UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 6, 2015 (May 6, 2015)

Avis Budget Group, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	001-10308	06-0918165
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

6 Sylvan Way Parsippany, NJ	07054
(Address of Principal Executive Offices)	(Zip Code)

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

N/A

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

Avis Budget Group, Inc. (the “Company”) is filing this Current Report on Form 8-K to recast certain financial information contained in our Annual Report on Form 10-K for the year ended December 31, 2014 (“2014 Form 10-K”) due to changes in our reportable segments.

During the first quarter of 2015, we changed our management structure. Accordingly, the financial results of the Company's North America, South America, Central America and Caribbean operations are now included in the Company’s Americas reportable segment. We began to report comparative results under the new organization structure with the filing of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

The information included in this Form 8-K is presented for informational purposes only in connection with the reporting changes described above and does not amend or restate any of our previously issued financial statements, which were included in our 2014 Form 10-K. In particular, there have been no changes to the Company’s consolidated results of operations, balance sheets or statements of cash flows. This Form 8-K does not reflect events occurring after we filed our 2014 Form 10-K and does not modify or update the disclosures therein in any way, other than to illustrate the realignment of our management structure. For significant developments which have occurred subsequent to the filing of the 2014 Form 10-K, refer to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

The rules of the Securities and Exchange Commission require that when a registrant prepares, on or after the date a registrant reports an accounting change such as the changes noted above, a new registration, proxy or information statement that includes or incorporates by reference financial statements, the registrant must recast the prior period financial statements included or incorporated by reference in the registration, proxy or information statement to reflect these types of changes. In the event that one of the above may occur, the Company is filing this Form 8-K to recast our consolidated financial statements as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, to reflect the changes in segment reporting, as described above. The recast of Items contained in the Company’s 2014 Form 10-K is presented in Exhibits 99.1, 99.2, 99.3 and 99.4 to this Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are filed as part of this report:

Exhibit No.	Description
23.1	CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
99.1	REVISED BUSINESS DISCUSSION
99.2	REVISED SELECTED FINANCIAL DATA
99.3	REVISED MANAGEMENT'S DISCUSSION AND ANALYSIS
99.4	REVISED CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING FOOTNOTES
99.5	REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
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.

SIGNATURE

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 hereunto duly authorized.

By /s/ David T. Calabria

David T. Calabria
Vice President and Chief Accounting Officer
May 6, 2015

EX-23.1 CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-91656, 333-78475, 333-38638, 333-58670, 333-98933, 333-114744, 333-124925, 333-144143, 333-161418, and 333-197770 on Form S-8 of our report dated February 23, 2015 (May 6, 2015 as to the effects of the segment changes described in Note 1), relating to the consolidated financial statements of Avis Budget Group, Inc. and subsidiaries, appearing in this Current Report on Form 8-K dated May 6, 2015 of Avis Budget Group, Inc. and subsidiaries for the year ended December 31, 2014.

/s/ DELOITTE & TOUCHE LLP
New York, NY
May 6, 2015

EX-99.1 REVISED BUSINESS DISCUSSION

PART I

ITEM 1. BUSINESS

Except as expressly indicated or unless the context otherwise requires, the “Company,” “Avis Budget,” “we,” “our” or “us” means Avis Budget Group, Inc. and its subsidiaries. “Avis,” “Budget,” “Budget Truck,” “Zipcar,” “Payless” and “Apex” refer to our Avis Rent A Car System, LLC, Budget Rent A Car System, Inc., Budget Truck Rental, LLC, Zipcar, Inc., Payless Car Rental and Apex Car Rentals operations, respectively, and, unless the context otherwise requires, do not include the operations of our licensees, as further discussed below.

Note: The information contained in this Item has been updated for the change to reportable segments discussed in the Notes to the Consolidated Financial Statements. This Item has not been updated for any other changes since the filing of the 2014 Annual Report on Form 10-K. For significant developments since the filing of the 2014 Form 10-K, refer to Avis Budget Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

OVERVIEW

We are a leading global provider of vehicle rental and car sharing services, operating three of the most recognized brands in the industry through Avis, Budget and Zipcar. We are a leading vehicle rental operator in North America, Europe, Australia, New Zealand and certain other regions we serve. We and our licensees operate the Avis and Budget brands in approximately 175 countries throughout the world. We generally maintain a leading share of airport car rental revenue in North America, Europe, Australia and New Zealand and we operate one of the leading truck rental businesses in the United States.

Our brands are differentiated to help us meet a wide range of customer needs throughout the world. Avis is a leading rental car supplier positioned to serve the premium commercial and leisure segments of the travel industry, and Budget is a leading rental vehicle supplier focused primarily on more value-conscious segments of the industry. On average, our rental fleet totaled more than 545,000 vehicles and we completed more than 35 million vehicle rental transactions worldwide in 2014. We generate approximately 67% of our vehicle rental revenue from on-airport locations and approximately 33% of our revenue from off-airport locations. We also license the use of the Avis and Budget trademarks to licensees in areas in which we do not operate directly. Our brands have an extended global reach with more than 10,000 car and truck rental locations throughout the world, including approximately 4,700 car rental locations operated by our licensees. We believe that Avis and Budget both enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand.

Our Zipcar brand, which we acquired in 2013, is the world’s leading car sharing company, with more than 915,000 members in the United States, Canada and Europe. We operate Budget Truck, one of the leading truck rental businesses in the United States, with a fleet of approximately 22,000 vehicles that operate through a network of approximately 1,150 dealer-operated and 400 Company-operated locations throughout the continental United States. We also own Payless, a car rental brand that we acquired in 2013 that operates in the deep-value segment of the industry, and Apex, which is a leading deep-value car rental brand in New Zealand and Australia. We also have investments in certain of our Avis and Budget licensees outside of the United States, including licensees in Brazil, India and China.

COMPANY HISTORY

The Company is a Delaware corporation headquartered in Parsippany, New Jersey. We operate three of the most recognized brands in the global vehicle services industry through Avis, Budget and Zipcar, as well as Budget Truck, one of the leading truck rental businesses in the United States, and smaller regional car rental brands. Our predecessor company was formed in 1974, and in 1997 merged with HFS Incorporated, and the combined company was subsequently renamed Cendant Corporation. HFS acquired the Avis brand in 1996, and in 2001 Cendant acquired Avis’ vehicle rental operations in North America, Australia and New Zealand.

Founded in 1946, Avis is believed to be the first company to rent cars from airport locations. Avis expanded its geographic reach throughout the United States through growth in licensed and Company-operated locations in the 1950s and 1960s. In 1963, Avis introduced its award winning *“We try harder®”* advertising campaign, which is considered to be one of the top ten advertising campaigns of the 20th century by Advertising Age magazine.

In 2002, Cendant acquired the Budget brand and Budget vehicle rental operations in North America, Australia and New Zealand. Budget was founded in 1958 as a car rental company for the value-conscious vehicle rental customer and grew its business rapidly during the 1960s, expanding its rental car offerings throughout North America and significantly expanding its Budget truck rental business in the 1990s.

In 2006, Cendant completed the sales and spin-offs of several significant subsidiaries and changed its name to Avis Budget Group, Inc. In 2011, we expanded our international operations with the acquisition of Avis Europe, which was previously an independently-owned licensee operating the Avis and Budget brands in Europe, the Middle East and Africa, and the Avis brand in Asia. Upon the completion of the acquisition of Avis Europe, the Avis and Budget brands were globally re-united under a single company, making Avis Budget Group one of the largest vehicle rental companies in the world.

In 2013, we acquired Zipcar, the world’s leading car sharing company, and further increased our growth potential and our ability to better serve a greater variety of our customers’ transportation needs. In 2012 and 2013, we also acquired our Apex and Payless brands, which allowed us to expand our presence in the deep-value segment of the car rental industry. In 2014, we also acquired our long-standing Budget licensee for Southern California and Las Vegas, which further expanded our Company-operated locations in the United States.

We have a long history of innovation in the vehicle rental and car sharing business, including the 1973 launch of our proprietary Wizard system, a constantly updated information-technology system that is the backbone of our operations. In 1987, we introduced the Roving Rapid Return, powered by a handheld computer device that allowed customers to bypass the car return counter, and in 1996, we became one of the first car rental companies to accept online reservations. In 2000, we introduced Avis Interactive, the first Internet-based reporting system in the car rental industry. In 2009, we launched what we believe to be the first car rental iPhone application in the United States, and in 2012, we believe that our Avis brand became the first in the industry to offer mobile applications to its customers on all four major mobile platforms — Android, BlackBerry, iPhone and Microsoft Windows. In 2014, we continued to expand our use of new yield management systems, which the Company designed to help optimize its decision-making with respect to pricing and fleet management. Our Zipcar operations have been a constantly innovating pioneer in using advanced vehicle technologies as the first car sharing company in the United States to develop a self-service solution to managing the complex interactions of real-time, location-based activities inherent in a large-scale car sharing operation, including new member application, reservations and keyless vehicle access, fleet management and member management. Zipcar was also the first to allow members to reserve the specific make, model and type of car by phone, Internet or wireless mobile device.

Since becoming an independent vehicle rental services company in 2006, we have focused on strengthening our brands, our operations, our competitiveness and our profitability. In conjunction with these efforts, we have implemented process improvements impacting virtually all areas of the business; realized significant cost savings through the integration of acquired businesses with our pre-existing operations; achieved reductions in operating and selling, general and administrative expenses, including significant reductions in staff; assessed location, segment and customer profitability to address less-profitable aspects of our business; implemented price increases and changes to our sales, marketing and affinity programs to improve profitability; and sought to better optimize our acquisition, deployment and disposition of fleet in order to lower costs and better meet customer demand.

SEGMENT INFORMATION

We categorize our operations into two reporting segments:

- *Americas*, provides and licenses the Company's brands to third parties for vehicle rentals and ancillary products and services in North America, South America, Central America and the Caribbean, and operates the Company’s car sharing business in certain of these markets; and

- *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, Africa, Asia, Australia and New Zealand, and operates the Company’s car sharing business in certain of these markets.

The following table presents key operating metrics for each of our reporting segments:

	Total 2014 Rental Days	Average 2014 Time and Mileage ("T&M") Revenue per Day	Average 2014 Rental Fleet Size
Americas	96 million	$41.27	373,000
International	36 million	$41.49	140,000
	132 million		513,000

Note: Operating metrics exclude Zipcar and U.S. truck rental operations.

The following graphs present the composition of our rental days and our average rental fleet in 2014, by segment:

Financial data for our segments and geographic areas are reported in Note 19—Segment Information to our Consolidated Financial Statements included in Item 15(A)(1) of this Current Report on Form 8-K.

OUR STRATEGY

Our objective is to focus on strategically accelerating our growth, strengthening our global position as a leading provider of vehicle rental services, continuing to enhance our customers' rental experience, and controlling costs and driving efficiency throughout the organization. We expect to achieve our goals by focusing our efforts on the following core strategic initiatives:

- ***Strategically Accelerate Growth.*** We have pursued and will continue to pursue numerous opportunities intended to increase our revenues and make disproportionate contributions to our earnings. For instance:
    - We are focused on promoting car class upgrades, adjusting our mix of vehicles to match customer demand, growing our rentals to small-business and international travelers, increasing the number of rentals that customers book through our own websites, increasing the proportion of transactions in which customers prepay us, and expanding our ancillary revenues derived from offering additional ancillary products and services to the rental transactions of an increasing percentage of our customers. We believe these efforts will each not only generate incremental revenue, but also add to profitability.
    - We are focused on yield management and pricing optimization in an effort to increase the rental fees we earn per rental day. We have implemented, and plan to continue to implement, new technology systems that strengthen our yield management and enable us to tailor our product and price offerings not only to meet our customers' needs, but also in response to actions taken by our competitors. We expect to continue to adjust our pricing to bolster profitability and match changes in demand.
    - We see significant growth opportunities related to our Zipcar brand. We expect to increase our Zipcar membership base by growing the number of businesses, government agencies and

universities that Zipcar serves within its existing markets, as well as expanding the brand into new markets where our existing car rental presence will help enable the introduction of Zipcar's car sharing services. We expect that such growth will include making more Zipcars available at airport locations, offering one-way usage of Zipcars at certain locations, cross-marketing partnerships through our well-established corporate and affinity relationships and expanding our car sharing footprint outside of the United States.

    - We continue to focus on addressing the need of the deep-value segment of the vehicle rental industry with Payless and Apex and look to increase our profitability in this segment as we grow our revenues.

- ***Strengthening Our Global Position.*** While we currently operate, either directly or through licensees, in approximately 175 countries around the world, we have strengthened and will continue to strengthen and further expand our global footprint through organic growth and potentially through acquisitions, joint ventures, licensing opportunities or other relationships:

    - In countries where we have Company-operated locations, we will continue to identify opportunities to add new rental locations, to grant licenses to independent third parties for regions where we do not currently operate and/or do not wish to operate directly, to strengthen the presence of the Avis, Budget, Zipcar, Apex and Payless brands (including by multi-branding locations), as applicable, and to re-acquire previously granted license rights in certain cases.

    - In countries operated by licensees, including our joint ventures in Brazil and China, we will seek to ensure that our licensees are well positioned to realize the growth potential of our brands in those countries and are aggressively growing their presence in those markets, and we expect to consider the re-acquisition of previously granted license rights in certain cases.

    - Zipcar represents a substantial growth opportunity for us as we believe that there are numerous geographic markets outside the United States, particularly in Europe and the Asia-Pacific region, where Zipcar's proven car sharing model can be utilized to meet substantial, currently unmet transportation needs.

- ***Enhancing Customers' Rental Experience.*** We are committed to serving our customers and enhancing their rental experience, including through our *Customer Led, Service Driven*™ initiative, which is aimed at improving our customers' rental experience with our brands, our systems and our employees. Following an extensive review of the ways, places and occasions in which our brands, our systems and our employees interact with existing and potential customers, we have implemented actions that we expect will improve the service we provide at these customer "touch points." For example:

    - We offer *Avis Preferred Select & Go*™, a vehicle-choice program for customers, and have revised our rental agreements and receipts to improve transparency, introduce mobile applications and significantly expanded customer-service-oriented training of our employees, achieving significant increases in customer satisfaction.

    - We continue to upgrade our technology, to make the reservation, pick-up and return process more convenient and user-friendly, with a particular emphasis on enabling and simplifying our customers' online interactions with us.

    - We have significantly expanded our tracking of customer-satisfaction levels so that we now receive location-specific feedback from more than 1 million customers annually, and we have implemented numerous service and process changes in response to this feedback.

  We expect to continue to invest in these efforts.

- ***Controlling Costs and Driving Efficiency throughout the Organization.*** We have continued our efforts to rigorously control costs. We continue to aggressively reduce expenses throughout our organization, and we have consistently eliminated or reduced significant costs through the integration of acquired businesses. In addition:

- We continued to develop and implement our Performance Excellence process improvement initiative to increase efficiencies, reduce operating costs and create sustainable cost savings using LEAN, Six Sigma and other tools. This initiative, which we have expanded to cover our operations in Europe and the Asia-Pacific region, has generated substantial savings since its implementation and is expected to continue to provide incremental benefits.

- In 2014, we took actions to further streamline our administrative infrastructure through the launch of a restructuring program that will increase the global standardization and consolidation of non-rental-location functions over time.

- We have implemented initiatives to integrate Payless and Zipcar, to realize cost efficiencies from combined maintenance, systems, technology and administrative infrastructure, as well as fleet utilization benefits and savings by combining our car rental and car sharing fleets at times to reduce the number of unutilized Zipcars during the week and to better satisfy Zipcar's unmet weekend demand.

- We have also continued to implement technology solutions, including self-service voice reservation technology, mobile communications with customers and fleet optimization technologies to reduce costs, and we will further continue to pursue innovative solutions to support our strategic initiatives.

We believe such steps will continue to aid our financial performance.

In executing our strategy, we plan to continue to position our distinct and well-recognized global brands to focus on different segments of customer demand, complemented by our other brands in their respective regional markets. With Avis as a premium brand preferred more by corporate and upscale leisure travelers, Budget as a mid-tier brand preferred more by value-conscious travelers, Payless and Apex as deep-value brands and Zipcar offering its members an economical alternative to car ownership, we believe we are able to target a broad range of demand, particularly since the brands share the same operational and administrative infrastructure while providing differentiated though consistently high levels of customer service.

We aim to provide products, services and pricing, to use various marketing channels and to maintain marketing affiliations and corporate account contracts that complement each brand's positioning. We plan to continue to invest in our brands through a variety of efforts, including television commercials, print advertisements and on-line and off-line marketing. We see particular growth opportunities for our Budget brand in Europe, as Budget's share of airport car rentals is significantly smaller in Europe than in other parts of the world, and for Zipcar internationally, where the brand's proven car sharing model can be expanded into numerous geographic markets.

We operate in a highly competitive industry and we expect to continue to face challenges, including uncertain economic conditions, particularly outside of the United States. We seek to mitigate our exposure to risks in numerous ways, including delivering upon the core strategic initiatives described above and through continued optimization of fleet levels to match changes in demand for vehicle rentals, maintenance of liquidity to fund our fleet and our operations, and adjustments in the size, nature and terms of our relationships with vehicle manufacturers.

OUR BRANDS AND OPERATIONS

OUR BRANDS

Our Avis, Budget and Zipcar brands are three of the most recognized brands in our industry. We believe that we enjoy significant benefits from operating our Avis and Budget brands to target different rental customers but share the same maintenance facilities, fleet management systems, technology and administrative infrastructure. In addition, we are able to recognize significant benefits and savings by combining our car rental and car sharing maintenance activities and fleets at times to reduce the number of unutilized cars and to meet demand peaks. We believe that Avis, Budget and Zipcar all enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand. We also operate the Apex and Payless brands, which operate in the deep-value segment of the car rental industry and augment our Avis, Budget and Zipcar brands.

Avis

Avis is a leading rental car supplier positioned to serve the premium commercial and leisure segments of the travel industry. The Avis brand provides high-quality car rental services at price points generally above non-branded and value-branded national car rental companies. We operate or license the Avis car rental system (the "Avis System"), one of the largest car rental systems in the world, comprised of approximately 5,450 locations worldwide, including in virtually all of the largest commercial airports and cities in the world.

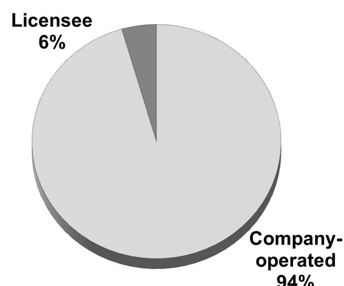
We operate approximately 2,550 Avis car rental locations worldwide, in both the on-airport and off-airport, or local, rental markets. In 2014, our Avis operations generated total revenue of approximately $5.3 billion, of which approximately 62% (or $3.3 billion) was derived from operations in the Americas. In addition, we license the Avis brand to other independent commercial owners in approximately 2,900 locations throughout the world. In 2014, approximately 73% of the Avis System total revenue was generated by our Company-operated locations and the remainder was generated by locations operated by independent licensees, which generally pay royalty fees to us based on a percentage of applicable revenue.

The table below presents the approximate number of locations that comprise the Avis System:

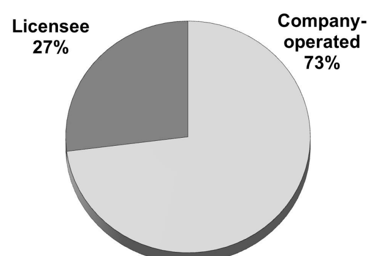
	Avis System Locations		
	Americas	**International**	**Total**
Company-operated locations	1,550	1,000	2,550
Licensee locations	800	2,100	2,900
Total Avis System Locations	2,350	3,100	5,450

The graphs below present the approximate composition of the Americas Avis System revenue and Global Avis System revenue in 2014:

Composition of Americas Avis System Revenue



Composition of Global Avis System Revenue



In 2014, Avis derived approximately $2.0 billion and $1.8 billion (or 53% and 47%) of its vehicle rental revenue from commercial and leisure customers, respectively, and $2.6 billion and $1.2 billion (or 69% and 31%) of its vehicle rental revenue from customers renting at airports and locally, respectively.

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

- Avis Preferred, a counter bypass program available at major airport locations;
- Avis Preferred Select & Go, a service that allows customers at certain locations to select an alternate vehicle or upgrade their vehicle choice without visiting the rental counter;
- Avis Signature Series, a selection of luxury vehicles;
- rental of portable GPS navigation units and in-dash satellite radio service;
- availability of premium, sport and performance vehicles as well as eco-friendly vehicles, including gasoline/electric hybrids;

- roadside assistance;
- emailed receipts;
- a 100% smoke-free car rental fleet in North America;
- electronic toll collection services that let customers pay highway tolls without waiting in toll booth lines;
- amenities such as Avis Access, a full range of special products and services for drivers and passengers with disabilities;
- Avis Interactive, a proprietary management tool that allows corporate clients to easily view and analyze their rental activity via the Internet, permitting these clients to better manage their travel budgets and monitor employee compliance with applicable travel policies;
- customer loyalty programs; and
- supporting online interactions with our customers through each of the four major mobile platforms – Android, Apple, BlackBerry and Microsoft Windows – which Avis in 2012 became the first car rental company to offer.

In 2014, Avis was named World's Leading Car Rental Company by the World Travel Awards, and received numerous other awards. Avis was also again named the leading car rental company in customer loyalty in the Brand Keys Customer Loyalty Engagement Index for the 15th consecutive year.

Budget

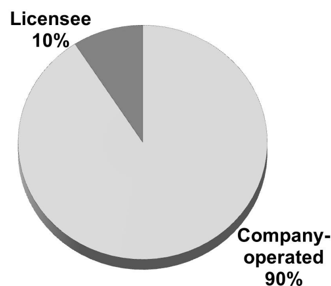
Budget is a leading rental car supplier focused primarily on more value-conscious segments of the industry. We operate or license the Budget vehicle rental system (the "Budget System"), which is comprised of approximately 3,500 car rental locations and represents one of the largest car rental systems in the world. The Budget System encompasses locations at most of the largest airports and cities in the world.

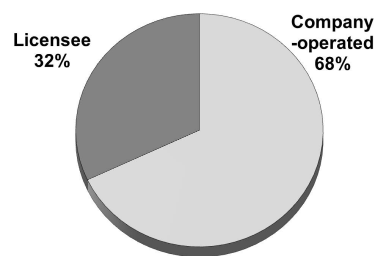
We operate approximately 1,700 Budget car rental locations worldwide. In 2014, our Budget car rental operations generated total revenue of approximately $2.3 billion, of which 82% (or $1.9 billion) was derived from operations in the Americas. We also license the Budget System to independent business owners who operate approximately 1,800 locations worldwide. In 2014, approximately 68% of the Budget System total revenue was generated by our Company-operated locations with the remainder generated by locations operated by independent licensees, which generally pay royalty fees to us based on a percentage of applicable revenue.

The table below presents the approximate number of locations that comprise the Budget System:

	Budget System Locations		
	Americas	**International**	**Total**
Company-operated locations	1,100	600	1,700
Licensee locations	600	1,200	1,800
Total Budget System Locations	1,700	1,800	3,500

The graphs below present the approximate composition of the Americas Budget System revenue and Global Budget System revenue in 2014:





In 2014, Budget derived approximately $445 million and $1.2 billion (or 27% and 73%) of its vehicle rental revenue from commercial and leisure customers, respectively, and $1.2 billion and $413 million (or 75% and 25%) of its vehicle rental revenue from customers renting at airports and locally, respectively. Budget's European revenues increased $51 million (or 26%) in 2014.

Budget offers its customers several products and programs similar to Avis, such as portable GPS navigation units, roadside assistance, electronic toll collection, emailed receipts and refueling options, as well as special rental rates for frequent renters and Budget's Fastbreak service, an expedited rental service for frequent travelers.

In 2014, Budget received numerous awards, including an award for its loyalty program, Unlimited Budget®, which was selected by Travel Weekly as a 2014 Gold Magellan Award Winner, for having one of the best loyalty programs in the travel industry.

Zipcar

Founded in 2000, Zipcar operates the world's leading membership-based car sharing network that provides "wheels when you want them" to over 915,000 members, also known as "Zipsters," in 30 major metropolitan areas and over 400 college campuses in the United States, Canada and Europe. Zipcar provides its members self-service vehicles in reserved parking spaces located in residential neighborhoods, business districts, college campuses, business office complexes and airports.

Our members may reserve vehicles by the hour or by the day at rates that include gasoline, insurance and other costs associated with vehicle ownership, and they can make their reservations through Zipcar's reservation system, which is available by phone, Internet or through the Zipcar application on their smartphone. Our members generally have the flexibility to choose from over 25 makes and models of Zipcar vehicles that they want depending on their specific needs and desires for each trip and the available Zipcars in their neighborhoods. The flexibility and affordability of our service, as well as broader consumer trends toward responsible and sustainable living, provide a significant platform for future growth.

Prior to our acquisition of Zipcar in March 2013, Zipcar designed its operations to be scalable through a distributed self-service fleet of vehicles. We continue to make substantial investment in refining, innovating and improving Zipcar's operations and fleet management systems and integrating certain elements of Zipcar's operations and fleet into our business. We believe that the experience that we have gained and continue to accumulate while scaling and operating our network is a key advantage, informing our decisions regarding our existing operations and services as well as our plans for expansion.

Zipcar offers its members the freedom of on-demand access to a fleet of vehicles at any hour of the day or night, in their neighborhood or in any of our Zipcar cities and locations, without the costs or hassles of vehicle ownership. Benefits to members include:

- *Cost-effective alternative to car ownership* - Members pay for time they reserve the vehicle and have no responsibility for the additional costs and hassles associated with car ownership, including parking, gasoline, taxes, registration, insurance, maintenance and lease payments.

- *Convenience and accessible fleet* - Zipcars are interspersed throughout local neighborhoods where they are parked in reserved parking spaces and garages within an easy walk of where our members live and work. Members can book a designated vehicle online, by phone or via their mobile device, unlock the selected vehicle using a keyless entry card (called a "Zipcard"), and drive away. Because each Zipcar has a designated parking space, members are spared the often time-consuming undertaking of finding an available parking spot.

- *Freedom and control* - Unlike public transportation, which operates on fixed routes and schedules, we provide our members with much of the freedom associated with car ownership. Like car owners, our members can choose when and where they want to drive. They also have the added benefit of being able to choose, based upon the readily available Zipcars in their neighborhoods, the make, model, and type of vehicle they want to drive based on their specific needs and desires for each trip.

- *Responsible and sustainable living* - We are committed to providing our members with socially responsible, sustainable alternatives that support the global environment, their communities and city livability. Studies show that car sharing reduces the number of miles driven, the number of vehicles on the road and carbon emissions.

- *Zipcar for Universities* - We provide college students, faculty, staff and local residents living in or near rural and urban campuses with access to Zipcars. Zipcars are located on over 400 college and university campuses. Our program for universities helps university administrators maximize the use of limited parking space on campus and reduce campus congestion while providing an important amenity for students, faculty, staff and local residents. In some cases, Zipcar is the only automobile transportation available to students, since many traditional rental car services have higher age restrictions.

- *Zipcar for Business and Zipcar for Government* - We offer special programs to businesses, federal agencies and local governments seeking to save money, meet environmental sustainability goals and reduce parking requirements. We offer reduced membership fees and weekday driving rates to employees of companies, federal agencies and local governments that sponsor the use of Zipcars. We have also partnered with residential property managers and developers who provide their commercial and residential tenants with access to Zipcar memberships and Zipcars.

In 2014, the Zipcar brand continued to be recognized as the leading car sharing services provider in the world and for the quality of the customer experience it offers.

Budget Truck

Our Budget Truck rental business is one of the largest local and one-way truck rental businesses in the United States. At December 31, 2014, Budget Truck has a fleet of approximately 22,000 vehicles that are rented through a network of approximately 1,150 dealers and 400 Company-operated locations throughout the continental United States. These dealers are independently-owned businesses that generally operate other retail service businesses. In addition to their principal businesses, the dealers rent our light- and medium-duty trucks to consumers and to our commercial accounts and are responsible for collecting payments on our behalf. The dealers receive a commission on all truck and ancillary equipment rentals. The Budget Truck rental business serves both the consumer and light commercial sectors. The consumer sector consists primarily of individuals who rent trucks to move household goods on either a one-way or local basis. The light commercial sector consists of a wide range of businesses that rent light- to medium-duty trucks, which we define as trucks having a gross vehicle weight of less than 26,000 pounds, for a variety of commercial applications.

Other Brands

Our Payless brand, which we acquired in July 2013, is a leading rental car supplier positioned to serve the deep-value segment of the car rental industry. We operate or license the Payless brand, which is comprised of approximately 160 vehicle rental locations worldwide, including approximately 60 Company-operated locations and approximately 100 locations operated by licensees. All Company-operated Payless locations are in the United States at or near major airport locations. Payless' base T&M fees are often lower than those of larger, more established brands, but Payless has historically achieved a greater penetration of ancillary products and services with its customers. The Payless business model allows the Company to extend the life cycle of a portion of our

fleet, as we “cascade” certain vehicles that exceed certain Avis and Budget age or mileage thresholds to be used by Payless.

Our Apex brand, which we acquired in 2012, operates primarily in the deep-value segment of the car rental industry in New Zealand and Australia, where we have approximately 19 Apex rental locations. Apex operates its own rental fleet, separate from Avis and Budget vehicles and generally older and less expensive than vehicles offered by Avis, Budget and other traditional car rental companies. Apex generates substantially all of its reservations through its proprietary websites and contact centers and typically has a greater than average length of rental. The substantial majority of Apex locations are at or near major airport locations.

RESERVATIONS, MARKETING AND SALES

Reservations

Our customers can make Avis, Budget, Budget Truck, Payless and Apex vehicle rental reservations through our brand-specific websites and through our toll-free reservation centers, by calling a specific location directly, through brand-specific mobile applications, through online travel agencies, through travel agents or through selected partners, including many major airlines. Travel agents can access our reservation systems through all major global distribution systems (“GDSs”), which provide information with respect to rental locations, vehicle availability and applicable rate structures.

Our Zipcar members may reserve cars by the hour or by the day through Zipcar’s reservation system, which is accessible by phone, Internet or through the Zipcar application on their smartphone. We also provide two-way SMS texting, enabling us to proactively reach out to members during their reservation via their mobile device to manage their reservation, including instant reservation extension.

In 2014, we generated approximately 30% of our vehicle rental reservations through our brand-specific websites, 12% through our contact centers, 27% through GDSs, 10% through online travel agencies, 10% through direct-connect technologies and 11% through other sources. Virtually all of our Zipcar car sharing reservations were generated online or through our Zipcar mobile applications. We use a voice reservation system that allows customers to conduct certain transactions such as confirmation, cancellation and modification of reservations using self-service interactive voice response technology. In addition to our Zipcar mobile applications, we have also developed Avis and Budget mobile applications for the Android, Apple, BlackBerry and Microsoft Windows, allowing our customers to more easily manage their car rental reservations on their mobile devices.

Marketing and Sales

We support our Avis, Budget, Budget Truck, Zipcar and other brands through a range of marketing channels and campaigns, including traditional media, such as television, radio and print advertising, as well as Internet and email marketing and wireless mobile device applications. In 2012 and 2013, we developed new global brand propositions and visual identities, including new brand logos for Avis and Budget, to evolve and refine each brand’s differentiated market position. This evolution builds upon our brands’ heritage and service legacy while driving global consistency across our regions. We have also implemented a customer relationship management system that will enable us to deliver more targeted and relevant offers to customers across both online and offline channels and will allow our customers to benefit through better and more relevant marketing, improved service delivery and loyalty programs that reward frequent renters with free rental days and car class upgrades.

We use social media to promote our brands and to provide our customers with the tools to interact with our brands electronically. Avis, Budget, Payless and Zipcar maintain Facebook pages and Twitter accounts, with an increase in total followers of over 40% during 2014. We also use digital marketing activities to drive international reservations.

In addition to our social and digital media efforts, our Zipcar brand also focuses on localized marketing initiatives, which entails low-cost, word-of-mouth marketing of its services and the use of marketing “brand ambassadors” that target potential members at the local level. These efforts highlight simple messages that communicate the benefits of “wheels when you want them.” Zipcar members also actively recruit new members as incentivized by Zipcar’s member referral program, which awards driving credit for new member referrals.

In 2014, we retained approximately 97% of our existing commercial contracts in the Americas and maintained, expanded or entered into marketing alliances with key marketing partners that include brand exposure and cross-

marketing opportunities for each of the brands involved. For example, as the “Official Rental Car of the PGA TOUR,” Avis promoted its products and services to millions of golf enthusiasts worldwide through prominent advertising placements in PGA TOUR television broadcasts, scoreboards at tournaments, online media channels and additional official partner channels.

We continue to maintain strong links to the travel industry and we expanded or entered into marketing alliances with numerous marketing partners in 2014:

- We maintain marketing partnerships with many major airlines, including Air Canada, Air France, Air New Zealand, American Airlines, British Airways, Frontier Airlines, Iberia, Japan Airlines, JetBlue Airlines, KLM, Lufthansa, Qantas, SAS, Southwest Airlines and Virgin America.

- We maintain marketing partnerships with several major hotel companies, including Best Western International, Inc., Hilton Hotels Corporation, Hyatt Corporation, MGM Resorts International, Radisson Hotels and Resorts, Starwood Hotels and Resorts Worldwide, Inc. and Wyndham Wordwide.

- We offer customers the ability to earn frequent traveler points with many major U.S. and European airlines’ and hotels’ frequent traveler programs.

In 2014, approximately 64% of vehicle rental transactions from our Company-operated Avis locations were generated by travelers who rented from Avis under contracts between Avis and the travelers’ employers or through membership in an organization with which Avis has a contractual affiliation (such as AARP and Costco Wholesale). In 2013, we entered into an exclusive multi-year agreement with AARP that allows us to promote our Avis, Budget, Budget Truck and Payless brands to AARP’s base of more than 38 million members. In 2013, we also entered into a new multi-year agreement with Costco Travel to provide Costco Wholesale members in the United States with vehicle rentals and ancillary products from Avis and Budget. Avis maintains marketing relationships with other organizations such as American Express, MasterCard International and Sears, through which we are able to provide their customers with incentives to rent from Avis. Avis licensees also generally have the option to participate in these affiliations.

Additionally, we offer “Unlimited Budget,” a loyalty incentive program for travel agents, and the Budget Small Business Program, a program for small businesses that offers discounted rates, central billing options and rental credits to its members. Budget has contractual arrangements with American Express, MasterCard International and other organizations, which offer members incentives to rent from Budget.

In addition to participating in many of the marketing agreements discussed above, Budget Truck maintains certain truck-rental-specific marketing and/or co-location relationships, including those with Simply Self Storage, Sears and Extra Space Storage. We also have an exclusive agreement to advertise Budget Truck rental services in the Mover’s Guide, an official U.S. Postal Service change of address product.

Our Zipcar brand also partners with other active lifestyle brands that appeal to our Zipcar members and organize, sponsor or participate in charitable and community events with organizations important to us and our Zipcar members. Zipcar maintains relationships with universities to market to the “next generation consumer” that, upon graduation, may migrate to the major metropolitan areas that we serve, continue their relationship with us and advocate for broad sponsorship of Zipcar membership at their places of work. Through our Zipcar for Business program, we also offer reduced membership fees and weekday driving rates to employees of companies, federal agencies and local governments that sponsor the use of Zipcars.

LICENSING

We have licensees in approximately 165 countries throughout the world. Revenue derived from our vehicle rental licensees in 2014 totaled $136 million, with approximately $101 million in our International segment and $35 million in our Americas segment. Licensed locations are independently operated by our licensees and range from large operations at major airport locations and territories encompassing entire countries to relatively small operations in suburban locations. Our licensees generally maintain separate independently owned and operated fleets. Royalties generated from licensing provide us with a source of high-margin revenue because there are relatively limited additional fixed costs associated with fees paid by licensees to us. Locations operated by licensees represented approximately 53% of our Avis and Budget car rental locations worldwide and approximately 29% of total revenue

generated by the Avis and Budget Systems in 2014. We facilitate one-way car rentals between Company-operated and licensed locations, which enables us to offer an integrated network of locations to our customers.

We generally enjoy good relationships with our licensees and meet regularly with them at regional, national and international meetings. Our relationships with our licensees are governed by license agreements that grant the licensee the right to operate independently operated Avis, Budget or Payless vehicle rental businesses in certain territories. Our license agreements generally provide our licensees with the exclusive right to operate in their assigned territory. These agreements impose obligations on the licensee regarding its operations and most agreements restrict the licensee’s ability to transfer its license agreement and capital stock. Licensees are generally required to adhere to our system standards for each brand as updated and supplemented by our policy bulletins, brand manuals and service program.

Our license agreements typically have terms ranging from five to 20 years. The royalty fees payable to us under our license agreements vary based upon brand and location and generally range between 2% to 8% of the licensee’s gross rental revenue. We maintain the right to monitor the operations of licensees and, when applicable, can declare a licensee to be in default under its license agreement. We perform audits as part of our program to assure licensee compliance with brand quality standards and contract provisions. Generally, we can terminate license agreements for certain defaults, including failure to pay royalties and failure to adhere to our operational standards. Upon termination of a license agreement, the licensee is prohibited from using our brand names and related marks in any business. In the United States, these license relationships constitute “franchises” under most federal and state laws regulating the offer and sale of franchises and the relationship of the parties to a franchise agreement.

OTHER REVENUE

In addition to revenue from our vehicle rentals and licensee royalties, we generate revenue from our customers through the sale and/or rental of optional ancillary products and services. Our employees offer products to customers that will enhance their rental experience, including collision and loss damage waivers, insurance products such as additional/supplemental liability insurance or personal accident/effects insurance, products for driving convenience such as portable GPS navigation units, optional roadside assistance services, fuel service options, electronic toll collection and other ancillary products and services, such as access to satellite radio and child safety seats. We also supplement our daily truck rental revenue by offering customers automobile towing equipment and other moving accessories such as hand trucks, furniture pads and moving supplies.

In 2014, approximately 5% of our revenue was generated by the sale of collision and loss damage waivers, under which we agree to relieve a customer from financial responsibility arising from vehicle damage incurred during the rental period if the customer has not breached the rental agreement. In addition, we receive payment from our customers for certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as airport concession fees, that we pay in exchange for the right to operate at airports and other locations.

OUR TECHNOLOGIES

Car Rental

We use a broad range of technologies in our car rental operations, substantially all of which are linked to what we call Wizard, our worldwide reservation, rental, data processing and information management system. The Wizard system enables us to process millions of incoming customer inquiries each day, providing our customers with accurate and timely information about our locations, rental rates and vehicle availability, as well as the ability to place or modify reservations. Additionally, the Wizard system is linked to all major travel distribution networks worldwide and provides real-time processing for travel agents, travel industry partners (such as airlines and online travel sites), corporate travel departments and individual consumers through our websites or contact centers. The Wizard system also provides personal profile information to our reservation and rental agents to help us better serve our customers.

We also use data supplied from the Wizard system and airline (or ”third-party”) reservation systems in certain proprietary information management systems to maintain centralized control of major business processes such as fleet acquisition and logistics, sales to corporate accounts and determination of rental rates. The principal components of the systems we employ include:

- *Fleet planning model*. We have a comprehensive decision tool to develop fleet plans and schedules for the

acquisition and disposition of our fleet, along with fleet age, mix, mileage and cost reports based upon these plans and schedules. This tool allows management to monitor and change fleet volume and composition on a daily basis and to optimize our fleet plan based on estimated business levels and available repurchase and guaranteed depreciation programs. We also use third-party software to further optimize our fleet acquisition, rotation and disposition activities.

- *Yield management*. We have a yield management system which is designed to enhance profits by providing greater control of vehicle availability and rate availability changes at our rental locations. Our system monitors and forecasts supply and demand to support our efforts to optimize volume and rate at each location. Integrated into this yield management system is a fleet distribution module that takes into consideration the costs as well as the potential benefits associated with distributing vehicles to various rental locations within a geographic area to accommodate rental demand at these locations. The fleet distribution module makes specific recommendations for movement of vehicles between locations.

- *Pricing decision support systems*. Pricing in the vehicle rental industry is highly competitive and complex. To improve our ability to respond to rental rate changes in the marketplace, we have utilized sophisticated systems to gather and report competitive industry rental rate changes every day. Our systems, using data from third-party reservation systems as its source of information, automatically scan rate movements and report significant changes to our staff of pricing analysts for evaluation. These systems greatly enhance our ability to gather and respond to rate changes in the marketplace. In 2014, we began to implement an integrated pricing and fleet optimization tool that has allowed us to test and implement improved pricing strategies and optimization algorithms, as well as automate the implementation of certain price changes.

- *Business mix model*. We have developed a strategic planning model to evaluate discrete components of our business relative to each other. The model considers revenue and costs to determine the potential margin contribution of each discrete segment. The model develops business mix and fleet optimization recommendations by using data from our financial systems, the Wizard system and the fleet and revenue management systems along with management's objectives and targets.

- *Enterprise data warehouse*. We have developed a sophisticated and comprehensive electronic data storage and retrieval system which retains information related to various aspects of our business. This data warehouse allows us to take advantage of comprehensive management reports and provides easy access to data for strategic decision making for our brands.

- *Sales and marketing systems*. We have developed a sophisticated system of online data tracking which enables our sales force to analyze key account information of our corporate customers including historical and current rental activity, revenue and booking sources, top renting locations, rate usage categories and customer satisfaction data. We use this information, which is updated weekly and captured on a country-by-country basis, to assess opportunities for revenue growth, profitability and improvement.

- *Campaign management*. We have deployed tools that enable us to recognize customer segments and value, and to automatically present appropriate offers on our Avis and Budget websites.

- *Interactive adjustments*. We have developed a customer data system that allows us to easily retrieve pertinent customer information and make needed adjustments to completed rental transactions online for superior customer service. This data system links with our other accounting systems to handle any charge card transaction automatically.

- *Interactive voice response system*. We have developed an automated voice response system that enables the automated processing of customer reservation confirmations, cancellations, identification of rental locations, extension of existing rentals and requests for copies of rental receipts over the phone using speech recognition software.

Car Sharing

Our Zipcar car sharing technology was specifically designed and built for our car sharing business and has been continually refined and upgraded to optimize the Zipcar experience for our members. Our fully-integrated platform centralizes the management of our Zipcar reservations, member services, fleet operations and financial systems to optimize member experience, minimize costs and leverage efficiencies. Through this platform, we:

- process new member applications;
- manage reservations and keyless vehicle access;
- manage and monitor member interactions;
- manage billing and payment processing across multiple currencies;
- manage our car sharing fleet remotely; and
- monitor and analyze key metrics of each Zipcar such as utilization rate, mileage and maintenance requirements.

Each interaction between members and our Zipcars is captured in our system, across all communication channels, providing us with knowledge we use to improve our members' experiences and better optimize our business processes. We have built and continue to innovate our technology platform in order to support growth and scalability.

- *Reservation System Software*. Our Zipcar reservation system processes membership applications and enables existing members to reserve Zipcars online, over the phone, using mobile applications on the iPhone or Android platforms, or through other web-enabled mobile devices. Through our reservation system, members have around-the-clock access to the complete, real-time inventory of Zipcars and can manage all necessary transactions online. Because all of our reservation and member services data is fed back into our centralized database, we are able to track and analyze aggregated member usage data to better allocate vehicles among locations and improve availability and convenience for our members.

- *Fleet Administration System Software and Hardware*. Managing a widely dispersed fleet of Zipcars requires a comprehensive suite of tools optimized for car sharing. Each Zipcar is equipped with a telematics control unit, including mobile data service, radio frequency identification card readers, wireless antennae, wiring harness, vehicle interface modules and transponders for toll systems. This hardware, together with internally developed embedded firmware and vehicle server software, allows us to authorize secure access to our Zipcars from our data centers and provides us with a comprehensive set of fleet management data that is stored in our centralized database.

OUR FLEET

We offer for rental a wide variety of vehicles, including luxury and specialty vehicles. Our fleet consists primarily of vehicles from the current and immediately preceding model year. We maintain a single fleet of vehicles for Avis and Budget in countries where we operate both brands. The substantial majority of Zipcar's fleet is dedicated to use by Zipcar, but we have developed processes to share vehicles between the Avis/Budget fleet and Zipcar's fleet primarily to help meet Zipcar's demand peaks. We maintain a diverse car rental fleet, in which no vehicle manufacturer represented more than 21% of our 2014 fleet purchases, and we regularly adjust our fleet levels to be consistent with demand. We participate in a variety of vehicle purchase programs with major vehicle manufacturers. In 2014, we purchased vehicles from Audi, BMW, Chrysler, Fiat, Ford, General Motors, Honda, Hyundai, Kia, Mazda, Mercedes, Mitsubishi, Nissan, Peugeot, Porsche, Renault, Subaru, Toyota and Volkswagen, among others. During 2014, approximately 21%, 16% and 11% of the cars acquired for our car rental fleet were manufactured by Ford, General Motors and Chrysler, respectively.

Fleet costs represented approximately 25% of our aggregate expenses in 2014. Fleet costs can vary from year to year based on the prices at which we are able to purchase and dispose of rental vehicles.

In 2014, on average, approximately 42% of our rental car fleet was comprised of vehicles subject to agreements requiring automobile manufacturers to repurchase vehicles at a specified price during a specified time period or

guarantee our rate of depreciation on the vehicles during a specified period of time, or were vehicles subject to operating leases. We refer to cars subject to these agreements as “program” cars and cars not subject to these agreements as “risk” cars because we retain the risk associated with such cars’ residual values at the time of their disposition. Such agreements typically require that we pay more for program cars and maintain them in our fleet for a minimum number of months (typically four to eleven months) and impose certain return conditions, including car condition and mileage requirements. When we return program cars to the manufacturer, we receive the price guaranteed at the time of purchase and are thus protected from fluctuations in the prices of previously-owned vehicles in the wholesale market. In 2014, approximately 60% of the vehicles we disposed of were sold pursuant to repurchase or guaranteed depreciation programs. The future percentages of program and risk cars in our fleet will depend on several factors, including our expectations for future used car prices, our seasonal needs and the availability and attractiveness of manufacturers’ repurchase and guaranteed depreciation programs. The Company has agreed to purchase approximately $6.7 billion of vehicles from manufacturers over the next twelve months.

We dispose of our risk cars largely through automobile auctions, including auctions that enable dealers to purchase vehicles online more quickly than through traditional auctions, as well as through direct-to-dealer sales. In 2014, we also expanded the number of states that can participate in our Ultimate Test Drive retail car sales program, which offers customers the ability to purchase Avis, Budget and Payless rental vehicles through a collaboration with AutoNation, Inc. Alternative disposition channels such as Ultimate Test Drive, online auctions and direct to dealer sales represented approximately 30% of our risk vehicle dispositions in the Americas in 2014, an increase of approximately 45% over 2013, and provide us with per-vehicle cost savings over fees typically paid to auctions.

For 2014, our average monthly vehicle rental fleet size (including U.S. rental trucks) ranged from a low of approximately 457,000 vehicles in January to a high of approximately 639,000 vehicles in July. Our average monthly car rental fleet size typically peaks in the summer months. Average fleet utilization for 2014, which is based on the number of rental days (or portion thereof) that vehicles are rented compared to the total amount of time that vehicles are available for rent, ranged from 68% in May to 76% in August. Our calculation of utilization may not be comparable to other companies’ calculation of similarly titled statistics. We have also taken actions to realize fleet utilization benefits and savings by combining a portion of our car rental and car sharing fleets at times to reduce the number of unutilized Zipcars during the week and to better satisfy Zipcar’s unmet weekend demand.

We place a strong emphasis on vehicle maintenance for customer safety and customer satisfaction reasons, and because quick and proper repairs are critical to fleet utilization. To accomplish this task we employ a fully-certified National Institute for Automotive Service Excellence technician instructor and have developed a specialized training program for our technicians. Our technician training department prepares its own technical service bulletins that can be retrieved electronically at our repair locations. In addition, the volume of manufacturer recalls increased significantly in 2014, and we have implemented processes to promptly address manufacturer recalls as part of our maintenance and repair efforts.

CUSTOMER SERVICE

We believe our commitment to delivering a consistently high level of customer service across all of our brands is a critical element of our success and strategy. Our *Customer Led, Service Driven*™ program focuses on improving the overall customer experience based on our research of customer service practices, improved customer insights, executing our customer relationship management strategy and delivering customer-centric employee training.

Our associates and managers at our Company-operated locations are trained and empowered to resolve most customer issues at the location level. In addition, we have simplified our rental agreements for both the Avis and Budget brands to make them easier for our customers to read and understand. We also continuously track customer-satisfaction levels by sending location-specific surveys to recent customers and utilize detailed reports and tracking to assess and identify ways that we can improve our customer service delivery and the overall customer experience. In 2014, we received feedback from more than 1 million customers. Our location-specific surveys ask customers to evaluate their overall satisfaction with their rental experience, among other things. Results are analyzed in aggregate and by location to help further enhance our service levels to our customers.

EMPLOYEES

As of December 31, 2014, we employed approximately 30,000 people worldwide, of whom approximately 7,500 were employed on a part-time basis. Of our approximately 30,000 employees, approximately 21,000 were employed in our Americas segment and 9,000 in our International segment.

In our Americas segment, the majority of our employees are at-will employees and, therefore, not subject to any type of employment contract or agreement. Certain of our executive officers may be employed under employment contracts that specify a term of employment and specify pay and other benefits. In our International segment, we enter into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction. Many of our employees are covered by a wide variety of union contracts and governmental regulations affecting, among other things, compensation, job retention rights and pensions.

As of December 31, 2014, approximately 30% of our employees were covered by collective bargaining agreements with various labor unions. We believe our employee relations are satisfactory. We have never experienced a large-scale work stoppage.

AIRPORT CONCESSION AGREEMENTS

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

OTHER BUSINESS CONSIDERATIONS

SEASONALITY

Our car rental business is subject to seasonal variations in customer demand patterns, with the spring and summer vacation periods representing our peak seasons. We vary our fleet size over the course of the year to help manage any seasonal variations in demand, as well as localized changes in demand.

COMPETITION

The competitive environment for the vehicle rental industry is generally characterized by intense price and service competition among global, local and regional competitors. Competition in our vehicle rental operations is based primarily upon price, customer service quality, including usability of booking systems and ease of rental and return, vehicle availability, reliability, rental locations, product innovation and national or international distribution. In addition, competition is also influenced strongly by advertising, marketing and brand reputation.

The use of technology has increased pricing transparency among vehicle rental companies by enabling cost-conscious customers to more easily compare on the Internet and their mobile devices the rental rates available from various vehicle rental companies for any given rental. This transparency has further increased the prevalence and intensity of price competition in the industry.

Our vehicle rental and car sharing operations compete primarily with Enterprise Holdings, Inc., which operates the Enterprise, National and Alamo car rental brands; Europcar Group; Hertz Global Holdings, Inc., which operates the Hertz, Dollar and Thrifty brands; and Sixt AG. We also compete with smaller regional vehicle rental and car sharing companies, as well as truck rental companies such as U-Haul International, Inc., Penske Truck Leasing Corporation and Ryder Systems, Inc.

INSURANCE AND RISK MANAGEMENT

Our vehicle rental operations and corporate operations expose us to various types of claims for bodily injury, death and property damage related to the use of our vehicles and/or properties, as well as general employment-related matters stemming from our operations. We generally assume the risk of liability to third parties arising from vehicle rental and car sharing services in the United States, Canada, Puerto Rico and the U.S. Virgin Islands, in accordance with the minimum financial responsibility requirements ("MFRs") and primacy of coverage laws of the relevant jurisdiction. In certain cases, we assume liability above applicable MFRs, but to no more than $1 million per occurrence, other than in cases involving a negligent act on the part of the Company, for which we purchase insurance coverage for exposures beyond retained amounts from a combination of unaffiliated excess insurers.

In Europe, we insure the risk of liability to third parties arising from vehicle rental and car sharing services in accordance with local regulatory requirements through a combination of insurance policies provided by unaffiliated insurers and through reinsurance. We may retain a portion of the insured risk of liability, including reinsuring certain risks through our captive insurance subsidiary AEGIS Motor Insurance Limited. We limit our retained risk of liability through the unaffiliated insurers. We insure the risk of liability to third parties in Argentina, Australia and New Zealand through a combination of unaffiliated insurers and one of our affiliates. These insurers provide insurance coverage supplemental to minimum local requirements.

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

OUR INTELLECTUAL PROPERTY

We rely primarily on a combination of trademark, trade secret and copyright laws, as well as contractual provisions with employees and third parties, to establish and protect our intellectual property rights. The service marks "Avis," "Budget," and "Zipcar" and related marks or designs incorporating such terms and related logos and marks such as "We try harder," and "wheels when you want them" are material to our vehicle rental and car sharing businesses. Our subsidiaries and licensees actively use these marks. All of the material marks used by Avis, Budget and Zipcar are registered (or have applications pending for registration) with the United States Patent and Trademark Office as well as in foreign jurisdictions. Our subsidiaries own the marks and other intellectual property, including the Wizard system, used in our business. We also own trademarks and logos related to the "Apex Car Rentals" brand in Australia and New Zealand and related to the "Payless Car Rental" brand in the United States and several other countries.

CORPORATE SOCIAL RESPONSIBILITY

The Company strives to maintain best practices in corporate social responsibility, which includes an emphasis on the several key initiatives, including a global ethics program for all employees worldwide; data protection guidelines aimed at protecting Company and customer data; a competitive employee benefits program; commitments to equal employment opportunities and diversity; offering fuel-efficient rental vehicles; and a commitment to corporate philanthropy through which we give back to the communities in which we operate.

- *Ethical Standards*. We seek to hold our employees to high ethical standards. We place great emphasis on professional conduct, safety and security, information protection and integrity. Our employees are required to follow our Code of Conduct and Business Principles. Our Code of Conduct represents the core of our business philosophy and values and covers numerous areas, including standards of work-related behavior; security of information, systems and other assets; conflicts of interest; securities laws; and community service. We provide employees with training to help understand both our Code of Conduct and how to interpret it in various situations. Failure to comply with our Code of Conduct is grounds for disciplinary action, up to and including termination of employment.

- *Data Protection.* We are committed to taking appropriate measures to properly secure information, records, systems and property. Employees are trained to take particular precautions to protect the Company, our employees, vendors and customers, and, in many cases, themselves, from the unlawful or inappropriate use or disclosure of that information.

- *Employee Benefits Programs.* Our employees are critical to our success. To ensure their well-being and professional growth we generally offer a competitive salary plus incentive compensation potential and comprehensive benefits. In addition, we offer health and welfare benefits that may include a range of training, employee assistance and personal development programs to help employees and their families prosper. Our employee benefits programs are all offered and administered in compliance with applicable local law.

- *Equal Opportunity Employment*. We are committed to providing equal employment opportunity to all applicants and employees without regard to race, color, religion, sex, sexual orientation, age, marital status, national origin, citizenship, physical or mental disability, military veteran status, or any other protected classification under any applicable law. In addition, the Company will reasonably accommodate known disabilities and religious beliefs of employees and qualified applicants.

- *Diversity*. As a growing global organization, the Company is proud of the diversity of its workforce. We strive to attract and retain talented and diverse people throughout our organization. We engage in several initiatives to support diversity throughout our Company, including programs specifically designed to develop female leaders in our organization and our commitment to assisting current and former military personnel. The Company also maintains an industry-leading supplier diversity program to promote the growth and development of suppliers who are disadvantaged, minority-owned or women-owned business enterprises.

- *Environment*. The Company has taken numerous steps to minimize its environmental impact; including contracting with licensed vendors to recycle used motor oil, oil filters, parts and brake cleaner fluids. Car washes installed at our facilities typically recycle and reuse at least 80 percent of their wastewater. Many of our model-year 2013, 2014 and 2015 vehicles are SmartWay Certified by the United States Environmental Protection Agency as “green” vehicles. Our rental fleet also includes gasoline/electric hybrid vehicles which offer outstanding fuel efficiency and reduced emissions.

- *Philanthropy*. The Company is committed to supporting the communities in which it operates by working with nonprofit organizations focused on assisting those in need. Through relationships with widely-recognized charitable groups and outreach through the Avis Budget Group Charitable Foundation and employee volunteer teams, the Company and its employees contribute to many worthwhile organizations and deserving causes that help improve our communities.

REGULATION

We are subject to a wide variety of laws and regulations in the United States and internationally, including those relating to, among others, consumer protection, insurance products and rates, franchising law, customer privacy and data protection, competition, environmental matters, taxes, automobile-related liability, corruption, labor and employment matters, cost and fee recovery, the protection of our trademarks and other intellectual property, and local ownership or investment requirements. Additional information about the regulations that we are subject to can be found in Item 1A - Risk Factors in our 2014 Annual Report on Form 10-K.

COMPANY INFORMATION

Our principal executive office is located at 6 Sylvan Way, Parsippany, New Jersey 07054 (our telephone number is 973-496-4700). The Company files electronically with the Securities and Exchange Commission (the “SEC”) required reports on Form 8-K, Form 10-Q, Form 10-K and Form 11-K; proxy materials; ownership reports for insiders as required by Section 16 of the Securities Exchange Act of 1934; registration statements and other forms or reports as required. Certain of the Company’s officers and directors also file statements of changes in beneficial ownership on Form 4 with the SEC. The public may read and copy any materials that the Company has filed with the SEC at the SEC’s Public Reference Room located at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 800-SEC-0330. Such materials may also be accessed electronically on the SEC’s Internet site (sec.gov). The Company maintains a

website (avisbudgetgroup.com) and copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports, proxy materials and any amendments to these reports filed or furnished with the SEC are available free of charge in the Investor Relations section of our website, as soon as reasonably practicable after filing with the SEC. Copies of our board committee charters, Codes of Conduct and Ethics, Corporate Governance Guidelines and other corporate governance information are also available on our website. If the Company should decide to amend any of its board committee charters, Codes of Conduct and Ethics or other corporate governance documents, copies of such amendments will be made available to the public through the Company's website. The information contained on the Company's website is not included in, or incorporated by reference into, this Current Report on Form 8-K.

EX-99.2 REVISED SELECTED FINANCIAL DATA

ITEM 6. SELECTED FINANCIAL DATA

Note: The information contained in this Item has been updated for the change to reportable segments discussed in the Notes to the Consolidated Financial Statements. This Item has not been updated for any other changes since the filing of the 2014 Annual Report on Form 10-K. For significant developments since the filing of the 2014 Form 10-K, refer to Avis Budget Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

	As of or For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In millions, except per share data)				
Results of Operations					
Net revenues	$ 8,485	$ 7,937	$ 7,357	$ 5,900	$ 5,185
Net income (loss)	$ 245	$ 16	$ 290	$ (29)	$ 54
Adjusted EBITDA [(a)]	$ 876	$ 769	$ 840	$ 610	$ 409
Earnings (loss) per share					
Basic	$ 2.32	$ 0.15	$ 2.72	$ (0.28)	$ 0.53
Diluted	2.22	0.15	2.42	(0.28)	0.49
Financial Position					
Total assets	$ 16,969	$ 16,284	$ 15,218	$ 12,938	$ 10,327
Assets under vehicle programs	11,058	10,452	10,099	9,090	6,865
Corporate debt	3,420	3,394	2,905	3,205	2,502
Debt under vehicle programs [(b)]	8,116	7,337	6,806	5,564	4,515
Stockholders' equity	665	771	757	412	410
Ratio of debt under vehicle programs to assets under vehicle programs	73%	70%	67%	61%	66%

[(a)] The following table reconciles Adjusted EBITDA to Net income (loss) within our Selected Financial Data, which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs, net and income taxes. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

	For the Year Ended December 31,				
	2014	2013	2012	2011	2010
Adjusted EBITDA	$ 876	$ 769	$ 840	$ 610	$ 409
Less: Non-vehicle related depreciation and amortization	180	152	125	95	90
Interest expense related to corporate debt, net	209	228	268	219	170
Early extinguishment of corporate debt	56	147	75	—	52
Restructuring expense	26	61	38	5	11
Transaction-related costs, net	13	51	34	255	14
Impairment	—	33	—	—	—
Income before income taxes	392	97	300	36	72
Provision for income taxes	147	81	10	65	18
Net income (loss)	$ 245	$ 16	$ 290	$ (29)	$ 54

[(b)] Includes related-party debt due to Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding"). See Note 13 to our Consolidated Financial Statements.

In presenting the financial data above in conformity with GAAP, we are required to make estimates and assumptions that affect the amounts reported. See "Critical Accounting Policies" under Item 15(A)(1) of this Current Report for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

TRANSACTION-RELATED COSTS, RESTRUCTURING AND OTHER ITEMS

During 2014, 2013, 2012, 2011 and 2010, we recorded $13 million, $51 million, $34 million, $255 million and $14 million, respectively, of transaction-related costs, primarily related to the acquisition and integration of acquired businesses with our operations. In 2014, these costs were primarily related to acquisition- and integration-related costs of acquired businesses, including a non-cash gain recognized in connection with the acquisition of our Budget license rights, and contingent consideration related to our Apex Car Rentals acquisition. In 2013, these costs were primarily related to the acquisition of Zipcar and the integration of acquired businesses. During 2012, these costs were primarily related to the integration of Avis Europe's operations with the Company's. In 2011, these costs included (i) a $117 million non-cash charge related to the unfavorable license rights reacquired by the Company through the acquisition of Avis Europe, which provided Avis Europe with royalty-free license rights within certain territories, (ii) $89 million of expenses related to due-diligence, advisory and other costs, and (iii) $49 million for losses on foreign-currency transactions related to the Avis Europe purchase price. In 2010, these costs related to due-diligence and other cost for our previous efforts to acquire Dollar Thrifty. See Notes 2 and 5 to our Consolidated Financial Statements.

In 2014, we committed to various strategic initiatives to identify best practices and drive efficiency throughout our organization, by reducing headcount, improving processes and consolidating functions. In 2012, we implemented a restructuring initiative related to our truck rental operations in the United States, and in 2011, we implemented a restructuring initiative subsequent to the acquisition of Avis Europe. In 2010, we implemented cost-reduction and efficiency improvement plans to reduce costs, enhance organizational efficiency and consolidate and rationalize existing processes and facilities. We recorded expenses related to these and other restructuring initiatives of $26 million in 2014, $61 million in 2013, $38 million in 2012, $5 million in 2011, and $11 million in 2010. See Note 4 to our Consolidated Financial Statements.

In 2014, 2013, 2012 and 2010, we recorded $56 million, $147 million, $75 million and $52 million, respectively, of expense related to the early extinguishment of corporate debt.

In 2013, we recorded a charge of $33 million for the impairment of our equity-method investment in our Brazilian licensee.

EX-99.3 REVISED MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Note: The information contained in this Item has been updated for the change to reportable segments discussed in the Notes to the Consolidated Financial Statements. This Item has not been updated for any other changes since the filing of the 2014 Annual Report on Form 10-K. For significant developments since the filing of the 2014 Form 10-K, refer to Avis Budget Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

The following discussion should be read in conjunction with our Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein. Unless otherwise noted, all dollar amounts in tables are in millions and those relating to our results of operations are presented before taxes.

OVERVIEW

OUR COMPANY

We operate three of the most recognized brands in the global vehicle rental and car sharing industry, Avis, Budget and Zipcar. We are a leading vehicle rental operator in North America, Europe, Australia, New Zealand and certain other regions we serve, with a rental fleet of more than 545,000 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, Budget and/or Zipcar brands in approximately 175 countries throughout the world.

OUR SEGMENTS

We categorize our operations into two reportable business segments: *Americas* and *International,* as discussed in Item 1 to this Current Report on Form 8-K.

BUSINESS AND TRENDS

Our revenues are derived principally from vehicle rentals in our Company-owned operations and include:

- time and mileage ("T&M") fees charged to our customers for vehicle rentals;
- payments from our customers with respect to certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as concession fees, which we pay in exchange for the right to operate at airports and other locations;
- sales of loss damage waivers and insurance and rentals of navigation units and other items in conjunction with vehicle rentals; and
- 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.

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

- general travel demand, including worldwide enplanements;
- fleet, pricing, marketing and strategic decisions made by us and by our competitors;
- changes in fleet costs and in conditions in the used vehicle marketplace, as well as manufacturer recalls;

- changes in borrowing costs and in market willingness to purchase corporate and vehicle-related debt;
- our acquisitions, our integration of acquired operations and our realization of synergies;
- demand for car sharing services;
- changes in the price of gasoline;
- changes in currency exchange rates; and
- demand for truck rentals.

Throughout 2014, we operated in an uncertain and uneven economic environment marked by heightened geopolitical risks and an unprecedented level of vehicle manufacturer recalls. We expect such economic conditions to continue in 2015. Nonetheless, we continue to anticipate that worldwide demand for vehicle rental and car sharing services will increase in 2015, most likely against a backdrop of modest and uneven global economic growth. Our access to new fleet vehicles has been adequate to meet our needs for both replacement of existing vehicles in the normal course and for growth to meet incremental demand, and we expect that to continue to be the case. We will look to pursue opportunities for further pricing increases in 2015 to enhance our returns on invested capital and profitability.

Our objective continues to be to focus on strategically accelerating our growth, strengthening our global position as a leading provider of vehicle rental services, continuing to enhance our customers' rental experience, and controlling costs and driving efficiency throughout the organization. We operate in a highly competitive industry and we expect to continue to face challenges and risks. We seek to mitigate our exposure to risks in numerous ways, including delivering upon our core strategic initiatives and through continued optimization of fleet levels to match changes in demand for vehicle rentals, maintenance of liquidity to fund our fleet and our operations, appropriate investments in technology and adjustments in the size, nature and terms of our relationships with vehicle manufacturers.

2014 HIGHLIGHTS

In 2014, we achieved record transaction volumes and revenues and had the highest Adjusted EBITDA in our history:

- Our net revenues increased 7% year-over-year to $8.5 billion in 2014.
- Pricing (our average T&M revenue per rental day) increased 2% in the Americas, driven by increases in both commercial and leisure pricing.
- Adjusted EBITDA increased 14% to $876 million in 2014, primarily as a result of higher rental volumes and increased year-over-year pricing in the Americas, partially offset by higher fleet costs.
- We redeemed all $687 million of our outstanding 8¼% Senior Notes due 2019 using the proceeds from our issuance of $400 million of 5⅛% Senior Notes due 2022 and €200 million of additional euro-denominated 6% Senior Notes due 2021.
- We repurchased $300 million of our common stock, reducing our shares outstanding by approximately 5.7 million shares.
- We acquired our Budget licensees in Southern California and Las Vegas as well as Edmonton, Alberta, Canada, and also re-acquired the right to operate the Budget brand in Portugal.
- Our share price increased 64% to $66.33.

RESULTS OF OPERATIONS

We measure performance principally 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, both of which exclude our U.S. truck rental and Zipcar car sharing operations. We also measure our ancillary revenues (rental-transaction revenue other than T&M revenue), such as from the sale of collision and loss damage waivers,

insurance products, fuel service options and portable GPS navigation unit rentals. 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. We believe that this methodology provides our management with the most relevant statistics in order to manage the business. Our calculation may not be comparable to other companies' calculation of similarly-titled statistics. In addition, per-unit fleet costs exclude our U.S. truck rental operations.

We assess performance and allocate resources based upon the separate financial information of our operating segments. In identifying our reportable segments, we also consider the nature of services provided by our operating segments, the geographical areas in which our segments operate and other relevant factors. Management evaluates the operating results of each of our reportable segments based upon revenue and "Adjusted EBITDA," which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charges, restructuring expense, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs and income taxes.

Year Ended December 31, 2014 vs. Year Ended December 31, 2013

Our consolidated results of operations comprised the following:

	Year Ended December 31,			
	2014	**2013**	**Change**	**% Change**
Revenues				
Vehicle rental	$ 6,026	$ 5,707	$ 319	6%
Other	2,459	2,230	229	10%
Net revenues	8,485	7,937	548	7%
Expenses				
Operating	4,251	4,074	177	4%
Vehicle depreciation and lease charges, net	1,996	1,811	185	10%
Selling, general and administrative	1,080	1,019	61	6%
Vehicle interest, net	282	264	18	7%
Non-vehicle related depreciation and amortization	180	152	28	18%
Interest expense related to corporate debt, net:				
Interest expense	209	228	(19)	(8%)
Early extinguishment of debt	56	147	(91)	(62%)
Restructuring expense	26	61	(35)	(57%)
Transaction-related costs, net	13	51	(38)	(75%)
Impairment	—	33	(33)	(100%)
Total expenses	8,093	7,840	253	3%
Income before income taxes	392	97	295	*
Provision for income taxes	147	81	66	81%
Net income	$ 245	$ 16	$ 229	*

* Not meaningful.

During 2014, our net revenues increased principally as a result of a 5% increase in total rental days and a 1% increase in pricing, a 9% increase in ancillary revenues and $67 million of incremental revenue from Zipcar (acquired in March 2013), partially offset by a $43 million negative impact from currency exchange rate movements.

Total expenses increased as a result of higher vehicle depreciation and lease charges resulting from a 5% increase in our car rental fleet and a 4% increase in our per-unit fleet costs. Total expenses also increased as a result of higher operating expenses due to increased volumes and higher selling, general and administrative costs driven by increased marketing expenses. These increases were partially offset by decreases in debt extinguishment costs, transaction-related costs, restructuring expense and impairment costs. As a result, despite a $16 million negative pretax impact from currency exchange rate movements, our net income increased by $229 million. Our effective tax rates were a provision of 38% and 84% in 2014 and 2013, respectively, principally due to the non-deductibility of the impairment charge and a portion of the early extinguishment of corporate debt costs in 2013.

For 2014, the Company reported earnings of $2.22 per diluted share, which includes after-tax debt extinguishment costs of ($0.31) per share, after-tax restructuring expense of ($0.16) per share and after-tax transaction costs of ($0.08) per share. For 2013, the Company reported earnings of $0.15 per diluted share, which includes after-tax debt extinguishment costs of ($0.94) per share, after-tax restructuring expense of ($0.35) per share, after-tax transaction costs of ($0.35) per share and an after-tax impairment charge of ($0.28) per share.

In the year ended December 31, 2014:

- Operating expenses decreased to 50.1% of revenue from 51.3% in 2013, driven by increased rental volumes and higher pricing.
- Vehicle depreciation and lease charges increased to 23.5% of revenue from 22.8% in 2013, principally due to higher per-unit fleet costs.
- Selling, general and administrative costs decreased to 12.7% of revenue from 12.8% in 2013.
- Vehicle interest costs, at 3.3% of revenue, remained level compared to the prior year.

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

	Revenues			Adjusted EBITDA		
	2014	2013	% Change	2014	2013	% Change
Americas	$ 5,961	$ 5,480	9%	$ 656	$ 560	17%
International	2,524	2,457	3%	280	256	9%
Corporate and Other [a]	—	—	*	(60)	(47)	*
Total Company	$ 8,485	$ 7,937	7%	876	769	14%
Less: Non-vehicle related depreciation and amortization				180	152	
Interest expense related to corporate debt, net:						
Interest expense				209	228	
Early extinguishment of debt				56	147	
Restructuring expense				26	61	
Transaction-related costs, net [b]				13	51	
Impairment				—	33	
Income before income taxes				$ 392	$ 97	

* Not meaningful.
(a) Includes unallocated corporate overhead which is not attributable to a particular segment.
(b) Primarily comprised of acquisition- and integration-related expenses.

Americas

	2014	2013	% Change
Revenue	$ 5,961	$ 5,480	9%
Adjusted EBITDA	656	560	17%

Revenues increased 9% in 2014 compared with 2013, primarily due to 7% growth in rental volumes and a 2% increase in pricing, and $54 million of incremental revenue from Zipcar.

Adjusted EBITDA increased 17% in 2014 compared with 2013, primarily due to increased rental volumes and pricing as well as the acquisition of Zipcar, partially offset by 5% higher per-unit fleet costs.

In the year ended December 31, 2014:

- Operating expenses were 49.1% of revenue, a decrease from 50.4% in the prior year, driven by increased rental volumes and higher pricing.

- Vehicle depreciation and lease charges increased to 25.0% of revenue from 24.0% in 2013, due to higher per-unit fleet costs and a decrease in fleet utilization as a result of increased manufacturer recalls.

- Selling, general and administrative costs decreased to 10.9% of revenue from 11.4% in the prior year, principally due to increased revenues.

- Vehicle interest costs, at 3.9% of revenue, remained level compared to the prior year.

International

	2014		2013		% Change
Revenue	$	2,524	$	2,457	3%
Adjusted EBITDA		280		256	9%

Revenues increased 3% during 2014 compared with 2013, primarily due to an 8% increase in ancillary revenues.

Adjusted EBITDA increased 9% in 2014 compared with 2013, driven by increased revenue, partially offset by a $12 million negative impact from currency exchange rate changes.

In the year ended December 31, 2014:

- Operating expenses were 52.0% of revenue, a decrease from 53.1% in the prior year, primarily due to increased revenues.

- Vehicle depreciation and lease charges decreased to 20.0% of revenue from 20.2% compared to the prior year.

- Selling, general and administrative costs increased to 15.0% of revenue from 14.4% in the prior year, primarily due to our planned increase in advertising and brand investment.

- Vehicle interest costs, at 1.9% of revenue, remained level compared to the prior year.

Corporate and Other

	2014		2013		% Change
Revenue	$	—	$	—	*
Adjusted EBITDA		(60)		(47)	*

* Not meaningful

Adjusted EBITDA decreased $13 million in 2014 compared with 2013, primarily due to greater selling, general and administrative expenses which are not attributable to a particular segment.

Year Ended December 31, 2013 vs. Year Ended December 31, 2012

Our consolidated results of operations comprised the following:

	Year Ended December 31,			
	2013	**2012**	**Change**	**% Change**
Revenues				
Vehicle rental	$ 5,707	$ 5,297	$ 410	8%
Other	2,230	2,060	170	8%
Net revenues	7,937	7,357	580	8%
Expenses				
Operating	4,074	3,824	250	7%
Vehicle depreciation and lease charges, net	1,811	1,471	340	23%
Selling, general and administrative	1,019	925	94	10%
Vehicle interest, net	264	297	(33)	(11%)
Non-vehicle related depreciation and amortization	152	125	27	22%
Interest expense related to corporate debt, net:				
Interest expense	228	268	(40)	(15%)
Early extinguishment of debt	147	75	72	96%
Restructuring expense	61	38	23	61%
Transaction-related costs, net	51	34	17	50%
Impairment	33	—	33	*
Total expenses	7,840	7,057	783	11%
Income before income taxes	97	300	(203)	(68%)
Provision for income taxes	81	10	71	*
Net income	$ 16	$ 290	$ (274)	(94%)

* Not meaningful.

During 2013, our net revenues increased principally as a result of a 3% increase in total rental days (excluding acquisitions), $246 million of revenue from Zipcar and $44 million of revenue from Payless (acquired in July 2013). Movements in currency exchange rates had virtually no effect on revenues in 2013 compared to 2012.

Total expenses increased as a result of higher vehicle depreciation and lease charges resulting from a 2% increase in our car rental fleet and a 17% increase in our per-unit fleet costs (excluding acquisitions); an increase in operating expenses as a result of the acquisition of Zipcar, increased volumes and inflationary pressures on costs; an increase in selling, general and administrative costs, driven by the acquisition of Zipcar and increased marketing commissions; and an increase in debt extinguishment costs in connection with the retirement of a portion of our outstanding corporate debt. Our expenses were not materially impacted by currency exchange rates. As a result of these items, and a $71 million increase in our provision for income taxes, our net income decreased $274 million. Our effective tax rates were a provision of 84% and 3% in 2013 and 2012, respectively, principally due to the non-deductibility of a portion of our debt extinguishment costs and the treatment of impairment costs in 2013 and the effective settlement of a $128 million unrecognized tax benefit in 2012.

In the year ended December 31, 2013:

- Operating expenses decreased to 51.3% of revenue from 52.0% in the prior year, driven by cost-reduction efforts.
- Vehicle depreciation and lease charges increased to 22.8% of revenue from 20.0% in 2012, principally due to higher per-unit fleet costs amid an anticipated normalization of used-car residual values.
- Selling, general and administrative costs increased to 12.8% of revenue from 12.6% in 2012.

- Vehicle interest costs declined to 3.3% of revenue compared to 4.0% in the prior year, principally due to lower borrowing rates.

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

	Revenues			Adjusted EBITDA		
	2013	2012	% Change	2013	2012	% Change
Americas	$ 5,480	$ 5,080	8%	$ 560	$ 611	(8%)
International	2,457	2,276	8%	256	250	2%
Corporate and Other [(a)]	—	1	*	(47)	(21)	*
Total Company	$ 7,937	$ 7,357	8%	769	840	(8%)
Less: Non-vehicle related depreciation and amortization				152	125	
Interest expense related to corporate debt, net:						
Interest expense				228	268	
Early extinguishment of debt				147	75	
Restructuring expense				61	38	
Transaction-related costs, net [(b)]				51	34	
Impairment [(c)]				33	—	
Income before income taxes				$ 97	$ 300	

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* Not meaningful

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

(b) For 2013, primarily represents costs related to the integration of acquired businesses and our acquisition of Zipcar and, for 2012, primarily represents costs related to the integration of the operations of Avis Europe.

(c) We recorded a charge of $33 million for the impairment of our equity-method investment in our Brazilian licensee.

Americas

	2013	2012	% Change
Revenue	$ 5,480	$ 5,080	8%
Adjusted EBITDA	560	611	(8%)

Revenues increased 8% in 2013 compared with 2012, primarily due to the acquisitions of Zipcar and Payless and 3% growth in rental volumes and a 1% increase in pricing (excluding acquisitions).

Adjusted EBITDA decreased 8% in 2013 compared with 2012 due to higher fleet costs, partially offset by lower vehicle interest expense, as our borrowing rates declined year-over-year.

Zipcar and Payless contributed $205 million and $44 million to revenues and $26 million and an insignificant amount to Adjusted EBITDA, respectively, in 2013.

In the year ended December 31, 2013:

- Operating expenses were 50.4% of revenue, a decrease from 51.4% in the prior year, primarily due to higher pricing and our continued cost-reduction efforts.

- Vehicle depreciation and lease charges increased to 24.0% of revenue from 19.7% in 2012, due to 25% higher per-unit fleet costs, excluding acquisitions.

- Selling, general and administrative costs decreased to 11.4% of revenue from 11.8% in the prior year.

- Vehicle interest costs declined to 3.9% of revenue compared to 5.1% in the prior year, principally due to lower borrowing rates.

International

	2013	2012	% Change
Revenue	$ 2,457	$ 2,276	8%
Adjusted EBITDA	256	250	2%

Revenues increased 8% during 2013 compared with 2012, primarily due to a 3% increase in rental days and a 10% increase in ancillary revenues (excluding acquisitions), the March 2013 acquisition of Zipcar, October 2012 acquisition of Apex Car Rentals (“Apex”), and a $13 million increase related to currency exchange rates, partially offset by a 2% decrease in pricing (excluding acquisitions).

Adjusted EBITDA increased 2% in 2013 compared with 2012. Apex contributed $42 million to revenue and $9 million to Adjusted EBITDA in 2013, compared to $8 million of revenue and $2 million of Adjusted EBITDA in fourth quarter 2012. Zipcar contributed $41 million to revenue and an insignificant amount to Adjusted EBITDA in 2013.

In the year ended December 31, 2013:

- Operating expenses were 53.1% of revenue, a decrease from 53.3% in the prior year.
- Vehicle depreciation and lease costs decreased to 20.2% of revenue from 20.7% in the prior year, principally due to an increase in fleet utilization.
- Selling, general and administrative costs increased to 14.4% of revenue from 13.4% in the prior-year, primarily due to increased marketing commissions and the acquisition of Zipcar.
- Vehicle interest costs increased to 1.9% of revenue compared to 1.6% in the prior year, due to lower cash balances in 2013.

Corporate and Other

	2013	2012	% Change
Revenue	$ —	$ 1	*
Adjusted EBITDA	(47)	(21)	*

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* Not meaningful

Revenue and Adjusted EBITDA decreased $1 million and $26 million, respectively, in 2013 compared with 2012. Adjusted EBITDA decreased in 2013 primarily due to greater selling, general and administrative expenses which are not attributable to a particular segment.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

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

FINANCIAL CONDITION

	As of December 31,		
	2014	2013	Change
Total assets exclusive of assets under vehicle programs	$ 5,911	$ 5,832	$ 79
Total liabilities exclusive of liabilities under vehicle programs	5,677	5,720	(43)
Assets under vehicle programs	11,058	10,452	606
Liabilities under vehicle programs	10,627	9,793	834
Stockholders’ equity	665	771	(106)

Total assets exclusive of assets under vehicle programs increased primarily due to the acquisitions of our Budget licensees for Edmonton, Southern California and Las Vegas (“Budget Licensee Acquisitions”), partially offset by a decrease in cash and cash equivalents. (see Note 5 to our Consolidated Financial Statements and “Liquidity and Capital Resources—Cash Flows”).

Total liabilities exclusive of liabilities under vehicle programs changed by less than 1% (see Note 5 to our Consolidated Financial Statements and “Liquidity and Capital Resources—Debt and Financing Arrangements”).

Assets under vehicle programs increased primarily due to an increase in the size of our vehicle rental fleet to accommodate increased rental demand, inflationary increases in the average book value of our rental cars and our Budget Licensee Acquisitions.

Liabilities under vehicle programs increased principally as a result of additional borrowings to support the increase in our vehicle rental fleet and our Budget Licensee Acquisitions. See “Liquidity and Capital Resources—Debt and Financing Arrangements” for a detailed account of the change in our debt related to vehicle programs.

The decrease in stockholders’ equity is primarily due to repurchases of our common stock and currency translation adjustments, partially offset by our net income and the conversion of our convertible notes in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

During 2014, we completed several corporate financing transactions, primarily to repay existing debt. In particular, we:

- issued $400 million of 5⅛% Senior Notes due 2022;
- issued an additional €200 million (approximately $275 million, at issuance) of 6% Euro-denominated Senior Notes due 2021;
- issued an additional $175 million of 5½% Senior Notes due 2023;
- amended our senior revolving credit facility to expand its borrowing capacity to $1.8 billion;

and used proceeds from these borrowings, as well as cash generated from our operations, to:

- retire the entire $687 million principal amount outstanding of our 8¼% Senior Notes due 2019;
- fund our Budget Licensee Acquisitions; and
- repurchase approximately 5.7 million shares of our outstanding common stock.

During 2014, we also increased our borrowings under vehicle programs by $779 million to fund an increase in our assets under vehicle programs.

Cash Flows

Year Ended December 31, 2014 vs. Year Ended December 31, 2013

The following table summarizes our cash flows:

	Year Ended December 31,		
	2014	2013	Change
Cash provided by (used in):			
Operating activities	$ 2,579	$ 2,253	$ 326
Investing activities	(2,807)	(2,234)	(573)
Financing activities	182	76	106
Effects of exchange rate changes	(23)	(8)	(15)
Net change in cash and cash equivalents	(69)	87	(156)
Cash and cash equivalents, beginning of period	693	606	87
Cash and cash equivalents, end of period	$ 624	$ 693	$ (69)

The increase in cash provided by operating activities during 2014 compared with 2013 is principally due to an increase in revenues and our continued cost reduction efforts.

The increase in cash used in investing activities during 2014 compared with 2013 is primarily due to an increase in vehicle purchases and our Budget Licensee Acquisitions during 2014, partially offset by the acquisition of Zipcar in 2013.

The increase in cash provided by financing activities in 2014 compared with 2013 is primarily due to an increase in borrowings under vehicle programs to fund an increase in vehicle assets in 2014, partially offset by increased corporate borrowings to fund the purchase of Zipcar in 2013 and an increase in common stock repurchases in 2014.

We anticipate that our non-vehicle property and equipment additions will be approximately $200 million in 2015 and plan to refinance our remaining $223 million of 9¾% Senior Notes due 2020, which become callable in September. As of December 31, 2014, we had approximately $284 million of authorized share repurchase capacity, and we currently anticipate that we will utilize most or all of such capacity to repurchase common stock in 2015.

Year Ended December 31, 2013 vs. Year Ended December 31, 2012

The following table summarizes our cash flows:

	Year Ended December 31,		
	2013	2012	Change
Cash provided by (used in):			
Operating activities	$ 2,253	$ 1,889	$ 364
Investing activities	(2,234)	(2,073)	(161)
Financing activities	76	250	(174)
Effects of exchange rate changes	(8)	6	(14)
Net change in cash and cash equivalents	87	72	15
Cash and cash equivalents, beginning of period	606	534	72
Cash and cash equivalents, end of period	$ 693	$ 606	$ 87

The increase in cash provided by operating activities during 2013 compared to 2012 is principally due to increased revenues and our continued cost reduction efforts.

The increase in cash used in investing activities during 2013 compared with 2012 is primarily due to the acquisitions of Zipcar and Payless, partially offset by an increase in proceeds from the sale of vehicles and a decrease in our investment in vehicles.

The decrease in cash provided by financing activities in 2013 compared with 2012, primarily reflects an increase in net payments on vehicle borrowings in 2013, partially offset by an increase in net proceeds from corporate borrowings to fund the acquisition of Zipcar.

Debt and Financing Arrangements

At December 31, 2014, we had approximately $11.5 billion of indebtedness (including corporate indebtedness of approximately $3.4 billion and debt under vehicle programs of approximately $8.1 billion). We use various hedging strategies, including derivative instruments, to manage a portion of the risks associated with our floating rate debt.

Corporate indebtedness consisted of:

		As of December 31,		
	Maturity Date	**2014**	**2013**	**Change**
3½% Convertible Notes [a]	October 2014	$ —	$ 66	$ (66)
4⅞% Senior Notes	November 2017	300	300	—
Floating Rate Senior Notes [b]	December 2017	248	247	1
8¼% Senior Notes	January 2019	—	691	(691)
Floating Rate Term Loan [c]	March 2019	980	989	(9)
9¾% Senior Notes	March 2020	223	223	—
6% Euro-denominated Senior Notes [d]	March 2021	561	344	217
5⅛% Senior Notes	June 2022	400	—	400
5½% Senior Notes	April 2023	674	500	174
		3,386	3,360	26
Other		34	34	—
Total		$ 3,420	$ 3,394	$ 26

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(a) In October 2014, the 3½% Convertible Notes matured and were exchanged for approximately 4.0 million shares of the Company’s common stock.

(b) The interest rate on these notes is equal to three-month LIBOR plus 275 basis points, for an aggregate rate of 2.98% at December 31, 2014; the Company has entered into an interest rate swap to hedge its interest rate exposure related to these notes at an aggregate rate of 3.58%.

(c) The floating rate term loan is part of the Company’s senior revolving credit facility, which is secured by pledges of capital stock of certain subsidiaries of the Company, and liens on substantially all of the Company’s intellectual property and certain other real and personal property. As of December 31, 2014, the floating rate term loan due 2019 bears interest at the greater of three-month LIBOR or 0.75%, plus 225 basis points, for an aggregate rate of 3.00%. The Company has entered into a swap to hedge $600 million of its interest rate exposure related to the floating rate term loan at an aggregate rate of 3.96%.

(d) The change in balance of 6% Euro-denominated Senior Notes primarily represents the issuance of €200 million of additional notes (approximately $275 million, at issuance) offset by a reduction of $76 million due to currency exchange rate movements.

The following table summarizes the components of our debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding:

	As of December 31,		
	2014	2013	Change
Americas – Debt due to Avis Budget Rental Car Funding [a]	$ 6,340	$ 5,656	$ 684
Americas – Debt borrowings [b]	746	633	113
International – Debt borrowings	685	724	(39)
International – Capital leases	314	289	25
Other	31	35	(4)
Total	$ 8,116	$ 7,337	$ 779

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(a) The increase reflects additional borrowings principally to fund an increase in the Company's fleet driven by increased volume and the acquisition of its Budget licensee for Southern California.
(b) The increase includes additional borrowings to fund an increase in the Company's fleet driven by the acquisition of its Budget licensee for Edmonton.

The following table provides the contractual maturities for our corporate debt and our debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2014:

	Corporate Debt	Debt Under Vehicle Programs
Due in 2015	$ 28	$ 1,345
Due in 2016	17	2,328
Due in 2017	562	1,004
Due in 2018	12	1,629
Due in 2019	942	1,392
Thereafter	1,859	418
	$ 3,420	$ 8,116

At December 31, 2014, we had approximately $5.4 billion of available funding under our various financing arrangements (comprised of $1.0 billion of availability under our committed credit facilities and approximately $4.4 billion available for use in our vehicle programs). As of December 31, 2014, the committed non-vehicle-backed credit facilities available to us and/or our subsidiaries included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Senior revolving credit facility maturing 2018 [a]	$ 1,800	$ —	$ 783	$ 1,017
Other credit facilities [b]	12	1	—	11

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(a) The senior revolving credit facility bears interest at one-month LIBOR plus 200 basis points and is part of the Company's senior credit facility, which is secured by pledges of capital stock of certain subsidiaries of the Company, 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 4.50% to 5.69% as of December 31, 2014.

At December 31, 2014, the Company had various other uncommitted credit facilities available, which bear interest at rates of 0.39% to 2.50%, under which it had drawn approximately $9 million.

The following table presents available funding under our debt arrangements related to our vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2014:

	Total Capacity[a]	Outstanding Borrowings	Available Capacity
Americas – Debt due to Avis Budget Rental Car Funding [b]	$ 9,130	$ 6,340	$ 2,790
Americas – Debt borrowings [c]	1,072	746	326
International – Debt borrowings [d]	1,763	685	1,078
International – Capital Leases [e]	472	314	158
Other	31	31	—
Total	$ 12,468	$ 8,116	$ 4,352

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.
(b) The outstanding debt is collateralized by approximately $8.0 billion of underlying vehicles and related assets.
(c) The outstanding debt is collateralized by approximately $1.0 billion of underlying vehicles and related assets.
(d) The outstanding debt is collateralized by approximately $1.2 billion of underlying vehicles and related assets.
(e) The outstanding debt is collateralized by $298 million of underlying vehicles and related assets.

The significant terms for our outstanding debt instruments, credit facilities and available funding arrangements as of December 31, 2014, can be found in Notes 12 and 13 to our Consolidated 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. The present intention of management is to reinvest the undistributed earnings of the Company's foreign subsidiaries indefinitely into its foreign operations. We do not anticipate the need to repatriate foreign earnings to the United States to service corporate debt or for other U.S. needs. Our primary sources of funding are operating revenue, cash received upon the sale of vehicles, borrowings under our vehicle-backed borrowing arrangements and our senior revolving credit facility, and other financing activities.

As discussed above, as of December 31, 2014, we have cash and cash equivalents of $624 million, available borrowing capacity under our committed credit facilities of $1.0 billion, and available capacity under our vehicle programs of approximately $4.4 billion.

Our liquidity position could be negatively affected by financial market disruptions or a downturn in the U.S. and worldwide economies, which may result in unfavorable conditions in the vehicle rental industry, in the asset-backed financing market, and in the credit markets, generally. We believe these factors have in the past affected and could in the future affect the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, a downturn in the worldwide 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 Ford, General Motors, Chrysler, Peugeot, Volkswagen, Kia, Fiat, Toyota, Mercedes, Volvo and BMW, being unable or unwilling to honor their obligations to repurchase or guarantee the depreciation on the related program vehicles and (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market (see Item 1A. Risk Factors for further discussion).

Our liquidity position could also be negatively impacted if we are unable to remain in compliance with the financial and other covenants associated with our senior revolving credit facility and other borrowings including a maximum leverage ratio. As of December 31, 2014, we were in compliance with the financial covenants governing our indebtedness.

CONTRACTUAL OBLIGATIONS

The following table summarizes our principal future contractual obligations as of December 31, 2014:

	2015	2016	2017	2018	2019	Thereafter	Total
Corporate debt	$ 28	$ 17	$ 562	$ 12	$ 942	$ 1,859	$ 3,420
Debt under vehicle programs	1,345	2,328	1,004	1,629	1,392	418	8,116
Debt interest	396	335	261	206	140	214	1,552
Operating leases [a]	500	350	266	203	144	628	2,091
Commitments to purchase vehicles [b]	6,743	—	—	—	—	—	6,743
Defined benefit pension plan contributions [c]	12	—	—	—	—	—	12
Other purchase commitments [d]	66	22	14	10	—	—	112
Contingent consideration [e]	22	—	—	—	—	—	22
Total [f]	$ 9,112	$ 3,052	$ 2,107	$ 2,060	$ 2,618	$ 3,119	$ 22,068

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[a] Operating lease obligations are presented net of sublease rentals to be received (see Note 14 to our Consolidated Financial Statements) and include commitments to enter into operating leases.

[b] Represents commitments to purchase vehicles, the majority of which are from Ford, General Motors and Chrysler. These commitments are generally subject to the vehicle manufacturers satisfying their obligations under the repurchase and guaranteed depreciation agreements. The purchase of such vehicles is generally financed through borrowings under vehicle programs in addition to cash received upon the sale of vehicles, many of which were purchased under repurchase and guaranteed depreciation programs (see Note 14 to our Consolidated Financial Statements).

[c] Represents the expected contributions to our defined benefit pension plans in 2015. The amount of future contributions to our defined benefit pension plans will depend on the rates of return generated from plan assets and other factors (see Note 17 to our Consolidated Financial Statements) and are not included above.

[d] Primarily represents commitments under service contracts for information technology, telecommunications and marketing agreements with travel service companies.

[e] Represents contingent consideration related to the acquisition of Apex in October 2012 (see Note 5 to our Consolidated Financial Statements).

[f] Excludes income tax uncertainties of $45 million, $16 million of which is subject to indemnification by Realogy and Wyndham. We are unable to estimate the period in which these income tax uncertainties are expected to be settled.

For more information regarding guarantees and indemnifications, see Note 14 to our Consolidated Financial Statements.

ACCOUNTING POLICIES

Critical Accounting Policies

In presenting our financial statements in conformity with GAAP, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events and/or events that are outside of our control. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results. However, our businesses operate in environments where we are paid a fee for a service performed, and therefore 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.

Goodwill and Other Indefinite-lived Intangible Assets. We have reviewed the carrying value of our goodwill and other indefinite-lived intangible assets for impairment. In performing this review, we are required to make an assessment of fair value for our goodwill and other indefinite-lived intangible assets. When determining fair value, we utilize various consistent assumptions, including the fair market trading price of our common stock and management's projections of future cash flows. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause the fair value to be less than the respective carrying amount. In such event, we would then be required to record a charge, which would impact earnings. We review the carrying

value of goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate that an impairment may have occurred.

Our goodwill and other indefinite-lived intangible assets are allocated among our reporting units. During 2014, 2013 and 2012, there was no impairment of goodwill or other intangible assets. In the future, failure to achieve our business plans, a significant deterioration of the macroeconomic conditions of the countries in which we operate, or significant changes in the assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets (such as the discount rate) could result in significantly different estimates of fair value that could trigger an impairment of the goodwill or intangible assets of our reporting units.

Vehicles. We present vehicles at cost, net of accumulated depreciation, on the Consolidated Balance Sheets. We record the initial cost of the vehicle, net of incentives and allowances from manufactures. We acquire our rental vehicles either through repurchase and guaranteed depreciation programs with certain automobile manufacturers or outside of such programs. For rental vehicles purchased under such programs, we depreciate the vehicles such that the net book value on the date of sale or return to the manufacturers is intended to equal the contractual guaranteed residual values. For risk vehicles, acquired outside of manufacturer repurchase and guaranteed depreciation programs, we depreciate based on the vehicles' estimated residual market values and their expected dates of disposition. The estimation of residual values requires the Company to make assumptions regarding the age and mileage of the vehicle at the time of disposal, as well as expected used vehicle auction market conditions. The Company periodically evaluates estimated residual values and adjusts depreciation rates as appropriate. Differences between actual residual values and those estimated result in a gain or loss on disposal and are recorded as part of vehicle depreciation and lease charges, net, at the time of sale. See Note 2 to our Consolidated Financial Statements.

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

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

See Notes 2 and 8 to our Consolidated Financial Statements for more information regarding income taxes.

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

Adoption of New Accounting Pronouncements

During 2014, we adopted the following standard as a result of the issuance of a new accounting pronouncement:

- Accounting Standards Update ("ASU") 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligations Is Fixed at the Reporting Date"

On January 1, 2015, we adopted the following standard as a result of the issuance of a new accounting pronouncement:

- ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, "Revenue from Contracts with Customers," which becomes effective on January 1, 2017. We are currently evaluating the effect of this accounting pronouncement.

In June 2014, the FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Allow a Performance Target to Be Achieved After the Requisite Service Period," which becomes effective on January 1, 2016. The adoption of this accounting pronouncement is not expected to have an impact on our financial statements.

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which becomes effective on January 1, 2016. The adoption of this accounting pronouncement is not expected to have an impact on our financial statements.

For detailed information regarding these pronouncements and the impact thereof on our business, see Note 2 to our Consolidated Financial Statements.

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EX-99.4 REVISED CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING FOOTNOTES

ITEM 15(A)(1). FINANCIAL STATEMENTS

Note: The information contained in this Item has been updated for the change to reportable segments that was effective for us in the first quarter of 2015. The resulting changes are discussed further in the Notes to the Consolidated Financial Statements.

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Revenues			
Vehicle rental	$ 6,026	$ 5,707	$ 5,297
Other	2,459	2,230	2,060
Net revenues	8,485	7,937	7,357
Expenses			
Operating	4,251	4,074	3,824
Vehicle depreciation and lease charges, net	1,996	1,811	1,471
Selling, general and administrative	1,080	1,019	925
Vehicle interest, net	282	264	297
Non-vehicle related depreciation and amortization	180	152	125
Interest expense related to corporate debt, net:			
Interest expense	209	228	268
Early extinguishment of debt	56	147	75
Restructuring expense	26	61	38
Transaction-related costs, net	13	51	34
Impairment	—	33	—
Total expenses	8,093	7,840	7,057
Income before income taxes	392	97	300
Provision for income taxes	147	81	10
Net income	$ 245	$ 16	$ 290
Earnings per share			
Basic	$ 2.32	$ 0.15	$ 2.72
Diluted	$ 2.22	$ 0.15	$ 2.42

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Net income	$ 245	$ 16	$ 290
Other comprehensive income (loss), net of tax			
Currency translation adjustments, net of tax of $(30), $7 and $0, respectively	$ (115)	$ (27)	$ 34
Available-for-sale securities:			
Net unrealized gains on available-for-sale securities, net of tax of $0, $0 and $0, respectively	—	—	2
Less: Realized losses on available-for-sale securities reclassified to earnings, net of tax of $0, $0 and $1, respectively	—	—	(2)
Cash flow hedges:			
Net unrealized holding gains (losses), net of tax of $4, $1 and $1, respectively	(7)	1	(1)
Less: Cash flow hedges reclassified to earnings, net of tax of $(3), $0 and $(9), respectively	5	—	14
Minimum pension liability adjustment:			
Pension and post-retirement benefits, net of tax of $25, $(19) and $1, respectively	(24)	24	(23)
Less: Pension and post-retirement benefits reclassified to earnings, net of tax of $(1), $(6) and $(6), respectively	2	9	8
	(139)	7	32
Total comprehensive income	$ 106	$ 23	$ 322

See Notes to Consolidated Financial Statements.

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

	December 31,	
	2014	**2013**
Assets		
Current assets:		
Cash and cash equivalents	$ 624	$ 693
Receivables (net of allowance for doubtful accounts of $34 and $50)	599	619
Deferred income taxes	159	177
Other current assets	456	455
Total current assets	1,838	1,944
Property and equipment, net	638	614
Deferred income taxes	1,352	1,299
Goodwill	842	691
Other intangibles, net	886	923
Other non-current assets	355	361
Total assets exclusive of assets under vehicle programs	5,911	5,832
Assets under vehicle programs:		
Program cash	119	116
Vehicles, net	10,215	9,582
Receivables from vehicle manufacturers and other	362	391
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	362	363
	11,058	10,452
Total assets	$ 16,969	$ 16,284
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 1,491	$ 1,479
Short-term debt and current portion of long-term debt	28	89
Total current liabilities	1,519	1,568
Long-term debt	3,392	3,305
Other non-current liabilities	766	847
Total liabilities exclusive of liabilities under vehicle programs	5,677	5,720
Liabilities under vehicle programs:		
Debt	1,776	1,681
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	6,340	5,656
Deferred income taxes	2,267	2,177
Other	244	279
	10,627	9,793
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $.01 par value—authorized 10 million shares; none issued and outstanding	—	—
Common stock, $.01 par value—authorized 250 million shares; issued 137,093,424 and 137,081,056 shares	1	1
Additional paid-in capital	7,212	7,893
Accumulated deficit	(2,115)	(2,360)
Accumulated other comprehensive income (loss)	(22)	117
Treasury stock, at cost—31,386,746 and 30,515,721 shares	(4,411)	(4,880)
Total stockholders' equity	665	771
Total liabilities and stockholders' equity	$ 16,969	$ 16,284

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Operating activities			
Net income	$ 245	$ 16	$ 290
Adjustments to reconcile net income to net cash provided by operating activities:			
Vehicle depreciation	1,840	1,678	1,438
Gain on sale of vehicles, net	(7)	(6)	(97)
Non-vehicle related depreciation and amortization	180	152	125
Deferred income taxes	65	37	128
Amortization of debt financing fees	41	41	57
Impairment	—	33	—
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:			
Receivables	(60)	(66)	(65)
Income taxes	37	(14)	(183)
Accounts payable and other current liabilities	(3)	(28)	(28)
Other, net	241	410	224
Net cash provided by operating activities	2,579	2,253	1,889
Investing activities			
Property and equipment additions	(182)	(152)	(132)
Proceeds received on asset sales	21	22	21
Net assets acquired (net of cash acquired)	(416)	(537)	(69)
Other, net	(11)	2	(9)
Net cash used in investing activities exclusive of vehicle programs	(588)	(665)	(189)
Vehicle programs:			
Increase in program cash	(10)	(79)	(13)
Investment in vehicles	(11,875)	(10,899)	(11,067)
Proceeds received on disposition of vehicles	9,666	9,409	9,196
	(2,219)	(1,569)	(1,884)
Net cash used in investing activities	(2,807)	(2,234)	(2,073)
Financing activities			
Proceeds from long-term borrowings	871	2,972	1,152
Payments on long-term borrowings	(762)	(2,608)	(1,501)
Net change in short-term borrowings	5	(36)	10
Debt financing fees	(17)	(37)	(16)
Purchases of warrants	—	(78)	(29)
Proceeds from sale of call options	—	104	43
Repurchases of common stock	(297)	(48)	—
Other, net	—	3	1
Net cash (used in) provided by financing activities exclusive of vehicle programs	(200)	272	(340)

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Vehicle programs:			
Proceeds from borrowings	14,373	12,953	12,108
Payments on borrowings	(13,963)	(13,115)	(11,490)
Debt financing fees	(28)	(34)	(28)
	382	(196)	590
Net cash provided by financing activities	182	76	250
Effect of changes in exchange rates on cash and cash equivalents	(23)	(8)	6
Net (decrease) increase in cash and cash equivalents	(69)	87	72
Cash and cash equivalents, beginning of period	693	606	534
Cash and cash equivalents, end of period	$ 624	$ 693	$ 606
Supplemental disclosure			
Interest payments	$ 474	$ 457	$ 552
Income tax payments, net	$ 45	$ 58	$ 65

See Notes to Consolidated Financial Statements.

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at January 1, 2012	137.0	$ 1	$ 8,532	$ (2,666)	$ 78	(31.6)	$ (5,533)	$ 412
Comprehensive income:								
Net income	—	—	—	290	—	—	—	
Other comprehensive income	—	—	—	—	32	—	—	
Total comprehensive income								322
Net activity related to restricted stock units	0.1	—	(202)	—	—	0.8	212	10
Exercise of stock options	—	—	(130)	—	—	0.8	130	—
Activity related to employee stock purchase plan	—	—	(2)	—	—	—	2	—
Repurchase of warrants	—	—	(29)	—	—	—	—	(29)
Sale of call options, net of tax of $(1)	—	—	42	—	—	—	—	42
Balance at December 31, 2012	137.1	$ 1	$ 8,211	$ (2,376)	$ 110	(30.0)	$ (5,189)	$ 757
Comprehensive income:								
Net income	—	—	—	16	—	—	—	
Other comprehensive income	—	—	—	—	7	—	—	
Total comprehensive income								23
Net activity related to restricted stock units	—	—	(197)	—	—	0.4	207	10
Exercise of stock options	—	—	(155)	—	—	0.9	157	2
Realization of tax benefits for stock-based awards	—	—	3	—	—	—	—	3
Activity related to employee stock purchase plan	—	—	(1)	—	—	—	2	1
Repurchase of warrants	—	—	(78)	—	—	—	—	(78)
Sale of call options, net of tax of $(1)	—	—	110	—	—	(0.2)	(7)	103
Repurchase of common stock	—	—	—	—	—	(1.6)	(50)	(50)
Balance at December 31, 2013	137.1	$ 1	$ 7,893	$ (2,360)	$ 117	(30.5)	$ (4,880)	$ 771
Comprehensive income:								
Net income	—	—	—	245	—	—	—	
Other comprehensive loss	—	—	—	—	(139)	—	—	
Total comprehensive income								106
Net activity related to restricted stock units	—	—	(143)	—	—	0.7	153	10
Exercise of stock options	—	—	(20)	—	—	0.1	20	—
Realization of tax benefits for stock-based awards	—	—	12	—	—	—	—	12
Activity related to employee stock purchase plan	—	—	(1)	—	—	—	1	—
Issuance of common stock - conversion of convertible debt	—	—	(529)	—	—	4.0	595	66
Repurchase of common stock	—	—	—	—	—	(5.7)	(300)	(300)
Balance at December 31, 2014	137.1	$ 1	$ 7,212	$ (2,115)	$ (22)	(31.4)	$ (4,411)	$ 665

See Notes to Consolidated Financial Statements.

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

1. Basis of Presentation

Avis Budget Group, Inc. provides car and truck rentals, car sharing services and ancillary services to businesses and consumers worldwide. The accompanying Consolidated Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries, as well as entities in which Avis Budget Group, Inc. directly or indirectly has a controlling financial interest (collectively, the "Company").

The Company operates the following reportable business segments:

- **Americas**—provides and licenses the Company's brands to third parties for vehicle rentals and ancillary products and services in North America, South America, Central America and the Caribbean, and operates the Company's car sharing business in certain of these markets.

- **International**—provides and licenses the Company's brands to third parties for vehicle rentals and ancillary products and services in Europe, the Middle East, Africa, Asia, Australia and New Zealand, and operates the Company's car sharing business in certain of these markets.

In 2014, 2013 and 2012, the Company completed the business acquisitions discussed in Note 5 to these Consolidated Financial Statements. The operating results of the acquired businesses are included in the accompanying Consolidated Financial Statements from the dates of acquisition.

In conjunction with a change in the Company's management structure in first quarter of 2015 which resulted in a change to its reportable segments, the financial results of the Company's North America, South America, Central America and Caribbean operations are now included in the Company's Americas reportable segment. The Company's business segment financial information presented in these Notes to Consolidated Financial Statements has been recast for all periods presented. The Company's consolidated results were not affected by this change.

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.

2. Summary of Significant Accounting Policies

Accounting Principles

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and all entities in which it has a direct or indirect controlling financial interest and variable interest entities for which the Company has determined it is the primary beneficiary. Intercompany transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

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

Revenue Recognition

The Company derives revenue primarily through the operation and licensing of the Avis and Budget rental systems and by providing vehicle rentals and other services to business and leisure travelers and others. Other revenue includes sales of loss damage waivers and insurance products, fuel and fuel service charges, rentals of GPS navigation units and other items. Revenue is recognized when persuasive evidence of an arrangement exists, the services have been rendered to customers, the pricing is fixed or determinable and collection is reasonably assured.

Vehicle rental and rental-related revenue is recognized over the period the vehicle is rented. Licensing revenue principally consists of royalties paid by the Company's licensees and is recorded within other revenues as the licensees' revenue is earned (over the rental period of a vehicle). The Company renews license agreements in the normal course of business and occasionally terminates, purchases or sells license agreements. In connection with ongoing fees that the Company receives from its licensees pursuant to license agreements, the Company is required to provide certain services, such as training, marketing and the operation of reservation systems. Revenue and expenses associated with gasoline, vehicle licensing and airport concessions are recorded on a gross basis within revenue and operating expenses. Membership fees related to the Company's car sharing business are generally nonrefundable, are deferred and recognized ratably over the period of membership and are included in Accounts payable and other current liabilities in the Consolidated Balance Sheets.

Currency Translation

Assets and liabilities of foreign operations are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the prevailing monthly average rate of exchange. The related translation adjustments are reflected in accumulated other comprehensive income (loss) in the stockholders' equity section of the Consolidated Balance Sheets and in the Consolidated Statements of Comprehensive Income. The accumulated currency translation adjustment as of December 31, 2014 and 2013 was $51 million and $166 million, respectively. The Company has designated its 6% Euro-denominated Notes as a hedge of its net investment in Euro-denominated foreign operations and, accordingly, records the effective portion of gains or losses on this net investment hedge in accumulated other comprehensive income (loss) as part of currency translation adjustments.

Cash and Cash Equivalents

The Company considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment (including leasehold improvements) are stated at cost, net of accumulated depreciation and amortization. Depreciation (non-vehicle related) is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is computed utilizing the straight-line method over the estimated benefit period of the related assets, which may not exceed 20 years, or the lease term, if shorter. Useful lives are as follows:

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

The Company capitalizes the costs of software developed for internal use when the preliminary project stage is completed and management (i) commits to funding the project and (ii) believes it is probable that the project will be completed and the software will be used to perform the function intended. The software developed or obtained for internal use is amortized on a straight-line basis commencing when such software is ready for its intended use. The net carrying value of software developed or obtained for internal use was $140 million and $108 million as of December 31, 2014 and 2013, respectively.

Goodwill and Other Intangible Assets

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

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

Impairment of Long-Lived Assets

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

Program Cash

Program cash primarily represents amounts specifically designated to purchase assets under vehicle programs and/or to repay the related debt.

Vehicles

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

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

The estimation of residual values requires the Company to make assumptions regarding the age and mileage of the car at the time of disposal, as well as expected used vehicle auction market conditions. The Company periodically evaluates estimated residual values and adjusts depreciation rates as appropriate. Differences between actual residual values and those estimated result in a gain or loss on disposal and are recorded as part of vehicle depreciation at the time of sale. Vehicle-related interest expense amounts are

net of vehicle-related interest income of $10 million, $9 million and $8 million for 2014, 2013 and 2012, respectively.

Advertising Expenses

Advertising costs are generally expensed in the period incurred. Advertising expenses, recorded within selling, general and administrative expense on our Consolidated Statements of Operations, include radio, television, travel partner rewards programs, Internet advertising and other advertising and promotions and were approximately $112 million, $116 million and $127 million in 2014, 2013 and 2012, respectively.

Taxes

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

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

The Company reports revenues net of any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer.

Fair Value Measurements

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

The fair value of 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 (Level 1 inputs). In some cases where quoted market prices are not available, prices are derived by considering the yield of the benchmark security that was issued to initially price the instruments and adjusting this rate by the credit spread that market participants would demand for the instruments as of the measurement date (Level 2 inputs). In situations where long-term borrowings are part of a conduit facility backed by short-term floating rate debt, the Company has determined that its carrying value approximates the fair value of this debt (Level 2 inputs). The carrying amounts of cash and cash equivalents, available-for-sale securities, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

The Company's derivative assets and liabilities consist principally of currency exchange contracts, interest rate swaps, interest rate contracts and commodity contracts, and are carried at fair value based on significant observable inputs (Level 2 inputs). Derivatives entered into by the Company are typically executed over-the-counter and are valued using internal valuation techniques, as no quoted market prices exist for such instruments. The valuation technique and inputs depend on the type of derivative and the nature of the underlying exposure. The Company principally uses discounted cash flows to value these instruments. 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.

Derivative Instruments

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

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

Investments

Joint venture investments are typically accounted for under the equity method of accounting. Under this method, the Company records its proportional share of the joint venture's net income or loss within operating expenses in the Consolidated Statements of Operations. The Company assesses equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. Any difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment charge if the loss in value is deemed other than temporary. As of December 31, 2014, the Company had investments in several joint ventures with a carrying value of $46 million, recorded within other non-current assets on the Consolidated Balance Sheets.

Aggregate realized gains and losses on investments and dividend income are recorded within operating expenses on the Consolidated Statements of Operations. During 2014, the Company realized a gain of $7 million from the sale of equity investments. During 2013, the amount realized from the sale of certain equity investments was not material. During 2012, the Company realized a gain of $2 million from the sale of equity investments.

Self-Insurance Reserves

The Consolidated Balance Sheets include $397 million and $416 million of liabilities associated with retained risks of liability to third parties as of December 31, 2014 and 2013, respectively. Such liabilities relate primarily to public liability and third-party property damage claims, as well as claims arising from the sale of ancillary insurance products including but not limited to supplemental liability, personal effects protection and personal accident insurance. These obligations represent an estimate for both reported claims not yet paid and claims incurred but not yet reported. The estimated reserve requirements for such claims are recorded on an undiscounted basis utilizing actuarial methodologies and various assumptions which include, but are not limited to, the Company's historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents for which the Company is ultimately liable and changes in the cost per incident. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

The Consolidated Balance Sheets also include liabilities of approximately $67 million and $59 million as of December 31, 2014 and 2013, respectively, related to workers' compensation, health and welfare and other employee benefit programs. The liabilities represent an estimate for both reported claims not yet paid and claims incurred but not yet reported, utilizing actuarial methodologies similar to those mentioned above. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense on a straight-line basis over the vesting period. The Company's policy is to record

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

Business Combinations

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

Transaction-related Costs, net

Transaction-related costs, net are classified separately in the Consolidated Statements of Operations. These costs comprise expenses related to the integration of the acquiree's operations with those of the Company, including costs associated with the implementation of incremental compliance-related programs, expenses for the implementation of best practices and process improvements, expenses related to acquisition-related activities such as due-diligence and other advisory costs, non-cash charges related to re-acquired rights and contingent consideration related to acquisitions.

Currency Transactions

Currency gains and losses resulting from foreign currency transactions are generally included in operating expenses within the Consolidated Statement of Operations; however the net gain or loss of currency transactions on intercompany loans and the unrealized gain or loss on intercompany loan hedges are included within interest expense related to corporate debt, net. During the years ended December 31, 2014, 2013 and 2012, the Company recorded losses of $9 million, $11 million and $17 million, respectively, on such items.

Adoption of New Accounting Standards During 2014

On January 1, 2014, the Company adopted, as required, Accounting Standards Update ("ASU") 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligations Is Fixed at the Reporting Date," which requires companies to measure these obligations as the sum of the amount the Company agreed to pay plus any additional amount the Company expects to pay on behalf of co-obligors. The adoption of this pronouncement did not have a material impact on the Company's financial statements.

Recently Issued Accounting Pronouncements

On January 1, 2015, as a result of the issuance of a new accounting pronouncement, the Company adopted ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which changes the criteria for determining which disposals can be presented as discontinued

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operations and also modifies related disclosure requirements. The adoption of this accounting pronouncement did not have an impact on the Company's financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, "Revenue from Contracts with Customers," which outlines a single model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. ASU 2014-09 becomes effective for the Company on January 1, 2017. The Company is currently evaluating the effect of this accounting pronouncement.

In June 2014, the FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Allow a Performance Target to Be Achieved After the Requisite Service Period," which requires that a performance target that could be achieved after the requisite service period be treated as a performance condition that affects the vesting of the award. ASU 2014-12 becomes effective for the Company on January 1, 2016. The adoption of this accounting pronouncement is not expected to have an impact on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related footnote disclosures in certain circumstances. ASU 2014-15 becomes effective for the Company on January 1, 2016. The adoption of this accounting pronouncement is not expected to have an impact on the Company's financial statements.

3. Earnings Per Share

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Net income for basic EPS	$ 245	$ 16	$ 290
Convertible debt interest, net of tax	1	—	4
Net income for diluted EPS	$ 246	$ 16	$ 294
Basic weighted average shares outstanding	105.4	107.6	106.6
Options, warrants and non-vested stock	2.1	3.8	2.5
Convertible debt	3.1	—	12.5
Diluted weighted average shares outstanding	110.6	111.4	121.6
Earnings per share:			
Basic	$ 2.32	$ 0.15	$ 2.72
Diluted	$ 2.22	$ 0.15	$ 2.42

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

	As of December 31,		
	2014	**2013**	**2012**
Options [(a)]	—	—	0.2
Warrants [(b)]	—	—	7.9
Shares underlying convertible debt	—	4.0	—

(a) The weighted average exercise price for anti-dilutive options for 2012 was $17.12.
(b) Represents all outstanding warrants for 2012. The exercise price for the warrants was $22.50.

4. Restructuring

During fourth quarter 2014, the Company committed to various strategic initiatives to identify best practices and drive efficiency throughout its organization, by reducing headcount, improving processes and consolidating functions (the "T15 restructuring"). As part of this process, the Company formally

communicated the termination of employment to approximately 75 employees and terminated approximately 65 of the employees during 2014. These expenses primarily represent costs associated with severance, outplacement services and other costs associated with employee terminations, the majority of which have been or are expected to be settled in cash. As of December 31, 2014, the Company recorded restructuring expense of $5 million related to this initiative and expects to incur further restructuring expense, principally personnel related costs, of approximately $10 million.

During fourth quarter 2012, the Company initiated a strategic restructuring initiative to better position its truck rental operations in the United States, in which it closed certain rental locations and decreased the size of the rental fleet, with the intent to increase fleet utilization and reduce costs (the “Truck Rental restructuring”). During the year ended December 31, 2014, the Company did not record restructuring expense related to this initiative, which is substantially complete.

In 2011, subsequent to the acquisition of Avis Europe plc, the Company initiated restructuring initiatives, identifying synergies across the Company, enhancing organizational efficiencies and consolidating and rationalizing processes (the “Avis Europe restructuring”). During the years ended December 31, 2014, 2013 and 2012, as part of this process, the Company formally communicated the termination of employment to approximately 230, 580 and 550 employees, respectively. During 2014, 2013 and 2012, the Company recorded restructuring expenses in connection with this initiative of $21 million, $40 million and $37 million, respectively, the majority of which have been or are expected to be settled in cash. These expenses primarily represent costs associated with severance, outplacement services and other costs associated with employee terminations. During 2014, the Company terminated approximately 210 of the affected employees, and this initiative is substantially complete.

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

	Personnel Related	Facility Related	Other [a]	Total
Balance as of January 1, 2012	$ 1	$ 1	$ —	$ 2
Avis Europe restructuring expense	37	—	—	37
Truck Rental restructuring expense	—	—	1	1
Avis Europe restructuring payment	(26)	—	—	(26)
Truck Rental payment/utilization	—	—	(1)	(1)
Balance as of December 31, 2012	12	1	—	13
Avis Europe restructuring expense	34	6	—	40
Truck Rental restructuring expense	—	—	21	21
Avis Europe restructuring payment	(29)	(2)	—	(31)
Truck Rental payment/utilization	—	—	(21)	(21)
Balance as of December 31, 2013	17	5	—	22
Avis Europe restructuring expense	20	1	—	21
T15 restructuring expense	5	—	—	5
Avis Europe restructuring payment	(27)	(3)	—	(30)
T15 restructuring payment	(1)	—	—	(1)
Balance as of December 31, 2014	$ 14	$ 3	$ —	$ 17

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

	Americas	International	Total
Balance as of January 1, 2012	$ 1	$ 1	$ 2
Avis Europe restructuring expense	1	36	37
Truck Rental restructuring expense	1	—	1
Avis Europe restructuring payment	(1)	(25)	(26)
Truck Rental payment/utilization	(1)	—	(1)
Balance as of December 31, 2012	1	12	13
Avis Europe restructuring expense	7	33	40
Truck Rental restructuring expense	21	—	21
Avis Europe restructuring payment	(7)	(24)	(31)
Truck Rental payment/utilization	(21)	—	(21)
Balance as of December 31, 2013	1	21	22
Avis Europe restructuring expense	4	17	21
T15 restructuring expense	4	1	5
Avis Europe restructuring payment	(4)	(26)	(30)
T15 restructuring payment	(1)	—	(1)
Balance as of December 31, 2014	$ 4	$ 13	$ 17

5. Acquisitions

2014

Budget Licensees

During 2014, the Company completed the acquisition of its Budget licensees for Edmonton, Canada; Southern California and Las Vegas, and reacquired the right to operate the Budget brand in Portugal, for approximately $263 million, plus $132 million for acquired fleet. These investments will enable the Company to expand its footprint of Company-operated locations. The acquired fleet was financed under the Company’s existing vehicle financing arrangements. The excess of the purchase price over preliminary fair value of net assets acquired was allocated to goodwill, which was assigned to the Company’s Americas reportable segment for Edmonton, Southern California and Las Vegas and to the Company’s International reportable segment for Portugal. Goodwill is expected to be deductible for tax purposes. The fair value of the assets acquired and liabilities assumed has not yet been finalized and is therefore subject to change. In connection with these acquisitions, approximately $58 million was recorded in identifiable intangible assets (consisting of $10 million related to customer relationships and $48 million related to the license agreements) and $192 million was recorded in goodwill. The customer relationships will be amortized over a weighted average useful life of approximately 12 years and the license agreements will be amortized over a weighted average useful life of approximately 3 years. In addition, the Company recorded a non-cash gain of approximately $20 million within transaction-related costs, net in connection with license rights reacquired by the Company.

2013

Brazilian Licensee

In August 2013, the Company acquired a 50% ownership stake in its Brazilian licensee for $53 million. Approximately $47 million of the total consideration was paid in 2013 and the remaining consideration of $6 million was paid in 2014. The Company’s investment significantly increased its presence in the Brazilian car rental market.

The Company’s investment in its Brazilian licensee was recorded as an equity investment within other non-current assets, and the Company’s share of the Brazilian licensee’s operating results is reported within operating expenses. In conjunction with the acquisition, the Company agreed to the payment of contingent consideration of up to $13 million based on the Brazilian licensee’s future financial performance. The fair value of the contingent consideration was estimated by utilizing a Monte Carlo simulation technique, based on a range of possible future results, and no value was attributed to the contingent consideration at the

acquisition date or at December 31, 2014. The Company's investment, which is recorded in its Americas reportable segment, totaled approximately $12 million at December 31, 2014, net of an impairment charge of $33 million ($33 million, net of tax). The impairment charge was recorded at the time of the investment based on a combination of observable and unobservable fair value inputs (Level 3), specifically a combination of the Income approach-discounted cash flow method and the Market approach-public company market multiple method.

Payless Car Rental

In July 2013, the Company completed the acquisition of Payless for $46 million, net of acquired cash. The acquisition provides the Company with a position in the deep-value segment of the car rental industry. The excess of the purchase price over preliminary fair value of net assets acquired was allocated to goodwill, which was assigned to the Company's Americas reportable segment. The goodwill is not deductible for tax purposes. In connection with this acquisition, $23 million was recorded in identifiable intangible assets (consisting of $16 million related to trademarks and $7 million related to license agreements) and $27 million was recorded in goodwill. The trademark assets are indefinite-lived and the license agreements will be amortized over an estimated life of 15 years.

Zipcar

In March 2013, the Company completed the acquisition of the entire issued share capital of Zipcar, a leading car sharing company, for $473 million, net of acquired cash. The acquisition increased the Company's growth potential and its ability to better serve a greater variety of customer transportation needs. The excess of the purchase price over fair value of net assets acquired was allocated to goodwill, which was assigned to the Company's Americas reportable segment and is not deductible for tax purposes. In connection with this acquisition, $188 million was recorded in identifiable intangible assets (consisting of $112 million related to trademarks and $76 million related to customer relationships) and $269 million was recorded in goodwill. The trademark assets are indefinite-lived and the customer relationship intangibles will be amortized over an estimated life of 8 years.

2012

Apex Car Rentals

In October 2012, the Company completed the acquisition of the assets of Apex, a leading deep-value car rental company in New Zealand and Australia. In conjunction with the acquisition, the Company paid $63 million in cash (including the acquisition of fleet) and agreed to the payment of contingent consideration with an estimated acquisition date fair value of $9 million. In connection with this acquisition, $21 million was recorded in trademarks and $16 million was recorded in goodwill, which were allocated to the Company's International reportable segment. The goodwill is not deductible for tax purposes. The contingent consideration consists of a maximum of $26 million in additional payments that are contingent on the future financial performance of Apex. The fair value of the contingent consideration at the acquisition date, and at December 31, 2014, was estimated by utilizing a Monte Carlo simulation technique, based on a range of possible future results (Level 3). Any changes in contingent consideration are recorded in transaction-related costs, net. During 2014, the Company recorded approximately $10 million in transaction-related costs, net to increase the fair value of contingent consideration. The amount recognized for contingent consideration was $22 million and $12 million at December 31, 2014 and 2013, respectively.

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6. Intangible Assets

Intangible assets consisted of:

	As of December 31, 2014			As of December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
License agreements [(a)]	$ 259	$ 59	$ 200	$ 272	$ 52	$ 220
Customer relationships [(b)]	167	50	117	166	35	131
Other [(c)]	8	3	5	2	1	1
	$ 434	$ 112	$ 322	$ 440	$ 88	$ 352
Unamortized Intangible Assets						
Goodwill [(d)]	$ 842			$ 691		
Trademarks	$ 564			$ 571		

(a) Primarily amortized over a period ranging from 3 to 40 years with a weighted average life of 21 years.
(b) Primarily amortized over a period ranging from 2 to 20 years with a weighted average life of 11 years.
(c) Primarily amortized over a period ranging from 3 to 27 years with a weighted average life of 9 years.
(d) The increase primarily relates to the acquisitions of Budget licensees, partially offset by a currency translation loss of $52 million.

Amortization expense relating to all intangible assets was as follows:

	Year Ended December 31,		
	2014	2013	2012
Customer relationships	$ 18	$ 15	$ 8
License agreements	16	12	13
Other	2	—	—
Total	$ 36	$ 27	$ 21

Based on the Company's amortizable intangible assets at December 31, 2014, the Company expects related amortization expense of approximately $45 million for 2015, $43 million for 2016, $38 million for 2017, $27 million for 2018 and $26 million for 2019, excluding effects of currency exchange rates.

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

	Americas	International	Total Company
Gross goodwill as of January 1, 2013	$ 1,608	$ 885	$ 2,493
Accumulated impairment losses as of January 1, 2013	(1,587)	(531)	(2,118)
Goodwill as of January 1, 2013	21	354	375
Acquisitions	296	4	300
Currency translation adjustments and other	—	16	16
Goodwill as of December 31, 2013	$ 317	$ 374	$ 691
Acquisitions	190	13	203
Currency translation adjustments and other	(28)	(24)	(52)
Goodwill as of December 31, 2014	$ 479	$ 363	$ 842

7. Vehicle Rental Activities

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

	As of December 31,	
	2014	2013
Rental vehicles	$ 11,006	$ 10,234
Less: Accumulated depreciation	(1,465)	(1,411)
	9,541	8,823
Vehicles held for sale	674	759
Vehicles, net	$ 10,215	$ 9,582

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

	Year Ended December 31,		
	2014	2013	2012
Depreciation expense	$ 1,840	$ 1,678	$ 1,438
Lease charges	163	139	130
Gain on sale of vehicles, net	(7)	(6)	(97)
Vehicle depreciation and lease charges, net	$ 1,996	$ 1,811	$ 1,471

For the years ended December 31, 2014, 2013 and 2012, the Company had purchases of vehicles included in liabilities under vehicle programs - other of $222 million, $260 million and $284 million, respectively, and sales of vehicles included in assets under vehicle programs - receivables from vehicle manufacturers and other of $352 million, $378 million and $439 million, respectively.

8. Income Taxes

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

	Year Ended December 31,		
	2014	2013	2012
Current			
Federal	$ (1)	$ (4)	$ (109)
State	4	12	(16)
Foreign	79	36	7
Current income tax provision (benefit)	82	44	(118)
Deferred			
Federal	89	28	93
State	2	8	20
Foreign	(26)	1	15
Deferred income tax provision	65	37	128
Provision for income taxes	$ 147	$ 81	$ 10

Pretax income for domestic and foreign operations consists of the following:

	Year Ended December 31,		
	2014	2013	2012
United States [(a)]	$ 248	$ 4	$ 233
Foreign	144	93	67
Pretax income	$ 392	$ 97	$ 300

[(a)] For the years ended December 31, 2014, 2013 and 2012, includes corporate debt extinguishment costs of $56 million, $147 million and $75 million, respectively.

Current and non-current deferred income tax assets and liabilities are comprised of the following:

	As of December 31,	
	2014	2013
Current deferred income tax assets:		
Accrued liabilities and deferred revenue	$ 188	$ 209
Provision for doubtful accounts	7	12
Acquisition and integration-related liabilities	6	10
Unrealized hedge loss	1	—
Convertible note hedge	—	1
Valuation allowance [(a)]	(22)	(28)
Current deferred income tax assets	180	204
Current deferred income tax liabilities:		
Accrued liabilities and deferred revenue	—	5
Prepaid expenses	21	22
Current deferred income tax liabilities	21	27
Current deferred income tax assets, net	$ 159	$ 177
Non-current deferred income tax assets:		
Net tax loss carryforwards	$ 1,483	$ 1,431
Accrued liabilities and deferred revenue	109	137
Depreciation and amortization	23	15
Tax credits	75	75
Acquisition and integration-related liabilities	2	16
Other	57	46
Valuation allowance [(a)]	(297)	(319)
Non-current deferred income tax assets	1,452	1,401
Non-current deferred income tax liabilities:		
Depreciation and amortization	96	101
Other	4	1
Non-current deferred income tax liabilities	100	102
Non-current deferred income tax assets, net	$ 1,352	$ 1,299

[(a)] The valuation allowance of $319 million at December 31, 2014 relates to tax loss carryforwards, foreign tax credits and certain deferred tax assets of $249 million, $46 million and $24 million, respectively. The valuation allowance will be reduced when and if the Company determines it is more likely than not that the related deferred income tax assets will be realized. The valuation allowance of $347 million at December 31, 2013 relates to tax loss carryforwards, foreign tax credits and certain deferred tax assets of $279 million, $46 million and $22 million, respectively.

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

	As of December 31,	
	2014	2013
Deferred income tax assets:		
Depreciation and amortization	$ 54	$ 51
	54	51
Deferred income tax liabilities:		
Depreciation and amortization	2,321	2,228
	2,321	2,228
Deferred income tax liabilities under vehicle programs, net	$ 2,267	$ 2,177

At December 31, 2014, the Company had U.S. federal net operating loss carryforwards of approximately $3.5 billion, most of which expire in 2031. Such net operating loss carryforwards are primarily related to accelerated depreciation of the Company's U.S. vehicles. Currently, the Company does not record valuation allowances on the majority of its U.S. federal tax loss carryforwards as there are adequate deferred tax liabilities that could be realized within the carryforward period. At December 31, 2014, the Company had foreign net operating loss carryforwards of approximately $459 million with an indefinite utilization period. No

provision has been made for U.S. federal deferred income taxes on approximately $853 million of accumulated and undistributed earnings of foreign subsidiaries at December 31, 2014, since it is the present intention of management to reinvest the undistributed earnings indefinitely in those foreign operations. The determination of the amount of unrecognized U.S. federal deferred income tax liability for unremitted earnings is not practicable.

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

	Year Ended December 31,		
	2014	2013	2012
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
Adjustments to reconcile to the effective rate:			
State and local income taxes, net of federal tax benefits	3.3	4.1	4.9
Changes in valuation allowances [(a)]	(3.0)	15.5	0.9
Taxes on foreign operations at rates different than statutory U.S. federal rates	1.4	5.9	—
Resolution of prior years' examination issues	—	—	(42.5)
Non-deductible debt extinguishment costs	—	18.8	4.7
Non-deductible transaction-related costs	—	3.2	0.3
Other non-deductible expenses	0.9	2.3	0.6
Other	(0.1)	(1.3)	(0.6)
	37.5 %	83.5 %	3.3 %

(a) For the year ended December 31, 2013, includes 13.1% related to our impairment expense.

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

	2014	2013	2012
Balance at January 1	$ 63	$ 54	$ 186
Additions for tax positions related to current year	5	4	4
Additions for tax positions for prior years	5	9	5
Reductions for tax positions for prior years	(8)	—	(140)
Settlements	(2)	—	(1)
Statute of limitations	—	(4)	—
Balance at December 31	$ 63	$ 63	$ 54

In 2012, the Company recorded a reduction in its unrecognized tax benefits primarily due to an effective settlement of $128 million for pre-2007 taxes. The Company does not anticipate that total unrecognized tax benefits will change significantly in 2015.

Substantially all of the gross amount of the unrecognized tax benefits at December 31, 2014, 2013 and 2012, if recognized, would affect the Company's provision for, or benefit from, income taxes. As of December 31, 2014, the Company's unrecognized tax benefits were offset by tax loss carryforwards in the amount of $18 million.

The following table presents unrecognized tax benefits:

	As of December 31,	
	2014	2013
Unrecognized tax benefit in non-current income taxes payable [(a)]	$ 45	$ 44
Accrued interest payable on potential tax liabilities [(b)]	30	28

(a) Pursuant to the agreements governing the disposition of certain subsidiaries in 2006, the Company is entitled to indemnification for certain pre-disposition tax contingencies. As of December 31, 2014 and 2013, $16 million and $15 million, respectively, of unrecognized tax benefits are related to tax contingencies for which the Company believes it is entitled to indemnification.

(b) The Company recognizes potential interest related to unrecognized tax benefits within interest expense related to corporate debt, net on the accompanying Consolidated Statements of Operations. Penalties incurred during the twelve months ended December 31, 2014, 2013 and 2012, were not significant and were recognized as a component of income taxes.

9. Other Current Assets

Other current assets consisted of:

	As of December 31,	
	2014	2013
Prepaid expenses	$ 192	$ 187
Sales and use taxes	125	132
Other	139	136
Other current assets	$ 456	$ 455

10. Property and Equipment, net

Property and equipment, net consisted of:

	As of December 31,	
	2014	2013
Land	$ 51	$ 56
Buildings and leasehold improvements	565	549
Capitalized software	485	494
Furniture, fixtures and equipment	392	374
Projects in process	82	64
Buses and support vehicles	78	74
	1,653	1,611
Less: Accumulated depreciation and amortization	(1,015)	(997)
Property and equipment, net	$ 638	$ 614

Depreciation and amortization expense relating to property and equipment during 2014, 2013 and 2012 was $144 million, $124 million and $104 million, respectively (including $46 million, $36 million and $30 million, respectively, of amortization expense relating to capitalized software).

11. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of December 31,	
	2014	2013
Accounts payable	$ 328	$ 344
Accrued payroll and related	229	210
Accrued sales and use taxes	194	193
Public liability and property damage insurance liabilities – current	121	136
Deferred revenue – current	89	87
Other	530	509
Accounts payable and other current liabilities	$ 1,491	$ 1,479

12. Long-term Debt and Borrowing Arrangements

Long-term debt and other borrowing arrangements consisted of:

	Maturity Date	As of December 31,	
		2014	2013
3½% Convertible Notes	October 2014	—	66
4⅞% Senior Notes	November 2017	300	300
Floating Rate Senior Notes	December 2017	248	247
8¼% Senior Notes	January 2019	—	691
Floating Rate Term Loan [a]	March 2019	980	989
9¾% Senior Notes	March 2020	223	223
6% Euro-denominated Senior Notes	March 2021	561	344
5⅛% Senior Notes	June 2022	400	—
5½% Senior Notes	April 2023	674	500
		3,386	3,360
Other		34	34
Total		3,420	3,394
Less: Short-term debt and current portion of long-term debt		28	89
Long-term debt		$ 3,392	$ 3,305

[a] The floating rate term loan is part of the Company's senior credit facility, which is secured by pledges of capital stock of certain subsidiaries of the Company, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

Convertible Notes

3½% Convertible Senior Notes. The Company's 3½% Convertible Senior Notes due October 2014 (the "Convertible Notes") were issued in October 2009 at par value, for aggregate proceeds of $345 million. The Convertible Notes were senior unsecured obligations of the Company. Concurrently with the issuance of the Convertible Notes, the Company purchased a convertible note hedge and entered into a warrant transaction, which effectively increased the conversion price of the Convertible Notes, from the Company's perspective, to $22.50 per share. The convertible note hedge was intended to reduce the net number of shares required to be issued upon conversion of the Convertible Notes.

The Company repurchased most of the Convertible Notes over time, including the repurchase of $62 million of Convertible Notes at a cost of $115 million in 2013. In conjunction with the repurchase of the Convertible Notes, the Company repurchased warrants and sold convertible note hedges corresponding to the repurchased Convertible Notes. In December 2013, the Company unwound the remaining outstanding convertible note hedge and warrants.

In October 2014, the remaining $66 million Convertible Notes converted into approximately 4.0 million shares of the Company's common stock at the initial conversion rate of 61.5385 shares of common stock per $1,000 principal amount. See Note 15—Stockholders' Equity for further details.

Term Loan

Floating Rate Term Loan due 2019. The Company issued $500 million and $200 million of Floating Rate Term Loan in March and October 2012, respectively, under the Company's senior credit facility. The Company used the proceeds of the loan to repay approximately $420 million of term loan borrowings due 2014 and 2018 and $75 million of its senior notes due 2014.

During 2013, the Company amended its senior credit facility to issue, in aggregate, an additional $300 million of term loan due 2019. A portion of the proceeds was used to partially fund the acquisition of Zipcar. The term loan has a committed aggregate principal amount of $1 billion and bears interest at the greater of three-month LIBOR or 0.75% plus 225 basis points, for an aggregate rate of 3.00% at December 31, 2014; however, the Company has entered into an interest rate swap to hedge $600 million of its interest rate exposure related to the floating rate term loan at an aggregate rate of 3.96%.

Senior Notes

4⅞% Senior Notes due 2017. In November 2012, the Company issued its 4⅞% Senior Notes at par, for aggregate proceeds of $300 million with interest payable semi-annually. The Company has the right to redeem these notes in whole or in part at any time on or after May 15, 2015, at specified prices, plus accrued interest through the redemption date.

Floating Rate Senior Notes due 2017. In November 2013, the Company issued its Floating Rate Senior Notes at 98.75% of their face value for aggregate proceeds of $247 million. The interest rate on these notes is equal to three-month LIBOR plus 275 basis points, for an aggregate rate of 2.98% at December 31, 2014; however, the Company has entered into an interest rate swap to hedge its interest rate exposure related to these notes at an aggregate rate of 3.58%.

8¼% Senior Notes due 2019. In April 2014, the Company redeemed $292 million of outstanding principal for $316 million plus accrued interest and in June 2014, the Company redeemed the remaining outstanding principal of $395 million for $421 million plus accrued interest.

9¾% Senior Notes due 2020. In October 2011, the Company issued 9¾% Senior Notes at par, for aggregate proceeds of $250 million with interest payable semi-annually. The Company has the right to redeem these notes in whole or in part at any time on or after September 15, 2015, at specified prices, plus accrued interest through the redemption date. In April 2013, the Company purchased approximately $27 million of the aggregate principal amount.

6% Euro-denominated Senior Notes. In March 2013, the Company issued €250 million (approximately $325 million, at issuance) of 6% Euro-denominated Senior Notes due March 2021, at par, with interest payable semi-annually. The notes are unsecured obligations of the Company's Avis Budget Finance plc subsidiary, are guaranteed on a senior basis by the Company and certain of its domestic subsidiaries and rank equally with all of the Company's existing senior unsecured debt. The Company has the right to redeem these notes in whole or in part on or after April 1, 2016 at specified redemption prices plus accrued interest. The Company used the proceeds from the issuance to partially fund the acquisition of Zipcar.

In March 2014, the Company issued €200 million (approximately $275 million, at issuance) of additional 6% Euro-denominated Senior Notes due 2021. These notes were sold at 106.75% of their face value with interest payable semi-annually, for aggregate proceeds of approximately $295 million, with a yield to maturity of 4.85%. In April 2014, the Company used the proceeds to repurchase $292 million principal amount of its 8¼% Senior Notes.

5⅛% Senior Notes due 2022. In May 2014, the Company issued $400 million of 5⅛% Senior Notes due 2022 at par. In June 2014, the Company used the proceeds to repurchase the remaining $395 million principal amount of its 8¼% Senior Notes. The notes were issued at par, with interest payable semi-annually. The Company has the right to redeem these notes in whole or in part at any time on or after June 1, 2017 at specified redemption prices plus accrued interest.

5½% Senior Notes due 2023. In April 2013, the Company completed an offering of $500 million of 5½% Senior Notes due April 2023. The notes were issued at par, with interest payable semi-annually. The Company has the right to redeem these notes in whole or in part on or after April 1, 2018 at specified redemption prices plus accrued interest. The Company used the proceeds to retire higher-cost debt.

In November 2014, the Company issued $175 million of additional 5½% Senior Notes due 2023 at 99.625% of their face value, with interest payable semi-annually. The Company has the right to redeem these notes in whole or in part on or after April 1, 2018 at specified redemption prices plus accrued interest. The Company used the proceeds from the issuance to partially fund the acquisition of its Budget licensee for Southern California and Las Vegas.

The Floating Rate Senior Notes, the 4⅞% Senior Notes, the 9¾% Senior Notes, the 5⅛% Senior Notes and the 5½% Senior Notes, in each case as described above, are senior unsecured obligations of the Company's Avis Budget Car Rental, LLC ("ABCR") subsidiary, are guaranteed by the Company and certain of its domestic subsidiaries and rank equally in right of payment with all of the Company's existing and future senior unsecured indebtedness.

In connection with the debt amendments and repayments for the years ended December 31, 2014, 2013 and 2012 the Company recorded $56 million, $147 million and $75 million in early extinguishment of debt costs, respectively.

DEBT MATURITIES

The following table provides contractual maturities of the Company's corporate debt at December 31, 2014:

Year	Amount
2015	$ 28
2016	17
2017	562
2018	12
2019	942
Thereafter	1,859
	$ 3,420

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

At December 31, 2014, the committed corporate credit facilities available to the Company and/or its subsidiaries were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Senior revolving credit facility maturing 2018 [a]	$ 1,800	$ —	$ 783	$ 1,017
Other facilities [b]	12	1	—	11

[a] The senior revolving credit facility bears interest at one-month LIBOR plus 200 basis points and is part of the Company's senior credit facility, which is secured by pledges of capital stock of certain subsidiaries of the Company, 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 4.50% to 5.69% as of December 31, 2014.

During 2013, the Company extended the maturity of the senior revolving credit facility from 2016 to 2018, expanded its borrowing capacity under the facility, and reduced its borrowing spread under the facility by 75 basis points. During 2014, the Company amended its senior revolving credit facility to increase the amount of its borrowing capacity from $1.65 billion to $1.8 billion.

At December 31, 2014 and 2013, the Company had various uncommitted credit facilities available, which bear interest at rates of 0.39% to 2.50%, under which it had drawn approximately $9 million and $4 million, respectively.

DEBT COVENANTS

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 also contains a maximum leverage ratio requirement. As of December 31, 2014, the Company was in compliance with the financial covenants governing its indebtedness.

13. Debt under Vehicle Programs and Borrowing Arrangements

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

	As of December 31,	
	2014	2013
Americas – Debt due to Avis Budget Rental Car Funding [a]	$ 6,340	$ 5,656
Americas – Debt borrowings [b]	746	633
International – Debt borrowings	685	724
International – Capital leases	314	289
Other	31	35
Total	$ 8,116	$ 7,337

[a] The increase reflects additional borrowings principally to fund an increase in the Company's fleet driven by increased volume and the acquisition of its Budget licensee for Southern California.

[b] The increase includes additional borrowings to fund an increase in the Company's fleet driven by the acquisition of its Budget licensee for Edmonton.

Americas

Debt due to Avis Budget Rental Car Funding. Avis Budget Rental Car Funding, an unconsolidated bankruptcy remote qualifying special purpose limited liability company, issues privately placed notes to investors as well as to banks and bank-sponsored conduit entities. Avis Budget Rental Car Funding uses the proceeds from its note issuances to make loans to a wholly-owned subsidiary of the Company, AESOP Leasing LP ("AESOP Leasing"), on a continuing basis. AESOP Leasing is required to use the proceeds of such loans to acquire or finance the acquisition of vehicles used in the Company's rental car operations. By issuing debt through the Avis Budget Rental Car Funding program, the Company pays a lower rate of interest than if it had issued debt directly to third parties. Avis Budget Rental Car Funding is not consolidated, as the Company is not the "primary beneficiary" of Avis Budget Rental Car Funding. The Company determined that it is not the primary beneficiary because the Company does not have the obligation to absorb the potential losses or receive the benefits of Avis Budget Rental Car Funding's activities since the Company's only significant source of variability in the earnings, losses or cash flows of Avis Budget Rental Car Funding is exposure to its own creditworthiness, due to its loan from Avis Budget Rental Car Funding. Because Avis Budget Rental Car Funding is not consolidated, AESOP Leasing's loan obligations to Avis Budget Rental Car Funding are reflected as related party debt on the Company's Consolidated Balance Sheets. The Company also has an asset within Assets under vehicle programs on its Consolidated Balance Sheets which represents securities issued to the Company by Avis Budget Rental Car Funding. AESOP Leasing is consolidated, as the Company is the "primary beneficiary" of AESOP Leasing; as a result, the vehicles purchased by AESOP Leasing remain on the Company's Consolidated Balance Sheets. The Company determined it is the primary beneficiary of AESOP Leasing, as it has the ability to direct its activities, an obligation to absorb a majority of its expected losses and the right to receive the benefits of AESOP Leasing's activities. AESOP Leasing's vehicles and related assets, which as of December 31, 2014, approximate $8.0 billion and many of which are subject to manufacturer repurchase and guaranteed depreciation agreements, collateralize the debt issued by Avis Budget Rental Car Funding. The assets and liabilities of AESOP Leasing are presented on the Company's Consolidated Balance Sheets within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The assets of AESOP Leasing, included within assets under vehicle programs (excluding the investment in Avis Budget Rental Car Funding (AESOP) LLC—related party) are restricted. Such assets may be used only to repay the respective AESOP Leasing liabilities, included within Liabilities under vehicle programs, and to purchase new vehicles, although if certain collateral coverage requirements are met, AESOP Leasing may pay dividends from excess cash. The creditors of AESOP Leasing and Avis Budget Rental Car Funding have no recourse to the general credit of the Company. The Company periodically provides Avis Budget Rental Car Funding with non-contractually required support, in the form of equity and loans, to serve as additional collateral for the debt issued by Avis Budget Rental Car Funding.

The business activities of Avis Budget Rental Car Funding are limited primarily to issuing indebtedness and using the proceeds thereof to make loans to AESOP Leasing for the purpose of acquiring or financing the acquisition of vehicles to be leased to the Company's rental car subsidiaries and pledging its assets to

secure the indebtedness. Because Avis Budget Rental Car Funding is not consolidated by the Company, its results of operations and cash flows are not reflected within the Company's financial statements.

During February 2014, Avis Budget Rental Car Funding issued approximately $675 million in five year-asset backed notes. During July 2014, Avis Budget Rental Car Funding issued approximately $500 million in asset-backed notes with an expected final payment date of February 2020. The Company used the proceeds from these borrowings to fund the repayment of maturing vehicle-backed debt and the acquisition of rental cars in the United States. Borrowings under the Avis Budget Rental Car Funding program primarily represent fixed rate notes and had a weighted average interest rate of 3% as of December 31, 2014 and 2013.

Debt borrowings. The Company finances the acquisition of vehicles used in its Canadian rental operations through a consolidated, bankruptcy remote special-purpose entity, which issues privately placed notes to investors and bank-sponsored conduits. The Company finances the acquisition of fleet for its truck rental operations in the United States through a combination of debt facilities and capital leases. These debt borrowings represent a mix of fixed and floating rate debt and had a weighted average interest rate of 3% and 4% as of December 31, 2014 and 2013, respectively.

International

Debt borrowings. In March 2013, the Company entered into a three-year, €500 million (approximately $687 million) European rental fleet securitization program, which matures in 2016 and is used to finance fleet purchases for certain of the Company's European operations. During 2014, the Company increased its capacity under this program by €290 million (approximately $370 million). The Company finances the acquisition of vehicles used in its International rental car operations through this European and other consolidated, bankruptcy remote special-purpose entities, which issue privately placed notes to banks and bank-sponsored conduits. The International borrowings primarily represent floating rate notes and had a weighted average interest rate of 3% and 4% as of December 31, 2014 and 2013, respectively.

Capital leases. The Company obtained a portion of its International vehicles under capital lease arrangements. For the year ended December 31, 2014 and 2013, the weighted average interest rate on these borrowings was 2%. All capital leases are on a fixed repayment basis and interest rates are fixed at the contract date.

DEBT MATURITIES

The following table provides the contractual maturities of the Company's debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2014:

	Debt Under Vehicle Programs
2015 [a]	$ 1,345
2016	2,328
2017	1,004
2018	1,629
2019	1,392
Thereafter	418
	$ 8,116

[a] Vehicle-backed debt maturing within one year primarily represents term asset-backed securities.

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

The following table presents available funding under the Company's debt arrangements related to its vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at December 31, 2014:

	Total Capacity [a]	Outstanding Borrowings	Available Capacity
Americas – Debt due to Avis Budget Rental Car Funding [b]	$ 9,130	$ 6,340	$ 2,790
Americas – Debt borrowings [c]	1,072	746	326
International – Debt borrowings [d]	1,763	685	1,078
International – Capital leases [e]	472	314	158
Other	31	31	—
Total	$ 12,468	$ 8,116	$ 4,352

[a] Capacity is subject to maintaining sufficient assets to collateralize debt.
[b] The outstanding debt is collateralized by approximately $8.0 billion of underlying vehicles and related assets.
[c] The outstanding debt is collateralized by approximately $1.0 billion of underlying vehicles and related assets.
[d] The outstanding debt is collateralized by approximately $1.2 billion of underlying vehicles and related assets.
[e] The outstanding debt is collateralized by $298 million of underlying vehicles and related assets.

DEBT COVENANTS

The 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 December 31, 2014, 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.

14. Commitments and Contingencies

Lease Commitments

The Company is committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Many of the Company's operating leases for facilities contain renewal options. These renewal options vary, but the majority include clauses for various term lengths and prevailing market rate rents.

Future minimum lease payments required under noncancelable operating leases, including minimum concession fees charged by airport authorities, which in many locations are recoverable from vehicle rental customers, as of December 31, 2014, are as follows:

	Amount
2015	$ 469
2016	350
2017	266
2018	203
2019	144
Thereafter	628
	$ 2,060

The future minimum lease payments in the above table have been reduced by minimum future sublease rental inflows in the aggregate of $4 million for all periods shown in the table.

The Company maintains concession agreements with various airport authorities that allow the Company to conduct its car rental operations on site. In general, concession fees for airport locations are based on a percentage of total commissionable revenue (as defined by each airport authority), subject to minimum annual guaranteed amounts. These concession fees, which are included in the Company's total rent expense, were as follows for the years ended December 31:

	2014	2013	2012
Rent expense (including minimum concession fees)	$ 639	$ 622	$ 600
Contingent concession expense	193	173	155
	832	795	755
Less: sublease rental income	(6)	(5)	(5)
Total	$ 826	$ 790	$ 750

Commitments under capital leases, other than those within the Company's vehicle rental programs, for which the future minimum lease payments have been reflected in Note 13—Debt Under Vehicle Programs and Borrowing Arrangements, are not significant.

The Company leases a portion of its vehicles under operating leases, which extend through 2018. As of December 31, 2014, the Company has guaranteed up to $100 million of residual values for these vehicles at the end of their respective lease terms. The Company believes that, based on current market conditions, the net proceeds from the sale of these vehicles at the end of their lease terms will equal or exceed their net book values and therefore has not recorded a liability related to guaranteed residual values.

Contingencies

The Company is involved in claims, legal proceedings and governmental inquiries related, among other things, to its vehicle rental operations, including contract and licensee disputes, wage-and-hour claims, competition matters, employment matters, insurance claims, intellectual property claims and other regulatory, environmental, commercial and tax matters. 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. The potential exposure resulting from adverse outcomes of such legal proceedings in which it is reasonably possible that a loss may be incurred could, in the aggregate, range up to approximately $20 million in excess of amounts accrued as of December 31, 2014. However, the Company does not believe that the impact of such litigation should result in a material liability to the Company in relation to its consolidated financial condition or results of operations.

Additionally, in 2006, the Company completed the spin-offs of its Realogy and Wyndham subsidiaries. In connection with the spin-offs, Realogy assumed 62.5% and Wyndham assumed 37.5% of certain contingent and other corporate liabilities of the Company that 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 each subsidiary's disposition ("Assumed Liabilities"). 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. 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 their current or former subsidiaries. The Company is entitled to indemnification from such entities for any liability resulting from such litigation.

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers under which the Company has agreed to purchase approximately $6.7 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 and cash received upon the disposition of vehicles.

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 marketing, advertising, computer services and capital expenditures. As of December 31, 2014, the Company had approximately $112 million of purchase obligations, which extend through 2018.

Concentrations

Concentrations of credit risk at December 31, 2014, include (i) risks related to the Company's repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers, including Ford, General Motors, Chrysler, Peugeot, Volkswagen, Kia, Fiat, Toyota, Mercedes, Volvo and BMW, and primarily with respect to receivables for program cars that have been disposed but for which the Company has not yet received payment from the manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of $60 million and $36 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with their disposition.

Asset Retirement Obligations

The Company maintains a liability for asset retirement obligations. An asset retirement obligation is a legal obligation to perform certain activities in connection with the retirement, disposal or abandonment of assets. The Company's asset retirement obligations, which are measured at discounted fair values, are primarily related to the removal of underground gasoline storage tanks at its rental facilities. Liabilities accrued for asset retirement obligations were $25 million at December 31, 2014 and 2013.

Standard Guarantees/Indemnifications

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

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 sold or spun-off 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 $33 million, the majority of which expire by the end of 2016. At December 31, 2014, the liability recorded by the Company in connection with these guarantees was approximately $1 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 and Wyndham, as applicable. The Company monitors the credit ratings and other relevant information for Realogy and Wyndham, in order to assess the status of the payment/performance risk of these guarantees.

15. Stockholders’ Equity

Cash Dividend Payments

During 2014, 2013 and 2012, the Company did not declare or pay any cash dividends. The Company’s ability to pay dividends to holders of its common stock is limited by the Company’s senior credit facility, the indentures governing its senior notes and its vehicle financing programs.

Share Repurchases

The Company obtained Board approval to repurchase up to $635 million of its common stock under a plan originally approved in August 2013 and subsequently expanded in April and October 2014. During 2014, the Company repurchased approximately 5.7 million shares of common stock at a cost of approximately $300 million under the program. During 2013, the Company repurchased approximately 1.6 million shares of common stock at a cost of approximately $50 million under the program. The Company did not repurchase any of its common stock during 2012.

Convertible Note Hedge and Warrants

In 2009, the Company purchased a convertible note hedge for approximately $95 million, to potentially reduce the net number of shares required to be issued upon conversion of the Company’s 3½% Convertible Notes. Concurrently, the Company issued warrants for approximately $62 million to offset the cost of the convertible note hedge.

The convertible note hedge and warrants, which were to be net-share settled, initially covered the purchase and issuance, respectively, of approximately 21.2 million shares of common stock, subject to customary anti-dilution provisions. The initial strike price per share of the convertible note hedge and warrants was $16.25 and $22.50, respectively. The convertible note hedge was exercisable before expiration only to the extent that corresponding amounts of the 3½% Convertible Notes were exercised. The convertible note hedge and warrant transactions were accounted for as capital transactions and included as a component of stockholders’ equity.

In October 2014, the $66 million of outstanding Convertible Notes converted into approximately 4.0 million shares of the Company’s common stock at the initial conversion rate of 61.5385 shares of common stock per $1,000 principal amount.

During 2013, along 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 $37 million and sold an equal portion of its convertible note hedge for $50 million, reducing the number of shares related to each of the hedge and warrant by approximately 13 million. In addition, the Company unwound the remaining outstanding convertible note hedge and warrants; and repurchased warrants for the purchase of the Company’s common stock for $41 million, and settled its convertible note hedge for proceeds of $54 million and 179,000 shares of the Company’s common stock valued at $7 million.

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Accumulated Other Comprehensive Income (Loss)

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

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Cash Flow Hedges [a]	Net Unrealized Gains (Losses) on Available-For-Sale Securities	Minimum Pension Liability Adjustment [b]	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2012	$ 159	$ (13)	$ 2	$ (70)	$ 78
Other comprehensive income (loss) before reclassifications	34	(1)	2	(23)	12
Amounts reclassified from accumulated other comprehensive income (loss)	—	14	(2)	8	20
Net current-period other comprehensive income (loss)	34	13	—	(15)	32
Balance, December 31, 2012	193	—	2	(85)	110
Other comprehensive income (loss) before reclassifications	(27)	1	—	24	(2)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	9	9
Net current-period other comprehensive income (loss)	(27)	1	—	33	7
Balance, December 31, 2013	166	1	2	(52)	117
Other comprehensive income (loss) before reclassifications	(115)	(7)	—	(24)	(146)
Amounts reclassified from accumulated other comprehensive income (loss)	—	5	—	2	7
Net current-period other comprehensive income (loss)	(115)	(2)	—	(22)	(139)
Balance, December 31, 2014	$ 51	$ (1)	$ 2	$ (74)	$ (22)

All components of accumulated other comprehensive income (loss) are net of tax, except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries and include a $35 million gain, net of tax, related to the Company's hedge of its net investment in Euro-denominated foreign operations (See Note 18—Financial Instruments).

[a] For the year ended December 31, 2014, amounts reclassified from accumulated other comprehensive income (loss) into interest expense were $8 million ($5 million, net of tax).

[b] For the year ended December 31, 2014 and 2013, amounts reclassified from accumulated other comprehensive income (loss) into selling, general and administrative expenses and operating expenses were $3 million ($2 million, net of tax) and $15 million ($9 million, net of tax), respectively.

16. Stock-Based Compensation

The Company's Amended and Restated Equity and Incentive Plan provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units ("RSUs") and other stock- or cash-based awards to employees, directors and other individuals who perform services for the Company and its subsidiaries. The maximum number of shares reserved for grant of awards under the plan is 18.5 million, with approximately 5.4 million shares available as of December 31, 2014. The Company typically settles stock-based awards with treasury shares.

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

Cash Unit Awards

The fair value of time-based restricted cash units is based on the Company's stock price on the grant date. Market-vesting restricted cash units generally vest depending on the level of relative total shareholder return achieved by the Company during the period prior to scheduled vesting. Settlement of restricted cash units is based on the Company's average closing stock price over a specified number of trading days and the value of these awards varies based on changes in the Company's stock price.

Stock Unit Awards

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

The grant date fair value of the performance-based RSUs incorporates the total shareholder return metric, which is estimated using a Monte Carlo simulation model to estimate the Company's ranking relative to an applicable stock index. The weighted average assumptions used in the Monte Carlo simulation model to calculate the fair value of the Company's stock unit awards are outlined in the table below.

	2014	2013	2012
Expected volatility of stock price	40%	43%	50%
Risk-free interest rate	0.83%	0.39%	0.30% - 0.42%
Valuation period	3 years	3 years	2½ - 3 years
Dividend yield	0%	0%	0%

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

	Time-Based RSUs		Performance-Based and Market Based RSUs		Cash Unit Awards	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2014	1,308	$ 17.92	2,043	$ 13.79	267	$ 14.90
Granted [a]	381	42.05	326	42.03	—	—
Vested [b]	(606)	16.71	(438)	10.91	—	—
Forfeited/expired	(85)	24.83	(47)	21.36	—	—
Outstanding at December 31, 2014 [c]	998	$ 27.26	1,884	$ 19.17	267	$ 14.90

[a] Reflects the maximum number of stock units assuming achievement of all performance-, market- and time-vesting criteria and does not include those for non-employee directors, which are discussed separately below. The weighted-average fair value of time-based RSUs, performance-based and market-based RSUs, and cash units granted in 2013 was $21.77, $20.04 and $18.04, respectively, and the weighted-average fair value of time-based RSUs, performance-based and market-based RSUs, and cash units granted in 2012 was $14.39, $12.66 and $12.65, respectively.

[b] The total fair value of RSUs vested during 2014, 2013 and 2012 was $15 million, $13 million and $16 million, respectively.

[c] The Company's outstanding time-based RSUs, performance-based and market-based RSUs, and cash units had aggregate intrinsic value of $66 million, $125 million and $18 million, respectively. Aggregate unrecognized compensation expense related to time-based RSUs and performance-based and market-based RSUs amounted to $28 million and will be recognized over a weighted average vesting period of 0.6 years. The Company assumes that substantially all outstanding awards will vest over time.

Stock Options

The annual stock option activity consisted of (in thousands of shares):

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Term (years)
Outstanding at January 1, 2014	979	$ 2.82	$ 37	5.2
Granted [a]	—	—	—	
Exercised [b]	(131)	2.16	6	
Forfeited/expired	—	—	—	
Outstanding at December 31, 2014 [c]	848	2.92	54	4.3
Exercisable at December 31, 2014	816	$ 2.59	$ 52	4.2

(a) No stock options were granted during 2013 or 2012.
(b) Stock options exercised during 2013 and 2012 had intrinsic values of $23 million and $11 million, respectively, and the cash received from the exercise of options was insignificant in 2014, $3 million in 2013 and insignificant in 2012.
(c) The Company assumes that substantially all outstanding stock options will vest over time.

Non-employee Directors Deferred Compensation Plan

The Company grants stock awards on a quarterly basis to non-employee directors representing between 50% and 100% of a director’s annual compensation and such awards can be deferred under the Non-employee Directors Deferred Compensation Plan. During 2014, 2013 and 2012, the Company granted 20,000, 33,000 and 53,000 awards, respectively, to non-employee directors.

Employee Stock Purchase Plan

The Company is authorized to sell shares of its common stock to eligible employees at 95% of fair market value. This plan has been deemed to be non-compensatory and therefore, no compensation expense has been recognized.

Stock-Compensation Expense

During 2014, 2013 and 2012, the Company recorded stock-based compensation expense of $34 million ($21 million, net of tax), $24 million ($14 million, net of tax) and $16 million ($10 million, net of tax), respectively. In jurisdictions with net operating loss carryforwards, exercises and/or vestings of stock-based awards have generated $56 million of total tax deductions at December 31, 2014. Approximately $22 million of tax benefits will be recorded in additional paid-in capital when these tax deductions are realized in these jurisdictions.

17. Employee Benefit Plans

Defined Contribution Savings Plans

The Company sponsors several defined contribution savings plans in the United States and certain foreign subsidiaries that provide certain eligible employees of the Company an opportunity to accumulate funds for retirement. The Company matches portions of the contributions of participating employees on the basis specified by the plans. The Company’s contributions to these plans were $34 million, $39 million and $34 million during 2014, 2013 and 2012, respectively.

Defined Benefit Pension Plans

The Company sponsors non-contributory defined benefit pension plans in the United States covering certain eligible employees and sponsors contributory and non-contributory defined benefit pension plans in certain foreign subsidiaries with some plans offering participation in the plans at the employees' option. The most material of the non-U.S. defined benefit pension plans is operated in the United Kingdom. Under these plans, benefits are based on an employee's years of credited service and a percentage of final average compensation. However, the majority of such plans are closed to new employees and are no longer accruing benefits. There is an unfunded defined benefit pension plan for employees in Germany, which is closed to new employees, and a statutorily determined unfunded defined benefit termination plan for employees in Italy.

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

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

	Year Ended December 31,		
	2014	**2013**	**2012**
Service cost	$ 5	$ 5	$ 5
Interest cost	29	26	27
Expected return on plan assets	(32)	(28)	(25)
Amortization of unrecognized amounts	3	15	14
Net periodic benefit cost	$ 5	$ 18	$ 21

The estimated amount that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in 2015 is $6 million, which consists of $5 million for net actuarial loss and $1 million for prior service cost.

The Company uses a measurement date of December 31 for its pension plans. The funded status of the pension plans were as follows:

	As of December 31,	
Change in Benefit Obligation	**2014**	**2013**
Benefit obligation at end of prior year	$ 670	$ 670
Service cost	5	5
Interest cost	29	26
Plan amendments	(1)	1
Actuarial (gain) loss	72	(19)
Currency translation adjustment	(34)	8
Net benefits paid	(25)	(21)
Benefit obligation at end of current year	$ 716	$ 670
Change in Plan Assets		
Fair value of assets at end of prior year	$ 517	$ 465
Actual return on plan assets	56	52
Employer contributions	26	17
Currency translation adjustment	(21)	4
Net benefits paid	(25)	(21)
Fair value of assets at end of current year	$ 553	$ 517

Funded Status	As of December 31, 2014	As of December 31, 2013
Classification of net balance sheet assets (liabilities)		
Non-current assets	$ 15	$ —
Current liabilities	(1)	—
Non-current liabilities	(177)	(153)
Net funded status	$ (163)	$ (153)

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

	For the Year Ended December 31, 2014	2013	2012
U.S. Pension Benefit Plans			
Discount rate:			
Net periodic benefit cost	4.75%	3.75%	4.00%
Benefit obligation	4.00%	4.75%	4.00%
Long-term rate of return on plan assets	7.50%	7.50%	7.50%
Non-U.S. Pension Benefit Plans			
Discount rate:			
Net periodic benefit cost	4.50%	4.50%	4.75%
Benefit obligation	3.30%	4.50%	4.50%
Long-term rate of return on plan assets	5.30%	5.25%	5.35%

To select a discount rate for its defined benefit pension plans, the Company uses a modeling process that involves matching the expected cash outflows of such plan, to a yield curve constructed from a portfolio of AA-rated fixed-income debt instruments. The Company uses the average yield of this hypothetical portfolio as a discount rate benchmark.

The Company's expected rate of return on plan assets of 7.50% and 5.30% for U.S. plans and non-U.S. plans, respectively, used to determine pension obligations and pension costs, is a long-term rate based on historic plan asset returns in individual jurisdictions, over varying long-term periods combined with current market conditions and broad asset mix considerations.

As of December 31, 2014, plans with benefit obligations in excess of plan assets had aggregate benefit obligations of $421 million and plan assets of $243 million. Substantially all of the Company's defined benefit pension plans had a projected benefit obligation in excess of the fair value of plan assets as of December 31, 2013. The Company expects to contribute approximately $1 million to the U.S. plans and $11 million to the non-U.S. plans in 2015.

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

The U.S. defined benefit pension plans' investment goals and objectives are managed by the Company with consultation from independent investment advisors. The Company seeks to produce returns on pension plan investments, which are based on levels of liquidity and investment risk that the Company believes are prudent and reasonable, given prevailing capital market conditions. The pension plans' assets are managed in the long-term interests of the participants and the beneficiaries of the plans. The Company's overall investment strategy has been to achieve a mix of approximately 65% of investments for long-term growth and 35% for near-term benefit payments with a wide diversification of asset types and fund strategies. The Company believes that diversification of the pension plans' assets is an important investment strategy to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the pension plans. As such, the Company allocates assets among traditional equity, fixed income (U.S. and non-U.S. government issued securities, corporate bonds and short-term cash investments) and other investment strategies.

The equity component's purpose is to provide a total return that will help preserve the purchasing power of the assets. The pension plans hold various mutual funds that invest in equity securities and are diversified among funds that invest in large cap, small cap, growth, value and international stocks as well as funds that are intended to "track" an index, such as the S&P 500. The equity investments in the portfolios will represent a greater assumption of market volatility and risk as well as provide higher anticipated total return over the long term. The equity component is expected to approximate 45%-65% of the U.S. pension plans' assets.

The purpose of the fixed income component is to provide a deflation hedge, to reduce the overall volatility of the pension plans assets in relation to the liability and to produce current income. The pension plans hold mutual funds that invest in securities issued by governments, government agencies and corporations. The fixed income component is expected to approximate 30%-40% of the U.S. pension plans' assets.

The management of the Company's non-U.S. defined benefit pension plans' investment goals and objectives vary slightly by country, but are managed with consultation and advice from independent investment advisors. The investment policy is set with the primary objective to provide appropriate security for all beneficiaries; to achieve long-term growth in the assets sufficient to provide for benefits from the plan; and to achieve an appropriate balance between risk and return with regards to the cost of the plan and the security of the benefits. A suitable strategic asset allocation benchmark is determined for the plans to maintain diversified portfolios, taking into account government requirements, if any, regarding unnecessary investment risk and protection of pension plans' assets. The defined benefit pension plans' assets are primarily invested in equities, bonds, absolute return funds and cash.

The Company used significant observable inputs (Level 2 inputs) to determine the fair value of the defined benefit pension plans' assets. See Note 2—Summary of Significant Accounting Policies for the Company's methodology used to measure fair value. The following table presents the defined benefit pension plans' assets measured at fair value, as of December 31:

Asset Class	2014	2013
Cash equivalents	$ 2	$ 10
Short term investments	4	5
U.S. stock	113	104
Non-U.S. stock	163	166
Real estate investment trusts	—	9
Non-U.S. government securities	85	80
U.S. government securities	6	3
Corporate bonds	167	137
Other assets	13	3
Total assets	$ 553	$ 517

The Company estimates that future benefit payments from plan assets will be $23 million, $25 million, $25 million, $26 million, $29 million and $158 million for 2015, 2016, 2017, 2018, 2019 and 2020 to 2024, respectively.

Multiemployer Plans

The Company contributes to a number of multiemployer plans under the terms of collective-bargaining agreements that cover a portion of its employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (iii) if the Company elects to stop participating in a multiemployer plan it may be required to contribute to such plan an amount based on the under-funded status of the plan; and (iv) the Company has no involvement in the management of the multiemployer plans' investments. For the years ended December 31, 2014, 2013 and 2012, the Company contributed a total of $9 million, $8 million and $9 million, respectively, to multiemployer plans.

18. Financial Instruments

Risk Management

Currency Risk. The Company uses currency exchange contracts to manage its exposure to changes in currency exchange rates associated with its non-U.S.-dollar denominated receivables and forecasted royalties and forecasted earnings of non-U.S. subsidiaries. The Company primarily hedges a portion of its current-year currency exposure to the Australian, Canadian and New Zealand dollars, the Euro, the British pound sterling and certain other currencies. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk they economically hedge. Forward contracts used to hedge forecasted third-party receipts and disbursements up to 12 months are designated and do qualify as cash flow hedges.

The Company has designated its 6% Euro-denominated notes as a hedge of its net investment in Euro-denominated foreign operations. For the years ended December 31, 2014 and 2013, the Company has recorded a $46 million gain, net of tax, and a $11 million loss, net of tax, respectively, in accumulated other comprehensive income (loss).

The amount of gains or losses reclassified from other comprehensive income (loss) to earnings resulting from ineffectiveness or from excluding a component of the hedges' gain or loss from the effectiveness calculation for cash flow and net investment hedges during 2014, 2013 and 2012 was not material, nor is the amount of gains or losses the Company expects to reclassify from accumulated other comprehensive income (loss) to earnings over the next 12 months.

Interest Rate Risk. 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 after-tax amount of gains or losses reclassified from accumulated other comprehensive income (loss) to earnings resulting from ineffectiveness for 2014, 2013 and 2012 was not material to the Company's results of operations. The Company expects $8 million of losses currently deferred in accumulated other comprehensive income (loss) to be recognized in earnings during 2015.

Commodity Risk. The Company periodically enters into derivative commodity contracts to manage its exposure to changes in the price of gasoline. These instruments were designated as freestanding derivatives and the changes in fair value are recorded in the Company's consolidated results of operations.

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

There were no significant concentrations of credit risk with any individual counterparties or groups of counterparties at December 31, 2014 or 2013, other than (i) risks related to the Company's repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers, including Ford, General Motors, Chrysler, Peugeot, Volkswagen, Kia, Fiat, Toyota, Mercedes, Volvo, and BMW, and primarily with respect to receivables for program cars that were disposed but for which the Company has not yet received payment from the manufacturers (see Note 2—Summary of Significant Accounting Policies), (ii) receivables from Realogy and Wyndham related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with their disposition and (iii) risks related to leases which have been assumed by Realogy, Wyndham or Travelport but of which the Company is a guarantor. Concentrations of credit risk associated with trade receivables are considered minimal due to the Company's diverse customer base. The Company does not normally require collateral or other security to support credit sales.

Fair Value

Derivative instruments and hedging activities

As described above, derivative assets and liabilities consist principally of currency exchange contracts, interest rate swaps, interest rate contracts and commodity contracts.

The Company held derivative instruments with absolute notional values as follows:

	As of December 31,	
	2014	2013
Interest rate caps [(a)]	$ 8,333	$ 8,924
Interest rate swaps	1,592	850
Foreign exchange contracts	493	1,014
Commodity contracts (millions of gallons of unleaded gasoline)	—	8

[(a)] Represents $6.2 billion of interest rate caps sold, partially offset by approximately $2.1 billion of interest rate caps purchased at December 31, 2014 and $7.1 billion of interest rate caps sold, partially offset by approximately $1.8 billion of interest rate caps purchased at December 31, 2013. These amounts exclude $4.2 billion and $5.2 billion of interest rate caps purchased by the Company's Avis Budget Rental Car Funding subsidiary at December 31, 2014 and 2013, respectively.

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

	As of December 31, 2014		As of December 31, 2013	
	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives
Derivatives designated as hedging instruments				
Interest rate swaps [(a)]	$ 1	$ 3	$ 2	$ 1
Derivatives not designated as hedging instruments				
Interest rate caps [(b)]	—	10	2	13
Interest rate swaps [(a)]	—	—	—	—
Foreign exchange contracts [(c)]	5	2	3	5
Commodity contracts [(c)]	—	1	—	—
Total	$ 6	$ 16	$ 7	$ 19

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 (loss), as discussed in Note 15—Stockholders' Equity.
[(a)] Included in other non-current assets or other non-current liabilities.
[(b)] Included in assets under vehicle programs or liabilities under vehicle programs.
[(c)] Included in other current assets or other current liabilities.

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

	Year Ended December 31,		
	2014	2013	2012
Derivatives designated as hedging instruments			
Interest rate swaps [a]	$ (2)	$ 1	$ 13
Derivatives not designated as hedging instruments [b]			
Foreign exchange contracts [c]	8	27	(31)
Interest rate caps [d]	(3)	4	(15)
Commodity contracts [e]	(3)	1	3
Total	$ —	$ 33	$ (30)

[a] Recognized, net of tax, as a component of accumulated other comprehensive income within stockholders' equity.
[b] Gains (losses) related to derivative instruments are expected to be largely offset by (losses) gains on the underlying exposures being hedged.
[c] For the year ended December 31, 2014, included a $10 million gain included in interest expense and a $2 million loss included in operating expenses. For the year ended December 31, 2013, included a $20 million gain in interest expense and a $7 million gain included in operating expenses. For the year ended December 31, 2012, included a $32 million loss in interest expense and a $1 million gain in operating expenses.
[d] For the year ended December 31, 2014, amounts are included in vehicle interest, net. For the year ended December 31, 2013, $1 million of expense is included in vehicle interest, net and a $5 million gain is included in interest expense. For the year ended December 31, 2012, amounts are included in vehicle interest, net.
[e] Included in operating expenses.

Debt Instruments

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

	As of December 31, 2014		As of December 31, 2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Corporate debt				
Short-term debt and current portion of long-term debt, excluding convertible debt	$ 28	$ 28	$ 23	$ 23
Long-term debt, excluding convertible debt	3,392	3,439	3,305	3,416
Convertible debt	—	—	66	159
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	$ 6,340	$ 6,407	$ 5,656	$ 5,732
Vehicle-backed debt	1,766	1,771	1,668	1,675
Interest rate swaps and interest rate caps [a]	10	10	13	13

[a] Derivatives in liability position.

19. Segment Information

The Company's chief operating decision maker assesses performance and allocates resources based upon the separate financial information from the Company's operating segments. In identifying its reportable segments, the Company considered the nature of services provided, the geographical areas in which the segments operated and other relevant factors. The Company aggregates certain of its operating segments into its reportable segments.

Management evaluates the operating results of each of its reportable segments based upon revenue and "Adjusted EBITDA," which the Company defines as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs and income taxes. The Company's presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

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Year Ended December 31, 2014

	Americas	International	Corporate and Other [a]	Total
Net revenues	$ 5,961	$ 2,524	$ —	$ 8,485
Vehicle depreciation and lease charges, net	1,492	504	—	1,996
Vehicle interest, net	234	48	—	282
Adjusted EBITDA	656	280	(60)	876
Non-vehicle depreciation and amortization	122	58	—	180
Assets exclusive of assets under vehicle programs	3,997	1,739	175	5,911
Assets under vehicle programs	9,162	1,896	—	11,058
Capital expenditures (excluding vehicles)	113	69	—	182

[a] Primarily represents unallocated corporate overhead, receivables from our former subsidiaries and debt financing fees related to our corporate debt.

Year Ended December 31, 2013

	Americas	International	Corporate and Other [a]	Total
Net revenues	$ 5,480	$ 2,457	$ —	$ 7,937
Vehicle depreciation and lease charges, net	1,315	496	—	1,811
Vehicle interest, net	216	48	—	264
Adjusted EBITDA	560	256	(47)	769
Non-vehicle depreciation and amortization	103	49	—	152
Assets exclusive of assets under vehicle programs	3,849	1,758	225	5,832
Assets under vehicle programs	8,357	2,095	—	10,452
Capital expenditures (excluding vehicles)	99	53	—	152

[a] Primarily represents unallocated corporate overhead, receivables from our former subsidiaries and debt financing fees related to our corporate debt.

Year Ended December 31, 2012

	Americas	International	Corporate and Other [a]	Total
Net revenues	$ 5,080	$ 2,276	$ 1	$ 7,357
Vehicle depreciation and lease charges, net	999	472	—	1,471
Vehicle interest, net	260	37	—	297
Adjusted EBITDA	611	250	(21)	840
Non-vehicle depreciation and amortization	80	45	—	125
Assets exclusive of assets under vehicle programs	3,180	1,715	224	5,119
Assets under vehicle programs	7,875	2,224	—	10,099
Capital expenditures (excluding vehicles)	73	59	—	132

[a] Primarily represents unallocated corporate overhead, receivables from our former subsidiaries and debt financing fees related to our corporate debt.

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

	For the Year Ended December 31,		
	2014	2013	2012
Adjusted EBITDA	$ 876	$ 769	$ 840
Less: Non-vehicle related depreciation and amortization	180	152	125
Interest expense related to corporate debt, net	209	228	268
Early extinguishment of corporate debt	56	147	75
Restructuring expense	26	61	38
Transaction-related costs, net	13	51	34
Impairment	—	33	—
Income before income taxes	$ 392	$ 97	$ 300

The geographic segment information provided below is classified based on the geographic location of the Company's subsidiaries.

	United States	All Other Countries	Total
2014			
Net revenues	$ 5,471	$ 3,014	$ 8,485
Assets exclusive of assets under vehicle programs	3,859	2,052	5,911
Assets under vehicle programs	8,428	2,630	11,058
Net long-lived assets	1,481	885	2,366
2013			
Net revenues	$ 5,030	$ 2,907	$ 7,937
Assets exclusive of assets under vehicle programs	3,729	2,103	5,832
Assets under vehicle programs	7,791	2,661	10,452
Net long-lived assets	1,281	947	2,228
2012			
Net revenues	$ 4,637	$ 2,720	$ 7,357
Assets exclusive of assets under vehicle programs	3,094	2,025	5,119
Assets under vehicle programs	7,329	2,770	10,099
Net long-lived assets	723	912	1,635

20. Guarantor and Non-Guarantor Consolidating Financial Statements

The following consolidating financial information presents Consolidating Condensed Statements of Operations for the years ended December 31, 2014, 2013 and 2012, Consolidating Condensed Balance Sheets as of December 31, 2014 and December 31, 2013 and Consolidating Condensed Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012 for: (i) Avis Budget Group, Inc. (the "Parent"); (ii) ABCR and Avis Budget Finance, Inc. (the "Subsidiary Issuers"); (iii) the guarantor subsidiaries; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent with the Subsidiary Issuers, the guarantor and non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. The Subsidiary Issuers and the guarantor and non-guarantor subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's guarantee of the payment of principal, premium (if any) and interest on the notes issued by the Subsidiary Issuers. See Note 12—Long-term Debt and Borrowing Arrangements for additional description of these guaranteed notes. The Senior Notes have separate investors than the equity investors of the Company and 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 Operations, certain expenses incurred by the Subsidiary Issuers are allocated to the guarantor and non-guarantor subsidiaries.

Consolidating Condensed Statements of Operations

For the Year Ended December 31, 2014

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 4,038	$ 1,988	$ —	$ 6,026
Other	—	—	1,167	3,426	(2,134)	2,459
Net revenues	—	—	5,205	5,414	(2,134)	8,485
Expenses						
Operating	10	13	2,525	1,703	—	4,251
Vehicle depreciation and lease charges, net	—	1	1,920	1,996	(1,921)	1,996
Selling, general and administrative	27	23	602	428	—	1,080
Vehicle interest, net	—	—	200	295	(213)	282
Non-vehicle related depreciation and amortization	—	2	111	67	—	180
Interest expense related to corporate debt, net:						
Interest expense	2	163	2	42	—	209
Intercompany interest expense (income)	(13)	(11)	1	23	—	—
Early extinguishment of debt	—	56	—	—	—	56
Restructuring expense	—	—	7	19	—	26
Transaction-related costs, net	1	8	(20)	24	—	13
Total expenses	27	255	5,348	4,597	(2,134)	8,093
Income (loss) before income taxes and equity in earnings of subsidiaries	(27)	(255)	(143)	817	—	392
Provision for (benefit from) income taxes	(10)	(108)	186	79	—	147
Equity in earnings of subsidiaries	262	409	738	—	(1,409)	—
Net income	$ 245	$ 262	$ 409	$ 738	$ (1,409)	$ 245
Comprehensive income	$ 106	$ 123	$ 273	$ 624	$ (1,020)	$ 106

For the Year Ended December 31, 2013

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 3,786	$ 1,921	$ —	$ 5,707
Other	—	—	1,098	3,086	(1,954)	2,230
Net revenues	—	—	4,884	5,007	(1,954)	7,937
Expenses						
Operating	7	15	2,425	1,627	—	4,074
Vehicle depreciation and lease charges, net	—	—	1,776	1,806	(1,771)	1,811
Selling, general and administrative	35	6	591	387	—	1,019
Vehicle interest, net	—	—	182	265	(183)	264
Non-vehicle related depreciation and amortization	—	2	97	53	—	152
Interest expense related to corporate debt, net:						
Interest expense	3	196	—	29	—	228
Intercompany interest expense (income)	(12)	(30)	6	36	—	—
Early extinguishment of debt	53	94	—	—	—	147
Restructuring expense	—	—	25	36	—	61
Transaction-related costs, net	1	24	3	23	—	51
Impairment	—	33	—	—	—	33
Total expenses	87	340	5,105	4,262	(1,954)	7,840
Income (loss) before income taxes and equity in earnings of subsidiaries	(87)	(340)	(221)	745	—	97
Provision for (benefit from) income taxes	(14)	(124)	156	63	—	81
Equity in earnings of subsidiaries	89	305	682	—	(1,076)	—
Net income	$ 16	$ 89	$ 305	$ 682	$ (1,076)	$ 16
Comprehensive income	$ 23	$ 96	$ 310	$ 657	$ (1,063)	$ 23

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For the Year Ended December 31, 2012

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	$ —	$ —	$ 3,491	$ 1,806	$ —	$ 5,297
Other	1	—	1,052	2,130	(1,123)	2,060
Net revenues	1	—	4,543	3,936	(1,123)	7,357
Expenses						
Operating	—	5	2,305	1,514	—	3,824
Vehicle depreciation and lease charges, net	—	—	902	996	(427)	1,471
Selling, general and administrative	21	—	573	331	—	925
Vehicle interest, net	—	—	234	300	(237)	297
Non-vehicle related depreciation and amortization	—	2	75	48	—	125
Interest expense related to corporate debt, net:						
Interest expense	9	246	—	13	—	268
Intercompany interest expense (income)	(18)	(314)	277	55	—	—
Early extinguishment of debt	44	31	—	—	—	75
Restructuring expense	—	—	3	35	—	38
Transaction-related costs, net	4	1	1	28	—	34
Total expenses	60	(29)	4,370	3,320	(664)	7,057
Income (loss) before income taxes and equity in earnings of subsidiaries	(59)	29	173	616	(459)	300
Provision for (benefit from) income taxes	(8)	(106)	72	52	—	10
Equity in earnings of subsidiaries	341	206	105	—	(652)	—
Net income	$ 290	$ 341	$ 206	$ 564	$ (1,111)	$ 290
Comprehensive income	$ 322	$ 373	$ 237	$ 594	$ (1,204)	$ 322

Consolidating Condensed Balance Sheets

As of December 31, 2014

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 2	$ 210	$ —	$ 412	$ —	$ 624
Receivables, net	—	—	177	422	—	599
Deferred income taxes	—	23	102	34	—	159
Other current assets	3	86	78	289	—	456
Total current assets	5	319	357	1,157	—	1,838
Property and equipment, net	—	112	325	201	—	638
Deferred income taxes	19	1,199	138	—	(4)	1,352
Goodwill	—	—	487	355	—	842
Other intangibles, net	—	38	545	303	—	886
Other non-current assets	104	81	22	148	—	355
Intercompany receivables	205	344	978	672	(2,199)	—
Investment in subsidiaries	468	3,072	3,316	—	(6,856)	—
Total assets exclusive of assets under vehicle programs	801	5,165	6,168	2,836	(9,059)	5,911
Assets under vehicle programs:						
Program cash	—	—	—	119	—	119
Vehicles, net	—	7	87	10,121	—	10,215
Receivables from vehicle manufacturers and other	—	1	—	361	—	362
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	362	—	362
	—	8	87	10,963	—	11,058
Total assets	$ 801	$ 5,173	$ 6,255	$ 13,799	$ (9,059)	$ 16,969
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	$ 39	$ 200	$ 462	$ 790	$ —	$ 1,491
Short-term debt and current portion of long-term debt	—	13	4	11	—	28
Total current liabilities	39	213	466	801	—	1,519
Long-term debt	—	2,825	6	561	—	3,392
Other non-current liabilities	97	100	232	341	(4)	766
Intercompany payables	—	1,558	313	328	(2,199)	—
Total liabilities exclusive of liabilities under vehicle programs	136	4,696	1,017	2,031	(2,203)	5,677
Liabilities under vehicle programs:						
Debt	—	9	84	1,683	—	1,776
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	6,340	—	6,340
Deferred income taxes	—	—	2,082	185	—	2,267
Other	—	—	—	244	—	244
	—	9	2,166	8,452	—	10,627
Total stockholders' equity	665	468	3,072	3,316	(6,856)	665
Total liabilities and stockholders' equity	$ 801	$ 5,173	$ 6,255	$ 13,799	$ (9,059)	$ 16,969

As of December 31, 2013

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 14	$ 242	$ 12	$ 425	$ —	$ 693
Receivables, net	—	—	150	469	—	619
Deferred income taxes	1	—	156	21	(1)	177
Other current assets	4	80	82	289	—	455
Total current assets	19	322	400	1,204	(1)	1,944
Property and equipment, net	—	109	312	193	—	614
Deferred income taxes	20	1,142	141	—	(4)	1,299
Goodwill	—	—	342	349	—	691
Other intangibles, net	—	41	519	363	—	923
Other non-current assets	104	96	18	143	—	361
Intercompany receivables	145	210	853	331	(1,539)	—
Investment in subsidiaries	671	2,900	3,347	—	(6,918)	—
Total assets exclusive of assets under vehicle programs	959	4,820	5,932	2,583	(8,462)	5,832
Assets under vehicle programs:						
Program cash	—	—	—	116	—	116
Vehicles, net	—	10	9	9,563	—	9,582
Receivables from vehicle manufacturers and other	—	—	—	391	—	391
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	363	—	363
	—	10	9	10,433	—	10,452
Total assets	$ 959	$ 4,830	$ 5,941	$ 13,016	$ (8,462)	$ 16,284
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	$ 25	$ 238	$ 487	$ 730	$ (1)	$ 1,479
Short-term debt and current portion of long-term debt	65	14	3	7	—	89
Total current liabilities	90	252	490	737	(1)	1,568
Long-term debt	—	2,955	6	344	—	3,305
Other non-current liabilities	98	96	221	436	(4)	847
Intercompany payables	—	844	340	355	(1,539)	—
Total liabilities exclusive of liabilities under vehicle programs	188	4,147	1,057	1,872	(1,544)	5,720
Liabilities under vehicle programs:						
Debt	—	11	—	1,670	—	1,681
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	5,656	—	5,656
Deferred income taxes	—	—	1,984	193	—	2,177
Other	—	1	—	278	—	279
	—	12	1,984	7,797	—	9,793
Total stockholders' equity	771	671	2,900	3,347	(6,918)	771
Total liabilities and stockholders' equity	$ 959	$ 4,830	$ 5,941	$ 13,016	$ (8,462)	$ 16,284

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Consolidating Condensed Statements of Cash Flows

For the Year Ended December 31, 2014

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by operating activities	$ —	$ 469	$ 340	$ 1,840	$ (70)	$ 2,579
Investing activities						
Property and equipment additions	—	(20)	(84)	(78)	—	(182)
Proceeds received on asset sales	—	7	8	6	—	21
Net assets acquired (net of cash acquired)	—	—	(263)	(153)	—	(416)
Other, net	285	(9)	(2)	—	(285)	(11)
Net cash provided by (used in) investing activities exclusive of vehicle programs	285	(22)	(341)	(225)	(285)	(588)
Vehicle programs:						
Increase in program cash	—	—	—	(10)	—	(10)
Investment in vehicles	—	(9)	(90)	(11,776)	—	(11,875)
Proceeds received on disposition of vehicles	—	8	—	9,658	—	9,666
	—	(1)	(90)	(2,128)	—	(2,219)
Net cash provided by (used in) investing activities	285	(23)	(431)	(2,353)	(285)	(2,807)
Financing activities						
Proceeds from long-term borrowings	—	575	—	296	—	871
Payments on long-term borrowings	—	(756)	(5)	(1)	—	(762)
Net change in short-term borrowings	—	—	—	5	—	5
Debt financing fees	—	(12)	—	(5)	—	(17)
Repurchases of common stock	(297)	—	—	—	—	(297)
Other, net	—	(285)	—	(70)	355	—
Net cash provided by (used in) financing activities exclusive of vehicle programs	(297)	(478)	(5)	225	355	(200)
Vehicle programs:						
Proceeds from borrowings	—	—	88	14,285	—	14,373
Payments on borrowings	—	—	(3)	(13,960)	—	(13,963)
Debt financing fees	—	—	(1)	(27)	—	(28)
	—	—	84	298	—	382
Net cash provided by (used in) financing activities	(297)	(478)	79	523	355	182
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	(23)	—	(23)
Net decrease in cash and cash equivalents	(12)	(32)	(12)	(13)	—	(69)
Cash and cash equivalents, beginning of period	14	242	12	425	—	693
Cash and cash equivalents, end of period	$ 2	$ 210	$ —	$ 412	$ —	$ 624

For the Year Ended December 31, 2013

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	$ (3)	$ 562	$ 26	$ 1,736	$ (68)	$ 2,253
Investing activities						
Property and equipment additions	—	(26)	(69)	(57)	—	(152)
Proceeds received on asset sales	—	7	4	11	—	22
Net assets acquired (net of cash acquired)	—	(564)	8	19	—	(537)
Intercompany loan receipts	—	233	60	—	(293)	—
Other, net	146	(50)	48	4	(146)	2
Net cash provided by (used in) investing activities exclusive of vehicle programs	146	(400)	51	(23)	(439)	(665)
Vehicle programs:						
Increase in program cash	—	—	—	(79)	—	(79)
Investment in vehicles	—	(44)	(2)	(10,853)	—	(10,899)
Proceeds received on disposition of vehicles	—	40	—	9,369	—	9,409
	—	(4)	(2)	(1,563)	—	(1,569)
Net cash provided by (used in) investing activities	146	(404)	49	(1,586)	(439)	(2,234)
Financing activities						
Proceeds from long-term borrowings	—	2,647	—	325	—	2,972
Payments on long-term borrowings	(115)	(2,489)	(3)	(1)	—	(2,608)
Net change in short-term borrowings	—	—	—	(36)	—	(36)
Debt financing fees	—	(30)	—	(7)	—	(37)
Purchases of warrants	(78)	—	—	—	—	(78)
Proceeds from sale of call options	104	—	—	—	—	104
Repurchases of common stock	(48)	—	—	—	—	(48)
Intercompany loan payments	—	—	(60)	(233)	293	—
Other, net	3	(146)	—	(68)	214	3
Net cash provided by (used in) financing activities exclusive of vehicle programs	(134)	(18)	(63)	(20)	507	272
Vehicle programs:						
Proceeds from borrowings	—	—	—	12,953	—	12,953
Payments on borrowings	—	—	—	(13,115)	—	(13,115)
Debt financing fees	—	—	—	(34)	—	(34)
	—	—	—	(196)	—	(196)
Net cash provided by (used in) financing activities	(134)	(18)	(63)	(216)	507	76
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	(8)	—	(8)
Net increase (decrease) in cash and cash equivalents	9	140	12	(74)	—	87
Cash and cash equivalents, beginning of period	5	102	—	499	—	606
Cash and cash equivalents, end of period	$ 14	$ 242	$ 12	$ 425	$ —	$ 693

For the Year Ended December 31, 2012

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	$ (43)	$ 272	$ 70	$ 1,650	$ (60)	$ 1,889
Investing activities						
Property and equipment additions	—	(26)	(43)	(63)	—	(132)
Proceeds received on asset sales	—	8	3	10	—	21
Net assets acquired (net of cash acquired)	—	—	(1)	(68)	—	(69)
Intercompany loan receipts	224	—	—	—	(224)	—
Other, net	29	(4)	(1)	(8)	(25)	(9)
Net cash provided by (used in) investing activities exclusive of vehicle programs	253	(22)	(42)	(129)	(249)	(189)
Vehicle programs:						
Increase in program cash	—	—	—	(13)	—	(13)
Investment in vehicles	—	(4)	(20)	(11,043)	—	(11,067)
Proceeds received on disposition of vehicles	—	3	2	9,191	—	9,196
	—	(1)	(18)	(1,865)	—	(1,884)
Net cash provided by (used in) investing activities	253	(23)	(60)	(1,994)	(249)	(2,073)
Financing activities						
Proceeds from long-term borrowings	—	1,152	—	—	—	1,152
Payments on long-term borrowings	(222)	(1,268)	(11)	—	—	(1,501)
Net change in short-term borrowings	—	—	—	10	—	10
Debt financing fees	—	(16)	—	—	—	(16)
Purchases of warrants	(29)	—	—	—	—	(29)
Proceeds from sale of call options	43	—	—	—	—	43
Intercompany loan payments	—	(224)	—	—	224	—
Other, net	1	(25)	—	(60)	85	1
Net cash provided by (used in) financing activities exclusive of vehicle programs	(207)	(381)	(11)	(50)	309	(340)
Vehicle programs:						
Proceeds from borrowings	—	—	—	12,108	—	12,108
Payments on borrowings	—	—	—	(11,490)	—	(11,490)
Debt financing fees	—	—	—	(28)	—	(28)
	—	—	—	590	—	590
Net cash provided by (used in) financing activities	(207)	(381)	(11)	540	309	250
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	6	—	6
Net increase (decrease) in cash and cash equivalents	3	(132)	(1)	202	—	72
Cash and cash equivalents, beginning of period	2	234	1	297	—	534
Cash and cash equivalents, end of period	$ 5	$ 102	$ —	$ 499	$ —	$ 606

21. Selected Quarterly Financial Data—(unaudited)

Provided below are selected unaudited quarterly financial data for 2014 and 2013.

The earnings per share information is calculated independently for each quarter based on the weighted average number of common stock and common stock equivalents outstanding, which may fluctuate, based on quarterly income levels and market prices. Therefore, the sum of the quarters' per share information may not equal the annual amount presented on the Consolidated Statements of Operations.

	2014			
	First	Second	Third	Fourth
Net revenues	$ 1,862	$ 2,194	$ 2,542	$ 1,887
Net income	4	26	192	23
Per share information:				
Basic				
Net income	$ 0.03	$ 0.25	$ 1.84	$ 0.22
Weighted average shares	106.6	105.1	103.9	106.2
Diluted				
Net income	$ 0.03	$ 0.24	$ 1.74	$ 0.21
Weighted average shares	108.6	111.0	109.9	108.3

	2013			
	First	Second	Third	Fourth
Net revenues	$ 1,691	$ 2,002	$ 2,395	$ 1,849
Net income (loss)	(46)	(28)	118	(28)
Per share information:				
Basic				
Net income (loss)	$ (0.43)	$ (0.26)	$ 1.09	$ (0.26)
Weighted average shares	107.7	108.4	108.3	107.1
Diluted				
Net income (loss)	$ (0.43)	$ (0.26)	$ 1.02	$ (0.26)
Weighted average shares	107.7	108.4	116.2	107.1

22. Subsequent Events

In January 2015, the Company completed the acquisition of its Avis and Budget licensee for Norway, Sweden and Denmark for approximately $50 million.

In January 2015, the Company's Avis Budget Rental Car Funding subsidiary issued $650 million in five-year asset backed notes with a weighted average interest rate of 2.7%. The proceeds from the borrowings will provide funds for the repayment of maturing vehicle-backed debt and the acquisition of rental cars in the United States.

EX-99.5 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Avis Budget Group, Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2015, not presented herein, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
New York, NY
February 23, 2015 (May 6, 2015 as to the effects of the segment changes described in Note 1)