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

Form 10-Q

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

For the quarterly period ended September 30, 2012

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
(State or other jurisdiction of
incorporation or organization)

6 Sylvan Way
Parsippany, NJ
(Address of principal executive offices)

06-0918165
(I.R.S. Employer
Identification Number)

07054
(Zip Code)

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

The number of shares outstanding of the issuer's common stock was 106,431,978 shares as of October 31, 2012.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q 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,” 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:

- the high level of competition in the vehicle rental industry and the impact such competition may have on pricing and rental volume;
- a change in our fleet costs as a result of a change in the cost of new vehicles, disruption in the supply of new vehicles, 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;
- risks related to our acquisition of Avis Europe plc (“Avis Europe”), including our ability to realize the synergies contemplated by the transaction and our ability to promptly and effectively integrate the businesses of Avis Europe and Avis Budget Group, Inc.;
- the results of operations or financial condition of the manufacturers of our cars, which could impact their ability to perform their payment obligations under the agreements we have with them, including repurchase and/or guaranteed depreciation arrangements, and/or their willingness or ability to make cars available to us or the rental car industry as a whole on commercially reasonable terms or at all;
- a change in travel demand, including any reduction in airline passenger traffic;
- any change in economic conditions generally, particularly during our peak season or in key market segments;
- our ability to continue to achieve and maintain cost savings and successfully implement our business strategies;
- our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market consistent with current costs;
- an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the locations in which we operate;
- our dependence on third-party distribution channels, third-party suppliers of other services and co-marketing arrangements with third parties;
- our ability to utilize derivative instruments, and the impact of derivative instruments we currently utilize, which can be affected by fluctuations in interest rates, gasoline prices and exchange rates, changes in government regulations and other factors;
- our ability to accurately estimate our future results;
- a major disruption in our communication networks or information systems;
- our exposure to uninsured claims in excess of historical levels;
- any failure or inability by us to comply with laws, regulations or contractual obligations or any changes in laws, regulations or contractual obligations, including with respect to personally identifiable information;
- any impact on us from the actions of our licensees, dealers and independent contractors;
- substantial increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy, labor or other resources on which we depend to operate our business;

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- risks related to our indebtedness, including our substantial outstanding debt obligations and our ability to incur substantially more debt;
- our ability to meet the financial and other covenants contained in the agreements governing our indebtedness;
- the terms of agreements among us and our former real estate, hospitality and travel distribution businesses following the separation of those businesses from us in 2006, particularly with respect to the allocation of assets and liabilities, including contingent liabilities and guarantees, the ability of each of the separated companies to perform its obligations, including indemnification obligations, under these agreements, and the former real estate business' right to control the process for resolving disputes related to contingent liabilities and assets;
- risks associated with litigation or governmental or regulatory inquiries or investigations involving our Company;
- risks related to tax obligations and the effect of future changes in accounting standards;
- risks related to completed or future acquisitions or investments that we may pursue, including any incurrence of incremental indebtedness to help fund such transactions and our ability to promptly and effectively integrate any acquired businesses; 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 for the accuracy and completeness of those statements. Other factors and assumptions not identified above, including those discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and other portions of our 2011 Annual Report on Form 10-K, were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected.

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. Except to the extent of our obligations under the federal securities laws, we undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. 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 — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues				
Vehicle rental	\$1,582	\$1,211	\$4,084	\$3,163
Other	588	412	1,575	1,106
Net revenues	<u>2,170</u>	<u>1,623</u>	<u>5,659</u>	<u>4,269</u>
Expenses				
Operating	1,036	783	2,882	2,166
Vehicle depreciation and lease charges, net	436	304	1,088	840
Selling, general and administrative	244	190	696	511
Vehicle interest, net	77	74	231	205
Non-vehicle related depreciation and amortization	30	22	92	65
Interest expense related to corporate debt, net:				
Interest expense	67	48	208	143
Early extinguishment of debt	2	—	52	—
Transaction-related costs	11	66	21	102
Restructuring expense	7	—	26	1
Total expenses	<u>1,910</u>	<u>1,487</u>	<u>5,296</u>	<u>4,033</u>
Income before income taxes	260	136	363	236
Provision for (benefit from) income taxes	<u>(20)</u>	<u>54</u>	<u>27</u>	<u>95</u>
Net income	<u>\$ 280</u>	<u>\$ 82</u>	<u>\$ 336</u>	<u>\$ 141</u>
Comprehensive income	<u>\$ 308</u>	<u>\$ 15</u>	<u>\$ 361</u>	<u>\$ 130</u>
Earnings per share				
Basic	\$ 2.62	\$ 0.78	\$ 3.16	\$ 1.34
Diluted	\$ 2.38	\$ 0.65	\$ 2.77	\$ 1.14

See Notes to Consolidated Condensed Financial Statements (Unaudited).

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

	September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 554	\$ 534
Receivables	640	507
Deferred income taxes	205	120
Other current assets	527	380
Total current assets	1,926	1,541
Property and equipment, net	499	493
Deferred income taxes	1,265	444
Goodwill	348	353
Other intangibles, net	708	713
Other non-current assets	249	304
Total assets exclusive of assets under vehicle programs	4,995	3,848
Assets under vehicle programs:		
Program cash	101	11
Vehicles, net	10,343	8,356
Receivables from vehicle manufacturers and other	575	380
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	362	343
	<u>11,381</u>	<u>9,090</u>
Total assets	\$ 16,376	\$ 12,938
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 1,576	\$ 1,433
Short-term debt and current portion of long-term debt	81	37
Total current liabilities	1,657	1,470
Long-term debt	2,886	3,168
Other non-current liabilities	843	960
Total liabilities exclusive of liabilities under vehicle programs	5,386	5,598
Liabilities under vehicle programs:		
Debt	2,062	990
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	5,813	4,574
Deferred income taxes	2,017	982
Other	307	382
	<u>10,199</u>	<u>6,928</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.01 par value—authorized 10 million shares; none issued and outstanding	—	—
Common stock, \$0.01 par value—authorized 250 million shares; issued 137,067,601 and 137,028,464 shares	1	1
Additional paid-in capital	8,232	8,532
Accumulated deficit	(2,330)	(2,666)
Accumulated other comprehensive income	103	78
Treasury stock, at cost—30,183,995 and 31,551,170 shares	(5,215)	(5,533)
Total stockholders' equity	791	412
Total liabilities and stockholders' equity	\$ 16,376	\$ 12,938

See Notes to Consolidated Condensed Financial Statements (Unaudited).

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

	Nine Months Ended September 30,	
	2012	2011
Operating activities		
Net income	\$ 336	\$ 141
Adjustments to reconcile net income to net cash provided by operating activities:		
Vehicle depreciation	1,100	1,034
Gain on sale of vehicles, net	(107)	(224)
Non-vehicle related depreciation and amortization	92	65
Amortization of debt financing fees	43	67
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Receivables	(146)	(36)
Income taxes and deferred income taxes	(12)	58
Accounts payable and other current liabilities	28	83
Other, net	190	84
Net cash provided by operating activities	<u>1,524</u>	<u>1,272</u>
Investing activities		
Property and equipment additions	(82)	(30)
Proceeds received on asset sales	16	9
Acquisition-related restricted cash	—	(401)
Other, net	(30)	(11)
Net cash used in investing activities exclusive of vehicle programs	<u>(96)</u>	<u>(433)</u>
<i>Vehicle programs:</i>		
Increase in program cash	(90)	(19)
Investment in vehicles	(8,962)	(6,701)
Proceeds received on disposition of vehicles	6,136	4,379
Investment in debt securities of Avis Budget Rental Car Funding (AESOP) LLC—related party	—	(400)
Proceeds from debt securities of Avis Budget Rental Car Funding (AESOP) LLC—related party	—	400
	<u>(2,916)</u>	<u>(2,341)</u>
Net cash used in investing activities	<u>(3,012)</u>	<u>(2,774)</u>

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

	Nine Months Ended September 30,	
	2012	2011
Financing activities		
Proceeds from long-term borrowings	654	—
Principal payments on long-term borrowings	(907)	(6)
Net change in short-term borrowings	1	—
Purchases of warrants	(26)	—
Proceeds from sale of call options	38	—
Debt financing fees	(11)	(33)
Other, net	1	1
Net cash used in financing activities exclusive of vehicle programs	<u>(250)</u>	<u>(38)</u>
<i>Vehicle programs:</i>		
Proceeds from borrowings	9,238	8,235
Principal payments on borrowings	(7,467)	(6,568)
Debt financing fees	(18)	(20)
	<u>1,753</u>	<u>1,647</u>
Net cash provided by financing activities	<u>1,503</u>	<u>1,609</u>
Effect of changes in exchange rates on cash and cash equivalents	5	(16)
Net increase in cash and cash equivalents	20	91
Cash and cash equivalents, beginning of period	534	911
Cash and cash equivalents, end of period	<u>\$ 554</u>	<u>\$ 1,002</u>

See Notes to Consolidated Condensed Financial Statements (Unaudited).

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

1. Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

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

The Company operates the following business segments:

- **North America**—provides car rentals in the United States and vehicle rentals in Canada, as well as related products and services.
- **International**—provides, and licenses the Company’s brands to third parties for, vehicle rentals and ancillary products and services primarily in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand.
- **Truck Rental**—provides truck rentals and related services to consumers and commercial users in the United States.

In presenting the Consolidated Condensed Financial Statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Consolidated Condensed Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company’s 2011 Annual Report on Form 10-K.

Vehicle Programs. The Company presents separately the financial data of its vehicle programs. These programs are distinct from the Company’s other activities since the assets under vehicle programs are generally funded through the issuance of debt 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 the Company’s vehicle programs. The Company believes it is appropriate to segregate the financial data of its vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

Transaction-related Costs. The Company completed the acquisition of Avis Europe plc (“Avis Europe”) on October 3, 2011. During the three and nine months ended September 30, 2012, transaction-related costs primarily include expenses related to the integration of Avis Europe’s operations with the Company’s. In the three and nine months ended September 30, 2011, transaction-related costs include due-diligence and other costs associated with the Company’s agreement to acquire Avis Europe and its previous efforts to acquire Dollar Thrifty Automotive Group, Inc. (“Dollar Thrifty”).

Foreign-currency Transactions. The Company records the net gain or loss of foreign-currency transactions on certain intercompany loans and the unrealized gain or loss on intercompany loan hedges within interest expense related to corporate debt, net. During the three and nine months ended September 30, 2012, the Company recorded losses of \$3 million and \$12 million, respectively, on such items. There were no such items in the three and nine months ended September 30, 2011.

Adoption of New Accounting Standards

On January 1, 2012, the Company adopted accounting pronouncements amending (i) fair value measurement and disclosure requirements for financial assets and liabilities, (ii) the presentation of comprehensive income and (iii) the rules for testing goodwill for impairment. Other than additional disclosure for the presentation of the Company’s other comprehensive income, these pronouncements did not have a significant impact on the Company’s financial statements.

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2. Restructuring

During fourth quarter 2011, subsequent to the acquisition of Avis Europe, the Company implemented a restructuring initiative, to identify synergies across the Company, enhance organizational efficiencies and consolidate and rationalize processes and facilities. During the nine months ended September 30, 2012, as part of this process, the Company formally communicated the termination of employment to approximately 350 employees and recorded \$26 million of expenses in connection with these initiatives. These expenses primarily represent costs associated with severance, outplacement services and other costs associated with employee terminations. As of September 30, 2012, the Company has terminated substantially all of these employees. The Company expects further restructuring expenses of approximately \$40 million to be incurred through 2013.

The following tables summarize the changes to our restructuring-related liabilities and identify the amounts recorded within the Company's reportable segments and by category for restructuring expenses and corresponding payments and utilizations:

	<u>North America</u>	<u>International</u>	<u>Total</u>
Balance as of January 1, 2012	\$ 1	\$ 1	\$ 2
Restructuring expense	1	25	26
Cash payment/utilization	(1)	(16)	(17)
Balance as of September 30, 2012	<u>\$ 1</u>	<u>\$ 10</u>	<u>\$ 11</u>

	<u>Personnel Related</u>	<u>Facility Related</u>	<u>Total</u>
Balance as of January 1, 2012	\$ 1	\$ 1	\$ 2
Restructuring expense	26	—	26
Cash payment/utilization	(17)	—	(17)
Balance as of September 30, 2012	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 11</u>

3. Earnings Per Share

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income for basic EPS	\$ 280	\$ 82	\$ 336	\$ 141
Convertible note interest, net of tax	1	2	4	5
Net income for diluted EPS	<u>281</u>	<u>84</u>	<u>340</u>	<u>146</u>
Basic weighted average shares outstanding	106.8	105.4	106.5	105.1
Options, warrants and non-vested stock	2.3	2.3	2.2	2.6
Convertible debt	8.9	21.2	14.0	21.2
Diluted weighted average shares outstanding	<u>118.0</u>	<u>128.9</u>	<u>122.7</u>	<u>128.9</u>
<i>Earnings per share:</i>				
Basic	\$ 2.62	\$ 0.78	\$ 3.16	\$ 1.34
Diluted	\$ 2.38	\$ 0.65	\$ 2.77	\$ 1.14

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Options ^(a)	0.2	1.1	0.2	1.2
Warrants ^{(b) (c)}	8.9	21.2	8.9	21.2

^(a) The weighted average exercise price for anti-dilutive options for the three and nine months ended September 30, 2012 was \$17.17 and \$16.35, respectively. For the three and nine months ended September 30, 2011, the weighted average exercise price for anti-dilutive options was \$24.59.

^(b) Represents all outstanding warrants as of September 30, 2012 and 2011, which had an exercise price of \$22.50.

^(c) The decrease in the number of warrants underlying the 3 1/2% convertible notes that were anti-dilutive was related to the Company's repurchase of a portion of its 3 1/2% convertible notes and warrants (see Note 11—Long-term Debt and Borrowing Arrangements and Note 14—Stockholders' Equity for more information).

4. Acquisitions

Avis Europe

On October 3, 2011, the Company completed the acquisition of the entire issued share capital of Avis Europe for \$976 million and subsequently repaid \$649 million of Avis Europe's assumed indebtedness. Avis Europe provided vehicle rental and ancillary products and services in Europe, the Middle East, Africa and Asia. The acquisition reunited the global operations of the Avis and Budget brands under one corporate umbrella.

The excess of the purchase price over the fair value of net assets acquired was allocated to goodwill, which was assigned to the Company's International segment. The goodwill is not expected to be deductible for tax purposes. The fair value of the assets acquired and liabilities assumed reflects various fair value estimates and analyses, including work performed by third-party valuation specialists. Post-closing adjustments to the fair values of certain tangible assets and liabilities acquired, identifiable intangible assets, income and non-income based taxes, and residual goodwill did not have a material impact on the Company's Consolidated Condensed Statements of Comprehensive Income for the three and nine months ended September 30, 2012 or the Consolidated Condensed Balance Sheets as of September 30, 2012 and December 31, 2011.

Other intangibles consisted primarily of \$188 million related to license agreements and \$67 million related to customer relationships. These license agreements are amortized over a weighted-average life of approximately 20 years. Customer relationships are amortized over a weighted-average life of approximately 12 years.

Other

During the nine months ended September 30, 2012, the Company reacquired its vehicle rental rights in several territories for \$5 million, which included \$4 million of associated vehicles and approximately \$1 million valued as license agreements. This acquisition, which related to the Company's North America segment, was not individually significant to the Company's results of operations, financial position or cash flows.

5. Other Current Assets

Other current assets consisted of:

	As of September 30, 2012	As of December 31, 2011
Sales and use tax	\$ 191	\$ 92
Prepaid expenses	181	179
Other	155	109
	<u>\$ 527</u>	<u>\$ 380</u>

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6. Intangible Assets

Intangible assets consisted of:

	As of September 30, 2012			As of December 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
License agreements	\$ 254	\$ 37	\$ 217	\$ 252	\$ 29	\$ 223
Customer relationships	83	17	66	80	12	68
Other	2	1	1	2	1	1
	<u>\$ 339</u>	<u>\$ 55</u>	<u>\$ 284</u>	<u>\$ 334</u>	<u>\$ 42</u>	<u>\$ 292</u>
Unamortized Intangible Assets						
Goodwill ^(a)	<u>\$ 348</u>			<u>\$ 353</u>		
Trademarks ^(a)	<u>\$ 424</u>			<u>\$ 421</u>		

^(a) The changes in goodwill and trademarks are primarily due to fluctuations in currency exchange rates.

Amortization expense relating to all intangible assets was approximately \$4 million and \$1 million during third quarter 2012 and 2011, respectively. For the nine months ended September 30, 2012 and 2011, amortization expense was approximately \$15 million and \$2 million, respectively. Based on the Company's amortizable assets at September 30, 2012, the Company expects amortization expense of approximately \$5 million for the remainder of 2012 and approximately \$18 million for each of the five fiscal years thereafter.

7. Financial Instruments

The fair value of the Company's 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. 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. The carrying amounts of cash and cash equivalents, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

Debt Instruments

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

	As of September 30, 2012		As of December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Corporate debt				
Short-term debt and current portion of long-term debt ^(a)	\$ 81	\$ 81	\$ 37	\$ 37
Long-term debt, excluding convertible debt ^(a)	2,742	2,919	2,823	2,842
Convertible debt ^(a)	144	175	345	354
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding (AESOP) LLC ^(a)	\$ 5,813	\$ 6,026	\$ 4,574	\$ 4,643
Vehicle-backed debt ^(a)	2,061	2,076	986	1,001
Interest rate swaps and interest rate contracts ^(b)	1	1	4	4

^(a) The fair value measurements are based on significant observable inputs (Level 2).

^(b) Derivatives in a liability position.

Derivative Instruments and Hedging Activities

The Company uses foreign exchange contracts to manage its exposure to changes in currency exchange rates associated with its foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and forecasted foreign currency denominated acquisitions. The Company primarily hedges its foreign currency exposure to the

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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. The amount of gains or losses reclassified from accumulated other comprehensive income to earnings resulting from ineffectiveness or from excluding a component of the forward contracts' gain or loss from the effectiveness calculation for cash flow hedges during the three and nine months ended September 30, 2012 and 2011 was not material, nor is the amount of gains or losses the Company expects to reclassify from accumulated other comprehensive income to earnings over the next 12 months.

The Company uses various hedging strategies including interest rate swaps and interest rate caps to create an appropriate mix of fixed and floating rate assets and liabilities. The Company uses interest rate swaps to manage the risk related to its floating rate corporate debt and its floating rate vehicle-backed debt. The Company records the effective portion of changes in the fair value of its cash flow hedges to other comprehensive income, net of tax, and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized. The Company records the gains or losses related to freestanding derivatives, which are not designated as a hedge for accounting purposes, in its consolidated results of operations. The changes in fair values of hedges that were determined to be ineffective are immediately reclassified from accumulated other comprehensive income into earnings. The Company estimates that approximately \$3 million of losses deferred in accumulated other comprehensive income will be recognized over the next 12 months, which is expected to be offset in earnings by the impact of the underlying hedged items.

From time to time, the Company enters into derivative commodity contracts to manage its exposure to changes in the price of unleaded gasoline. Changes in the fair value of these derivatives are recorded within operating expenses.

Certain of the Company's derivative instruments contain collateral support provisions that require the Company to post cash collateral to the extent that such derivatives are in a liability position. The aggregate fair value of such derivatives that are in a liability position and the aggregate fair value of assets needed to settle these derivatives as of September 30, 2012 was approximately \$4 million, for which the Company has posted cash collateral in the normal course of business.

As of September 30, 2012, the Company held derivative instruments with absolute notional values as follows: interest rate caps of approximately \$7.9 billion, (representing approximately \$6.6 billion of interest rate caps sold, partially offset by approximately \$1.3 billion of interest rate caps purchased, which amount excludes \$5.3 billion of interest rate caps purchased by the Company's Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding") subsidiary), interest rate swaps of \$625 million, foreign exchange forward contracts of \$194 million, foreign exchange swaps of \$832 million and commodity contracts for the purchase of 5 million gallons of unleaded gasoline.

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

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Fair values of derivative instruments are as follows:

	As of September 30, 2012		As of December 31, 2011	
	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives
Derivatives designated as hedging instruments ^(a)				
Interest rate swaps ^(b)	\$ —	\$ 2	\$ —	\$ 3
Derivatives not designated as hedging instruments ^(a)				
Foreign exchange forward contracts ^(c)	3	8	26	1
Interest rate contracts ^(d)	1	1	2	4
Interest rate swaps ^(b)	—	12	—	—
Commodity contracts ^(c)	1	—	—	1
Total	<u>\$ 5</u>	<u>\$ 23</u>	<u>\$ 28</u>	<u>\$ 9</u>

^(a) Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding, as it is not consolidated by the Company; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within accumulated other comprehensive income, as discussed in Note 14—Stockholders' Equity.

^(b) Included in other non-current liabilities.

^(c) Included in other current assets and other current liabilities.

^(d) Included in assets under vehicle programs and liabilities under vehicle programs.

The effect of derivatives recognized in the Company's Consolidated Condensed Financial Statements are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Derivatives designated as hedging instruments				
Interest rate swaps ^(a)	\$—	\$ 8	\$ 11	\$ 24
Derivatives not designated as hedging instruments				
Foreign exchange contracts ^(b)	(2)	(13)	—	(29)
Commodity contracts ^(c)	3	(3)	4	(2)
Interest rate contracts ^(d)	(5)	—	(13)	(1)
Total	<u>\$ (4)</u>	<u>\$ (8)</u>	<u>\$ 2</u>	<u>\$ (8)</u>

^(a) Recognized, net of tax, as a component of other comprehensive income within stockholders' equity.

^(b) For the three and nine months ended September 30, 2012, amounts are included in operating expenses. For the three months ended September 30, 2011, includes \$14 million loss in transaction-related costs and a \$1 million gain in operating expenses. For the nine months ended September 30, 2011, includes a \$31 million loss in transaction-related costs and a \$2 million gain in operating expenses.

^(c) Included in operating expenses.

^(d) Included in interest expense.

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

	As of September 30, 2012	As of December 31, 2011
Rental vehicles	\$ 10,799	\$ 9,077
Less: Accumulated depreciation	(1,323)	(1,258)
	9,476	7,819
Vehicles held for sale	867	537
Vehicles, net	<u>\$ 10,343</u>	<u>\$ 8,356</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Depreciation expense	\$406	\$370	\$1,100	\$1,034
Lease charges	38	10	95	30
Gain on sales of vehicles, net and cost of vehicle disposition	(8)	(76)	(107)	(224)
Vehicle depreciation and lease charges, net	<u>\$436</u>	<u>\$304</u>	<u>\$1,088</u>	<u>\$ 840</u>

9. Income Taxes

The Company's effective tax rate for the nine months ended September 30, 2012 is a provision of 7.4%. Such rate differs from the Federal statutory rate of 35.0% primarily due to an effective settlement of a \$128 million unrecognized tax benefit for pre-Separation taxes, partially offset by the treatment of a portion of the expenses for the early extinguishment of corporate debt.

The Company's effective tax rate for the nine months ended September 30, 2011 was a provision of 40.3%. Such rate differs from the Federal statutory rate of 35.0% primarily due to state taxes and the non-deductibility of certain transaction-related costs.

10. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of September 30, 2012	As of December 31, 2011
Accounts payable	\$ 360	\$ 312
Accrued sales and use taxes	240	173
Accrued payroll and related	185	200
Public liability and property damage insurance liabilities – current	141	128
Income taxes payable – current	103	109
Deferred revenue	66	51
Advertising and marketing	87	77
Other	394	383
	<u>\$ 1,576</u>	<u>\$ 1,433</u>

11. Long-term Debt and Borrowing Arrangements

Long-term and other borrowing arrangements consisted of:

	Maturity Dates	As of September 30, 2012	As of December 31, 2011
Floating rate term loan ^(a)	April 2014	\$ —	\$ 267
Floating rate notes ^(b)	May 2014	250	250
7 ³ / ₈ % notes	May 2014	—	200
3 ¹ / ₂ % convertible notes ^(c)	October 2014	144	345
Floating rate term loan ^{(a) (d)}	May 2016	49	20
7 ³ / ₄ % notes	May 2016	325	375
9 ⁵ / ₈ % notes	March 2018	445	445
Floating rate term loan ^{(a) (e)}	September 2018	233	412
8 ¹ / ₄ % notes	January 2019	731	602
Floating rate term loan ^{(a) (f)}	March 2019	493	—
9 ³ / ₄ % notes	March 2020	250	250
		<u>2,920</u>	<u>3,166</u>
Other		47	39
Total		2,967	3,205
Less: Short-term debt and current portion of long-term debt		81	37
Long-term debt		<u>\$ 2,886</u>	<u>\$ 3,168</u>

- ^(a) The floating rate term loans are part of the Company's senior credit facility, which include its revolving credit facility maturing 2016, and are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.
- ^(b) As of September 30, 2012, the floating rate notes due 2014 bear interest at three-month LIBOR, plus 250 basis points, for an aggregate rate of 2.93%.
- ^(c) As of September 30, 2012, the 3 ¹/₂% convertible notes are convertible by the holders into approximately 9 million shares of our common stock.
- ^(d) As of September 30, 2012, the floating rate term loan due 2016 bears interest at three-month LIBOR, plus 300 basis points, for an aggregate rate of 3.45%.
- ^(e) As of September 30, 2012, the floating rate term loan due 2018 bears interest at the greater of three-month LIBOR or 1.25%, plus 500 basis points, for an aggregate rate of 6.25%.
- ^(f) As of September 30, 2012, the floating term rate loan due 2019 bears interest at the greater of three-month LIBOR or 1.0%, plus 325 basis points, for an aggregate rate of 4.25%.

During March 2012, the Company amended its Amended and Restated Credit Agreement, dated as of May 3, 2011 (the "Credit Agreement") to issue a \$500 million term loan, at 99.0% of par, that will mature in March 2019.

During March 2012, the Company issued \$125 million aggregate principal amount of 8 ¹/₄% Senior Notes due 2019. The notes constitute a further issuance of the \$600 million aggregate principal amount issued in fourth quarter 2010. The notes pay interest semi-annually on January 15 and July 15 of each year, beginning July 2012. The notes are unsecured obligations of Avis Budget Car Rental and are guaranteed on a senior basis by the Company and certain of its domestic subsidiaries. These notes were issued at 103.5% of par. The notes rank equally with all of the Company's existing and future senior unsecured indebtedness and are senior to all of the Company's existing and future subordinated indebtedness. The Company has the right to redeem these notes in whole or in part at any time after October 15, 2014 at the applicable redemption price, plus any accrued and unpaid interest through the redemption date.

During June 2012, the Company borrowed an additional \$30 million under its floating rate term loan due 2016, with the proceeds used primarily to repay a portion of its floating rate term loan due 2018.

During the nine months ended September 30, 2012, the Company (i) repurchased approximately \$201 million of its 3 ¹/₂% convertible notes for approximately \$239 million, plus accrued interest, (ii) repaid the \$267 million outstanding principal balance of its floating rate term loan due 2014, (iii) repaid \$180 million of its floating rate term loan due 2018, (iv) repaid \$200 million of its 7 ⁵/₈% notes due 2014 and (v) repaid \$50 million of its 7 ³/₄% notes due 2016. The Company incurred \$52 million in expenses related to the early extinguishment of this debt.

Committed Credit Facilities and Available Funding Arrangements

At September 30, 2012, the committed credit facilities available to the Company and/or its subsidiaries included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility maturing 2016 ^(a)	\$ 1,435	\$ —	\$ 1,155	\$ 280
Other facilities ^(b)	10	3	—	7

^(a) This revolving credit facility matures in 2016 and bears interest of one-month LIBOR, plus 300 basis points. The senior credit facility, which encompasses the floating rate term loans due 2016, 2018 and 2019 and the revolving credit facility, is secured by pledges of all of the capital stock of all of the Company's domestic subsidiaries and up to 66% of the capital stock of each foreign subsidiary directly owned by the Company's domestic subsidiaries, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

^(b) These facilities encompass bank overdraft lines of credit, bearing interest of 4.75% to 5.69% as of September 30, 2012.

At September 30, 2012 the Company had various uncommitted credit facilities available, under which it had drawn approximately \$30 million, which bear interest at rates between 0.45% and 5.97%.

The agreements governing the Company's indebtedness contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries, the incurrence of additional indebtedness by the Company and certain of its subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. The Company's senior credit facility contains maximum leverage and minimum interest coverage ratio requirements. As of September 30, 2012, the Company was in compliance with the financial covenants of its senior credit facility.

12. Debt Under Vehicle Programs and Borrowing Arrangements

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

	As of September 30, 2012	As of December 31, 2011
Debt due to Avis Budget Rental Car Funding ^(a)	\$ 5,813	\$ 4,574
Budget Truck financing ^(b)	280	188
Capital leases ^(c)	500	348
Other ^(c)	1,282	454
	<u>\$ 7,875</u>	<u>\$ 5,564</u>

^(a) The increase principally reflects increased borrowing to fund an increase in the size of the Company's U.S. car rental fleet.

^(b) The increase principally reflects increased borrowing to fund vehicle purchases for the Company's U.S. truck rental fleet.

^(c) The increase principally reflects increased borrowing to fund an increase in the size of the Company's international vehicle rental fleet.

In 2010, the Company established a variable funding note program with a maximum capacity of \$400 million of notes to be issued by Avis Budget Rental Car Funding to the Company to finance the purchase of vehicles. During the nine months ended September 30, 2012, no funding occurred under the program.

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The following table provides the contractual maturities of the Company's debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at September 30, 2012:

	Vehicle-Backed Debt
Within 1 year ^(a)	\$ 1,122
Between 1 and 2 years	2,955
Between 2 and 3 years	1,258
Between 3 and 4 years	742
Between 4 and 5 years	1,033
Thereafter	765
	<u>\$7,875</u>

^(a) Vehicle-backed debt maturing within one year includes term asset-backed securities of approximately \$657 million and bank and bank-sponsored borrowings of \$465 million.

As of September 30, 2012, available funding under the Company's vehicle programs (including related party debt due to Avis Budget Rental Car Funding) consisted of:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding ^(b)	\$ 7,318	\$ 5,813	\$ 1,505
Budget Truck financing ^(c)	295	280	15
Capital leases	529	500	29
Other ^(d)	1,545	1,282	263
	<u>\$ 9,687</u>	<u>\$ 7,875</u>	<u>\$ 1,812</u>

^(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

^(b) The outstanding debt is collateralized by approximately \$7.5 billion of underlying vehicles and related assets.

^(c) The outstanding debt is collateralized by \$448 million of underlying vehicles and related assets.

^(d) The outstanding debt is collateralized by approximately \$2.3 billion of underlying vehicles and related assets.

Debt agreements under the Company's vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries and restrictions on indebtedness, mergers, liens, liquidations and sale and leaseback transactions and in some cases also require compliance with certain financial requirements. As of September 30, 2012, the Company is not aware of any instances of non-compliance with any of the financial or restrictive covenants contained in the debt agreements under its vehicle-backed funding programs.

13. Commitments and Contingencies

Contingencies

In connection with the separation of Cendant Corporation (as the Company was formerly known) into four independent companies (the "Separation"), the Company completed the spin-offs of Realogy Corporation ("Realogy") and Wyndham Worldwide Corporation ("Wyndham") on July 31, 2006 and completed the sale of Travelport, Inc. ("Travelport") on August 23, 2006. In connection with the spin-offs of Realogy and Wyndham, the Company entered into a Separation Agreement, pursuant to which Realogy assumed 62.5% and Wyndham assumed 37.5% of certain contingent and other corporate liabilities of the Company or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy, Wyndham, our former Travelport subsidiary and/or the Company's vehicle rental operations, and in each case incurred or allegedly incurred on or prior to the Separation ("Assumed Liabilities"). Realogy is entitled to receive 62.5% and Wyndham is entitled to receive 37.5% of the proceeds from certain contingent corporate assets of the Company, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, arising or accrued on or prior to the Separation ("Assumed Assets"). Additionally, if Realogy or Wyndham were to default on its payment of costs or expenses to the Company related to any Assumed Liabilities, the Company would be responsible for 50% of the defaulting party's obligation. In such event, the Company would be allowed to use the defaulting party's share of the proceeds of any Assumed Assets as a right of offset.

The Company does not believe that the impact of any resolution of contingent liabilities constituting Assumed Liabilities should result in a material liability to the Company in relation to its consolidated financial position or liquidity, as Realogy and Wyndham each have agreed to assume responsibility for these liabilities.

The Company is also named in various litigation that is primarily related to the businesses of its former subsidiaries, including Realogy, Wyndham and Travelport and their current or former subsidiaries. The Company is entitled to indemnification from such entities under the Separation Agreement for any liability resulting from such litigation.

In accordance with the terms of the Separation Agreement, Realogy posted a letter of credit in April 2007 for the benefit of the Company to cover its estimated share of the Assumed Liabilities discussed above, subject to adjustment, although there can be no assurance that such letter of credit will be sufficient or effective to cover Realogy's actual obligations if and when they arise.

In October 2009, a judgment was entered against the Company in the amount of \$16 million following the completion of a jury trial for damages related to breach of contract in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003, involved breach of contract and other claims by one of the Company's licensees related to the acquisition of its Budget vehicle rental business in 2002. The Company believes the verdict in this case is unsupported by the evidence. In addition to the judgment for damages, in June 2010, the district court also entered an order against the Company in the amount of \$3 million, in favor of the plaintiff's motions for pre-judgment interest and attorneys' fees. The Company has filed an appeal of the judgment and attorneys' fees awarded with the United States Court of Appeals for the Ninth Circuit.

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

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers under which the Company has agreed to purchase approximately \$3.4 billion of vehicles from manufacturers over the next 12 months. The majority of these commitments are subject to the vehicle manufacturers' satisfying their obligations under their respective repurchase and guaranteed depreciation agreements. The purchase of such vehicles is financed primarily through the issuance of vehicle-backed debt in addition to cash received upon the sale of vehicles in the used car market and under repurchase and guaranteed depreciation programs.

Other Purchase Commitments

In the normal course of business, the Company makes various commitments to purchase other goods or services from specific suppliers, including those related to capital expenditures. None of the purchase commitments made by the Company as of September 30, 2012 (aggregating approximately \$163 million) was individually significant. These purchase obligations extend through 2017.

Concentrations

Concentrations of credit risk at September 30, 2012 include (i) risks related to the Company's repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers, including General Motors Company, Ford Motor Company, Chrysler Group LLC, PSA Peugeot Citroën, Volkswagen Group, Toyota Motor Corporation, Kia Motors America and Fiat Group Automobiles S.p.A. and primarily with respect to receivables for program cars that have been returned to car manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of \$68 million and \$42 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation.

Other Guarantees

The Company has provided certain guarantees to, or for the benefit of, subsidiaries of Realogy, Wyndham and Travelport, which, as previously discussed, were disposed in 2006. These guarantees relate primarily to various real estate operating leases. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to these leases is estimated to be approximately \$78 million, the majority of which expire by the end of 2014. At September 30, 2012, the liability recorded by the Company in connection with these guarantees was approximately \$2

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million. To the extent that the Company would be required to perform under any of these guarantees, the Company is entitled to indemnification by Realogy, Wyndham and Travelport, as applicable. The Company monitors the credit ratings and other relevant information for Realogy, Wyndham and Travelport's parent company in order to assess the status of the payment/performance risk of these guarantees.

14. Stockholders' Equity

During the nine months ended September 30, 2012, concurrently with the Company's repurchase of a portion of its 3½% convertible notes, the Company repurchased warrants for the purchase of the Company's common stock for \$26 million and sold an equal portion of its convertible note hedge for \$38 million, reducing the number of shares related to each of the hedge and warrant by approximately 12 million.

Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income were as follows:

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains on Available-for Sale Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income
Balance, January 1, 2012	\$ 159	\$ (13)	\$ 2	\$ (70)	\$ 78
Current period change	14	11	—	—	25
Balance, September 30, 2012	<u>\$ 173</u>	<u>\$ (2)</u>	<u>\$ 2</u>	<u>\$ (70)</u>	<u>\$ 103</u>

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

Total Comprehensive Income

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

The components of other comprehensive income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	\$280	\$ 82	\$336	\$141
Other comprehensive income:				
Currency translation adjustment	26	(75)	14	(37)
Net unrealized gains (losses) on available-for-sale securities, net of tax	2	—	—	2
Net unrealized gains on cash flow hedges, net of tax	—	8	11	24
	<u>28</u>	<u>(67)</u>	<u>25</u>	<u>(11)</u>
Total comprehensive income	<u>\$308</u>	<u>\$ 15</u>	<u>\$361</u>	<u>\$130</u>

During the nine months ended September 30, 2012 and 2011, the Company's net unrealized losses on cash flow hedges decreased by \$20 million and \$40 million (\$11 million and \$24 million, net of tax), respectively, in 2012 primarily due to the realization of losses in income, and in 2011 primarily due to unrealized gains on derivatives used to manage the interest-rate risk associated with the Company's vehicle-backed debt and floating rate debt. Such decreases during the nine months ended September 30, 2012 and 2011 included \$19 million and \$39 million (\$12 million and \$24 million, net of tax), respectively, related to the Company's vehicle-backed debt and were offset by a corresponding change in the Company's investment in Avis Budget Rental Car Funding on the Consolidated Condensed Balance Sheets.

15. Stock-Based Compensation

The Company records compensation expense for all outstanding employee stock awards based on the estimated fair value of the award at the grant date, which is recognized over the requisite service period. The Company recorded stock-based compensation expense of \$4 million and \$3 million (\$2 million and \$2 million, net of tax) during the three months ended September 30, 2012 and 2011, respectively, and \$12 million and \$14 million (\$7 million and \$8 million, net of tax), during the nine months ended September 30, 2012 and 2011, respectively, related to employee stock awards that were granted by the Company.

The Company applies the direct method and tax law ordering approach to calculate the tax effects of stock-based compensation. In jurisdictions with net operating loss carryforwards, tax deductions for 2012 and 2011 exercises of stock-based awards did not generate a cash benefit. Approximately \$13 million of incremental tax benefits will be recorded in additional paid-in capital when realized in these jurisdictions.

Restricted Stock and Stock Unit Awards

During the nine months ended September 30, 2012, the Company granted 488,000 market-vesting restricted stock units, 835,000 time-based restricted stock units and 486,000 performance-based restricted stock units under the Company's 2007 Equity and Incentive Plan. Vesting of all or a portion of the market-vesting and performance-based restricted stock units will occur on the third anniversary of the grant date or as otherwise provided by the grant, subject to continued employment through such anniversary, and (i) in the case of the market-based restricted stock units, attainment of certain Company stock price targets and (ii) in the case of the performance-based restricted stock units, attainment of certain Adjusted EBITDA targets. All of the time-based restricted stock units granted during the nine months ended September 30, 2012 vest ratably on the first three anniversaries of the grant date or as otherwise provided by the grant, subject to continued employment.

During the nine months ended September 30, 2011, the Company granted 355,000 market-vesting restricted stock units and 648,000 time-based restricted stock units under the Company's 2007 Equity and Incentive Plan. Of the market-vesting restricted stock units granted during the nine months ended September 30, 2011, vesting of all or a portion of 262,000 units will occur on the third anniversary of the grant date, and vesting of all or a portion of 93,000 units will occur 50% on each of the third and fourth anniversary of the grant date, in each case subject to continued employment through such applicable anniversary and attainment of certain Company stock price targets for a specified number of trading days. Of the time-based restricted stock units granted during the nine months ended September 30, 2011, 617,000 units vest ratably on the first three anniversaries of the grant date and 31,000 units vest on the first anniversary of the grant date, subject in each case to continued employment.

The Company determined the fair value of its market-vesting restricted stock units granted in 2012 and 2011 using a Monte Carlo simulation model. The weighted-average fair value of each of the Company's market-vesting restricted stock units which contain 2.5- and three-year vesting periods, issued in 2012, was estimated to be approximately \$11.93 and \$10.59, respectively. The weighted-average fair value of each of the Company's market-vesting restricted stock units which contain three- and four-year vesting periods, issued in 2011, was estimated to be approximately \$11.39 and \$12.53, respectively. The assumptions used to estimate the weighted-average fair values of the market-vesting restricted stock awards in 2012 and 2011 were as follows:

	Nine Months Ended September 30,	
	2012	2011
Expected volatility of stock price	50%	48%
Risk-free interest rate	0.30%-0.42%	0.62% - 1.21%
Valuation period	2 1/2-3 years	3-4 years
Dividend yield	0.0%	0.0%

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

	RSUs		Options	
	Number of RSUs	Weighted Average Grant Price	Number of Options	Weighted Average Exercise Price
Balance at January 1, 2012	2,998	\$ 12.74	3,432	\$ 7.90
Granted at fair market value	1,809	14.44	—	—
Vested/exercised ^(a)	(1,250)	12.61	(603)	0.79
Canceled	(19)	13.06	(772)	27.06
Balance at September 30, 2012 ^{(b) (c)}	<u>3,538</u>	13.65	<u>2,057</u>	2.79

^(a) During the nine months ended September 30, 2012, 615,000 market-vesting and performance-based RSUs vested. Stock options exercised during the nine months ended September 30, 2012 had an intrinsic value of \$8 million.

^(b) As of September 30, 2012, the Company's outstanding RSUs had an aggregate intrinsic value of \$54 million; aggregate unrecognized compensation expense related to RSUs amounted to \$30 million; and the balance of RSUs at September 30, 2012, consists of 1,471,000 related to time-based awards and 2,067,000 related to market-vesting and performance-based awards. Approximately 1,000 time-based RSUs are eligible to vest in 2012, if applicable service criteria are satisfied.

^(c) As of September 30, 2012, the Company's outstanding stock options had aggregate intrinsic value of \$26 million; there were 2 million "in-the-money" stock options; and aggregate unrecognized compensation expense related to unvested stock options, was immaterial. Approximately 2 million stock options are exercisable as of September 30, 2012.

The table below summarizes information regarding the Company's outstanding stock options as of September 30, 2012 (in thousands of shares):

Range of Exercise Prices	Weighted Average Contractual Life (years)	Number of Options
Less than \$5.00	6.3	1,773
\$5.01 to \$10.00	—	—
\$10.01 to \$15.00	7.3	160
\$15.01 to \$20.00	0.5	110
\$20.01 and above	1.4	14
	6.1	<u>2,057</u>

As of September 30, 2012, the Company also had approximately 0.5 million outstanding stock appreciation rights with a weighted average exercise price of \$24.40, and a weighted average remaining contractual life of 0.8 years.

16. Segment Information

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

	Three Months Ended September 30,			
	2012		2011	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
North America	\$ 1,358	\$ 232	\$ 1,336	\$ 216
International	703	129	175	37
Truck Rental	109	14	112	22
Corporate and Other ^(a)	—	(5)	—	(3)
Total Company ^(b)	<u>\$ 2,170</u>	<u>370</u>	<u>\$ 1,623</u>	<u>272</u>
Less: Non-vehicle related depreciation and amortization		30		22
Interest expense related to corporate debt, net:				
Interest expense		67		48
Early extinguishment of debt		2		—
Transaction-related costs ^(c)		11		66
Income before income taxes		<u>\$ 260</u>		<u>\$ 136</u>

	Nine Months Ended September 30,			
	2012		2011	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
North America	\$ 3,580	\$ 509	\$ 3,484	\$ 426
International	1,791	210	495	90
Truck Rental	287	32	290	40
Corporate and Other ^(a)	1	(15)	—	(10)
Total Company ^(b)	<u>\$ 5,659</u>	<u>736</u>	<u>\$ 4,269</u>	<u>546</u>
Less: Non-vehicle related depreciation and amortization		92		65
Interest expense related to corporate debt, net:				
Interest expense		208		143
Early extinguishment of debt		52		—
Transaction-related costs ^(c)		21		102
Income before income taxes		<u>\$ 363</u>		<u>\$ 236</u>

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

^(b) Adjusted EBITDA for the three months ended September 30, 2012 includes \$7 million of restructuring expense. Adjusted EBITDA for the nine months ended September 30, 2012 and 2011, includes \$26 million and \$1 million, respectively, of restructuring expense.

^(c) During the three and nine months ended September 30, 2012, the Company incurred \$11 million and \$21 million, respectively, in transaction-related costs primarily related to the integration of the operations of Avis Europe. During the three and nine months ended September 30, 2011, the Company incurred \$66 million and \$102 million, respectively, of costs related to due diligence and other expenses associated with its acquisition of Avis Europe, including \$26 million and \$49 million, respectively, of losses on foreign currency transactions related to the purchase price, and the Company’s previous efforts to acquire Dollar Thrifty.

Since December 31, 2011, there have been no significant changes in segment assets other than the Company's North America and International segment assets under vehicle programs and North America segment non-current deferred tax assets. As of September 30, 2012 and December 31, 2011, North America segment assets under vehicle programs were approximately \$8.3 billion and \$6.7 billion, respectively; International segment assets under vehicle programs were approximately \$2.7 billion and \$2.1 billion, respectively; and North America segment non-current deferred tax assets were approximately \$1.2 billion and \$401 million, respectively.

17. Guarantor and Non-Guarantor Consolidating Condensed Financial Statements

The following consolidating financial information presents Consolidating Condensed Statements of Comprehensive Income for the three and nine months ended September 30, 2012 and 2011, Consolidating Condensed Balance Sheets as of September 30, 2012 and December 31, 2011, and Consolidating Condensed Statements of Cash Flows for the nine months ended September 30, 2012 and 2011 for: (i) Avis Budget Group, Inc. (the "Parent"); (ii) Avis Budget Car Rental and Avis Budget Finance, Inc. (the "Subsidiary Issuers"); (iii) the guarantor subsidiaries; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent with the Subsidiary Issuers, and the guarantor and non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. The Subsidiary Issuers and the guarantor and non-guarantor subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's guarantee of the payment of principal, premium (if any) and interest on the senior notes issued by Avis Budget Car Rental. These senior notes consist of Avis Budget Car Rental's Floating rate notes due 2014, 7³/₄% notes due 2016, 9⁵/₈% notes due 2018, 8¹/₄% notes due 2019 and 9³/₄% notes due 2020 (collectively, the "Notes"). See Note 11—Long-term Debt and Borrowing Arrangements for additional information regarding these Notes. The Notes are guaranteed by the Parent and certain subsidiaries.

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

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Consolidating Condensed Statements of Comprehensive Income

Three Months Ended September 30, 2012

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 1,007	\$ 575	\$ —	\$1,582
Other	—	—	294	616	(322)	588
Net revenues	<u>—</u>	<u>—</u>	<u>1,301</u>	<u>1,191</u>	<u>(322)</u>	<u>2,170</u>
Expenses						
Operating	—	—	612	424	—	1,036
Vehicle depreciation and lease charges, net	—	—	267	312	(143)	436
Selling, general and administrative	5	—	153	86	—	244
Vehicle interest, net	—	—	60	77	(60)	77
Non-vehicle related depreciation and amortization	—	—	18	12	—	30
Interest expense related to corporate debt, net:						
Interest expense	2	62	—	3	—	67
Intercompany interest expense (income)	(3)	(75)	64	14	—	—
Early extinguishment of debt	—	2	—	—	—	2
Transaction-related costs	(3)	—	—	14	—	11
Restructuring charges	—	—	—	7	—	7
Total expenses	<u>1</u>	<u>(11)</u>	<u>1,174</u>	<u>949</u>	<u>(203)</u>	<u>1,910</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(1)	11	127	242	(119)	260
Provision for (benefit from) income taxes	—	(124)	61	43	—	(20)
Equity in earnings (loss) of subsidiaries	281	146	80	—	(507)	—
Net income (loss)	<u>\$ 280</u>	<u>\$ 281</u>	<u>\$ 146</u>	<u>\$ 199</u>	<u>\$ (626)</u>	<u>\$ 280</u>
Comprehensive income	<u>\$ 308</u>	<u>\$ 307</u>	<u>\$ 172</u>	<u>\$ 225</u>	<u>\$ (704)</u>	<u>\$ 308</u>

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Nine Months Ended September 30, 2012

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 2,684	\$ 1,400	\$ —	\$ 4,084
Other	1	—	806	1,593	(825)	1,575
Net revenues	<u>1</u>	<u>—</u>	<u>3,490</u>	<u>2,993</u>	<u>(825)</u>	<u>5,659</u>
Expenses						
Operating	—	3	1,739	1,140	—	2,882
Vehicle depreciation and lease charges, net	—	—	650	736	(298)	1,088
Selling, general and administrative	16	—	433	247	—	696
Vehicle interest, net	—	—	185	232	(186)	231
Non-vehicle related depreciation and amortization	—	1	56	35	—	92
Interest expense related to corporate debt, net:						
Interest expense	7	192	—	9	—	208
Intercompany interest expense (income)	(15)	(231)	205	41	—	—
Early extinguishment of debt	39	13	—	—	—	52
Transaction-related costs	—	—	1	20	—	21
Restructuring charges	—	—	1	25	—	26
Total expenses	<u>47</u>	<u>(22)</u>	<u>3,270</u>	<u>2,485</u>	<u>(484)</u>	<u>5,296</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(46)	22	220	508	(341)	363
Provision for (benefit from) income taxes	(4)	(118)	96	53	—	27
Equity in earnings (loss) of subsidiaries	378	238	114	—	(730)	—
Net income (loss)	<u>\$ 336</u>	<u>\$ 378</u>	<u>\$ 238</u>	<u>\$ 455</u>	<u>\$ (1,071)</u>	<u>\$ 336</u>
Comprehensive income	<u>\$ 361</u>	<u>\$ 403</u>	<u>\$ 262</u>	<u>\$ 483</u>	<u>\$ (1,148)</u>	<u>\$ 361</u>

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Three Months Ended September 30, 2011

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 995	\$ 216	\$ —	\$ 1,211
Other	—	—	282	512	(382)	412
Net revenues	<u>—</u>	<u>—</u>	<u>1,277</u>	<u>728</u>	<u>(382)</u>	<u>1,623</u>
Expenses						
Operating	—	1	615	167	—	783
Vehicle depreciation and lease charges, net	—	—	246	318	(260)	304
Selling, general and administrative	3	—	159	28	—	190
Vehicle interest, net	—	—	59	53	(38)	74
Non-vehicle related depreciation and amortization	—	—	20	2	—	22
Interest expense related to corporate debt, net:						
Interest expense (income)	3	46	—	(1)	—	48
Intercompany interest expense (income)	—	(46)	46	—	—	—
Transaction-related costs	66	—	—	—	—	66
Total expenses	<u>72</u>	<u>1</u>	<u>1,145</u>	<u>567</u>	<u>(298)</u>	<u>1,487</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(72)	(1)	132	161	(84)	136
Provision for (benefit from) income taxes	(27)	—	58	23	—	54
Equity in earnings (loss) of subsidiaries	127	128	54	—	(309)	—
Net income (loss)	<u>\$ 82</u>	<u>\$ 127</u>	<u>\$ 128</u>	<u>\$ 138</u>	<u>\$ (393)</u>	<u>\$ 82</u>
Comprehensive income	<u>\$ 15</u>	<u>\$ 60</u>	<u>\$ 61</u>	<u>\$ 93</u>	<u>\$ (214)</u>	<u>\$ 15</u>

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Nine Months Ended September 30, 2011

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 2,623	\$ 540	\$ —	\$3,163
Other	—	—	772	1,399	(1,065)	1,106
Net revenues	<u>—</u>	<u>—</u>	<u>3,395</u>	<u>1,939</u>	<u>(1,065)</u>	<u>4,269</u>
Expenses						
Operating	2	5	1,709	450	—	2,166
Vehicle depreciation and lease charges, net	—	—	686	865	(711)	840
Selling, general and administrative	8	—	427	76	—	511
Vehicle interest, net	—	(1)	166	148	(108)	205
Non-vehicle related depreciation and amortization	—	—	59	6	—	65
Interest expense related to corporate debt, net:						
Interest expense (income)	7	138	—	(2)	—	143
Intercompany interest expense (income)	(8)	(138)	146	—	—	—
Transaction-related costs	102	—	—	—	—	102
Restructuring charges	—	—	1	—	—	1
Total expenses	<u>111</u>	<u>4</u>	<u>3,194</u>	<u>1,543</u>	<u>(819)</u>	<u>4,033</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(111)	(4)	201	396	(246)	236
Provision for (benefit from) income taxes	(39)	(1)	90	45	—	95
Equity in earnings (loss) of subsidiaries	213	216	105	—	(534)	—
Net income (loss)	<u>\$ 141</u>	<u>\$ 213</u>	<u>\$ 216</u>	<u>\$ 351</u>	<u>\$ (780)</u>	<u>\$ 141</u>
Comprehensive income	<u>\$ 130</u>	<u>\$ 200</u>	<u>\$ 203</u>	<u>\$ 359</u>	<u>\$ (762)</u>	<u>\$ 130</u>

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Consolidating Condensed Balance Sheets

As of September 30, 2012

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 4	\$ 52	\$ —	\$ 498	\$ —	\$ 554
Receivables, net	—	—	183	457	—	640
Deferred income taxes	8	65	129	3	—	205
Other current assets	6	110	65	346	—	527
Total current assets	<u>18</u>	<u>227</u>	<u>377</u>	<u>1,304</u>	<u>—</u>	<u>1,926</u>
Property and equipment, net	—	81	273	145	—	499
Deferred income taxes	22	1,024	223	—	(4)	1,265
Goodwill	—	—	74	274	—	348
Other intangibles, net	—	43	341	324	—	708
Other non-current assets	112	65	7	65	—	249
Intercompany receivables (payables)	246	957	(468)	(735)	—	—
Investment in subsidiaries	661	1,925	3,284	—	(5,870)	—
Total assets exclusive of assets under vehicle programs	<u>1,059</u>	<u>4,322</u>	<u>4,111</u>	<u>1,377</u>	<u>(5,874)</u>	<u>4,995</u>
Assets under vehicle programs:						
Program cash	—	—	—	101	—	101
Vehicles, net	—	5	14	10,324	—	10,343
Receivables from vehicle manufacturers and other	—	—	—	575	—	575
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	362	—	362
	—	5	14	11,362	—	11,381
Total assets	<u>\$1,059</u>	<u>\$ 4,327</u>	<u>\$ 4,125</u>	<u>\$ 12,739</u>	<u>\$ (5,874)</u>	<u>\$16,376</u>
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 18	\$ 789	\$ 43	\$ 726	\$ —	\$ 1,576
Short-term debt and current portion of long-term debt	—	46	3	32	—	81
Total current liabilities	<u>18</u>	<u>835</u>	<u>46</u>	<u>758</u>	<u>—</u>	<u>1,657</u>
Long-term debt	144	2,733	8	1	—	2,886
Other non-current liabilities	106	97	268	376	(4)	843
Total liabilities exclusive of liabilities under vehicle programs	<u>268</u>	<u>3,665</u>	<u>322</u>	<u>1,135</u>	<u>(4)</u>	<u>5,386</u>
Liabilities under vehicle programs:						
Debt	—	—	—	2,062	—	2,062
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	5,813	—	5,813
Deferred income taxes	—	—	1,878	139	—	2,017
Other	—	1	—	306	—	307
	—	1	1,878	8,320	—	10,199
Total stockholders' equity	<u>791</u>	<u>661</u>	<u>1,925</u>	<u>3,284</u>	<u>(5,870)</u>	<u>791</u>
Total liabilities and stockholders' equity	<u>\$1,059</u>	<u>\$ 4,327</u>	<u>\$ 4,125</u>	<u>\$ 12,739</u>	<u>\$ (5,874)</u>	<u>\$16,376</u>

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As of December 31, 2011

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 2	\$ 234	\$ 1	\$ 297	\$ —	\$ 534
Receivables, net	—	61	140	306	—	507
Deferred income taxes	8	—	129	3	(20)	120
Other current assets	7	63	76	251	(17)	380
Total current assets	<u>17</u>	<u>358</u>	<u>346</u>	<u>857</u>	<u>(37)</u>	<u>1,541</u>
Property and equipment, net	—	70	295	128	—	493
Deferred income taxes	36	177	229	2	—	444
Goodwill	—	—	74	279	—	353
Other intangibles, net	—	44	342	327	—	713
Other non-current assets	124	92	5	83	—	304
Intercompany receivables (payables)	348	1,158	(1,071)	(435)	—	—
Investment in subsidiaries	376	1,769	3,192	—	(5,337)	—
Total assets exclusive of assets under vehicle programs	<u>901</u>	<u>3,668</u>	<u>3,412</u>	<u>1,241</u>	<u>(5,374)</u>	<u>3,848</u>
Assets under vehicle programs:						
Program cash	—	—	—	11	—	11
Vehicles, net	—	6	4	8,346	—	8,356
Receivables from vehicle manufacturers and other	—	—	—	380	—	380
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	343	—	343
	—	6	4	9,080	—	9,090
Total assets	<u>\$ 901</u>	<u>\$ 3,674</u>	<u>\$ 3,416</u>	<u>\$ 10,321</u>	<u>\$ (5,374)</u>	<u>\$12,938</u>
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 32	\$ 284	\$ 531	\$ 620	\$ (34)	\$ 1,433
Short-term debt and current portion of long-term debt	—	8	2	27	—	37
Total current liabilities	<u>32</u>	<u>292</u>	<u>533</u>	<u>647</u>	<u>(34)</u>	<u>1,470</u>
Long-term debt	345	2,814	9	—	—	3,168
Other non-current liabilities	112	211	262	375	—	960
Total liabilities exclusive of liabilities under vehicle programs	<u>489</u>	<u>3,317</u>	<u>804</u>	<u>1,022</u>	<u>(34)</u>	<u>5,598</u>
Liabilities under vehicle programs:						
Debt	—	3	—	987	—	990
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	4,574	—	4,574
Deferred income taxes	—	—	843	139	—	982
Other	—	—	—	382	—	382
	—	3	843	6,082	—	6,928
Total stockholders' equity	<u>412</u>	<u>354</u>	<u>1,769</u>	<u>3,217</u>	<u>(5,340)</u>	<u>412</u>
Total liabilities and stockholders' equity	<u>\$ 901</u>	<u>\$ 3,674</u>	<u>\$ 3,416</u>	<u>\$ 10,321</u>	<u>\$ (5,374)</u>	<u>\$12,938</u>

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Consolidating Condensed Statements of Cash Flows

Nine Months Ended September 30, 2012

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ (48)	\$ 128	\$ 42	\$ 1,402	\$ —	\$ 1,524
Investing activities						
Property and equipment additions	—	(19)	(26)	(37)	—	(82)
Proceeds received on asset sales	—	5	3	8	—	16
Other, net	4	(3)	(1)	(30)	—	(30)
Net cash provided by (used in) investing activities exclusive of vehicle programs	<u>4</u>	<u>(17)</u>	<u>(24)</u>	<u>(59)</u>	<u>—</u>	<u>(96)</u>
<i>Vehicle programs:</i>						
Increase in program cash	—	—	—	(90)	—	(90)
Investment in vehicles	—	(2)	(19)	(8,941)	—	(8,962)
Proceeds received on disposition of vehicles	—	4	2	6,130	—	6,136
	<u>—</u>	<u>2</u>	<u>(17)</u>	<u>(2,901)</u>	<u>—</u>	<u>(2,916)</u>
Net cash provided by (used in) investing activities	<u>4</u>	<u>(15)</u>	<u>(41)</u>	<u>(2,960)</u>	<u>—</u>	<u>(3,012)</u>
Financing activities						
Proceeds from long-term borrowings	—	654	—	—	—	654
Principal payments on long-term borrowings	(201)	(704)	(2)	—	—	(907)
Net change in short-term borrowings	—	—	—	1	—	1
Purchase of warrants	(26)	—	—	—	—	(26)
Proceeds from sale of call options	38	—	—	—	—	38
Net intercompany transactions	234	(234)	—	—	—	—
Debt financing fees	—	(11)	—	—	—	(11)
Other, net	1	—	—	—	—	1
Net cash provided by (used in) financing activities exclusive of vehicle programs	<u>46</u>	<u>(295)</u>	<u>(2)</u>	<u>1</u>	<u>—</u>	<u>(250)</u>
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	9,238	—	9,238
Principal payments on borrowings	—	—	—	(7,467)	—	(7,467)
Debt financing fees	—	—	—	(18)	—	(18)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,753</u>	<u>—</u>	<u>1,753</u>
Net cash provided by (used in) financing activities	<u>46</u>	<u>(295)</u>	<u>(2)</u>	<u>1,754</u>	<u>—</u>	<u>1,503</u>
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	5	—	5
Net increase (decrease) in cash and cash equivalents	2	(182)	(1)	201	—	20
Cash and cash equivalents, beginning of period	2	234	1	297	—	534
Cash and cash equivalents, end of period	<u>\$ 4</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ 498</u>	<u>\$ —</u>	<u>\$ 554</u>

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Nine Months Ended September 30, 2011

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	\$ (11)	\$ 183	\$ (256)	\$ 874	\$ 482	\$ 1,272
Investing activities						
Property and equipment additions	—	(9)	(16)	(5)	—	(30)
Proceeds received on asset sales	—	6	2	1	—	9
Acquisition-related restricted cash	(401)	—	—	—	—	(401)
Other, net	(7)	(3)	—	(1)	—	(11)
Net cash used in investing activities exclusive of vehicle programs	(408)	(6)	(14)	(5)	—	(433)
<i>Vehicle programs:</i>						
Decrease (increase) in program cash	—	—	—	(19)	—	(19)
Investment in vehicles	—	(12)	(3)	(6,686)	—	(6,701)
Proceeds received on disposition of vehicles	—	9	8	4,362	—	4,379
Investment in debt securities of AESOP-related party	(400)	—	—	—	—	(400)
Proceeds from debt securities of AESOP-related party	400	—	—	—	—	400
	—	(3)	5	(2,343)	—	(2,341)
Net cash used in investing activities	(408)	(9)	(9)	(2,348)	—	(2,774)
Financing activities						
Principal payments on borrowings	—	(3)	(3)	—	—	(6)
Net intercompany transactions	177	38	268	(1)	(482)	—
Debt financing fees	(14)	(19)	—	—	—	(33)
Other, net	1	—	—	—	—	1
Net cash provided by (used in) financing activities exclusive of vehicle programs	164	16	265	(1)	(482)	(38)
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	8,235	—	8,235
Principal payments on borrowings	—	—	—	(6,568)	—	(6,568)
Debt financing fees	—	(15)	(1)	(4)	—	(20)
	—	(15)	(1)	1,663	—	1,647
Net cash provided by (used in) financing activities	164	1	264	1,662	(482)	1,609
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	(16)	—	(16)
Net increase (decrease) in cash and cash equivalents	(255)	175	(1)	172	—	91
Cash and cash equivalents, beginning of period	257	513	3	138	—	911
Cash and cash equivalents, end of period	<u>\$ 2</u>	<u>\$ 688</u>	<u>\$ 2</u>	<u>\$ 310</u>	<u>\$ —</u>	<u>\$ 1,002</u>

18. Subsequent Events

During October 2012, the Company acquired New Zealand-based Apex Car Rentals, for approximately \$29 million in cash, plus the book value of Apex' rental fleet and potential earn-out payments based on Apex' future financial performance. The acquisition of Apex expands the Company's presence in Australia and New Zealand primarily in the value-oriented traveler market.

During October 2012, the Company issued \$200 million of term loan borrowings, which bear interest at the greater of three-month LIBOR or 1.0%, plus 325 basis points and mature in 2019. Proceeds from this offering and approximately \$40 million of available cash were used to repay approximately \$240 million of outstanding term loan borrowings.

During October 2012, the Company's Avis Budget Rental Car Funding subsidiary completed the renewal of its principal U.S. asset-backed bank conduit facility, reducing its capacity by \$250 million to \$2.25 billion, lowering its interest rate and extending the facility's expiration date to October 2014.

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During November 2012, the Company completed an offering of \$300 million of 4.875% Senior Notes due 2017. These notes were issued at par and will pay interest semi-annually on May 15 and November 15. The Company intends to use the proceeds to repay other corporate indebtedness and to pay fees in connection with this offering and other related expenses.

* * * *

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

The following discussion should be read in conjunction with our Consolidated Condensed Financial Statements and accompanying Notes thereto included elsewhere herein and with our 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "2011 Form 10-K"). Unless otherwise noted, all dollar amounts in tables are in millions and those relating to our results of operations are presented before taxes.

We operate two of the most recognized brands in the global vehicle rental industry, Avis and Budget. We are a leading vehicle rental operator in North America, Europe, Australia, New Zealand and certain other regions we serve, with a fleet of more than 500,000 vehicles. We also license the use of the Avis and Budget trademarks to licensees in the areas in which we do not operate directly. We and our licensees operate the Avis and Budget brands in approximately 175 countries throughout the world.

We categorize our operations into three business segments: *North America*, consisting of our Avis and Budget car rental operations in the United States and our Avis and Budget vehicle rental operations in Canada; *International*, consisting of our Avis and Budget vehicle operations in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand; and *Truck Rental*, consisting of our Budget truck rental operations in the United States. Our International segment includes operational and financial results of Avis Europe plc ("Avis Europe") since our October 2011 acquisition of such business.

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

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 vehicle rental 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 such 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.

Thus far in 2012, we have faced an uneven macroeconomic environment. Our rental volumes in North America have increased amid a modest economic recovery, while rental demand in Europe has been constrained by an economic recession and socio-political issues there. In addition, we have elected to incur certain restructuring and other expenses as we work to integrate the operations of Avis Europe and to gain operational efficiencies.

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

- Worldwide enplanements;
- Fleet, pricing, marketing and strategic decisions made by us and by our competitors;
- Changes in per-unit fleet costs and in conditions in the used vehicle marketplace and/or the value of used vehicles;
- Changes in borrowing costs and in market willingness to purchase corporate and vehicle-related debt;
- Our 2011 acquisition of Avis Europe and our integration of its operations and realization of synergies;
- Changes in the price of unleaded gasoline;
- Changes in currency exchange rates; and
- Demand for truck rentals.

We may pursue acquisitions or investments and could incur additional indebtedness to help fund such transactions, which could have a material impact on our operations, financial condition and liquidity. Due to uncertainties related to our business, there can be no assurance that we will be able to satisfy the covenants contained in our senior credit facility and our asset-backed car rental conduit facilities. Failure to comply with such covenants could significantly impact our liquidity if we were unable to obtain an amendment or waiver or were unable to refinance or replace such facilities. See "Risk Factors" set forth in Item 1A of our 2011 Form 10-K.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments. Our revenues and expenses have increased significantly in the first nine months of 2012 compared to the first nine months of 2011 primarily due to our acquisition of Avis Europe, which was a separate, publicly traded company domiciled in the United Kingdom, in October 2011.

Management evaluates the operating results of each of our reportable segments based upon revenue and “Adjusted EBITDA”, which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, transaction-related costs, non-vehicle related interest and income taxes. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

We measure performance using the following key operating statistics: (i) rental days, which represents the total number of days (or portion thereof) a vehicle was rented, and (ii) T&M revenue per rental day, which represents the average daily revenue we earned from rental and mileage fees charged to our customers. Our vehicle rental operating statistics (rental days and T&M revenue per rental day) are all calculated based on the actual rental of the vehicle during a 24-hour period. Our calculation may not be comparable to other companies’ calculation of similarly-titled statistics.

Three Months Ended September 30, 2012 vs. Three Months Ended September 30, 2011

Our consolidated results of operations comprised the following:

	Three Months Ended September 30,		Change
	2012	2011	
Net revenues	\$2,170	\$1,623	\$ 547
Total expenses	1,910	1,487	423
Income before income taxes	260	136	124
Provision for (benefit from) income taxes	(20)	54	(74)
Net income	<u>\$ 280</u>	<u>\$ 82</u>	<u>\$ 198</u>

During third quarter 2012, our net revenues increased \$547 million (34%), with most of our revenue growth due to the acquisition of Avis Europe in fourth quarter 2011 and the inclusion of its revenue in our results. T&M revenue increased 31% driven by 4% growth in North America rental days and 447% growth in International rental days. The growth in revenues also includes a 43% increase in our ancillary revenues, primarily driven by sales of loss damage waivers and insurance products, GPS navigation unit rentals, gasoline sales and fees charged to customers, partially offset by a \$2 million unfavorable effect related to the translation of our international results into U.S. dollars. Excluding the acquisition of Avis Europe, net revenues increased 1% during third quarter 2012, primarily driven by a 4% increase in rental days partially offset by a 3% decrease in pricing.

Total expenses increased \$423 million (28%) with substantially all of the increase due to the inclusion of the operating results of Avis Europe. The increase was attributable to (i) a \$253 million (32%) increase in our direct operating expenses largely resulting from costs associated with the 40% increase in total rental days; (ii) a \$132 million (43%) increase in vehicle depreciation and lease charges resulting from a 40% increase in our rental fleet; (iii) a \$54 million (28%) increase in selling, general and administrative expenses primarily because of the Avis Europe acquisition; (iv) a \$19 million (40%) increase in interest expense on corporate debt due to increased indebtedness, primarily related to the acquisition of Avis Europe; (v) an \$8 million increase in non-vehicle related depreciation and amortization expense, primarily due to the Avis Europe acquisition; (vi) \$7 million in restructuring charges; (vii) a \$3 million (4%) increase in vehicle interest expense related to the growth in our rental fleet mitigated by lower borrowing rates; and (viii) \$2 million of expense in third quarter 2012 for the early extinguishment of a portion of our corporate debt. These increases were partially offset by a \$55 million decrease in transaction-related costs, which for 2012 related primarily to the integration of the operations of Avis Europe, and which for 2011 related to due-diligence and other costs associated with the acquisition of Avis Europe and our previous efforts to acquire Dollar Thrifty Automotive Group, Inc. (“Dollar Thrifty”). Our expenses were not materially impacted by currency exchange rates. As a result of these items, and a \$74 million decrease in our provision for income taxes, due to an effective settlement of a \$128 million unrecognized tax benefit, we generated a \$198 million increase in our net income. Our effective tax rates were a benefit of 8% and a provision of 40% for third quarter 2012 and 2011, respectively.

In the three months ended September 30, 2012, operating expenses declined to 47.7% of revenue, compared to 48.2% in the prior-year period. Operating expenses decreased as percentage of revenue in North America, as well as in our International segment. Our efforts to reduce costs helped lower operating costs as a percentage of revenue in North America in an environment where our time and mileage revenue per rental day declined 3%.

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Vehicle depreciation and lease charges increased to 20.1% of revenue from 18.7% in third quarter 2011 due to lower revenue per rental day and normalization of used-car residual values. Selling, general and administrative costs decreased to 11.2% of revenue from 11.7% in third quarter 2011 reflecting our continued cost-reduction measures. Vehicle interest costs declined to 3.5% of revenue, compared to 4.6% in the prior-year period, principally due to lower borrowing rates.

Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			Adjusted EBITDA		
	2012	2011	% Change	2012	2011	% Change
North America	\$1,358	\$1,336	2%	\$232	\$216	7%
International	703	175	302%	129	37	249%
Truck Rental	109	112	(3%)	14	22	(36%)
Corporate and Other ^(a)	—	—	*	(5)	(3)	*
Total Company	\$2,170	\$1,623	34%	370	272	36%
Less: Non-vehicle related depreciation and amortization				30	22	
Interest expense related to corporate debt, net:						
Interest expense				67	48	
Early extinguishment of debt				2	—	
Transaction-related costs ^(b)				11	66	
Income before income taxes				\$260	\$136	

* Not meaningful.

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

^(b) For 2012, includes \$11 million in costs primarily related to the integration of the operations of Avis Europe and for 2011, includes \$66 million in costs related to our acquisition of Avis Europe and our previous efforts to acquire Dollar Thrifty.

North America

Revenues and Adjusted EBITDA increased \$22 million (2%) and \$16 million (7%), respectively, during third quarter 2012 compared with third quarter 2011. Revenues increased primarily due to higher rental volumes, partially offset by decreased pricing. The increase in Adjusted EBITDA was primarily due to higher revenue.

The revenue increase of \$22 million was comprised of an \$11 million (1%) increase in T&M revenue and an \$11 million (3%) increase in ancillary revenues. The increase in T&M revenue was principally the result of a 4% increase in rental days, partially offset by a 3% decrease in T&M revenue per day. The increase in ancillary revenues primarily reflects increases in sales of loss damage waivers, insurance products and other items, which increased 2% on a per-rental-day basis.

Adjusted EBITDA reflected a \$16 million (2%) decrease in operating expenses, primarily related to a \$10 million (20%) decrease in gasoline expense, a \$7 million (5%) decrease in selling, general, and administrative expenses primarily due to lower advertising and marketing costs and an \$8 million (11%) decrease in vehicle interest expense. These decreases were offset by a \$9 million (3%) increase in certain other expenses related to increased volumes, including agency operator commissions, shuttling, credit card fees and other related costs. Adjusted EBITDA was also impacted by \$24 million (9%) of increased fleet depreciation and lease charges, reflecting a 3% increase in per-unit fleet costs and a 5% increase in the size of our North America rental fleet.

In the three months ended September 30, 2012, direct operating expenses were 46.3% of revenue, a decrease from 47.1% in the prior-year period, due primarily to our cost-reduction efforts in an environment where our time and mileage revenue per day declined. Vehicle depreciation and lease costs increased to 21.1% of revenue from 19.7% in third quarter 2011 due to the combination of lower pricing and higher per-unit fleet costs, as used-car residual values normalized compared to prior levels. Selling, general and administrative costs decreased to 10.9% of revenue from 11.7% in the prior-year period, reflecting our continued cost-reduction measures. Vehicle interest costs declined to 4.6% of revenue compared to 5.3% in third quarter 2011, principally due to lower borrowing rates.

International

Revenues increased \$528 million (302%) and Adjusted EBITDA increased \$92 million (249%) in third quarter 2012 compared to third quarter 2011 primarily due to the acquisition of Avis Europe during fourth quarter 2011. The Avis Europe acquisition contributed \$526 million to revenue and \$95 million to Adjusted EBITDA in third quarter 2012, including \$7 million in restructuring costs. Excluding the acquisition, revenues increased 1% and Adjusted EBITDA decreased 8% in third quarter 2012 compared with third quarter 2011, with such decline in Adjusted EBITDA entirely due to movements in currency exchange rates.

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The revenue increase of \$528 million was comprised of a \$362 million (326%) increase in T&M revenue and a \$166 million (259%) increase in ancillary revenues. The total increase in revenue includes a \$2 million decrease related to currency exchange rates, impacting T&M revenue by \$1 million and ancillary revenues by \$1 million. The increase in T&M revenue was principally driven by a 447% increase in rental days, mainly due to the inclusion of the operations of Avis Europe, partially offset by a 22% decrease in T&M revenue per rental day, which was primarily due to the acquisition of Avis Europe and currency exchange-rate effects. The increase in ancillary revenues, which was also primarily due to the acquisition of Avis Europe, reflects (i) a \$113 million increase from GPS navigation unit rentals, sales of loss damage waivers, insurance products and other items, (ii) a \$31 million increase in airport concession and vehicle licensing revenues, which was offset in Adjusted EBITDA by \$30 million of higher airport concession and vehicle licensing fees remitted to airport and other regulatory authorities, and (iii) a \$22 million increase in gasoline sales, which was largely offset in Adjusted EBITDA by \$16 million higher gasoline expense.

Adjusted EBITDA reflected a \$283 million (358%) increase in operating expenses, a \$107 million (344%) increase in fleet depreciation and lease charges, a \$59 million (285%) increase in selling, general and administrative expenses and \$7 million in restructuring charges. These increases were principally due to the acquisition of Avis Europe, which added to our operating locations, headcount, fleet and other operating expenses, partially offset by 13% lower per-unit fleet costs.

Truck Rental

Revenues and Adjusted EBITDA decreased \$3 million (3%) and \$8 million (36%), respectively, in third quarter 2012 compared with third quarter 2011. Adjusted EBITDA decreased primarily due to a \$4 million increase in vehicle maintenance costs and a \$2 million increase in fleet depreciation and lease charges reflecting a 7% increase in our truck rental fleet and a 16% increase in our per-unit truck fleet costs.

Nine Months Ended September 30, 2012 vs. Nine Months Ended September 30, 2011

Our consolidated results of operations comprised the following:

	Nine Months Ended September 30,		Change
	2012	2011	
Net revenues	\$5,659	\$4,269	\$1,390
Total expenses	5,296	4,033	1,263
Income before income taxes	363	236	127
Provision for income taxes	27	95	(68)
Net income	<u>\$ 336</u>	<u>\$ 141</u>	<u>\$ 195</u>

During the nine months ended September 30, 2012, our net revenues increased approximately \$1.4 billion (33%), with approximately 90% of our revenue growth due to the acquisition of Avis Europe in fourth quarter 2011 and the inclusion of its operations in our results. T&M revenue increased by 29% driven by 5% growth in North America rental days and 361% growth in International rental days. The growth in revenues also includes a 42% increase in our ancillary revenues, such as sales of loss damage waivers and insurance products, GPS navigation unit rentals, gasoline sales and fees charged to customers. Currency exchange rates had virtually no impact on the year-over-year change in revenue. Excluding the acquisition of Avis Europe, revenues increased 3% during the nine months ended September 30, 2012, primarily due to a 5% increase in rental days.

Total expenses increased approximately \$1.3 billion (31%), with approximately 95% of the increase due to including the results of Avis Europe. The total expense increase was attributable to (i) a \$716 million (33%) increase in our direct operating expenses largely resulting from the 36% increase in total rental days; (ii) a \$248 million (30%) increase in vehicle depreciation and lease charges resulting from a 37% increase in our total rental fleet, partially offset by a 5% decline in our per-unit fleet costs; (iii) a \$185 million (36%) increase in selling, general and administrative expenses primarily because of the Avis Europe acquisition, as well as increased agency operator commissions and other costs related to higher rental volumes; (iv) a \$65 million increase in interest expense on corporate debt due to increased indebtedness, primarily related to the acquisition of Avis Europe; (v) \$52 million of expense for the early extinguishment of a portion of our corporate debt; (vi) a \$27 million increase in non-vehicle depreciation and amortization, primarily due to the acquisition of Avis Europe; (vii) a \$26 million (13%) increase in vehicle interest expense related to increased fleet levels; and (viii) a \$25 million increase in restructuring charges. These expense increases were partially offset by an \$81 million decrease in transaction-related costs, which for 2012 related primarily to the integration of the operations of Avis Europe and which for 2011 related to due-diligence and other costs associated with the acquisition of Avis Europe and our previous efforts to acquire Dollar Thrifty. Our expenses were not materially impacted by currency exchange rates. As a result of these items, and a \$68 million decrease in our provision for income taxes, due to an effective settlement of a \$128 million unrecognized tax benefit, our net income increased \$195 million. Our effective tax rates were provisions of 7% and 40% for the nine months ended September 30, 2012 and 2011, respectively.

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In the nine months ended September 30, 2012, operating expenses were 50.9% of revenue, versus 50.7% in the prior-year period. Operating expenses decreased slightly as a percentage of revenue in North America, but increased as a percentage of revenue in our International segment due to the inclusion of the results of Avis Europe, which had a higher level of operating expenses as a percentage of revenue in the first nine months of the year. Our efforts to control costs contributed to lower operating costs as a percentage of revenue in North America in an environment where our time and mileage revenue per rental day declined 3%.

Vehicle depreciation and lease costs declined to 19.2% of revenue in the nine months ended September 30, 2012, from 19.7% in the prior-year period, primarily due to lower per-unit fleet costs in North America amid robust used-car residual values in the first half of the year. Selling, general and administrative costs increased to 12.3% of revenue, versus 12.0% in the nine months ended September 30, 2011. Such increase was due in part to the inclusion in 2012 of the results of Avis Europe, which generally has a higher level of selling, general and administrative costs than our North America operations. Vehicle interest costs declined to 4.1% of revenue, compared to 4.8% in the prior-year period, principally due to lower borrowing rates.

Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			Adjusted EBITDA		
	2012	2011	% Change	2012	2011	% Change
North America	\$3,580	\$3,484	3%	\$509	\$426	19%
International	1,791	495	262%	210	90	133%
Truck Rental	287	290	(1%)	32	40	(20%)
Corporate and Other ^(a)	1	—	*	(15)	(10)	*
Total Company	\$5,659	\$4,269	33%	736	546	35%
Less: Non-vehicle related depreciation and amortization				92	65	
Interest expense related to corporate debt, net:						
Interest expense				208	143	
Early extinguishment of debt				52	—	
Transaction-related costs ^(b)				21	102	
Income before income taxes				\$363	\$236	

* Not meaningful.

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

^(b) For 2012, includes \$21 million in costs primarily related to the integration of the operations of Avis Europe and for 2011, includes \$102 million in costs related to our acquisition of Avis Europe and our previous efforts to acquire Dollar Thrifty.

North America

Revenues and Adjusted EBITDA increased \$96 million (3%) and \$83 million (19%), respectively, during the nine months ended September 30, 2012 compared with the same period in 2011. Revenues increased primarily due to higher rental volumes, partially offset by decreased pricing. The increase in Adjusted EBITDA was primarily due to higher revenue and lower fleet costs.

The revenue increase of \$96 million was comprised of a \$59 million (2%) increase in T&M revenue and a \$37 million (4%) increase in ancillary revenues. The increase in T&M revenue was principally the result of a 5% increase in rental days, partially offset by a 3% decrease in T&M revenue per day. The \$37 million increase in ancillary revenues primarily reflects a \$28 million increase in ancillary revenues from sales of loss damage waivers and insurance products, emergency road service and other items, reflecting a 1% increase on a per-rental-day basis, and a \$9 million increase in airport concession and vehicle licensing revenue, which was partially offset in Adjusted EBITDA by \$4 million higher airport concession and vehicle licensing fees remitted to airport and other regulatory agencies.

Adjusted EBITDA reflected a \$36 million (2%) increase in operating expenses, primarily related to (i) a \$23 million (3%) increase in certain other expenses related to increased volumes, including agency operator commissions, shuttling, credit card fees and related costs, (ii) a \$11 million (2%) increase in employee costs, rents and other expenses reflecting increased staffing levels due to volume and inflationary increases, and (iii) a \$7 million (2%) increase in selling, general and administrative expenses principally due to increased rental volumes, partially offset by a \$4 million decrease in gasoline expense. Adjusted EBITDA benefited from a \$27 million (4%) reduction in fleet depreciation and lease charges, reflecting a 10% decline in per-unit fleet costs and a 6% increase in the average size of our car rental fleet.

In the nine months ended September 30, 2012, direct operating expenses decreased to 49.5% of revenue versus 49.9% in the prior-year period, highlighting our cost-reduction efforts in an environment where our time and mileage revenue per day declined. Vehicle depreciation and lease charges declined to 19.1% of revenue in the first nine months of 2012 from 20.4% primarily due to lower per-unit fleet costs amid strong used-car residual values during much of the period. Selling, general and administrative expenses decreased to 11.8% of revenue, compared to 11.9% of revenue for the nine months ended September 30, 2011, and vehicle interest expense decreased to 5.4% of revenue versus 5.6% in the prior-year period, principally due to lower borrowing rates.

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International

Revenues and Adjusted EBITDA increased approximately \$1.3 billion (262%) and \$120 million (133%), respectively, in the nine months ended September 30, 2012 compared with the nine months ended September 30, 2011 primarily due to the acquisition of Avis Europe during fourth quarter 2011. The Avis Europe acquisition contributed approximately \$1.3 billion to revenue and \$117 million to Adjusted EBITDA in the nine months ended September 30, 2012, including \$25 million in restructuring costs. Excluding the acquisition, revenues increased 5% and Adjusted EBITDA increased 3% during the nine months ended September 30, 2012, primarily due to a 4% increase in rental days.

The revenue increase of approximately \$1.3 billion was comprised of an \$864 million (270%) increase in T&M revenue and a \$432 million (247%) increase in ancillary revenues. The increase in revenues was not materially impacted by currency exchange rates. The increase in T&M revenue was principally driven by a 361% increase in rental days, partially offset by a 20% decrease in T&M revenue per rental day, which were primarily due to the inclusion of the operations of Avis Europe. The increase in ancillary revenues reflected (i) a \$284 million increase from GPS navigation unit rentals, sales of loss damage waivers, insurance products and other items, (ii) an \$88 million increase in airport concession and vehicle licensing revenues, which was largely offset in Adjusted EBITDA by \$77 million of higher airport concession and vehicle licensing fees remitted to airport and other regulatory authorities, and (iii) a \$60 million increase in gasoline sales, which was principally offset in Adjusted EBITDA by \$43 million higher gasoline expense.

Adjusted EBITDA reflected a \$779 million (345%) increase in operating expenses, a \$277 million (295%) increase in fleet depreciation and lease charges, a \$172 million (290%) increase in selling, general and administrative expenses and \$25 million in restructuring charges. These increases were principally due to the acquisition of Avis Europe, which added to our operating locations, headcount, fleet and other operating expenses, partially offset by 9% lower per-unit fleet costs.

Truck Rental

Revenues and Adjusted EBITDA decreased by \$3 million (1%) and \$8 million (20%), respectively, in the nine months ended September 30, 2012 compared with the nine months ended September 30, 2011.

A 2% increase in T&M revenue per day was offset by a 3% decrease in rental days. Adjusted EBITDA decreased primarily due to a \$6 million increase in vehicle maintenance costs.

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

	<u>September 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>	<u>Change</u>
Total assets exclusive of assets under vehicle programs	\$ 4,995	\$ 3,848	\$ 1,147
Total liabilities exclusive of liabilities under vehicle programs	5,386	5,598	(212)
Assets under vehicle programs	11,381	9,090	2,291
Liabilities under vehicle programs	10,199	6,928	3,271
Stockholders' equity	791	412	379

Total assets exclusive of assets under vehicle programs increased approximately \$1.1 billion primarily due to (i) a \$906 million increase in deferred income taxes primarily related to the generation of net operating losses, (ii) a \$147 million increase in other current assets, largely related to an increase in sales and use tax receivables for taxes paid that are recoverable from government agencies, and (iii) a \$133 million increase in accounts receivable, primarily due to the seasonal increase in rental volumes.

Total liabilities exclusive of liabilities under vehicle programs decreased \$212 million primarily due to a \$238 million net reduction in corporate debt. See "Liquidity and Capital Resources—Debt and Financing Arrangements" regarding the changes in our corporate financings.

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Assets under vehicle programs increased approximately \$2.3 billion principally related to the seasonal increase in the size of our vehicle rental fleet from December 31, 2011.

Liabilities under vehicle programs increased approximately \$3.3 billion, reflecting an approximately \$2.3 billion additional borrowing to support the increase in our vehicle rental fleet and an approximately \$1.0 billion increase in deferred income taxes related to accelerated tax depreciation on vehicles. See “Liquidity and Capital Resources—Debt and Financing Arrangements” regarding the change in our debt related to vehicle programs.

Total stockholders’ equity increased \$379 million primarily due to our net income of \$336 million for the nine months ended September 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

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

During the nine months ended September 30, 2012, we completed several financing transactions which reduced our corporate indebtedness by \$238 million. We borrowed \$500 million under a floating rate term loan due 2019, issued an additional \$125 million of our 8 1/4% notes due 2019 at 103.5% of par and borrowed an additional \$30 million under our floating rate term loan due 2016. We repaid our \$267 million floating rate term loan due 2014, \$180 million of our floating rate term loan due 2018, \$200 million of our 7 5/8% notes due 2014 and \$50 million of our 7 3/4% notes due 2016, and we repurchased \$201 million of our 3 1/2% convertible notes due 2014.

During the nine months ended September 30, 2012, we also increased our borrowings under vehicle programs to fund an increase in our rental fleet in order to accommodate the seasonal increase in rental demand.

CASH FLOWS

As of September 30, 2012, we had \$554 million of cash on hand, an increase of \$20 million from \$534 million at December 31, 2011. Our corporate indebtedness declined by \$238 million from December 31, 2011 to September 30, 2012. The following table summarizes our cash flows:

	Nine Months Ended September 30,		
	2012	2011	Change
Cash provided by (used in):			
Operating activities	\$ 1,524	\$ 1,272	\$ 252
Investing activities	(3,012)	(2,774)	(238)
Financing activities	1,503	1,609	(106)
Effect of exchange rate changes	5	(16)	21
Net change in cash and cash equivalents	\$ 20	\$ 91	\$ (71)

During the nine months ended September 30, 2012, we generated \$252 million more cash from operating activities compared with the same period in 2011 primarily due to improved operating results and the inclusion of Avis Europe in our results for the nine months ended September 30, 2012.

We used \$238 million more cash in investing activities during the nine months ended September 30, 2012 compared with the same period in 2011. This change primarily reflects the activities of our vehicle programs, the majority of which was related to the inclusion of Avis Europe in our results for the nine months ended September 30, 2012, in which we used approximately \$2.3 billion more cash to purchase vehicles in the current year, partially offset by approximately \$1.8 billion more cash received on the disposition of vehicles, and 2011 reflects the use of \$401 million for the purchase of British pound sterling related to our acquisition of Avis Europe.

We generated \$106 million less cash from financing activities during the nine months ended September 30, 2012 compared with the same period in 2011. This change primarily reflects a \$212 million increase in cash used for the net repayment of corporate borrowings and related activity partially offset by a \$106 million increase in cash provided under our vehicle programs’ financing activities primarily due to increased borrowings to fund a seasonal increase in our vehicle rental fleet.

DEBT AND FINANCING ARRANGEMENTS

At September 30, 2012, we had approximately \$10.8 billion of indebtedness (including corporate indebtedness of approximately \$3.0 billion and debt under vehicle programs of approximately \$7.8 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of September 30, 2012	As of December 31, 2011	Change
Floating rate term loan ^(a)	April 2014	\$ —	\$ 267	\$ (267)
Floating rate notes ^(b)	May 2014	250	250	—
7 ⁵ / ₈ % notes	May 2014	—	200	(200)
3 ¹ / ₂ % convertible notes ^(c)	October 2014	144	345	(201)
Floating rate term loan ^{(a) (d)}	May 2016	49	20	29
7 ³ / ₄ % notes	May 2016	325	375	(50)
9 ⁵ / ₈ % notes	March 2018	445	445	—
Floating rate term loan ^{(a) (e)}	September 2018	233	412	(179)
8 ¹ / ₄ % notes	January 2019	731	602	129
Floating rate term loan ^{(a) (f)}	March 2019	493	—	493
9 ³ / ₄ % notes	March 2020	250	250	—
		<u>2,920</u>	<u>3,166</u>	<u>(246)</u>
Other		47	39	8
		<u>\$ 2,967</u>	<u>\$ 3,205</u>	<u>\$ (238)</u>

- ^(a) The floating rate term loans are part of our senior credit facility, which also includes our revolving credit facility maturing 2016, and is secured by pledges of all of the capital stock of our domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property.
- ^(b) As of September 30, 2012, the floating rate notes due 2014 bear interest at three-month LIBOR, plus 250 basis points, for an aggregate rate of 2.93%.
- ^(c) The 3 ¹/₂% convertible notes due 2014 are convertible by the holders into approximately 9 million shares of our common stock as of September 30, 2012.
- ^(d) As of September 30, 2012, the floating rate term loan due 2016 bears interest at three-month LIBOR, plus 300 basis points, for an aggregate rate of 3.45%.
- ^(e) As of September 30, 2012, the floating rate term loan due 2018 bears interest at the greater of three-month LIBOR or 1.25%, plus 500 basis points, for an aggregate rate of 6.25%.
- ^(f) As of September 30, 2012 the floating term rate loan due 2019 bears interest at the greater of three-month LIBOR or 1.0%, plus 325 basis points, for an aggregate rate of 4.25%.

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

	As of September 30, 2012	As of December 31, 2011	Change
Debt due to Avis Budget Rental Car Funding ^(a)	\$ 5,813	\$ 4,574	\$ 1,239
Budget Truck funding program ^(b)	280	188	92
Capital leases ^(c)	500	348	152
Other ^(c)	1,282	454	828
	<u>\$ 7,875</u>	<u>\$ 5,564</u>	<u>\$ 2,311</u>

- ^(a) The increase principally reflects increased borrowings to fund an increase in the size of our U.S. car rental fleet.
- ^(b) The increase principally reflects increased borrowings to fund vehicle purchases for our U.S. truck rental fleet.
- ^(c) The increase principally reflects increased borrowings to fund an increase in the size of our international vehicle rental fleet.

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As of September 30, 2012, the committed credit facilities available to us and/or our subsidiaries included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility maturing 2016 ^(a)	\$ 1,435	\$ —	\$ 1,155	\$ 280
Other facilities ^(b)	10	3	—	7

^(a) This revolving credit facility matures in 2016 and bears interest of one-month LIBOR, plus 300 basis points. The senior credit facility, which encompasses our floating rate term loans and the revolving credit facility, is secured by pledges of all of the capital stock of all of our direct or indirect domestic subsidiaries and up to 66% of the capital stock of each foreign subsidiary directly owned by our domestic subsidiaries, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property.

^(b) These facilities encompass bank overdraft lines of credit, bearing interest of 4.75% to 5.69% as of September 30, 2012.

The following table presents available funding under our debt arrangements related to our vehicle programs at September 30, 2012:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding ^(b)	\$ 7,318	\$ 5,813	\$ 1,505
Budget Truck financing ^(c)	295	280	15
Capital leases	529	500	29
Other ^(d)	1,545	1,282	263
	<u>\$ 9,687</u>	<u>\$ 7,875</u>	<u>\$ 1,812</u>

^(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

^(b) The outstanding debt is collateralized by approximately \$7.5 billion of underlying vehicles and related assets.

^(c) The outstanding debt is collateralized by \$448 million of underlying vehicles and related assets.

^(d) The outstanding debt is collateralized by approximately \$2.3 billion of underlying vehicles and related assets.

The significant terms for our outstanding debt instruments, credit facilities and available funding arrangements as of September 30, 2012, can be found in Notes 11 and 12 to our Consolidated Condensed Financial Statements.

LIQUIDITY RISK

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

As discussed above, as of September 30, 2012, we have cash and cash equivalents of \$554 million, available borrowing capacity under our revolving credit facility of \$280 million and available capacity under our vehicle programs of approximately \$1.8 billion.

Our liquidity position may be negatively affected by financial market disruptions or a downturn in the global economy, which may result in unfavorable conditions in the vehicle rental industry, in the asset-backed financing market, and in the credit markets generally. A downturn in the global economy or a disruption in the credit markets could impact our liquidity due to (i) decreased demand and pricing for vehicles in the used-vehicle market, (ii) increased costs associated with, and/or reduced capacity or increased collateral needs under, our financings, (iii) the adverse impact of vehicle manufacturers, including General Motors Company, Ford Motor Company, Chrysler Group LLC, PSA Peugeot Citroën, Volkswagen Group, Toyota Motor Corporation, Kia Motors America or Fiat Group Automobiles S.p.A. being unable or unwilling to honor obligations under the contracts we have with such manufacturers, including repurchase or guaranteed depreciation obligations related to program vehicles, (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market and (v) the effect of any of Realogy, Wyndham or Travelport being unable or unwilling to honor its obligations under the Separation Agreement and related agreements.

Our liquidity position also may be negatively affected if we are unable to remain in compliance with the financial and other covenants associated with our senior credit facility and other borrowings. The financial covenants of our senior credit facility include maximum leverage and minimum coverage ratio requirements. As of September 30, 2012, we were in compliance with the financial covenants in our senior credit facility. For additional information regarding our liquidity risks, see Part I, Item 1A, "Risk Factors" of our 2011 Form 10-K.

CONTRACTUAL OBLIGATIONS

Our future contractual obligations have not changed significantly from the amounts reported within our 2011 Form 10-K with the exception of our commitment to purchase vehicles, which decreased by approximately \$1.8 billion from December 31, 2011 to approximately \$3.4 billion at September 30, 2012. Changes to our obligations related to corporate indebtedness and debt under vehicle programs are presented above within the section titled “Liquidity and Capital Resources—Debt and Financing Arrangements” and also within Notes 11 and 12 to our Consolidated Condensed Financial Statements.

ACCOUNTING POLICIES

The results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. However, in presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions that we are required to make pertain to matters that are inherently uncertain as they relate to future events. Presented within the section titled “Critical Accounting Policies” of our 2011 Form 10-K are the accounting policies (related to goodwill and other indefinite-lived intangible assets, business combinations, vehicles, income taxes, financial instruments and public liability, property damage and other insurance liabilities) that we believe require subjective and/or complex judgments that could potentially affect 2012 reported results. There have been no significant changes to those accounting policies or our assessment of which accounting policies we would consider to be critical accounting policies.

Item 3. 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 swap contracts, futures and options contracts, to manage and reduce the interest rate risk related to our debt; foreign currency forwards to manage and reduce currency exchange-rate risk; 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 presented. 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 long-term borrowings and financial instruments, see Notes 7, 11 and 12 to our Consolidated Condensed Financial Statements.

Currency Risk Management

We have currency exchange rate exposure to exchange rate fluctuations worldwide and particularly with respect to the Australian, Canadian and New Zealand dollars, the Euro and the British pound sterling. We use currency forward contracts and currency swaps 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 foreign 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. Based on our currency forward contracts as of September 30, 2012, we estimate that a 10% change in currency exchange rates would not have a material impact on our earnings. Because gains or losses related to currency forward contracts are expected to be offset by corresponding gains or losses on the underlying exposures being hedged, when combined, these currency forward contracts and the underlying exposures do not create a material impact to our results of operations, balance sheet or liquidity.

Interest Rate Risk Management

Our primary interest rate exposure at September 30, 2012, was interest rate fluctuations in the United States, specifically LIBOR and commercial paper interest rates due to their 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 that LIBOR and commercial paper rates will remain a primary market risk exposure for the foreseeable future.

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We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. Based on our interest rate derivatives as of September 30, 2012, we estimate that a 10% change in interest rates would not have a material impact on our 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 to our results of operations, balance sheet or liquidity.

Commodity Risk Management

We have commodity price exposure related to fluctuations in the price of unleaded 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 unleaded gasoline would not have a material impact on our earnings for the period ended September 30, 2012.

Item 4. 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 such period.
- (b) *Changes in Internal Control Over Financial Reporting.* During the fiscal quarter to which this report relates, there has been no change in the Company’s 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, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

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

AVIS BUDGET GROUP, INC.

Date: November 9, 2012

/s/ David B. Wyshner

David B. Wyshner
Senior Executive Vice President and
Chief Financial Officer

Date: November 9, 2012

/s/ Izilda P. Martins

Izilda P. Martins
Vice President and
Acting Chief Accounting Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Incremental Commitment Agreement, dated as of August 15, 2012 among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, the Tranche C Term Lenders and JPMorgan Chase Bank, N.A., Bank of America Merrill Lynch, Barclays Capital and Deutsche Bank Securities as joint lead arrangers and bookrunners.
10.2	Fourth Amendment, dated as of August 15, 2012, to the Amended and Restated Credit Agreement dated as of May 3, 2011, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, the subsidiary borrowers from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the several lenders from time to time parties thereto, J.P. Morgan Securities LLC, Bank Of America Merrill Lynch, Barclays Bank PLC, Deutsche Bank Securities, acting as joint lead arrangers and bookrunners.
10.3	First Amendment, dated as of September 12, 2012, to the Amended and Restated Series 2010-6 Supplement dated October 14, 2011, among Avis Budget Rental Car Funding (AESOP) LLC, Avis Budget Car Rental, LLC, JPMorgan Chase Bank, N.A., as administrative agent, the Non-Conduit Purchasers, the CP Conduit 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.
10.4	Amendment No. 3 to Series 2012-1 Supplement, dated September 28, 2012, between Centre Point Funding, LLC, as issuer, Budget Truck Rental LLC, as administrator, Deutsche Bank Securities Inc., as administrative agent, Deutsche Bank Trust Company Americas, as a Non-Conduit Purchaser, Windmill Funding Corporation, as a CP Conduit Purchaser, The Royal Bank of Scotland plc, as a Funding Agent and an APA Bank, and the Bank of New York Mellon Trust Company, N.A., in its capacities as Trustee, Series 2012-1 Agent and Securities Intermediary.
10.5	Incremental Revolving Commitment Agreement, dated as of October 4, 2012 among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, Bank of Montreal, as incremental lender and JPMorgan Chase Bank, N.A. as administrative agent.
10.6	Incremental Revolving Commitment Agreement, dated as of October 4, 2012 among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, SunTrust Bank, N.A., as incremental lender and JPMorgan Chase Bank, N.A. as administrative agent.
10.7	Agreement dated October 1, 2012 between Avis Budget Car Rental, LLC and General Motors (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 5, 2012).*
10.8	Second Amendment to the Amended and Restated Series 2010-6 Supplement, dated as of October 18, 2012, 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 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 10.1 to the Company's Current Report on Form 8-K dated October 24, 2012).
12	Statement re: Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance 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.

* 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.

INCREMENTAL COMMITMENT AGREEMENT
(TRANCHE C TERM FACILITY)

INCREMENTAL COMMITMENT AGREEMENT, dated as of August 15, 2012 (this "Agreement"), among AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the Tranche C Term Lenders (as defined below) and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent"). J.P. MORGAN SECURITIES LLC, BANK OF AMERICA MERRILL LYNCH, BARCLAYS CAPITAL and DEUTSCHE BANK SECURITIES are acting as joint lead arrangers and bookrunners in connection with the Tranche C Term Loans referred to below.

W I T N E S S E T H:

WHEREAS, reference is hereby made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among others, Holdings, the Borrower, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto (the "Lenders") and the Administrative Agent;

WHEREAS, pursuant to Section 2.23 of the Credit Agreement, the Borrower has requested that increases in the Tranche C Term Loans in the aggregate principal amount of \$200,000,000 (the "Incremental Term Loan Increase") be made available to the Borrower to repay in full the outstanding principal amount of the Tranche B Term Loans, and the Administrative Agent and the Tranche C Term Lenders (as defined below) have agreed, upon the terms and subject to the conditions set forth herein to provide such Incremental Term Loan Increase, and as permitted by Section 2.23 of the Credit Agreement, the Credit Agreement will be amended as set forth herein without additional consent or approval of the other Lenders;

WHEREAS, each existing Tranche B Term Lender that executes and delivers a signature page to this Agreement (a "Lender Addendum") and agrees in connection therewith, to continue that portion of their Tranche B Term Loans that would otherwise have been prepaid with the proceeds of the Incremental Term Loan Increase (or, at the Lead Arranger's (as defined below) election, any such lesser amount), as Tranche C Term Loans, in lieu of prepayment of their Tranche B Term Loans (such continued Term Loans, the "Continued Tranche B Term Loans"; and such Lenders, the "Continuing Tranche B Term Lenders") will thereby (i) agree to the terms of this Agreement and (ii) agree to continue that portion of their Tranche B Term Loans (the Lenders of such Tranche B Term Loans, collectively, the "Existing Tranche B Term Lenders") that would otherwise have been prepaid with the proceeds of the Incremental Term Loan Increase (or, at the Lead Arranger's election, any such lesser amount) outstanding on the Incremental Term Loan Increase Funding Date, as Tranche C Term Loans in a principal amount equal to the aggregate principal amount of such Continued Tranche B Term Loans;

WHEREAS, each Person (other than a Continuing Tranche B Term Lender in its capacity as such) that executes and delivers a Lender Addendum and agrees in connection therewith to make a Tranche C Term Loan (collectively, the "Additional Tranche C Term Lenders") will thereby (i) agree to the terms of this Agreement, (ii) agree to all provisions of the Credit Agreement, as amended hereby, and to become a party to the Credit Agreement as a Lender and (iii) commit to provide Tranche C Term Loans to the Borrower on the Incremental Term Loan Increase Funding Date (the "Additional Tranche C Term Loans") in such amount (not in excess of any such commitment) as is determined by the

Administrative Agent and notified to such Additional Tranche C Term Lender. The aggregate principal amount of the Tranche C Term Loans under the Incremental Term Loan Increase (including any Continued Tranche B Term Loans) shall be \$200,000,000 (it being understood that the aggregate principal amount of all Tranche C Term Loans after giving effect to the Incremental Term Loan Increase shall be \$700,000,000) or such greater amount to be agreed among the Borrower, the Administrative Agent and the Tranche C Term Lenders;

WHEREAS, the Continuing Tranche B Term Lenders and the Additional Tranche C Term Lenders (collectively, the "Tranche C Term Lenders") are severally willing to continue their Tranche B Term Loans as Tranche C Term Loans and/or to make Tranche C Term Loans, as the case may be, subject to the terms and conditions set forth in this Agreement; and

WHEREAS, as permitted by Section 2.23 of the Credit Agreement, the Tranche C Term Lenders and the Administrative Agent are willing to agree to this Agreement on the terms set forth herein, without additional consent or approval of the other Lenders;

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. Incremental Term Loan Increase.

(a) Subject to the terms and conditions set forth herein:

(i) each Continuing Tranche B Term Lender agrees to continue all of its Tranche B Term Loans as Tranche C Term Loans on the Incremental Term Loan Increase Funding Date in a principal amount up to the amount of such Continuing Tranche B Term Lender's Tranche C Term Commitment (as defined below);

(ii) each Additional Tranche C Term Lender agrees to make an Additional Tranche C Term Loan on the Incremental Term Loan Increase Funding Date to the Borrower in a principal amount equal to its Tranche C Term Commitment; and

(iii) each Additional Tranche C Term Lender that is also a Continuing Tranche B Term Lender agrees to make an Additional Tranche C Term Loan on the Incremental Term Loan Increase Funding Date to the Borrower in a principal amount equal to the excess of (x) such Additional Tranche C Term Lender's Tranche C Term Commitment over (y) the aggregate principal amount of its Tranche B Term Loans continued as Tranche C Term Loans (such Additional Tranche C Term Loans, the "Supplemental Tranche C Term Loans"; the commitment of any Continuing Tranche B Term Lender with respect thereto, its "Supplemental Tranche C Term Commitment").

For the avoidance of doubt, the Tranche B Term Loans of a Continuing Tranche B Term Lender must be continued in whole and may not be continued in part unless approved by J.P. Morgan Securities LLC (the "Lead Arranger"); provided that the Lead Arranger reserves the right to allocate a lesser amount as Tranche C Term Loans.

(b) For purposes hereof, a Person may become a party to the Credit Agreement as amended hereby and a Tranche C Term Lender as of the Incremental Term Loan Increase

Funding Date by executing and delivering to the Administrative Agent, on or prior to the Incremental Commitment Effective Date, a Lender Addendum in its capacity as a Tranche C Term Lender. The Borrower shall give notice to the Administrative Agent of the proposed Incremental Commitment Effective Date not later than one Business Day prior thereto, and the Administrative Agent shall notify each existing Tranche B Term Lender and each Additional Tranche C Term Lender thereof.

(c) Each Additional Tranche C Term Lender will make its Tranche C Term Loan on the Incremental Term Loan Increase Funding Date by making available to the Administrative Agent, in the manner contemplated by Section 2.2 of the Credit Agreement (as amended hereby), an amount equal to such Lender's Tranche C Term Commitment (or, in the case of any Additional Tranche C Term Lender that is also a Continuing Tranche B Term Lender, its Supplemental Tranche C Term Commitment). The Tranche C Term Loans may from time to time be ABR Loans or Eurodollar Loans, as determined by the Borrower and notified to the Administrative Agent as contemplated by Sections 2.2 and 2.12 of the Credit Agreement (as amended by this Agreement). Upon continuation, each Continuing Tranche B Term Lender hereby agrees to waive any costs described in Section 2.20 of the Credit Agreement incurred by such Lender to the extent they may arise in connection with this Agreement or the transactions contemplated thereby.

(d) The "Tranche C Term Commitment":

(i) of any Continuing Tranche B Term Lender (that is not also an Additional Tranche C Term Lender) will be an amount equal to the entire aggregate principal amount of its Tranche B Term Loans as set forth in the Register as of the Incremental Term Loan Increase Funding Date (or, if less, as allocated to it by the Administrative Agent and notified to it on or prior to the Incremental Commitment Effective Date), which shall be continued as an equal principal amount of Tranche C Term Loans;

(ii) of any Additional Tranche C Term Lender (that is not also a Continuing Tranche B Term Lender) will be such amount (not exceeding any commitment offered by such Additional Tranche C Term Lender) allocated to it by the Administrative Agent and notified to it on or prior to the Incremental Commitment Effective Date; and

(iii) of any Additional Tranche C Term Lender (that is also a Continuing Tranche B Term Lender) will be an amount equal to (x) the entire aggregate principal amount of its Tranche B Term Loans as set forth in the Register as of the Incremental Term Loan Increase Funding Date (or, if less, as allocated to it by the Administrative Agent and notified to it on or prior to the Incremental Commitment Effective Date) plus (y) such additional amount (not exceeding any commitment offered by such Additional Tranche C Term Lender) allocated to it by the Administrative Agent and notified to it on or prior to the Incremental Commitment Effective Date.

(e) The commitments of the Additional Tranche C Term Lenders and the continuation undertakings of the Continuing Tranche B Term Lenders are several and no such Lender will be responsible for any other such Lender's failure to make or acquire by continuation its Tranche C Term Loans.

(f) On the Incremental Commitment Effective Date, the aggregate amount of the Tranche C Term Commitments of the Continuing Tranche B Term Lenders and the Additional Tranche C Term Lenders is \$200,000,000.

(g) The effectiveness of the Tranche C Term Commitment of each Tranche C Term Lender is subject to the satisfaction of the conditions set forth in Section 5 of this Agreement. The obligation of each Additional Tranche C Term Lender to make an Additional Tranche C Term Loan on the Incremental Term Loan Increase Funding Date is subject to the satisfaction of the conditions set forth in Section 6(a) of this Agreement. The obligation of each Continuing Tranche B Term Lender to continue its Tranche B Term Loans as Tranche C Term Loans on the Incremental Term Loan Increase Funding Date is subject to the satisfaction of the conditions set forth in Section 6(b) of this Agreement.

(h) The continuation of Continued Tranche B Term Loans may be implemented pursuant to other procedures specified by the Lead Arranger, including by repayment of Continued Tranche B Term Loans of a Continuing Tranche B Term Lender followed by a subsequent assignment to it of Tranche C Term Loans in the same amount.

(i) Prior to the Incremental Term Loan Increase Funding Date, the Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Tranche C Term Commitments. Each notice delivered by the Borrower pursuant to this Section 2(i) shall be irrevocable.

(j) The Incremental Term Loan Increase Funding Date shall occur no later than October 31, 2012 (the "Termination Date"). In the event that the Incremental Term Loan Increase Funding Date does not occur on or before the Termination Date and the Tranche C Term Commitments have not been terminated pursuant to Section 2(i) on or before the Termination Date, this Agreement and the Tranche C Term Commitments shall automatically terminate on the Termination Date.

SECTION 3. Amendment of the Credit Agreement.

(a) Amendment to Section 1.1 (Defined Terms). Section 1.1 of the Credit Agreement is hereby amended by amending the definition of "Tranche C Term Commitment" by deleting the word "original" and deleting the term "\$500,000,000" and replacing in lieu thereof, the term "\$700,000,000".

(b) Amendment to Section 2.3. Section 2.3 of the Credit Agreement is hereby amended by deleting clause (i) of Section 2.3(a) in its entirety and inserting the following clause (i) in lieu thereof:

"(i) in the case of each such installment due prior to the Tranche C Term Loan Maturity Date, 0.25% of the aggregate principal amount of Tranche C Term Loans made on the Second Amendment Effective Date (or on the date that Tranche C Term Loans are made pursuant to an Incremental Commitment Agreement, as applicable) and"

(c) Amendment to Section 4.15. Section 4.15 of the Credit Agreement is hereby amended by:

(i) inserting the phrase "made on the Second Amendment Effective Date" immediately following the phrase "The proceeds of the Tranche C Term Loans" and,

(ii) inserting the following sentence immediately following the last sentence thereof: "The proceeds of the Tranche C Term Loans made after the Second

Amendment Effective Date pursuant to an Incremental Commitment Agreement shall be used only (i) to repay the existing Term Loans and (ii) to pay related costs and expenses.”

(d) Each amendment of the Credit Agreement set forth in this Section 3 is subject to the satisfaction of the conditions set forth in Section 6 of this Agreement.

SECTION 4. Representations and Warranties. On and as of the date hereof, the Borrower hereby 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 Agreement, 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.

SECTION 5. Conditions to Effectiveness. This Agreement shall become effective on the date on which the following conditions precedent have been satisfied or waived (the date on which such conditions shall have been so satisfied or waived, the “Incremental Commitment Effective Date”):

(a) The Administrative Agent shall have received (i) a counterpart of this Agreement, executed and delivered by a duly authorized officer of Holdings and the Borrower and (ii) a Lender Addendum, executed and delivered by each Tranche C Term Lender.

(b) Each Loan Party shall reaffirm by executing the Guarantee and Collateral Acknowledgement substantially in the form attached hereto as Exhibit A that the Tranche C Term Loans under the Incremental Term Loan Increase shall be secured equally and ratably with the existing Loans by the Collateral.

(c) The Borrower shall have delivered all documentation and information as is reasonably requested in writing the Tranche C Term Lenders at least three days prior to the anticipated Incremental Commitment Effective Date required by U.S. regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the PATRIOT Act.

(d) All fees required to be paid to the Administrative Agent and the Tranche C Term Lenders in connection herewith, 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 and the Tranche C Term Lenders on or prior to the Incremental Commitment Effective Date shall have been paid.

(e) The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Incremental Commitment Effective Date, substantially in the form of Exhibit C to the Credit Agreement, with appropriate insertions and attachments and (ii) a good standing certificate for each Loan Party from its jurisdiction of organization.

(f) The Administrative Agent shall have received an executed legal opinion of Kirkland & Ellis LLP, counsel to the Borrower and its subsidiaries, substantially in the form of Exhibit E to the Credit Agreement, addressed to the Administrative Agent and the Tranche C Term Lenders as of the Incremental Commitment Effective Date.

(g) The Administrative Agent shall have received a solvency certificate in form and substance reasonably satisfactory to them from a Responsible Officer of the Borrower that shall document the solvency of the Borrower and its Subsidiaries after giving effect to the Tranche C Term Loans under the Incremental Term Loan Increase.

(h) No Default or Event of Default shall have occurred and be continuing or would result from the Tranche C Term Loans under the Incremental Term Loan Increase requested to be made or from the application of the proceeds therefrom.

(i) Each of the representations and warranties set forth in Section 4 of the Credit Agreement (as amended by this Agreement) shall be true and correct in all material respects (and in all respects if any such representation and warranty is qualified by materiality) on and as of the Incremental Commitment Effective Date as if made on such date, except to the extent that such representations and warranties expressly relate solely to a specific earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

(j) The Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower documenting the Borrower's compliance with the conditions set forth in clauses (h) and (i) above of this Section 5.

SECTION 6. Conditions to Extension of Credit. The agreement of each Tranche C Term Lender to make a Tranche C Term Loan to the Borrower on October 4, 2012 is subject to the satisfaction of each of the following conditions (such date, the "Incremental Term Loan Increase Funding Date"):

(a) With respect to the agreement of each Additional Tranche C Term Lender to make an Additional Tranche C Term Loan to the Borrower on the Incremental Term Loan Increase Funding Date:

(i) The conditions precedent set forth in Section 5.2 of the Credit Agreement shall be satisfied.

(ii) All fees required to be paid to the Administrative Agent and the Additional Tranche C Term Lenders in connection herewith, 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 and the Additional Tranche C Term Lenders on or prior to the Incremental Term Loan Increase Funding Date shall have been paid.

(b) With respect to the agreement of each Continuing Tranche B Term Lender to continue its Tranche B Term Loans as Tranche C Term Loans on the Incremental Term Loan Increase Funding Date, all fees required to be paid to the Administrative Agent and the Continuing Tranche B Term Lenders in connection herewith, 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 and the Continuing Tranche B Term Lenders on or prior to the Incremental Term Loan Increase Funding Date shall have been paid.

SECTION 7. Fees. The Borrower agrees to pay or cause to be paid the following fees:

- (a) An upfront fee (which may take the form of original issue discount) in an amount equal to 1.00% of the aggregate amount of the Tranche C Term Loans made or acquired by continuation on the Incremental Term Loan Increase Funding Date, payable on the Incremental Term Loan Increase Funding Date to the Administrative Agent, for the account of each Tranche C Term Lender making or acquiring by continuation a Tranche C Term Loan on the Incremental Term Loan Increase Funding Date.
- (b) A ticking fee commencing on the date of allocation of the commitments in respect of the Incremental Term Loan Increase and ending on the earlier to occur of (i) the date of termination of the Tranche C Term Commitments by the Borrower pursuant to Section 2(i), (ii) the Termination Date, or (iii) the Incremental Term Loan Increase Funding Date, calculated at 1.50% per annum on the aggregate amount of commitments in respect of the Incremental Term Loan Increase as of the date of allocation, payable to the Administrative Agent for the account of each Tranche C Term Lender providing a commitment in respect of the Incremental Term Loan Increase on the earlier to occur of (i) the date of termination of the Tranche C Term Commitments by the Borrower pursuant to Section 2(i), (ii) the Termination Date, or (iii) the Incremental Term Loan Increase Funding Date, as applicable.

SECTION 8. Continuing Effect; No Other Amendments or Consents.

(a) Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the 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 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 Incremental Commitment 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) The Borrower and the other parties hereto acknowledge and agree that this Agreement shall constitute a Loan Document.

SECTION 9. 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 Agreement, 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 10. Counterparts. This Agreement 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.

SECTION 11. GOVERNING LAW. THIS AGREEMENT 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 Agreement 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/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

Signature Page to Incremental Commitment Agreement

By: /s/ Richard Duker

Name: Richard Duker

Title: Managing Director

Signature Page to Incremental Commitment Agreement

Form of Guarantee and Collateral Acknowledgement

August 15, 2012

Reference is made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended from time to time, the "Credit Agreement") among others Avis Budget Car Rental, LLC, the Lenders and other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

Each of the parties hereto hereby acknowledges and consents to the Incremental Commitment Agreement, dated as of August 15, 2012 (the "Agreement") to the Credit Agreement and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Agreement and its guarantee, if any, of the obligations, liabilities and indebtedness of the other Loan Parties under the Credit Agreement shall extend to and cover the Tranche C Term Loans under the Incremental Term Loan Increase provided pursuant to the Agreement and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Agreement, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents, including, without limitation, the obligations under the Agreement.

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

[]

By:

Name:

Title:

FOURTH AMENDMENT

Dated as of August 15, 2012

to

AMENDED AND RESTATED CREDIT AGREEMENT

among

AVIS BUDGET HOLDINGS, LLC,

AVIS BUDGET CAR RENTAL, LLC,

as Borrower,

The Subsidiary Borrowers from Time to Time Parties Hereto,

The Several Lenders from Time to Time Parties Hereto,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

DEUTSCHE BANK SECURITIES INC.,

as Syndication Agent,

BANK OF AMERICA, N.A.,

BARCLAYS BANK PLC,

CITICORP USA, INC,

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

and

THE ROYAL BANK OF SCOTLAND PLC,

as Co - Documentation Agents,

Dated as of May 3, 2011

J.P. MORGAN SECURITIES LLC
BANK OF AMERICA MERRILL LYNCH
BARCLAYS BANK PLC
DEUTSCHE BANK SECURITIES

as Joint Lead Arrangers and Bookrunners

FOURTH AMENDMENT

This Fourth Amendment, dated as of August 15, 2012 (this "Amendment"), to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among others, AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the subsidiary borrowers from time to time parties thereto, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent"; and together with the other agents named therein, the "Agents") and the several lenders from time to time parties thereto (the "Lenders"). J.P. MORGAN SECURITIES LLC, BANK OF AMERICA MERRILL LYNCH, BARCLAYS BANK PLC, and DEUTSCHE BANK SECURITIES are acting as joint lead arrangers and bookrunners in connection with this Amendment.

W I T N E S S E T H:

WHEREAS, Holdings, the Borrower, the Lenders and the Agents are parties to the Credit Agreement, and the Borrower has requested that the Credit Agreement be amended as set forth herein;

WHEREAS, as permitted by Section 10.1 of the Credit Agreement, the Required Lenders and the Administrative Agent are willing to agree to this Amendment upon the terms and conditions 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 to Section 1 (Defined Terms). Section 1.1 of the Credit Agreement is hereby amended by:

- (a) deleting the definition of "Maximum Incremental Facilities Amount" in its entirety.
- (b) adding the following new definitions in the appropriate alphabetical order:

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

"Fourth Amendment Effective Date": the "Fourth Amendment Effective Date", as defined in the Fourth Amendment, which date is August 15, 2012.

"Maximum Facilities Amount": as defined in Section 2.23.

- (c) amending the definition of "Loan Documents" by inserting ", the Fourth Amendment" immediately after the words "the Third Amendment".

SECTION 3. Amendments to Section 2 (Amount and Terms of Commitments).

(a) Section 2.23(a) of the Credit Agreement is hereby amended by:

- (i) deleting clause (y) of the first proviso therein in its entirety and inserting in lieu thereof the following phrase: “(y) after giving effect to each such request and the proposed use of proceeds thereof, the aggregate amount (the “Maximum Facilities Amount”) of the Facilities (which term, for the avoidance of doubt, shall be amended pursuant to the Incremental Commitment Agreement to include any additional tranches of term loans so requested, if applicable) shall not exceed \$2,250,000,000”; and
- (ii) deleting each reference to the “Maximum Incremental Facilities Amount” contained therein and inserting in lieu thereof “Maximum Facilities Amount”.

(b) Section 2.23(d) of the Credit Agreement is hereby amended by adding the phrase “and unless otherwise provided in the applicable Incremental Commitment Agreement” immediately after the phrase “subject to the satisfaction of the foregoing terms and conditions”.

SECTION 4. Representations and Warranties. On and as of the date hereof, the Borrower hereby confirms, reaffirms and restates that, after giving effect to this Amendment (i) each of the representations and warranties set forth in Section 4 of the Credit Agreement are 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) no Default or Event of Default shall have occurred or be continuing.

SECTION 5. Conditions to Effectiveness. This Amendment shall become effective on the date on which the following conditions precedent have been satisfied or waived (the date on which such conditions shall have been so satisfied or waived, the “Fourth Amendment Effective Date”):

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

(b) All 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) on or prior to the Fourth Amendment Effective Date shall have been paid.

SECTION 6. Continuing Effect; No Other Amendments or Consents.

(a) Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the 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 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) The Borrower and the other parties hereto acknowledge and agree that this Amendment shall constitute a Loan Document.

SECTION 7. 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 8. 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.

SECTION 9. 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/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

Signature Page to Fourth Amendment

By: /s/ Richard Duker

Name: Richard Duker

Title: Managing Director

Signature Page to Fourth Amendment

as a Lender

By: _____

Name:

Title:

FOR LENDERS REQUIRING A
SECOND SIGNATURE LINE:

By: _____

Name:

Title:

Signature Page to Fourth Amendment

FIRST AMENDMENT TO
THE AMENDED AND RESTATED SERIES 2010-6 SUPPLEMENT

This FIRST AMENDMENT TO THE AMENDED AND RESTATED SERIES 2010-6 SUPPLEMENT (this "Amendment"), dated as of September 12, 2012, amends the Amended and Restated Series 2010-6 Supplement (the "Series 2010-6 Supplement"), dated as of October 14, 2011, among AVIS BUDGET RENTAL CAR FUNDING (AESOP) LLC, a special purpose limited liability company established under the laws of Delaware ("ABRCF"), AVIS BUDGET CAR RENTAL, LLC, a limited liability company established under the laws of Delaware, as administrator (the "Administrator"), JPMORGAN CHASE BANK, N.A., a national banking association, as administrative agent (the "Administrative Agent"), the several banks set forth on Schedule I thereto as Non-Conduit Purchasers (each, a "Non-Conduit Purchaser"), the several commercial paper conduits listed on Schedule I thereto (each a "CP Conduit Purchaser"), the several banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each an "APA Bank" with respect to such CP Conduit Purchaser), the several agent banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each a "Funding Agent" with respect to such CP Conduit Purchaser), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2010-6 Noteholders (in such capacity, the "Series 2010-6 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between ABRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Definitions List attached as Schedule I to the Base Indenture (as amended through the date hereof) or the Series 2010-6 Supplement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 12.2 of the Base Indenture, any Supplement thereto may be amended to change the amount of Enhancement with respect to the related Series of Notes with the consent of ABRCF, the Trustee and each affected Noteholder with respect to such Series of Notes;

WHEREAS, pursuant to Section 11.11 of the Series 2010-6 Supplement, such Supplement may be amended in accordance with the terms of the Base Indenture;

WHEREAS, the parties desire to amend the Series 2010-6 Supplement to modify the Moody's Excluded Receivable Amount and certain related definitions; and

WHEREAS, ABRCF has requested the Trustee, the Series 2010-6 Agent, the Administrator, the Administrative Agent and the Series 2010-6 Noteholders to, and, upon the effectiveness of this Amendment, ABRCF, the Trustee, the Series 2010-6 Agent, the Administrator, the Administrative Agent and each Series 2010-6 Noteholder have agreed to, make the amendments described above as set forth herein;

First Amendment to the A&R Series 2010-6 Supplement

NOW, THEREFORE, it is agreed:

1. Amendment of Definitions. The following defined terms, as set forth in Article I(b) of the Series 2010-6 Supplement, are hereby amended and restated in their entirety as follows:

“Series 2010-6 AESOP I Operating Lease Loan Agreement Borrowing Base” means, as of any date of determination, the product of (a) the Series 2010-6 AESOP I Operating Lease Vehicle Percentage as of such date and (b) the excess of (i) the AESOP I Operating Lease Loan Agreement Borrowing Base as of such date over (ii) the Moody’s Excluded Manufacturer Amount as of such date.”

“Series 2010-6 Invested Percentage” means as of any date of determination:

(a) when used with respect to Principal Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction the numerator of which shall be equal to the sum of the Series 2010-6 Invested Amount and the Series 2010-6 Overcollateralization Amount, determined during the Series 2010-6 Revolving Period as of the end of the immediately preceding Business Day, or, during the Series 2010-6 Rapid Amortization Period or the Series 2010-6 Controlled Amortization Period, as of the end of the Series 2010-6 Revolving Period and the denominator of which shall be the greater as of the end of the immediately preceding Business Day of (I) the Aggregate Asset Amount and (II) the sum of the numerators used to determine the invested percentages for allocations with respect to Principal Collections (for all Series of Notes and all classes of such Series of Notes); and

(b) when used with respect to Interest Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction the numerator of which shall be the Accrued Amounts with respect to the Series 2010-6 Notes on such date of determination, and the denominator of which shall be the aggregate Accrued Amounts with respect to all Series of Notes on such date of determination.”

“Series 2010-6 Overcollateralization Amount” means the excess, if any, of (x) the sum of (a) the Series 2010-6 AESOP I Operating Lease Loan Agreement Borrowing Base as of such date and (b) the excess, if any, of (1) the AESOP II Loan Agreement Borrowing Base over (2) the AESOP II Moody’s Excluded Manufacturer Amount as of such date over (y) the Series 2010-6 Invested Amount as of such date.”

2. Addition of Definitions. The following defined terms are hereby added in their entirety, in appropriate alphabetical order, to Article I(b) of the Series 2010-6 Supplement:

“AESOP II Moody’s Excluded Manufacturer Amount” means, as of any date of determination, an amount equal to the excess, if any, of (x) the sum of the following amounts with respect to each Moody’s Non-Investment Grade Manufacturer as of such date: the product of (1) to the extent such amounts are included in the calculation of the AESOP II Loan Agreement Borrowing Base as of such date, all amounts receivable, as of such date, by AESOP Leasing II from such Moody’s Non-Investment Grade Manufacturer and (2) the Moody’s Excluded Manufacturer Receivable Specified Percentage for such Moody’s Non-Investment Grade Manufacturer as of such date over (y) the sum of the following amounts with respect to each Moody’s Non-Investment Grade Manufacturer as of such date: the product of (i) the aggregate Net Book Value of any Vehicles subject to a Manufacturer Program from such Manufacturer that have had a Turnback Date but for which (A) AESOP Leasing II or its Permitted Nominee continues to be named as the owner of the Vehicle on the Certificate of Title for such Vehicle and (B) AESOP Leasing II or its agent continues to hold the Certificate of Title for such Vehicle and (ii) the Moody’s Turnback Vehicle Specified Percentage for such Moody’s Non-Investment Grade Manufacturer as of such date.”

“Moody’s Excluded Manufacturer Amount” means, as of any date of determination, an amount equal to the excess, if any, of (x) the sum of the following amounts with respect to each Moody’s Non-Investment Grade Manufacturer as of such date: the product of (i) to the extent such amounts are included in the calculation of AESOP I Operating Lease Loan Agreement Borrowing Base as of such date, all amounts receivable as of such date by AESOP Leasing or the Intermediary from such Moody’s Non-Investment Grade Manufacturer and (ii) the Moody’s Excluded Manufacturer Receivable Specified Percentage for such Moody’s Non-Investment Grade Manufacturer as of such date over (y) the sum of the following amounts with respect to each Moody’s Non-Investment Grade Manufacturer as of such date: the product of (i) the aggregate Net Book Value of any Vehicles subject to a Manufacturer Program from such Manufacturer that have had a Turnback Date but for which (A) AESOP Leasing or its Permitted Nominee continues to be named as the owner of the Vehicle on the Certificate of Title for such Vehicle and (B) AESOP Leasing or its agent continues to hold the Certificate of Title for such Vehicle and (ii) the Moody’s Turnback Vehicle Specified Percentage for such Moody’s Non-Investment Grade Manufacturer as of such date.”

“Moody’s Turnback Vehicle Specified Percentage” means, as of any date of determination: (i) with respect to each Manufacturer that has a long-term senior unsecured debt rating from Moody’s on such date of determination of at least “Ba3” but less than “Baa3”, 65%; (ii) with respect to each Manufacturer that has a long-term senior unsecured debt rating from Moody’s on such date of determination of at least “B3” but less than “Ba3”, 25%; and (iii) with respect to each Manufacturer that has a long-term senior unsecured debt rating from Moody’s on such date of determination of “Caa1” or lower (or is not rated by Moody’s on such date of determination), 0%; provided that any Manufacturer

whose long-term senior unsecured debt rating from Moody's is downgraded after the 2012 Amendment Effective Date shall be deemed to retain its long-term senior unsecured debt rating from Moody's in effect immediately prior to such downgrade until the thirtieth (30th) calendar day following such downgrade."

"2012 Amendment Effective Date" means September 12, 2012."

3. Deletion of Definitions and Related Amendments. The following defined terms, as set forth in Article I(b) of the Series 2010-6 Supplement, are hereby deleted in their entirety: "AESOP II Moody's Excluded Receivable Amount" and "Moody's Excluded Receivable Amount." The Series 2010-6 Supplement is hereby amended by replacing the terms "AESOP II Moody's Excluded Receivable Amount" and "Moody's Excluded Receivable Amount" in each other instance in which they appear therein with "AESOP II Moody's Excluded Manufacturer Amount" and "Moody's Excluded Manufacturer Amount", respectively.

4. Direction. By their signatures hereto, each of the undersigned (excluding The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee and Series 2010-6 Agent) hereby authorize and direct the Trustee and Series 2010-6 Agent to execute this Amendment and take any and all further action necessary or appropriate to give effect to the transaction contemplated hereby.

5. This Amendment is limited as specified and, except as expressly stated herein, shall not constitute a modification, acceptance or waiver of any other provision of the Series 2010-6 Supplement.

6. This Amendment shall become effective on the date (the "2012 Amendment Effective Date") that is the later of (a) the date hereof or (b) the first date on which each of the following have occurred: (i) each of ABRCF, the Administrator, the Administrative Agent and each Series 2010-6 Noteholder shall have executed and delivered this Amendment to the Trustee, and the Trustee shall have executed this Amendment, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to this Amendment, (iii) if requested by any CP Conduit Purchaser, Standard & Poor's shall have confirmed that this Amendment shall not result in a withdrawal or downgrade of the rating of the Commercial Paper issued by any such CP Conduit Purchaser whose Commercial Paper is rated by Standard & Poor's on the 2012 Amendment Effective Date; provided that any CP Conduit whose Commercial Paper is rated by Standard & Poor's on the 2012 Amendment Effective Date that does not request such confirmation shall, by its execution hereof, waive solely with respect to this Amendment the requirement under Section 11.11 of the Series 2010-6 Supplement that Standard & Poor's confirm that this Amendment will not result in a withdrawal or downgrade of the rating of such Commercial Paper and (iv) all certificates and opinions of counsel required under the Base Indenture or by the Series 2010-6 Noteholders shall have been delivered to the Trustee and the Series 2010-6 Noteholders, as applicable.

7. From and after the 2012 Amendment Effective Date, all references to the Series 2010-6 Supplement shall be deemed to be references to the Series 2010-6 Supplement as amended hereby.

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

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

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

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

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

First Amendment to the A&R Series 2010-6 Supplement

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee and Series 2010-6 Agent

By: /s/ Robert Castle

Name: Robert Castle

Title: Vice President

First Amendment to the A&R Series 2010-6 Supplement

By: /s/ Adam Klimek

Name: Adam Klimek

Title: Executive Director

First Amendment to the A&R Series 2010-6 Supplement

AGREED, ACKNOWLEDGED AND CONSENTED:

SALISBURY RECEIVABLES COMPANY LLC, as a CP
Conduit Purchaser under the Series 2010-6 Supplement

By: Barclays Bank PLC
as Attorney-in-Fact

By: /s/ David Mira
Name: David Mira
Title: Director

BARCLAYS BANK PLC, as a Funding Agent and an APA
Bank under the Series 2010-6 Supplement

By: /s/ Jamie Pratt
Name: Jamie Pratt
Title: Director

By: _____
Name:
Title:

First Amendment to the A&R Series 2010-6 Supplement

LIBERTY STREET FUNDING LLC, as a CP Conduit
Purchaser under the Series 2010-6 Supplement

By: /s/ Jill. A Russo

Name: Jill A. Russo

Title: Vice President

THE BANK OF NOVA SCOTIA, as a Funding Agent and an
APA Bank under the Series 2010-6 Supplement

By: /s/ Darren Ward

Name: Darren Ward

Title: Director

First Amendment to the A&R Series 2010-6 Supplement

CHARTA, LLC (as successor to Charta Corporation), as a CP
Conduit Purchaser under the Series 2010-6 Supplement

By: Citibank, N.A., as Attorney-in-fact

By: /s/ Karrie B. Truglia

Name: Karrie B. Truglia
Title: Vice President

CITIBANK, N.A., as an APA Bank under the Series 2010-6
Supplement

By: /s/ Karrie B. Truglia

Name: Karrie B. Truglia
Title: Vice President

CITIBANK, N.A., as a Funding Agent under the Series 2010-6
Supplement

By: /s/ Karrie B. Truglia

Name: Karrie B. Truglia
Title: Vice President

First Amendment to the A&R Series 2010-6 Supplement

CHARIOT FUNDING LLC (as successor by merger to Falcon Asset Securitization Company LLC), as a CP Conduit Purchaser under the Series 2010-6 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

JPMORGAN CHASE BANK, N.A. as a Funding Agent under the Series 2010-6 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

JPMORGAN CHASE BANK, N.A. as an APA Bank under the Series 2010-6 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

First Amendment to the A&R Series 2010-6 Supplement

DEUTSCHE BANK TRUST COMPANY AMERICAS, as a
Non-Conduit Purchaser under the Series 2010-6 Supplement

By: /s/ Ian Salters

Name: Ian Salters

Title: Director

By: /s/ Jay Steiner

Name: Jay Steiner

Title: Managing Director

First Amendment to the A&R Series 2010-6 Supplement

ATLANTIC ASSET SECURITIZATION LLC, as a CP Conduit
Purchaser under the Series 2010-6 Supplement

By: /s/ Sam Pilcer

Name: Sam Pilcer

Title: Managing Director

By: /s/ Richard McBride

Name: Richard McBride

Title: Director

CREDIT AGRICOLE CORPORATE AND INVESTMENT
BANK, as a Funding Agent and an APA Bank under the Series
2010-6 Supplement

By: /s/ Sam Pilcer

Name: Sam Pilcer

Title: Managing Director

By: /s/ Richard McBride

Name: Richard McBride

Title: Director

First Amendment to the A&R Series 2010-6 Supplement

THE ROYAL BANK OF SCOTLAND PLC, as a Non-Conduit
Purchaser under the Series 2010-6 Supplement
by: RBS Securities Inc., as agent

By: /s/ David J. Denofrio
Name: David J. Denofrio
Title: Director

First Amendment to the A&R Series 2010-6 Supplement

BANK OF AMERICA, NATIONAL ASSOCIATION, as a Non-Conduit Purchaser under the Series 2010-6 Supplement

By: /s/ Jeremy Grubb

Name: Jeremy Grubb
Title: Vice President

First Amendment to the A&R Series 2010-6 Supplement

ROYAL BANK OF CANADA, as a Non-Conduit Purchaser
under the Series 2010-6 Supplement

By: /s/ Angela Nimoh-Etsiakoh

Name: Angela Nimoh-Etsiakoh

Title: Authorized Signatory

By: /s/ Thomas C. Dean

Name: Thomas C. Dean

Title: Authorized Signatory

First Amendment to the A&R Series 2010-6 Supplement

VERSAILLES ASSETS LLC, as a CP Conduit Purchaser and
an APA Bank under the Series 2010-6 Supplement
by: Global Securitization Services, LLC, its Manager

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

NATIXIS, NEW YORK BRANCH, as a Funding Agent under
the Series 2010-6 Supplement

By: /s/ Henry J. Sandlass
Name: Henry J. Sandlass
Title: Managing Director

By: /s/ Michael E. Hopson
Name: Michael E. Hopson
Title: Managing Director

First Amendment to the A&R Series 2010-6 Supplement

AVIS BUDGET CAR RENTAL, LLC, as Administrator

By: /s/ Rochelle Tarlowe

Name: Rochelle Tarlowe

Title: Vice President and Treasurer

First Amendment to the A&R Series 2010-6 Supplement

**AMENDMENT NO. 3
TO SERIES 2012-1 SUPPLEMENT**

This **AMENDMENT NO. 3 TO SERIES 2012-1 SUPPLEMENT**, dated as of September 28, 2012 (this "Amendment"), is between Centre Point Funding, LLC ("CPF"), as Issuer, Budget Truck Rental LLC, as Administrator, Deutsche Bank Securities Inc., as Administrative Agent, Deutsche Bank Trust Company Americas, as a Non-Conduit Purchaser, Windmill Funding Corporation, as a CP Conduit Purchaser, The Royal Bank of Scotland plc, as a Funding Agent and an APA Bank, and the Bank of New York Mellon Trust Company, N.A. ("BNYMTC"), in its capacities as Trustee (in such capacity, the "Trustee"), Series 2012-1 Agent and Securities Intermediary.

RECITALS:

WHEREAS, CPF and the Trustee entered into that certain Amended and Restated Base Indenture, dated as of March 9, 2010 (as the same may be amended, modified, supplemented or amended and restated in accordance with its terms, the "Base Indenture");

WHEREAS, the parties hereto entered into that certain Series 2012-1 Supplement to the Base Indenture, dated as of March 14, 2012, (the "Series Supplement");

WHEREAS, pursuant to Section 12.11 of the Series Supplement, the Series Supplement may be modified or amended in accordance with the requirements of Section 12.1 of the Base Indenture subject to the consent of the Series 2012-1 Required Noteholders;

WHEREAS, pursuant to Section 12.1 of the Base Indenture, the provisions of the Series Supplement may be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by CPF, the Trustee and, in respect of any amendment, modification or waiver to the Series Supplement which affects only the Series 2012-1 Notes and does not affect the Noteholders of any other Series of Notes, as substantiated by an Officer's Certificate, the Series 2012-1 Required Noteholders;

WHEREAS, the Series 2012-1 Noteholders party hereto constitute the Series 2012-1 Required Noteholders; and

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

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

ARTICLE I.

Definitions

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

ARTICLE II.

Amendments

Section 2.1. Amendment to Section 5.12(a). Section 5.12(a) of the Series Supplement is hereby amended by deleting the text “September 30, 2012” in clause (i) of the second sentence thereof and replacing such text with “October 31, 2012.”

Section 2.2. Amendment to Definition of “Fee Letter”. The definition of “Fee Letter” in the Series Supplement is hereby amended by deleting the text “means the amended and restated letter dated as of July 31, 2012” and replacing such text with “means the second amended and restated letter dated as of September 28, 2012.”

ARTICLE III.

Miscellaneous

Section 3.1. Effectiveness of Amendment. This Amendment shall become effective on the first date that the Trustee has received an Officer’s Certificate of CPF stating that this Amendment affects only the Series 2012-1 Notes and does not affect the Noteholders of any other Series of Notes.

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

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

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

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

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

Section 3.7. Direction to BNYMTC. By their respective signatures hereto, the Series 2012-1 Noteholders signatory hereto hereby authorize, instruct and direct BNYMTC in its various capacities hereunder to execute and deliver this Amendment.

[SIGNATURE PAGES FOLLOW]

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

CENTRE POINT FUNDING, LLC, as Issuer

By: /s/ David B. Wyshner

Name: David B. Wyshner

Title: Director

BUDGET TRUCK RENTAL LLC, as Administrator

By: /s/ David B. Wyshner

Name: David B. Wyshner

Title: Director

[Signature Page to Amendment No. 3 to Series 2012-1 Supplement]

DEUTSCHE BANK SECURITIES INC., as Administrative Agent

By: /s/ Jay Steiner

Name: Jay Steiner

Title: Managing Director

By: /s/ Billy Strobel

Name: Billy Strobel

Title: Vice President

DEUTSCHE BANK TRUST COMPANY AMERICAS, as a Non-Conduit Purchaser

By: /s/ Jay Steiner

Name: Jay Steiner

Title: Managing Director

By: /s/ Robert Sheldon

Name: Robert Sheldon

Title: Managing Director

[Signature Page to Amendment No. 3 to Series 2012-1 Supplement]

WINDMILL FUNDING CORPORATION, as a CP Conduit
Purchaser

By: /s/ Jill Russo

Name: Jill Russo

Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC, as a Funding
Agent

By: RBS Securities Inc., as agent

By: /s/ Dave Donofrio

Name: Dave Donofrio

Title: Director

THE ROYAL BANK OF SCOTLAND PLC, as an APA Bank

By: RBS Securities Inc., as agent

By: /s/ Dave Donofrio

Name: Dave Donofrio

Title: Director

[Signature Page to Amendment No. 3 to Series 2012-1 Supplement]

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., not in its individual capacity, but solely as Trustee, as
Series 2012-1 Agent and as Securities Intermediary

By: /s/ David H. Hill

Name: David H. Hill

Title: Vice President

[Signature Page to Amendment No. 3 to Series 2012-1 Supplement]

ACKNOWLEDGED BY:

AVIS BUDGET CAR RENTAL, LLC, in its individual capacity

By: /s/ David H. Hill

Name: David H. Hill

Title: Vice President

[Signature Page to Amendment No. 3 to Series 2012-1 Supplement]

INCREMENTAL REVOLVING COMMITMENT AGREEMENT

INCREMENTAL REVOLVING COMMITMENT AGREEMENT, dated as of October 4, 2012 (this "Agreement"), among AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the Incremental Lender (as defined below) and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H

WHEREAS, reference is hereby made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among others, Holdings, the Borrower, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto and the Administrative Agent;

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, certain loans and other extensions of credit to the Borrower;

WHEREAS, pursuant to Section 2.23 of the Credit Agreement, the Borrower has requested that increases in the Revolving Commitments in the amount of \$15,000,000 be made available to the Borrower, and the Administrative Agent and the Incremental Lender (as defined below) have agreed, upon the terms and subject to the conditions set forth herein, that Bank of Montreal (the "Incremental Lender") will provide the Increased Revolving Commitment (as defined below), and as permitted by Section 2.23 of the Credit Agreement, the Credit Agreement will be amended as set forth herein without additional consent or approval of the other Lenders;

NOW, THEREFORE, 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. Increased Revolving Commitment. Subject to the terms and conditions set forth herein, the Incremental Lender agrees to provide a revolving commitment in an amount equal to the amount set forth under the heading "Increased Revolving Commitment" opposite the Incremental Lender's name on Annex II hereto (such commitment, the "Increased Revolving Commitment"), such that its total Revolving Commitment on the Incremental Commitment Effective Date (as defined below) shall be the amount set forth under the heading "Total Revolving Commitment" opposite such Lender's name on Annex II hereto.

SECTION 3. Joinder and Amendment of the Credit Agreement. Subject to the terms and conditions set forth herein, on the Incremental Commitment Effective Date:

(a) The Increased Revolving Commitment shall be deemed to be an Incremental Revolving Commitment (as defined in the Credit Agreement), the Incremental Lender shall be deemed to be an Incremental Revolving Lender (as defined in the Credit Agreement) and this Agreement shall be deemed to be an Incremental Commitment Agreement (as defined in the Credit Agreement), in each case, for all purposes of the Credit Agreement and the other Loan Documents.

(b) Schedule 1.1A (Commitments) to the Credit Agreement is hereby amended by supplementing such schedule with the information contained in Annex II hereto.

SECTION 4. Conditions to Effectiveness of Agreement. The effectiveness of this Agreement is subject to the satisfaction of each of the following conditions (the date on which such conditions shall have been so satisfied, the "Incremental Commitment Effective Date"):

- (a) The Administrative Agent shall have received a counterpart of this Agreement, executed and delivered by a duly authorized officer of Holdings, the Borrower, the Administrative Agent and the Incremental Lender.
- (b) Each Loan Party shall reaffirm by executing the Guarantee and Collateral Acknowledgement substantially in the form attached hereto as Annex I that the Increased Revolving Commitment shall be secured equally and ratably with the existing Loans by the Collateral.
- (c) The Borrower shall have delivered all documentation and information as is reasonably requested in writing by the Incremental Lender at least three days prior to the Incremental Commitment Effective Date required by U.S. regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act.
- (d) All 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 and the Incremental Lender on or prior to the Incremental Commitment Effective Date shall have been paid.
- (e) The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Incremental Commitment Effective Date, substantially in the form of Exhibit C to the Credit Agreement, with appropriate insertions and attachments and (ii) a good standing certificate for each Loan Party from its jurisdiction of organization.
- (f) The Administrative Agent shall have received an executed legal opinion of Kirkland & Ellis LLP, counsel to the Borrower and its subsidiaries, substantially in the form of Exhibit E to the Credit Agreement, addressed to the Administrative Agent and the Incremental Lender as of the Incremental Commitment Effective Date.
- (g) The Administrative Agent shall have received a solvency certificate in form and substance reasonably satisfactory to it from a Responsible Officer of the Borrower that shall document the solvency of the Borrower and its Subsidiaries after giving effect to the Increased Revolving Commitment.
- (h) No Default or Event of Default shall have occurred and be continuing or would result from the Increased Revolving Commitment requested to be made or from the application of the proceeds therefrom.
- (i) Each of the representations and warranties set forth in Section 4 of the Credit Agreement (as amended by this Agreement) shall be true and correct in all material respects (and in all respects if any such representation and warranty is qualified by materiality) on and as of the Incremental Commitment Effective Date as if made on such date, except to the extent that such representations and warranties expressly relate solely to a specific earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).
- (j) The Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower documenting the Borrower's compliance with the conditions set forth in clauses (h) and (i) above of this Section 4.

SECTION 5. Representations and Warranties. To induce the other parties hereto to enter into this Agreement and to provide the Increased Revolving Commitment, Holdings and the Borrower hereby jointly and severally represent and warrant to the Administrative Agent and the Incremental Lender that, as of the Incremental Commitment Effective Date:

(a) Each Loan Party has the power and authority, and the legal right, to make, deliver and perform this Agreement, and, in the case of the Borrower, to obtain the extension of credit and to perform its obligations hereunder and under the Credit Agreement (as amended hereby). Each of the Guarantors has taken all necessary organizational action to authorize to execute and deliver the Guarantee and Collateral Acknowledgement dated as of the date hereof (the "Acknowledgement"). The execution, delivery and performance by the Borrower of this Agreement, and by the Guarantors of the Acknowledgement, and the performance by the Borrower and each other Loan Party of the Credit Agreement (as amended hereby) and each other Loan Document to which it is a party, in each case, have been authorized by all necessary corporate or other organizational action of such person, and no other corporate or other organizational proceedings on the part of each such person is necessary to consummate such transactions.

(b) This Agreement has been duly executed and delivered on behalf of the Borrower and Holdings. The Acknowledgement has been duly executed and delivered by each of the Guarantors. Each of the Agreement, the Acknowledgement and, after giving effect to this Agreement, the Credit Agreement and the other Loan Documents, (i) is a legal, valid and binding obligation of each Loan Party party hereto and thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) and an implied covenant of good faith and fair dealing and (ii) is in full force and effect. Neither the execution, delivery or performance of this Agreement or the performance of the Credit Agreement (as amended hereby), nor the performance of the transactions contemplated hereby or thereby, will adversely affect the validity, perfection or priority of the Administrative Agent's Lien on any of the Collateral or its ability to realize thereon. As of the Incremental Commitment Effective Date, this Agreement will be effective to amend the Credit Agreement as provided therein.

(c) The execution and delivery of this Agreement and the Acknowledgement, the consummation of the transactions contemplated hereby, and the performance of and compliance with the terms and provisions hereof and of the Credit Agreement (as amended hereby) by any Loan Party will not, at the time of such performance, (i) violate any material Requirement of Law or any material Contractual Obligation of any Group Member, except to the extent such conflict or violation would not reasonably be expected to result in a Material Adverse Effect and (ii) result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligations (other than the Liens created by the Security Documents and the Liens permitted under Section 7.3 of the Credit Agreement). No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement.

(d) No Default or Event of Default shall have occurred and be continuing or would result from the Increased Revolving Commitment requested to be made or from the application of the proceeds therefrom.

SECTION 6. Continuing Effect.

(a) Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the 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 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 Incremental Commitment 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) The Borrower and the other parties hereto acknowledge and agree that this Agreement shall constitute a Loan Document.

SECTION 7. Fees. The Borrower agrees to pay to the Administrative Agent on behalf of the Incremental Lender an upfront fee in an amount equal to 0.625% of the amount of the Increased Revolving Commitment provided by the Incremental Lender on the Incremental Commitment Effective Date. Such fee shall be due and payable on the Incremental Commitment Effective Date.

SECTION 8. 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 Agreement, 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 9. Amendments; Execution in Counterparts. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Borrower, Holdings, the Administrative Agent and the Incremental Lender. This Agreement 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.

SECTION 10. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY AGREES AS SET FORTH FURTHER IN SECTIONS 10.11 AND 10.12 OF THE CREDIT AGREEMENT AS IF SUCH SECTION WERE SET FORTH IN FULL HEREIN.

[Remainder of page intentionally left blank.]

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

AVIS BUDGET HOLDINGS, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

[Signature Page to Incremental Revolving Commitment Agreement]

By: /s/ Aized Rabbani

Name: Aized Rabbani

Title: Vice President

[Signature Page to Incremental Revolving Commitment Agreement]

BANK OF MONTREAL, as Incremental Lender

By: /s/ Gary Herron

Name: Gary Herron

Title: Vice President

[Signature Page to Incremental Revolving Commitment Agreement]

Form of Guarantee and Collateral Acknowledgement

October 4, 2012

Reference is made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended from time to time, the "Credit Agreement") among others Avis Budget Car Rental, LLC, the Lenders and other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

Each of the parties hereto hereby acknowledges and consents to the Incremental Revolving Commitment Agreement, dated as of October 4, 2012 (the "Incremental Commitment Agreement") pursuant to Section 2.23 of the Credit Agreement, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Incremental Commitment Agreement and its guarantee, if any, of the obligations, liabilities and indebtedness of the other Loan Parties under the Agreement shall extend to and cover the Increased Revolving Commitment provided pursuant to the Incremental Commitment Agreement and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Incremental Commitment Agreement, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents, including, without limitation, the obligations under the Incremental Commitment Agreement.

[Remainder of page intentionally left blank.]

<u>Name of Lender</u>	<u>Revolving Commitment</u>	<u>Increased Revolving Commitment</u>	<u>Total Revolving Commitment</u>
BANK OF MONTREAL	\$35,000,000.00	\$15,000,000.00	\$50,000,000.00

INCREMENTAL REVOLVING COMMITMENT AGREEMENT

INCREMENTAL REVOLVING COMMITMENT AGREEMENT, dated as of October 4, 2012 (this "Agreement"), among AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the Incremental Lender (as defined below) and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H

WHEREAS, reference is hereby made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among others, Holdings, the Borrower, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto and the Administrative Agent;

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, certain loans and other extensions of credit to the Borrower;

WHEREAS, pursuant to Section 2.23 of the Credit Agreement, the Borrower has requested that increases in the Revolving Commitments in the amount of \$50,000,000 be made available to the Borrower, and the Administrative Agent and the Incremental Lender (as defined below) have agreed, upon the terms and subject to the conditions set forth herein, that SunTrust Bank (the "Incremental Lender") will provide the Increased Revolving Commitment (as defined below), and as permitted by Section 2.23 of the Credit Agreement, the Credit Agreement will be amended as set forth herein without additional consent or approval of the other Lenders;

NOW, THEREFORE, 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. Increased Revolving Commitment. Subject to the terms and conditions set forth herein, the Incremental Lender agrees to provide a revolving commitment in an amount equal to the amount set forth under the heading "Increased Revolving Commitment" opposite the Incremental Lender's name on Annex II hereto (such commitment, the "Increased Revolving Commitment"), such that its total Revolving Commitment on the Incremental Commitment Effective Date (as defined below) shall be the amount set forth under the heading "Total Revolving Commitment" opposite such Lender's name on Annex II hereto.

SECTION 3. Joinder and Amendment of the Credit Agreement. Subject to the terms and conditions set forth herein, on the Incremental Commitment Effective Date:

(a) The Increased Revolving Commitment shall be deemed to be an Incremental Revolving Commitment (as defined in the Credit Agreement), the Incremental Lender shall be deemed to be an Incremental Revolving Lender (as defined in the Credit Agreement) and this Agreement shall be deemed to be an Incremental Commitment Agreement (as defined in the Credit Agreement), in each case, for all purposes of the Credit Agreement and the other Loan Documents.

(b) Schedule 1.1A (Commitments) to the Credit Agreement is hereby amended by supplementing such schedule with the information contained in Annex II hereto.

SECTION 4. Conditions to Effectiveness of Agreement. The effectiveness of this Agreement is subject to the satisfaction of each of the following conditions (the date on which such conditions shall have been so satisfied, the “Incremental Commitment Effective Date”):

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

(b) Each Loan Party shall reaffirm by executing the Guarantee and Collateral Acknowledgement substantially in the form attached hereto as Annex I that the Increased Revolving Commitment shall be secured equally and ratably with the existing Loans by the Collateral.

(c) The Borrower shall have delivered all documentation and information as is reasonably requested in writing by the Incremental Lender at least three days prior to the Incremental Commitment Effective Date required by U.S. regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the PATRIOT Act.

(d) All 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 and the Incremental Lender on or prior to the Incremental Commitment Effective Date shall have been paid.

(e) The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Incremental Commitment Effective Date, substantially in the form of Exhibit C to the Credit Agreement, with appropriate insertions and attachments and (ii) a good standing certificate for each Loan Party from its jurisdiction of organization.

(f) The Administrative Agent shall have received an executed legal opinion of Kirkland & Ellis LLP, counsel to the Borrower and its subsidiaries, substantially in the form of Exhibit E to the Credit Agreement, addressed to the Administrative Agent and the Incremental Lender as of the Incremental Commitment Effective Date.

(g) The Administrative Agent shall have received a solvency certificate in form and substance reasonably satisfactory to it from a Responsible Officer of the Borrower that shall document the solvency of the Borrower and its Subsidiaries after giving effect to the Increased Revolving Commitment.

(h) No Default or Event of Default shall have occurred and be continuing or would result from the Increased Revolving Commitment requested to be made or from the application of the proceeds therefrom.

(i) Each of the representations and warranties set forth in Section 4 of the Credit Agreement (as amended by this Agreement) shall be true and correct in all material respects (and in all respects if any such representation and warranty is qualified by materiality) on and as of the Incremental Commitment Effective Date as if made on such date, except to the extent that such representations and warranties expressly relate solely to a specific earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

(j) The Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower documenting the Borrower’s compliance with the conditions set forth in clauses (h) and (i) above of this Section 4.

SECTION 5. Representations and Warranties. To induce the other parties hereto to enter into this Agreement and to provide the Increased Revolving Commitment, Holdings and the Borrower hereby jointly and severally represent and warrant to the Administrative Agent and the Incremental Lender that, as of the Incremental Commitment Effective Date:

(a) Each Loan Party has the power and authority, and the legal right, to make, deliver and perform this Agreement, and, in the case of the Borrower, to obtain the extension of credit and to perform its obligations hereunder and under the Credit Agreement (as amended hereby). Each of the Guarantors has taken all necessary organizational action to authorize to execute and deliver the Guarantee and Collateral Acknowledgement dated as of the date hereof (the "Acknowledgement"). The execution, delivery and performance by the Borrower of this Agreement, and by the Guarantors of the Acknowledgement, and the performance by the Borrower and each other Loan Party of the Credit Agreement (as amended hereby) and each other Loan Document to which it is a party, in each case, have been authorized by all necessary corporate or other organizational action of such person, and no other corporate or other organizational proceedings on the part of each such person is necessary to consummate such transactions.

(b) This Agreement has been duly executed and delivered on behalf of the Borrower and Holdings. The Acknowledgement has been duly executed and delivered by each of the Guarantors. Each of the Agreement, the Acknowledgement and, after giving effect to this Agreement, the Credit Agreement and the other Loan Documents, (i) is a legal, valid and binding obligation of each Loan Party party hereto and thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) and an implied covenant of good faith and fair dealing and (ii) is in full force and effect. Neither the execution, delivery or performance of this Agreement or the performance of the Credit Agreement (as amended hereby), nor the performance of the transactions contemplated hereby or thereby, will adversely affect the validity, perfection or priority of the Administrative Agent's Lien on any of the Collateral or its ability to realize thereon. As of the Incremental Commitment Effective Date, this Agreement will be effective to amend the Credit Agreement as provided therein.

(c) The execution and delivery of this Agreement and the Acknowledgement, the consummation of the transactions contemplated hereby, and the performance of and compliance with the terms and provisions hereof and of the Credit Agreement (as amended hereby) by any Loan Party will not, at the time of such performance, (i) violate any material Requirement of Law or any material Contractual Obligation of any Group Member, except to the extent such conflict or violation would not reasonably be expected to result in a Material Adverse Effect and (ii) result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligations (other than the Liens created by the Security Documents and the Liens permitted under Section 7.3 of the Credit Agreement). No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement.

(d) No Default or Event of Default shall have occurred and be continuing or would result from the Increased Revolving Commitment requested to be made or from the application of the proceeds therefrom.

SECTION 6. Continuing Effect.

(a) Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the 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 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 Incremental Commitment 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) The Borrower and the other parties hereto acknowledge and agree that this Agreement shall constitute a Loan Document.

SECTION 7. Fees. The Borrower agrees to pay to the Administrative Agent on behalf of the Incremental Lender an upfront fee in an amount equal to 0.75% of the amount of the Increased Revolving Commitment provided by the Incremental Lender on the Incremental Commitment Effective Date. Such fee shall be due and payable on the Incremental Commitment Effective Date.

SECTION 8. 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 Agreement, 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 9. Amendments; Execution in Counterparts. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Borrower, Holdings, the Administrative Agent and the Incremental Lender. This Agreement 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.

SECTION 10. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY AGREES AS SET FORTH FURTHER IN SECTIONS 10.11 AND 10.12 OF THE CREDIT AGREEMENT AS IF SUCH SECTION WERE SET FORTH IN FULL HEREIN.

[Remainder of page intentionally left blank.]

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

AVIS BUDGET HOLDINGS, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

[Signature Page to Incremental Revolving Commitment Agreement]

By: /s/ Aized Rabbani

Name: Aized Rabbani

Title: Vice President

[Signature Page to Incremental Revolving Commitment Agreement]

SUNTRUST BANK, as Incremental Lender

By: /s/ Brian M. Lewis

Name: Brian M. Lewis

Title: Vice President

[Signature Page to Incremental Revolving Commitment Agreement]

Form of Guarantee and Collateral Acknowledgement

October 4, 2012

Reference is made to the Amended and Restated Credit Agreement dated as of May 3, 2011 (as amended from time to time, the "Credit Agreement") among others Avis Budget Car Rental, LLC, the Lenders and other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

Each of the parties hereto hereby acknowledges and consents to the Incremental Revolving Commitment Agreement, dated as of October 4, 2012 (the "Incremental Commitment Agreement") pursuant to Section 2.23 of the Credit Agreement, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Incremental Commitment Agreement and its guarantee, if any, of the obligations, liabilities and indebtedness of the other Loan Parties under the Agreement shall extend to and cover the Increased Revolving Commitment provided pursuant to the Incremental Commitment Agreement and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Incremental Commitment Agreement, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents, including, without limitation, the obligations under the Incremental Commitment Agreement.

[Remainder of page intentionally left blank.]

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

[]

By: _____
Name:
Title:

[Signature Page to Acknowledgement]

<u>Name of Lender</u>	<u>Revolving Commitment</u>	<u>Increased Revolving Commitment</u>	<u>Total Revolving Commitment</u>
SUNTRUST BANK	\$ 0.00	\$50,000,000.00	\$ 50,000,000.00

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

	Nine Months Ended September 30,	
	2012	2011
Earnings before fixed charges:		
Income before income taxes	\$ 363	\$ 236
Plus: Fixed charges	541	409
Earnings available to cover fixed charges	<u>\$ 904</u>	<u>\$ 645</u>
Fixed charges^(a):		
Interest, including amortization of deferred financing costs	\$ 475	\$ 359
Interest portion of rental payments	66	50
Total fixed charges	<u>\$ 541</u>	<u>\$ 409</u>
Ratio of earnings to fixed charges	<u>1.67x</u>	<u>1.58x</u>

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

	Nine Months Ended September 30,	
	2012	2011
Related to debt under vehicle programs	\$ 236	\$ 209
All other	239	150
	<u>\$ 475</u>	<u>\$ 359</u>

* * *

CERTIFICATIONS

I, Ronald L. Nelson, certify that:

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

Date: November 9, 2012

/s/ RONALD L. NELSON

CHIEF EXECUTIVE OFFICER

I, David B. Wyshner, certify that:

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

Date: November 9, 2012

/s/ DAVID B. WYSHNER

SENIOR EXECUTIVE VICE PRESIDENT AND CHIEF
FINANCIAL OFFICER

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

In connection with the Quarterly Report of Avis Budget Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald L. Nelson, as Chief Executive Officer of the Company, and David B. Wyshner, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RONALD L. NELSON

RONALD L. NELSON
CHIEF EXECUTIVE OFFICER
November 9, 2012

/s/ DAVID B. WYSHNER

DAVID B. WYSHNER
SENIOR EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
November 9, 2012