant any right, title or interest in or to any specific assets of the Employer.

ARTICLE V - ACCOUNTS

5.1 Accounts

The Committee shall establish an Account for each Participant reflecting Elective Deferrals and Matching Deferrals made for the Participant's benefit together with any adjustments for income, gain or loss and any payments from the Account. The Committee may cause the Trustee to maintain and invest separate asset accounts corresponding to each Participant's Account. The Committee shall establish sub accounts for each Participant that has more than one election in effect under Section 6.1 and such other sub-accounts as are necessary for the proper administration of the Plan, including a sub-account for amounts deferred (and any subsequent earnings related thereto) under the Old ARAC Plan. The Committee shall periodically, but no less frequently than annually, provide the Participant with a statement of his or her Account reflecting the income, gains and losses (realized and unrealized), amounts of deferrals, and distributions of such Account since the prior statement.

5.2 Investments

The assets of the Trust shall be invested in such investments as the Trustee shall determine. The Trustee may (but is not required to) consider the Employer's or a Participant's investment preferences when investing the assets attributable to a Participant's Account.

ARTICLE VI - PAYMENTS

6.1 Election As to Time and Form of Payment

A Participant shall elect (on the Election Form used to elect to defer Compensation under Section 4.1) the date at which his or her Account will commence to be paid in cash. The Participant may elect distribution to occur on a specified date or on the date that is six months after Termination of Employment. The Participant shall also elect thereon for payments to be paid in either:

a. a single lump-sum payment; or

b. a series of annual installments paid over a period elected by the Participant of up to 10 years, the amount of each installment to equal the balance of his or her Account immediately prior to the installment divided by the number of installments remaining to be paid.

Such distribution election detailing the time and form of payment will need to be made on an annual basis with respect to each year's deferral and will only be effective for Elective Deferrals and Matching Contributions made for the Plan Year beginning after the date of the election. If an election under this Section is not made timely or is deemed invalid by the Committee, the default time of distribution for such deferral will be six months after Termination of Employment and the default form of payment will be a single-lump sum payment. Except as provided in Sections 6.2, 6.3 or 6.4, payment of a Participant's Account shall be made in accordance with the Participant's elections under this Section 6.1.

All elections as to time and form of payment made under one or both of the Legacy Plans shall remain operative under this Plan.

Notwithstanding the foregoing, a Participant shall be permitted to elect to further defer his or her lump sum distribution or series of installment payments by filing an election (a "second election") that does not take effect until 12 months after the date the election is filed, that provides for the distribution to be made or to commence no earlier than the fifth (5th) anniversary of the date the distribution would have been made but for this election; this election may provide for the deferred distribution to be in either a lump sum or in a series of annual installments over any period of years not in excess of ten (10) years; provided, however, that any such election must be in compliance with the provisions of Code Section 409A(a)(4)(C) and Treasury Regulation Section 1.409A-2(b), and provided, further, that once a second election has been made, it may not be made again.

Notwithstanding the above, upon a Participant's Termination of Employment, in the event such Participant's Account balance is less than $25,000, such Account balance shall be distributed on the date that is six months following such Termination of Employment in the form of a single lump-sum payment.

6.2 Change of Control

Notwithstanding Section 6.1, as soon as possible following a Change of Control, each Participant shall be paid his or her entire Account balance in a single lump sum.

6.3 Disability

Notwithstanding Section 6.1, if a Participant becomes Disabled prior to the complete distribution of his or her Account, the balance of the Account shall be paid as soon as practicable to the Participant, in the form elected by the Participant pursuant to Section 6.1.

6.4 Death

Notwithstanding Section 6.1, if a Participant dies prior to the complete distribution of his or her Account, the balance of the Account shall be paid as soon as practicable to the Participant's designated Beneficiary or Beneficiaries, elected by the Participant pursuant to Section 7.

6.5 Unforseen Emergency

A Participant may request distribution of amounts previously deferred under the Old ARAC Plan (and any subsequent earnings related thereto) upon an Unforeseen Emergency. Such distribution is limited to amounts reasonably necessary to meet the emergency and pay any anticipated tax on the distribution. The Committee retains the right to make a final determination if a Participant's need meets the definition of Unforeseen Emergency and all decisions are final.

6.6 Taxes

All federal, state or local taxes that the Committee determines are required to be withheld from any payments made pursuant to this Article VI shall be withheld.

ARTICLE VII - BENEFICIARY DESIGNATION

7.1 Designation

Upon enrollment in the Plan, each Participant shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new such designation with the Committee on a form designated by the Committee for such purpose. The most recent such designation received by the Committee shall be controlling and shall be effective upon receipt and acceptance by the Committee; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death.

7.2 Failure to designate Beneficiary

If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, or if such designation conflicts with law, the Participant's estate shall be deemed to have been designated as the Beneficiary and shall receive the payment of the amount, if any, payable under the Plan upon the Participant's death. If the Committee is in doubt as to the right of any person to receive such amount, the Committee may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Committee may pay such amount into any court of appropriate jurisdiction and such payment shall be a complete discharge of the obligations of the Employer under the Plan.

7.3 Payment to Representatives

If the Committee determines that a Participant or Beneficiary is legally incapable of giving valid receipt and discharge for the payment due from this Plan, such amounts shall be paid to a duly appointed and acting guardian, if any. If no such guardian is appointed and acting, the Committee may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Committee may pay such amount into any court of appropriate jurisdiction on behalf of the Participant or Beneficiary and such payment shall be a complete discharge of the obligations of the Employer under the Plan.

ARTICLE VIII - PLAN ADMINISTRATION

8.1 Powers and Duties of the Committee

The Committee shall have absolute discretion with respect to the operation, interpretation and administration of the Plan. The Committee's powers and duties shall include, but not be limited to:

a) Establishing Accounts for Participants;

b) Determining eligibility for, and amount of, distributions from the Plan;

c) Adopting, interpreting, altering, amending or revoking rules and regulations necessary to administer the Plan;

d) Delegating ministerial duties and employing outside professionals as may be required; and

e) Entering into agreements or taking such other actions on behalf of the Employer as are necessary to implement the Plan.

Participants are not prohibited from serving as members of the Committee. If an individual is both a Participant and a member of the Committee, such individual is prohibited from making any decision with respect to his or her own participation in, or individual benefits under, the Plan. Any action of the Committee may be taken by a vote or written consent of the majority of the Committee members entitled to act. Any Committee member shall be entitled to represent the Committee, including the signing of any certificate or other written direction, with regard to any action approved by the Committee.

8.2 Information

To enable the Committee to perform its functions, the Employer shall supply full and timely information to the Committee on all matters relating to the compensation of Participants, their employment, retirement, death, termination of employment, and such other pertinent facts as the Committee may require.

8.3 Claims Procedure

In the event a claim by a Participant relating to the amount of any distribution is denied, such person will be given written notice by the Committee of such denial, which shall set forth the reason for denial. The Participant may, within sixty (60) days after receiving the notice, request a review of such denial by filing notice in writing with the Committee. The Committee, in its discretion, may request a meeting with the Participant to clarify any matters it deems pertinent. The Committee will render a written decision within sixty (60) days after receipt of such request, stating the reason for its decision. If the Committee is unable to respond within sixty (60) days, an additional sixty (60) days may be taken by the Committee to respond. The Participant will be notified if the additional time is necessary by the end of the initial sixty (60) day period. The determination of the Committee as to any disputed questions or issues arising under the Plan and all interpretations, determinations and decisions of the Committee with respect to any claim hereunder shall be final, conclusive and binding upon all persons.

ARTICLE IX - AMENDMENT AND TERMINATION

9.1 Amendments

Except as expressly provided in Section 9.3 hereof, the Company, in its sole discretion, by action of its Board or other governing body charged with the management of the Company, or its designee, may amend the Plan, in whole or in part, at any time.

9.2 Termination

This Plan is strictly a voluntary undertaking on the part of the Employer and shall not be deemed to constitute a contract between the Employer and any Eligible Employee (or any other employee) or a consideration for, or an inducement or condition of employment for, the performance of the services by any Eligible Employee (or other employee). The Company reserves the right to terminate the Plan at any time, subject to Section 9.3, by an instrument in writing which has been executed on the Company's behalf by its duly authorized officer. Upon termination, the Company may elect to

(a) continue to maintain the Plan to pay benefits hereunder as they become due as if the Plan had not terminated or (b) pay to Participants (or their beneficiaries) the balance of their Accounts no sooner than twelve months and no later than 24 months after the Plan termination is effective.

For purposes of the preceding sentence, in the event the Company chooses to implement clause (b), such termination and liquidation of the Plan shall be subject to the following limitations:

(1) The termination and liquidation may not occur proximate to a downturn in the financial health of the Company or the Employer;

(2) The Employer must terminate and liquidate all other plans, programs and arrangements it sponsors that would be aggregated with the Plan under Treasury Regulation 1.409A-1(c) if any Participant had deferred compensation under such plans, programs and arrangements; and

(3) The Employer may not adopt a new plan that would be aggregated with the Plan under Treasury Regulation 1.409A-1(c) if any Participant had participated in such plan for a period of three years following the date the termination and liquidation become irrevocable.

9.3 Protection of Benefit

No amendment or termination of this Plan shall reduce the rights of any Participant with respect to amounts allocated to a Participant's Account prior to the date of such amendment or termination without the Participant's express written consent.

ARTICLE X - MISCELLANEOUS

10.1 Tax Withholding

The Employer shall have the right to deduct an amount sufficient in the opinion of the Employer to satisfy all federal, state and other governmental tax withholding requirements relating to any distribution from the Plan.

10.2 Offset to Benefits

Amounts payable to the Participant under the Plan may be offset by any reasonable monetary claims the Employer has against the Participant.

10.3 Inalienability

Except as provided in Section 10.2 hereof, a Participant's right to payments under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant. In no event shall the Employer make any payment under this Plan to any person or entity other than the Participant or Beneficiary, unless required by law.

10.4 Employment

The adoption and maintenance of this Plan does not constitute a contract between the Employer and any Participant and is not consideration for the employment of any person. Nothing contained herein gives any Participant the right to be retained in the employ of the Employer or derogates from the right of the Employer to discharge any Participant at any time and for any reason without regard to the effect of such discharge upon his or her rights as a Participant in the Plan.

10.5 Indemnity of Committee

The Employer indemnifies and holds harmless the Committee and its designees from and against any and all losses resulting from any liability to which the Committee may be subjected by reason of any act or conduct (except willful misconduct or gross negligence) in its official capacity in the administration of this Plan, including all costs and expenses reasonably incurred in its defense, in case the Employer fails to provide such defense.

10.6 Liability

No member of the Board, the Committee, or management of the Employer shall be liable to any person for any action taken under the Plan.

10.7 Rules of Construction

(a) Governing Law. The construction and operation of this Plan are governed by the laws of the State of Delaware, except to the extent superseded by federal law.

(b) Headings. The headings of Articles, Sections and Subsections are for reference only and are not to be utilized in construing the Plan.

(c) Gender. Unless clearly inappropriate, all pronouns of whatever gender refer indifferently to persons or objects of any gender.

(d) Singular and Plural. Unless clearly inappropriate, singular terms refer also to the plural number and vice versa.

(e) Severability. If any provision of this Plan is held illegal or invalid for any reason, the remaining provisions are to remain in full force and effect and to be reformed, construed and enforced in accordance with the purposes of the Plan as if the illegal or invalid provision did not exist.

ARTICLE XI - FUNDING

11.1 Unfunded Plan

This Plan is intended to be unfunded for tax purposes and all distributions hereunder shall be made out of the general assets of the Employer. No Participant or Beneficiary shall have any right, title, interest, or claim in or to any assets of the Employer other than as an unsecured creditor. The Plan constitutes only an unsecured commitment by the Employer to pay benefits to the extent, and subject to the limitations, provided for herein. Although, this Plan constitutes an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), it is intended to cover only a select group of management or highly compensated employees pursuant to Sections 201, 301 and 401 of ERISA.

11.2 Trusts

Notwithstanding the foregoing, the Employer has the discretion to contribute amounts allocated to Participants' Accounts to one or more irrevocable grantor trusts. The assets of such Trusts shall be available to the creditors of the Employer in the event of bankruptcy or insolvency. To the extent of the Trusts' assets, amounts due under the Plan shall be payable first from any such Trust to Participants before any claim is made against the Employer. The Committee may provide direction to a Trustee or custodian on behalf of the Employer as it deems necessary to provide for the proper distribution of benefits from the Trusts.

IN WITNESS WHEREOF, and as evidence of the adoption of this Plan by the Company, it has caused the same to be signed by its officers thereunto duly authorized, and its corporate seal to be affixed thereto, this 14th day of November, 2022.

ATTEST

[Corporate Seal]

AVIS BUDGET GROUP, INC.

By: /s/ Jean Sera
Name: Jean M. Sera
Title: Senior Vice President & General Counsel

avis budget group

EXHIBIT 10.75

May 17, 2022

Ravi Simhambhatla

Dear Ravi,

We are pleased to confirm our offer of employment with Avis Budget Group, Inc. ("Avis Budget" or "the Company"), as EVP, Chief Digital & Innovation Officer. Your start date will be July 1, 2022 and you will report directly to Joseph Ferraro, President and Chief Executive Officer. Your base salary will be $19,230.77 paid on a bi-weekly basis, which equates to an annualized salary of $500,000.

You will be eligible to participate in our annual incentive program. Your target under the program will be 120% of your base salary and will be prorated, if applicable, for actual days employed. Actual payouts will be determined by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") based upon the terms of the program. The Company retains the right in its sole discretion to amend, modify, suspend or rescind the program at any time and for any reason.

You will receive a time-based Restricted Stock Unit ("RSU") sign-on award in the amount of $5,000,000, upon approval by the Board, with an anticipated grant date in July 2022. Vesting of the sign-on RSU award will be 50% on the second anniversary of the grant date, and 50% on the fourth anniversary of the grant date, subject to your continued employment through the applicable vesting date. You will be eligible to participate in the Company's Long-Term Incentive Plan ("LTIP") program with an annual target award value of $900,000. For your 2022 LTIP, you will receive a prorated award in the amount of $450,000, subject to approval by the Board, with an anticipated grant date in July 2022. The 2022 LTIP will be 50% time-based RSU's vesting evenly over three years, and 50% performance RSU's cliff vesting after three years, with each subject to your continued employment through the vesting date, and for the performance RSU's subject to achievement of performance goals. The number of shares subject to awards described above will be determined by dividing the value of the awards by the closing stock price on the date of grant. Equity awards under the Company's LTIP program are determined by the Compensation Committee and in its sole 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).

Health and welfare benefits will become effective on the first calendar day of the month following your date of hire. You will be eligible to participate in the 401K plan as soon as administratively possible following your start date and subject to the terms and conditions of the plan guidelines. After one year of service, the Company will match individual contributions $1 for $1 up to 6% of your annual salary. You will also be entitled to participate in certain executive level perquisite programs including Vehicle Lease and Deferred Compensation. Details of these benefits will be provided.

During the first year of employment, you may commute to World Headquarters in New Jersey on a weekly basis. For the period commencing on your first date of employment through and including the one-year anniversary of such date: the Company will provide (a) up to one round trip business class flight to and from Chicago and related ground transportation to and from the airport, each week, and (b) a corporate apartment within 15 miles of Parsippany, New Jersey.

avis budget group

This offer is contingent upon verification of your education, previous employment and satisfactory references, a background check, and presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration and employment law requirements.

Your employment with the Company is also 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, 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) any confidential or proprietary material of the Company. 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 the Company's policies and procedures.

3. You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.

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 for 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 understanding, whether written or oral.

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

Best Regards,

/s/ Ned Linnen

Ned Linnen
EVP & CHRO
Avis Budget Group

Understood and accepted:

/s/ Ravi Simhambhatla 5/17/22
____
Ravi Simhambhatla Date

Enclosures
cc: J. Ferraro / B. Hees / J. Sera / K. Richards / K. Sarma

EXHIBIT 10.76

FOURTH AMENDMENT

Dated as of February 6, 2023

to the

SIXTH AMENDED AND RESTATED CREDIT AGREEMENT

among

AVIS BUDGET HOLDINGS, LLC,

AVIS BUDGET CAR RENTAL, LLC,
as Borrower,

AVIS BUDGET GROUP, INC.,

The Subsidiary Borrowers from Time to Time Parties Thereto,

The Several Lenders from Time to Time Parties Thereto,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

and the Other Parties Thereto

Dated as of July 9, 2021

JPMORGAN CHASE BANK, N.A.

as Sole Arranger and Bookrunner

FOURTH AMENDMENT

FOURTH AMENDMENT, dated as of February 6, 2023 (this "Amendment"), among AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the Lenders party hereto and JPMORGAN CHASE BANK, N.A. ("JPMorgan"), as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, reference is hereby made to the Sixth Amended and Restated Credit Agreement dated as of July 9, 2021 (as heretofore amended, supplemented or otherwise modified from time to time, the "Existing Credit Agreement" and, as amended by this Amendment and as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among others, Holdings, the Borrower, Avis Budget Group, Inc., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto (the "Lenders") and the Administrative Agent; and

WHEREAS, pursuant to Section 10.1 of the Existing Credit Agreement, the Borrower has requested to amend certain provisions of the Existing Credit Agreement, and the Administrative Agent and the Required Lenders have agreed, upon the terms and subject to the conditions set forth herein, to amend those certain provisions of the Existing Credit Agreement as set forth herein;

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

SECTION 1. Defined Terms. Unless otherwise defined herein, capitalized terms are used herein as defined in the Credit Agreement as amended hereby.

SECTION 2. Amendments of the Existing Credit Agreement.

(a) The definition of "Change in Control" in the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"Change in Control": (a) the acquisition by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the SEC thereunder as in effect on the Restatement Effective Date), directly or indirectly, beneficially or of record, of ownership or control of in excess of 50% of the voting common stock of ABG on a fully diluted basis at any time; provided, that any voting common stock held by SRS (as defined in the Cooperation Agreement) that is subject to the "Excess Voting Rights" limitations on voting set forth in the Cooperation Agreement (as in effect on the Fourth Amendment Effective Date) shall be excluded from the amount of voting common stock of ABG deemed held by SRS (as defined in the Cooperation Agreement) for purposes of such determination or (b) if at any time, individuals who at the Restatement Effective Date constituted the board of directors of ABG (together with any new directors whose election by such board of directors or whose nomination for election by the shareholders of ABG, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors at the Restatement Effective Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of ABG, (c) ABG shall cease to own, directly or through one or more Wholly-Owned Subsidiaries, all of the capital stock of

Holdings, free and clear of any direct or indirect Liens (other than statutory Liens) or (d) Holdings shall cease to directly own all of the capital stock of the Borrower, free and clear of any direct or indirect Liens (other than statutory Liens or Liens created by the Loan Documents).

(b) The following new definitions shall be added to Section 1.1 of the Existing Credit Agreement in the appropriate alphabetical order:

"Cooperation Agreement": the Fourth Amended and Restated Cooperation Agreement, dated as of December 23, 2022, by and among Avis Budget Group, Inc. and SRS (as defined therein), as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Fourth Amendment": the Fourth Amendment, dated as of the Fourth Amendment Effective Date, to this Agreement.

"Fourth Amendment Effective Date": the "Fourth Amendment Effective Date", as defined in the Fourth Amendment, which date is February 6, 2023.

SECTION 3. Representations and Warranties. On and as of the date hereof, the Borrower hereby (i) confirms, reaffirms and restates that each of the representations and warranties set forth in Section 4 of the Credit Agreement are, after giving effect to this Amendment, true and correct in all material respects except to the extent that such representations and warranties expressly relate solely to a specific earlier date, and except for any representation and warranty that is qualified as to "materiality," "Material Adverse Effect," or similar language, in which case the Borrower hereby confirms, reaffirms and restates that such representations and warranties are true and correct in all respects and (ii) represents and warrants that no Default or Event of Default shall have occurred and is continuing as of the Fourth Amendment Effective Date or would immediately result from this Amendment.

SECTION 4. Conditions to Effectiveness. The effectiveness of this Amendment is subject to the satisfaction of each of the following conditions (the date on which such conditions are satisfied, the "Fourth Amendment Effective Date"):

(a) The Administrative Agent shall have received a counterpart of this Amendment, executed and delivered by a duly authorized officer of Holdings and the Borrower.

(b) The Administrative Agent shall have received a counterpart of this Amendment, executed and delivered by Lenders constituting the Required Lenders.

(3) The Administrative Agent shall have received all fees required to be paid under that certain Fourth Amendment Fee Letter, dated as of the date hereof, accrued reasonable and documented out-of-pocket costs and expenses (including, to the extent invoiced in advance, reasonable legal fees and out-of-pocket expenses of one firm of counsel) and other compensation due and payable to the Administrative Agent on or prior to the Fourth Amendment Effective Date.

SECTION 5. Continuing Effect; No Other Amendments or Consents.

(a) Except as expressly provided herein, all of the terms and provisions of the Existing Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the Existing Credit Agreement specified herein and shall not constitute a consent, waiver or amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to consent to any action requiring consent under any other provisions of the Existing Credit Agreement or the same subsection for any other date or time period. Upon the effectiveness of the amendments set forth herein, on and after the Fourth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "the Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "Credit Agreement," "thereunder," "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) This Amendment shall not extinguish the obligations for the payment of money outstanding under the Credit Agreement or any other Loan Document or discharge or release the Lien or priority of any Security Document or any other security therefor. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Credit Agreement, the Security Documents or the other Loan Documents or a novation of the Credit Agreement or any other Loan Document. The obligations outstanding under or of the Credit Agreement and instruments securing the same shall remain in full force and effect, except to any extent expressly modified hereby. Nothing implied in this Amendment or in any other document contemplated hereby shall be construed as a release or other discharge of any of the Loan Parties under any Loan Document from any of its obligations and liabilities as a borrower, guarantor, grantor or pledgor under any of the Loan Documents.

(c) The Borrower and the other parties hereto acknowledge and agree that this Amendment shall constitute a Loan Document.

SECTION 6. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation and delivery of this Amendment, and any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of one firm of counsel to the Administrative Agent in accordance with the terms in the Credit Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts by the parties hereto (including by facsimile and electronic (e.g. ".pdf", or ".tif") transmission), each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent. As used herein, "Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

SECTION 8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank.]

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

AVIS BUDGET HOLDINGS, LLC

By: /s/ David T. Calabria
Name: David T. Calabria
Title: Senior Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ David T. Calabria
Name: David T. Calabria
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as Administrative Agent and as a Lender

By: /s/ Robert P. Kellas
Name: Robert P. Kellas
Title: Executive Director

EXHIBIT 21

Subsidiary	Jurisdiction of Incorporation
2233516 Ontario, Inc.	Canada
AAA France Cars SAS	France
AB Canada Holdings I Limited Partnership	Canada
AB Canada Holdings II Partnership	Canada
AB Canada Holdings III Limited Partnership	Canada
AB Car Rental Services, Inc.	Delaware
AB FleetCo SAS	France
AB Funding Pty Ltd.	Australia
AB Group Financial Services Limited	England and Wales
AB Luxembourg Holdings S.á r.l.	Luxembourg
AB Scotland Finance I, LP	Scotland
AB Scotland Finance II, LP	Scotland
ABG Car Services Holdings, LLC	Delaware
ABG Commerce Consultancy (Shanghai) Co., Ltd	China
ABG Contact Centre EMEA S.A.	Spain
ABG Scandinavia Holdings AS	Norway
ACL Hire Limited	Scotland
Advance Ross Corporation	Delaware
Advance Ross Intermediate Corporation	Delaware
Advance Ross Sub Company	Delaware
AE Consolidation Limited	England and Wales
AE Holdco Limited	England and Wales
Aegis Motor Insurance Limited	Isle of Man
AESOP Funding Corp.	Delaware
AESOP Leasing Corp.	Delaware
AESOP Leasing Corp. II	Delaware
AESOP Leasing L.P.	Delaware
Apex Car Rentals	New Zealand
Apex Car Rentals Pty Ltd.	Australia
AU HoldCo Pty Ltd.	Australia
Auto Accident Consultants Pty. Limited	Australia
Auto-Hall S.A.	Monaco
Avis Africa Limited	England and Wales
Avis Alquile Un Coche SA	Spain
Avis Asia Limited	England and Wales
Avis Autovermietung Beteiligungsgesellschaft mbH	Germany
Avis Autovermietung Gesellschaft m.b.H.	Austria
Avis Belgium SA	Belgium
Avis Budget Autovermietung AG	Switzerland
Avis Budget Autovermietung GmbH & Co. KG	Germany
Avis Budget Autovermietung Verwaltungsgesellschaft mbH	Germany
Avis Budget Brasil S.A.	Brazil
Avis Budget Car Rental Canada ULC	Canada
Avis Budget Car Rental, LLC	Delaware

Subsidiary	Jurisdiction of Incorporation
Avis Budget Contact Centers, Inc.	Canada
Avis Budget De Puerto Rico, Inc.	Puerto Rico
Avis Budget Denmark A/S	Denmark
Avis Budget EMEA Limited	England and Wales
Avis Budget Europe International Reinsurance Limited	Isle of Man
Avis Budget Finance plc	Jersey Channel Islands
Avis Budget Finance, Inc.	Delaware
Avis Budget Group Business Support Centre Szolgaltato Kft	Hungary
Avis Budget Group Contact Centre EMEA S.A.	Spain
Avis Budget Group Pty Limited	Australia
Avis Budget Holdings, LLC	Delaware
Avis Budget International Capital (Singapore) Pte. Ltd.	Singapore
Avis Budget International Financing S.á r.l.	Luxembourg
Avis Budget Italia S.P.A.	Italy
Avis Budget Italia S.P.A. FleetCo S.A.P.A.	Italy
Avis Budget Leasing Denmark A/S	Denmark
Avis Budget Rental Car Funding (AESOP) LLC	Delaware
Avis Budget Services Limited	England and Wales
Avis Budget Technology Innovations Private Limited	India
Avis Budget UK Limited	England and Wales
Avis Car Rental Group, LLC	Delaware
Avis Car Sales, LLC	Delaware
Avis Car Sales UTD, LLC	Delaware
Avis Caribbean, Limited	Delaware
Avis Europe and Middle East Limited	England and Wales
Avis Europe Group Holdings B.V.	Netherlands
Avis Europe Holdings Limited	England and Wales
Avis Europe Risk Management Limited	England and Wales
Avis Finance Company (No. 3) Limited	Jersey Channel Islands
Avis Finance Company Limited	England and Wales
Avis Financement Vehicules SAS	France
Avis Group Holdings, LLC	Delaware
Avis India Investments Private Limited	India
Avis International Holdings, LLC	Delaware
Avis International, Ltd.	Delaware
Avis Location de Voitures S.á r.l.	Luxembourg
Avis Location de Voitures SAS	France
Avis Management Pty. Limited	Australia
Avis Pension Trustees Limited	England and Wales
Avis Rent A Car (Isle Of Man) Limited	Isle of Man
Avis Rent A Car Limited	New Zealand
Avis Rent A Car Sdn. Bhd.	Malaysia
Avis Rent A Car System, LLC	Delaware
AvisBudget Group Limited	New Zealand
Aviscar Inc.	Canada

Subsidiary	Jurisdiction of Incorporation
Bell'Aria S.p.A.	Italy
Budget International, Inc.	Delaware
Budget Rent A Car Australia Pty. Ltd.	Australia
Budget Rent A Car Limited	New Zealand
Budget Rent a Car Operations Pty. Ltd.	Australia
Budget Rent A Car System, Inc.	Delaware
Budget Truck Rental LLC	Delaware
Budgetcar Inc.	Canada
Bullas Inversiones S.L.	Spain
Camfox Pty. Ltd.	Australia
CCRG Servicios De Automoveis LTDA.	Brazil
CD Intellectual Property Holdings, LLC	Delaware
Cendant Finance Holding Company LLC	Delaware
Centre Point Funding, LLC	Delaware
Chaconne Pty. Limited	Australia
Constellation Reinsurance Company Limited	Barbados
Flexcar India Private Limited	India
Garep AG	Switzerland
Jupol-Car Sp. z.o.o	Poland
Maggiore Asset Management S.r.l	Italy
Mercury Car Rentals Private Limited	India
Milton Location de Voitures SAS	France
Morini SpA	Italy
Motorent, Inc.	Tennessee
National Car Rentals (Private) Limited	Singapore
Payless Car Rental Canada Inc.	Canada
Payless Car Rental System, Inc.	Florida
Payless Car Rental, Inc.	Nevada
Payless Car Sales, Inc.	Florida
Payless Parking, LLC	Florida
PR Holdco, Inc.	Delaware
PV Holding Corp.	Delaware
Quartx Fleet Management, Inc.	Delaware
RAC Norway AS	Norway
SCA sas	France
Servicios Avis S.A.	Mexico
Sovialma-Sociedade De Viaturas De Aluguer Da Madeira LDA	Portugal
Sovial-Sociedade De Viaturas De Aluguer LDA	Portugal
Sweden Rent A Car AB	Sweden
Transfercar4U AS	Norway
Virgin Islands Enterprises, Inc.	Virgin Islands
W.T.H. (Sub 1) Pty Ltd	Australia
W.T.H. (Sub 2) Limited	New Zealand
W.T.H. Fleet Leasing Pty. Limited	Australia
W.T.H. PTY. Limited	Australia

Subsidiary	Jurisdiction of Incorporation
We Try Harder Pty. Limited	Australia
Wizard Co., Inc.	Delaware
Wizard Services, Inc.	Delaware
WTH Canada, Inc.	Canada
WTH Car Rental ULC	Canada
WTH Funding Limited Partnership	Canada
Yourway Rent A Car Pty Limited	Australia
Zipcar Australia Pty Ltd	Australia
Zipcar, Inc.	Delaware
Zipcar Canada Inc.	Canada
Zipcar Securities Corporation	Massachusetts
Zipcar (UK) Limited	England and Wales
Zodiac Europe Finance Company Limited	England and Wales
Zodiac Europe Investments Limited	England and Wales
Zodiac Europe Limited	England and Wales

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253195 on Form S-3 and Registration Statement Nos. 333-78475, 333-38638, 333-58670, 333-124925, 333-144143, 333-161418, 333-197770, 333-212706 and 333-233045 on Form S-8 of our reports dated February 16, 2023, relating to the financial statements of Avis Budget Group, Inc. and the effectiveness of Avis Budget Group, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Avis Budget Group, Inc. for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 16, 2023

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Joseph A. Ferraro, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 16, 2023

/s/ Joseph A. Ferraro

President and Chief
Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Brian Choi, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 16, 2023

/s/ Brian Choi

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 Annual Report of Avis Budget Group, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Joseph A. Ferraro, as Chief Executive Officer of the Company, and Brian Choi, 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.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ JOSEPH A. FERRARO

Joseph A. Ferraro
President and Chief Executive Officer
February 16, 2023

/s/ BRIAN CHOI
Brian Choi
Executive Vice President and Chief Financial Officer
February 16, 2023