April 1, 2010

To our shareholders:

What a difference a year makes. Over the last twelve months, we have confronted the challenges of a global recession, distressed vehicle manufacturers, volatile used-car prices, declines in business and leisure travel, and frozen credit markets. Yet we overcame these obstacles to deliver a significant improvement in our operating results and our financial position.

It was a painful process in many ways. We did what you would expect your management team to do in the face of such adversity, including having trimmed our workforce by some 8,000 positions since 2008. Those decisions are never easy, but were essential to forge a path through the worst economy that we have experienced in our lifetimes. But even amid those challenges, the hard work, dedication and commitment of our people were evident as we made the necessary changes to adapt to a weak economy, found innovative ways to enhance the rental experience, introduced several compelling new industry firsts and drove cost savings and process improvement throughout our operations around the world.

We have never been more proud of our team than we were this year.

2009 was a year in which we refined our business model to further emphasize price and profit, and lowered our cost structure by more than $350 million. These cost savings, along with smart fleet management, enabled us to increase EBITDA[1] by 51% over the prior year despite a significant decline in revenue. In short, we not only managed through a difficult period; we also positioned Avis Budget Group for margin improvement and longer-term earnings growth.

Another example of our progress came in our efforts to grow ancillary product revenue. By further training our field staff to sell a suite of ancillary products to meet customers' needs, we achieved record penetration of high-margin products such as *where2* GPS rentals, loss damage waivers and electronic toll processing, which produced ancillary revenue growth of 15% on a per-rental-day basis. Going forward, we will continue to focus on offering ancillary products and services that enhance our customers' experience as well as our bottom line.

We also ended 2009 in a strong liquidity position. We refinanced roughly $1 billion of asset-backed debt maturities in 2009, including the first asset-backed offering since 2007 for our industry. In addition, we issued $345 million in convertible senior notes, successfully extended $2 billion of our asset-backed bank conduit facilities and held a cash balance of more than $475 million at year-end.

The steady improvement in our results and our other achievements over the course of the year did not go unnoticed by the investment community, with our stock price rebounding to close the year at over $13 per share. But while we appreciate the recognition of our accomplishments as a company, we are not satisfied.

We enter 2010 a different company. We are a smaller and more nimble organization that is more focused on margins and growth in profitability than ever before. Because the economic recovery may be slower than in prior recessions, akin to the "Reset Economy" that others have talked about, we believe that the reductions to our cost structure, our innovation in product development and the enhanced training that were the focus of last year will pay significant dividends.

We are seeing early signs of improving fundamentals. Fleet pricing has stabilized, and commercial air traffic and car rental volumes, which tend to be leading travel indicators, are firming. The outlook for used-car prices has also been on the upswing, a relevant factor as we look to sell some 50% of our fleet in that market.

As a result, we believe 2010 should provide us with some meaningful growth opportunities.

But we also know that we operate in a highly competitive industry and that to win in the eye of the consumer we need to take our renowned customer service to the next level. This means listening even more closely to the "voice" of our customer. For example, in response to customer feedback, we became the first and only company in our industry to ban smoking in our vehicles. This simple step was embraced by our customer base, lowered our vehicle cleaning and maintenance costs and generated favorable media coverage for our brands.

While we have long used tools to aggregate customer feedback and to monitor customer satisfaction, we believe that by increasing our use of this feedback to guide our operating strategies, we will find additional ways to improve customer satisfaction, differentiate our brands and enhance customer loyalty. Our goal is to over-deliver on customer expectations; that is the best way we know to differentiate Avis and Budget from the competition. And importantly, our financial results will reflect the benefits of a loyal and satisfied customer. This initiative, in combination with the achievements of the past year, gives rise to our Company's guiding theme in 2010: to become a Company that is truly "*Customer Led, Service Driven*™."

Achieving this vision requires that we recruit, retain and develop our employee base, and make sure our Company is an outstanding place to work. In 2009, Avis and Budget won awards not only for being an excellent place to work, but also for the quality of our service offerings, our supplier-diversity programs and for customer loyalty.

The strides we made in 2009 clearly demonstrate our potential for future growth and prosperity. By evolving into a Customer Led, *Service Driven* Company that emphasizes *profitable* rental volume, we can increase customer loyalty, improve overall margins and generate meaningful earnings growth. On behalf of the over 22,000 Avis Budget Group employees around the world, we appreciate your continued support of our efforts.

Ronald L. Nelson
Chairman and Chief Executive Officer

F. Robert Salerno
President and Chief Operating Officer

[1] EBITDA represents income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, non-vehicle related interest and income taxes. The following reconciles EBITDA to net loss: 2009 EBITDA was $205 million, less $96 million of non-vehicle related depreciation and amortization, $153 million of interest expense related to corporate debt, net and $33 million of impairment expense, plus a $30 million benefit from income taxes for a net loss of $47 million. In 2008, EBITDA was $136 million, less $88 million of non-vehicle related depreciation and amortization, $129 million of interest expense related to corporate debt, net and $1,262 million of impairment expense, plus a $219 million benefit from income taxes for a net loss of $1,124 million.

This letter contains forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in our 2009 Annual Report on Form 10-K including under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."