
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): April 22, 2014 (April 17, 2014)

Avis Budget Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-10308

(Commission File Number)

06-0918165

(IRS Employer Identification Number)

**6 Sylvan Way
Parsippany, NJ**

(Address of Principal Executive Offices)

07054

(Zip Code)

(973) 496-4700

(Registrant's telephone number, including area code)

N/A

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

- 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))

Amendment of Employment Agreement of Chief Executive Officer

On April 17, 2014, Avis Budget Group, Inc. (the "Company") amended and restated its agreement with Ronald L. Nelson, our Chairman and Chief Executive Officer (the "Executive"). Such agreement was last amended in January 2010 (the "Prior Agreement").

The amended agreement provides a minimum base salary of \$1.15 million and participation in employee benefit plans generally available to our executive officers. The amended agreement also provides, consistent with the Prior Agreement, for an annual incentive award with a target payout equal to 150% of the Executive's base salary, subject to attainment by the Company of performance goals to be determined by the Company's Compensation Committee. In addition, the amended agreement provides for long-term incentive awards as determined by the Committee in its sole discretion.

The amended agreement generally provides the Executive and his dependents with continuation of certain health and welfare benefits until the Executive reaches (or would have reached) age 75, reflecting no change from the Prior Agreement. Also, consistent with the Prior Agreement, if the Executive's employment with us is terminated by us without "cause" or due to a "constructive discharge" (as defined in the amended agreement), the Executive generally will be entitled to a lump sum payment equal to 299% of the sum of his then-current base salary plus his then-current target annual bonus, and accelerated vesting of certain equity awards. The definition of "constructive discharge" does not include any trigger that would provide for grounds for a "constructive discharge" merely upon the occurrence of a change in control of the Company.

The amended agreement has less than a two-year term ending on December 31, 2015, with no automatic renewal or severance provisions applicable at the end of such term. The amended agreement provides that the term may be extended to December 31, 2016 if the Board elects to appoint the Executive as Executive Chairman effective after December 31, 2015. Should the Board make such appointment, the Executive's compensation shall be no less than either (a) base salary or (b) fifty percent of salary and annual incentive, in each case, as in effect as of December 31, 2015.

A copy of the amended agreement is attached hereto as an Exhibit and is incorporated herein by reference. The foregoing description of the agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreement.

Appointment of Chief Accounting Officer

The Company has announced that effective May 12, 2014, David T. Calabria will be appointed as the Company's Chief Accounting Officer, replacing Izilda P. Martins in that role. Ms. Martins has been named Senior Vice President, Finance, North America.

Mr. Calabria, age 39, joined the Company in 2004 and has held roles of increasing responsibility within the Company's Treasury function, most recently as Vice President and Assistant Treasurer. Prior to joining the Company, Mr. Calabria was a Vice President in ABS Conduit Administration at JPMorganChase Bank and was an accountant with PriceWaterhouseCoopers. Mr. Calabria is a Certified Public Accountant and holds a Bachelor of Business Administration from the University of Notre Dame.

In connection with Mr. Calabria's appointment, on April 16, 2014, the Company's Compensation Committee awarded Mr. Calabria an incremental long-term incentive with a target grant date value of \$35,000. Seventy percent of the target award consists of time-based restricted stock units, which are scheduled to vest one-third on each of the first three anniversaries of the date of grant, and thirty percent consists of performance-based restricted stock units, which are scheduled to vest on the third anniversary of the date of grant based on the achievement of performance goals. Vesting of both the time-based restricted stock units and the performance-based restricted stock units generally is subject to continued employment. The performance-based stock units may vest between 50% and 150% of target, depending on the level of performance achieved.

Item 9.01 Financial Statements and Exhibits.

The following exhibit is filed as part of this report:

Exhibit No.	Description
10.1	Amended and Restated Employment Agreement between Avis Budget Group, Inc. and Ronald L. Nelson.

SIGNATURES

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

AVIS BUDGET GROUP, INC.

By: /s/ Jean M. Sera
Name: Jean M. Sera
Title: Senior Vice President and Corporate Secretary

Date: April 22, 2014

AVIS BUDGET GROUP, INC.
CURRENT REPORT ON FORM 8-K
Report Dated April 22, 2014 (April 17, 2014)

EXHIBIT INDEX

Exhibit No.

Description

10.1

Amended and Restated Employment Agreement between Avis Budget Group, Inc. and Ronald L. Nelson.

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

Avis Budget Group, Inc. (the “**Company**”) and Ronald L. Nelson (the “**Executive**”) are parties to this certain Employment Agreement amended and restated as of April 17, 2014 (this “**Agreement**”).

WHEREAS, the Company and the Executive are parties to an Amended and Restated Employment Agreement dated as of January 27, 2010 pursuant to which the Executive serves as the Chief Executive Officer of the Company (the “**Prior Agreement**”); and

WHEREAS, the Company and the Executive desire to amend and restate the Prior Agreement in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that this Agreement is amended and restated to read as follows:

SECTION I

EFFECTIVENESS

This Agreement shall be effective as of the date hereof (the “**Effective Date**”).

SECTION II

EMPLOYMENT; POSITION AND RESPONSIBILITIES

The Company agrees to continue to employ the Executive, and the Executive agrees to be employed by the Company, for the Period of Employment as provided in Section III below and upon the terms and conditions provided in this Agreement. The Executive shall serve as Chief Executive Officer, President and Chief Operating Officer of the Company and shall report to, and be subject to the direction of, the Board of Directors of the Company (the “**Board**”). In addition, during the Period of Employment, the Executive shall continue to serve as Chairman, and a member, of the Board; provided, however, that the Executive’s continued service as a member of the Board shall at all times remain subject to the limitations of applicable law and to any and all nomination and election procedures and requirements in accordance with the Company’s by-laws or other organizational documents. The Executive shall perform such duties and exercise such supervision with regard to the business of the Company as are associated with his positions, as well as such additional duties as may be prescribed from time to time by the Board. The Executive shall, during the Period of Employment, devote substantially all of his time and attention during normal business hours to the performance of services for the Company. The Executive shall maintain a primary office and conduct his business in Parsippany, New Jersey (the “**Business Office**”), except for normal and reasonable business travel in connection with his duties hereunder. Notwithstanding the foregoing, on December 31, 2015, the Company may elect to employ the Executive solely as the Executive Chairman of the Board, and if the Company so elects, the Executive agrees to serve in such position until the expiration of the “Period of Employment” (as defined in Section III below). In the event that the Company elects to employ the Executive as Chairman as set forth in the preceding sentence, then, it is expressly understood that the Executive shall be permitted to serve on three boards of directors of for profit entities (in addition to the Board) without the consent of the Company.

SECTION III

PERIOD OF EMPLOYMENT

The period of the Executive's employment under this Agreement (such period is referred to herein as the "**Period of Employment**") shall begin on the Effective Date and shall end on December 31, 2015, or in the event the Company elects to employ the Executive as Executive Chairman as set forth in Section II above, December 31, 2016, in each case subject to earlier termination as provided in this Agreement. For the avoidance of doubt, the expiration of the Period of Employment, and the corresponding termination of the Executive's employment or service, shall in no event constitute a "Without Cause Termination" or a "Constructive Discharge" (each, as defined in Section VII(c) below) for any purpose hereunder.

SECTION IV

COMPENSATION AND BENEFITS

For all services rendered by the Executive pursuant to this Agreement during the Period of Employment, including services as an executive officer, director or committee member of the Company or any subsidiary or affiliate of the Company, the Executive shall be compensated as follows:

(a) Base Salary.

(i) Subject to the provisions of Section IV(a)(ii) hereof, the Company shall initially pay the Executive a fixed base salary ("**Base Salary**") of not less than \$1,150,000, per annum, and thereafter the Executive shall be eligible to receive increases as the Board deems appropriate, in accordance with the Company's customary procedures regarding salaries of senior officers. Base Salary shall be payable according to the customary payroll practices of the Company, but in no event less frequently than once each month.

(ii) In the event that the Company elects to employ the Executive as Executive Chairman of the Board on or after December 31, 2015 as contemplated under Section II hereof, the Executive's Base Salary shall be determined by the Board; provided it shall not be less than, at the election of the Company, either (x) the Base Salary in effect at December 31, 2015, or (y) 50% of the amount specified in clause (x). If the Board elects to pay the Base Salary under the foregoing clause (y), the Executive shall also be eligible to receive an Annual Bonus for 2016 in accordance with the provisions of Section IV(b) (and specifically, the second to last sentence of the first paragraph thereof).

(b) Annual Incentive Awards. The Executive shall be eligible to earn a target Annual Bonus for 2014 and 2015 (each, an "**Annual Bonus**") equal to 150% of the Executive's Base Salary for such fiscal year, if the Company achieves the target performance goals established by the Compensation Committee (the "**Committee**") for such fiscal year. The Committee may establish such metrics whereby the Executive may earn an Annual Bonus in excess of the target Annual Bonus or an Annual Bonus less than the target Annual Bonus. For 2016, in the event that the Executive's Base Salary is subject to adjustment as provided in Section IV(a)(ii)(y) hereof, the Executive shall be eligible to earn a target Annual Bonus for 2016 that is no less than one-half of the target Annual Bonus that the Executive was eligible to earn for 2015. In the event that the Executive's Base Salary is paid as provided in Section IV(a)(ii)(x) hereof, the Executive shall not be eligible to earn an Annual Bonus for 2016, unless otherwise determined by the Committee in its sole discretion.

Notwithstanding the foregoing, to the extent required for any Annual Bonus to comply with the "performance-based compensation" exception under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**"), the maximum amount that may become payable to the Executive in respect of any Annual Bonus shall be established by the Committee at the beginning of the fiscal year as required by Section 162(m) of

the Code and the Committee shall be precluded from increasing the amount of compensation payable under such bonus thereafter for such fiscal year (but the Committee may have the discretion to decrease the amount of compensation payable). Nothing herein shall be construed to limit the authority of the Committee to pay the Executive additional bonus compensation that is not intended to be “performance-based compensation” under Section 162(m) of the Code.

Any Annual Bonus that becomes payable to the Executive pursuant to this Section shall be paid to the Executive as soon as reasonably practicable following receipt by the Board of the audited consolidated financial statements of the Company for the relevant fiscal year, but in no event later than two and one-half (2 1/2) months following the end of the applicable fiscal year in which such Annual Bonus was earned. The Executive shall be entitled to receive any Annual Bonus that becomes payable in a lump sum cash payment, or, at his election, in any form that the Board generally makes available to the Company’s executive management team; provided that any such election is made by the Executive in compliance with Section 409A of the Code (“**Section 409A**”) and the regulations promulgated thereunder.

(c) Additional Benefits. The Executive shall be entitled to participate in all other compensation and employee benefit plans or programs and receive all benefits and perquisites for which salaried employees of the Company generally are eligible under any plan or program now in effect, or later established by the Company, on a basis no less favorable than as provided to any other executive of the Company. The Executive shall participate to the extent permissible under the terms and provisions of such plans or programs, and in accordance with the terms of such plans and programs. Without limiting the generality of the foregoing, the Executive will be provided benefits and perquisites on such terms and conditions as determined by the Board, which determination will be based in part upon comparisons to chief executive officers of public companies of comparable size and industry to the Company; provided, however, that any such perquisites shall not be amended after the date hereof with respect to the Executive in a manner materially adverse to the Executive.

(d) Further Consideration. The Company acknowledges and agrees to provide the Executive with the following benefits notwithstanding anything herein to the contrary. Upon the Executive’s termination of employment from the Company and its subsidiaries for any reason, including, without limitation, due to or following any Resignation, or termination by the Company with or without Cause, the Executive and each person who is his covered dependent (including his then-current spouse) at such time under each applicable benefit plan sponsored or provided by the Company shall remain eligible to continue to participate in all of such plans (as they may be modified from time to time) on a basis no less favorable to all senior executive officers of the Company (the “**Post-Employment Plans**”) until the end of the plan year in which the Executive reaches, or would have reached, age seventy-five (75) (such benefits, the “**Post-Employment Benefits**”). For purposes of this Section IV(d), Post-Employment Plans will include any relevant plan sponsored by the Company and any third party or governmental plan contributed to by the Company for the benefit of senior executives of the Company or otherwise made available to senior executives of the Company. The Executive is currently eligible to participate in the following Post-Employment Plans: Executive Physical Exams, Medical Insurance, Dental Insurance, Group Life Insurance (up to \$1 million coverage on the Executive’s life), and Vision Service Plan. Coverage under such Post-Employment Plans shall be subject to the Executive and/or such dependents, as applicable, continuing to pay the applicable employee portion of any premiums, co-payments, deductibles and similar costs. Solely with respect to the Executive’s dependents, such coverage shall terminate upon such earlier date if and when they become ineligible for any such benefits under the terms of such plans and provided that once the Executive or his dependents become eligible for Medicare or any other government-sponsored medical insurance plan, or if the Executive and his eligible dependents are eligible to participate in any other company’s medical insurance plan as an employee (or as eligible dependents of an employee) after the termination of the Executive’s employment, the Executive or his dependents shall utilize such government plan or other company plan and, to the extent permitted by applicable law, the Company’s insurance obligations as part of the Post-Employment Benefits hereunder shall become secondary to such government plan or other company plan. Notwithstanding the foregoing, the Company may meet any of its foregoing obligations under the Post-Employment Plans by paying for, or providing for the payment of, such benefits directly or through alternative plans or individual policies which are no less favorable

in all material respects (with respect to both coverage and cost to the Executive) to the Post-Employment Plans. If the Company meets its obligations by paying for the Post-Employment Plans pursuant to the foregoing sentence, any reimbursements required to be made by the Company to the Executive shall be made on or before the last day of the calendar year following the calendar year in which the expense was incurred and shall not be subject to liquidation or exchange for another benefit. In addition, in no event shall the Post-Employment Benefits provided or the amount of the expenses eligible for reimbursement during one calendar year affect the Post-Employment Benefits provided or the amount of expenses eligible for reimbursement in any other calendar year.

(e) Long-Term Incentive Awards. During the Period of Employment, the Executive shall be eligible for long term incentive awards as determined by the Committee in its sole discretion.

SECTION V

BUSINESS EXPENSES

The Company shall reimburse the Executive for all reasonable travel and other expenses incurred by the Executive in connection with the performance of his duties and obligations under this Agreement in accordance with the applicable Company policies as in effect from time to time; provided, however, that such policies shall not be amended after the date hereof with respect to the Executive in a manner materially adverse to the Executive. The Executive shall comply with such limitations and reporting requirements with respect to expenses as may be established by the Company from time to time and shall promptly provide all appropriate and requested documentation in connection with such expenses. Further, the Executive will receive access to Company aircraft or alternative air transportation, subject to applicable Company policies as in effect from time to time.

SECTION VI

DEATH AND DISABILITY

The Period of Employment shall end upon the Executive's death. If the Executive experiences a Disability (as defined below) during the Period of Employment, the Period of Employment may be terminated at the option of the Executive upon notice of resignation to the Company, or at the option of the Company upon notice of termination to the Executive. For purposes of this Agreement, "**Disability**" shall have the meaning set forth in Section 409A. The Company's obligation to make payments to the Executive under this Agreement shall cease as of such date of termination as a result of death or Disability, except for Base Salary and any Annual Bonus earned but unpaid as of the date of such termination, payable in accordance with the terms of Section IV hereof, and the obligation to provide the Post-Employment Benefits in accordance with Section IV(d) hereof (the "**Accrued Obligations**"), and, in such event (a) each of the Executive's then outstanding options to purchase shares of Company common stock granted prior to 2010, shall become immediately and fully vested and exercisable (to the extent not already vested) and, notwithstanding any term or provision relating to such award to the contrary, shall remain exercisable until the first to occur of the third (3rd) anniversary of the Executive's termination of employment and the original expiration date of such award, (b) the impact of such termination of employment on stock options granted during 2010 and thereafter shall be governed by the terms and conditions of the applicable award agreement and the Company's 2007 Equity and Incentive Plan (as amended or restated from time to time), (c) all other long-term equity awards then outstanding shall be subject to the terms and conditions of the applicable award agreement and the equity plan under which such awards were granted, and (d) the Company shall pay the Executive (or his surviving spouse, estate or personal representative, as applicable) a cash amount equal to the Executive's target Annual Bonus for 2014 if the Executive is terminated in 2014, for 2015 if the Executive is terminated in 2015, or if the Executive is terminated thereafter and is serving solely as Executive Chairman of the Board as provided in Section II above, then a cash amount equal to the Executive's target Annual

Bonus for 2016 pursuant to the second to last sentence of the first paragraph of Section IV(b), if applicable, in each case, multiplied by a fraction the numerator of which is the total number of days during the applicable calendar year during which the Executive was employed by the Company and the denominator of which is 365, payable at such time as such bonus otherwise would have been paid had the Executive remained employed with the Company.

SECTION VII

EFFECT OF TERMINATION OF EMPLOYMENT

(a) Without Cause Termination and Constructive Discharge. Subject to the provisions of Section VII(d), if the Executive's employment terminates during the Period of Employment due to either a Without Cause Termination or a Constructive Discharge (each, as defined below): (i) the Accrued Obligations shall be paid to the Executive in accordance with the terms hereof, (ii) the Company shall pay the Executive (or his surviving spouse, estate or personal representative, as applicable), on the fifty-third (53rd) day following such termination (or, such later date as contemplated in Section VII(d) below in the event that the Release Date (as defined in Section VII(d) below) is extended as set forth in Section VII(d) below), a lump-sum amount equal to 2.99 multiplied by the sum of (A) the Executive's then current Base Salary, plus (B) the Executive's then current target Annual Bonus; (iii) each option to purchase shares of the Company's common stock granted prior to 2010 shall become immediately and fully vested and exercisable (to the extent not already vested) and, notwithstanding any term or provision thereof to the contrary, shall remain exercisable until the first to occur of the third (3rd) anniversary of the Executive's termination of employment and the original expiration date of such option, (iv) the impact of such termination of employment on stock options granted during and after 2010 shall be governed by the terms and conditions of the applicable award agreement and the Company's 2007 Equity and Incentive Plan (as amended or restated from time to time); and (v) all other long-term equity awards (including, without limitation, restricted stock units and cash awards) shall be subject to the terms and conditions of the applicable award agreement and the equity plan under which such awards were granted.

(b) Termination for Cause; Resignation; Expiration of the Period of Employment. If the Executive's employment terminates due to a Termination for Cause or a Resignation, or due to the expiration of the Period of Employment as provided in Section III, the Accrued Obligations shall be paid to the Executive in accordance with the terms hereof. Outstanding stock options and other equity awards held by the Executive as of the date of termination shall be treated in accordance with their terms, except that, in connection with a termination due to the expiration of the Period of Employment as provided in Section III, each option to purchase shares of the Company's common stock granted prior to 2010 shall, notwithstanding any term or provision thereof to the contrary, remain exercisable until the first to occur of the third (3rd) anniversary of the Executive's termination of employment and the original expiration date of such option. Except as provided in this paragraph, the Company shall have no further obligations to the Executive hereunder.

(c) For purposes of this Agreement, the following terms have the following meanings:

(i) "**Termination for Cause**" means termination of the Executive by the Company as a result of (a) the Executive's willful failure to substantially perform his duties as an employee of the Company or any subsidiary (other than any such failure resulting from incapacity due to physical or mental illness), (b) any act of fraud, embezzlement or similar conduct against the Company or any subsidiary, (c) the Executive's conviction of a felony or any crime involving moral turpitude (which conviction, due to the passage of time or otherwise, is not subject to further appeal), (d) the Executive's gross negligence in the performance of his duties or (e) the Executive purposefully makes (or has been found to have made) a false certification to the Company pertaining to its financial statements.

(ii) “**Constructive Discharge**” means (a) any material failure of the Company to fulfill its obligations under this Agreement (including without limitation any material reduction of the Base Salary (except as otherwise expressly contemplated herein), as the same may be increased during the Period of Employment, or any material reduction in any other material element of compensation (except as otherwise expressly contemplated herein)) or any material diminution to the Executive’s duties and responsibilities relating to service as an executive officer, (b) the Business Office is relocated to any location that increases the Executive’s one-way commute by more than 30 miles or the Business Office is relocated to New York City provided, in each case, that such relocation constitutes a material negative change to the Executive’s employment relationship, (c) during the Period of Employment, the Executive is not the Chief Executive Officer and the most senior executive officer of the Company (except for any transition to the role of Executive Chairman of the Board on or after December 31, 2015 as contemplated by Sections II and III and further detailed below); or does not report directly to the Board, (d) the failure of the Executive to be elected to, or serve on, the Board or to serve as Chairman or Executive Chairman of the Board, in any case, for any reason other than (I) the Executive’s resignation from either such position (excluding any resignation resulting from a failure to satisfy any applicable majority vote requirement), (II) the Executive’s unwillingness to serve in any such position, (III) due to the Executive’s termination by the Company for Cause or as a result of death or Disability, or (IV) in the case of the failure of the Executive to serve as Executive Chairman of the Board, if such failure is as a result of applicable law, rule or regulation requiring the Chairman of the Board and the Chief Executive Officer to be separate individuals, or (e) failure of a successor to the Company to assume this Agreement in accordance with Section XIV below. Notwithstanding the foregoing, a Constructive Discharge shall not be deemed to occur solely as a result of the Company electing, after December 31, 2015, to employ the Executive only as the Executive Chairman of the Board. The Executive shall provide the Company a written notice of his intention to terminate employment pursuant to a Constructive Discharge within 60 days after the Executive knows or has reason to know of the occurrence of any such event which notice describes the circumstances being relied on for the termination with respect to this Agreement, and the Company shall have thirty (30) days after receipt of such notice to remedy the event prior to the termination for Constructive Discharge. Upon the remedy of such event within such thirty (30)-day period, such event shall no longer constitute a basis for Constructive Discharge and the Executive’s notice of termination pursuant to a Constructive Discharge shall be rescinded.

(iii) “**Without Cause Termination**” or “**Terminated Without Cause**” means termination of the Executive’s employment by the Company other than due to death, Disability, or Termination for Cause.

(iv) “**Resignation**” means a termination of the Executive’s employment by the Executive, other than in connection with a Constructive Discharge or other than due to death or Disability.

(d) Conditions to Payment and Acceleration; Section 409A.

(i) Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Executive under Section VII of this Agreement until the Executive would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A.

(ii) All payments due to the Executive under this Section VII shall be subject to, and contingent upon, the Executive (or his beneficiary or estate) (x) executing a release of claims against the Company and its affiliates (in such reasonable form determined by the Company in its sole discretion) within forty-five days following the Executive’s separation from service (or, in the event of a dispute, upon resolution of

the dispute, provided that such extension does not result in, as applicable, the disputed payments constituting deferred compensation within the meaning of Section 409A or the imposition of additional taxes under Section 409A) and (y) failing to revoke such release (the date on which the release becomes irrevocable, the “**Release Date**”).

(iii) To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Executive’s termination of employment shall instead be paid on the first business day after the date that is six months following the Executive’s termination of employment (or upon the Executive’s death, if earlier).

(iv) The intent of the Parties is that payments and benefits under this Agreement comply with Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A and any payments described in this Agreement that are due within the “short term deferral period” as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise.

(v) The payments due to the Executive under this Section VII shall be in lieu of any other severance benefits otherwise payable to the Executive under any severance plan of the Company or its affiliates.

SECTION VIII

OTHER DUTIES OF THE EXECUTIVE DURING AND AFTER THE PERIOD OF EMPLOYMENT

(a) The Executive shall, with reasonable notice during or after the Period of Employment, furnish information as may be in his possession and fully cooperate with the Company and its affiliates as may be requested in connection with any claims or legal action in which the Company or any of its affiliates is or may become a party. After the Period of Employment, the Executive shall cooperate as reasonably requested with the Company and its affiliates in connection with any claims or legal actions in which the Company or any of its affiliates is or may become a party. The Company agrees to reimburse the Executive for any reasonable out-of-pocket expenses incurred by the Executive by reason of such cooperation, including any loss of salary, and the Company shall make reasonable efforts to minimize interruption of the Executive’s life in connection with his cooperation in such matters as provided for in this paragraph.

(b) The Executive recognizes and acknowledges that all information pertaining to this Agreement or to the affairs; business; results of operations; accounting methods, practices and procedures; members; acquisition candidates; financial condition; clients; customers or other relationships of the Company or any of its affiliates (“**Information**”) is confidential and is a unique and valuable asset of the Company or any of its affiliates. Access to and knowledge of certain of the Information is essential to the performance of the Executive’s duties under this Agreement. The Executive shall not during the Period of Employment or thereafter, except to the extent reasonably necessary in performance of his duties under this Agreement, give to any person, firm, association, corporation, or governmental agency any Information, except as may be required by law. The Executive shall not make use of the Information for his own purposes or for the benefit of any person or organization other than the Company or any of its affiliates. The Executive shall also use his best efforts to prevent the disclosure of this Information by others. All records, memoranda, etc. relating to the business of the Company or its affiliates, whether made by the Executive or otherwise coming into his possession, are confidential and shall remain the property of the Company or its affiliates.

(c) (i) During the Period of Employment and during the Restricted Period, the Executive shall not use his status with the Company or any of its affiliates to obtain loans, goods or services from another organization on terms that would not be available to him in the absence of his relationship to the Company or any of its affiliates. For purposes of this Agreement, the term “**Restricted Period**” shall mean a period of two (2) years following the Executive’s termination of employment for any reason; provided that in the event that the Executive terminates employment with the Company following December 31, 2015, then, for purposes of Section VIII(c)(ii) hereof, the Restricted Period shall be a period of one (1) year following termination of employment (such one-year period, the “**Post-Term Period**”).

(ii) During the Restricted Period, the Executive shall not make any statements or perform any acts intended to have the effect of advancing the interest of any existing competitors (or any entity the Executive knows to be a prospective competitor) of the Company or any of its affiliates or in any way injuring the interests of the Company or any of its affiliates. During the Restricted Period, the Executive, without prior express written approval by the Board, shall not engage in, or directly or indirectly (whether for compensation or otherwise) own or hold proprietary interest in, manage, operate, or control, or join or participate in the ownership, management, operation or control of, or furnish any capital to or be connected in any manner with, any party which competes in any way or manner with the business of the Company or any of its affiliates, as such business or businesses may be conducted from time to time, either as a general or limited partner, proprietor, common or preferred shareholder (other than being less than a 5% shareholder in a publicly traded company), officer, director, agent, employee, consultant, trustee, affiliate, or otherwise. The Executive acknowledges that the Company’s and its affiliates’ businesses are conducted nationally and internationally and agrees that the provisions in the foregoing sentence shall operate throughout the United States and those countries in the world where the Company then conducts business or has a plan to conduct business.

(iii) During the Restricted Period, the Executive, without express prior written approval from the Board, shall not solicit any members or the then-current clients of the Company or any of its affiliates for any existing business of the Company or any of its affiliates or discuss with any employee of the Company or any of its affiliates information or operation of any business intended to compete with the Company or any of its affiliates.

(iv) During the Restricted Period, the Executive shall not interfere with the employees or affairs of the Company or any of its affiliates or solicit or induce any person who is an employee of the Company or any of its affiliates to terminate any relationship such person may have with the Company or any of its affiliates, nor shall the Executive during such period directly or indirectly engage, employ or compensate, or cause any person with which the Executive may be affiliated, to engage, employ or compensate, any employee of the Company or any of its affiliates. The Executive hereby represents and warrants that the Executive has not entered into any agreement, understanding or arrangement with any employee of the Company or any of its affiliates pertaining to any business in which the Executive has participated or plans to participate, or to the employment, engagement or compensation of any such employee.

(v) For the purposes of this Agreement, proprietary interest means legal or equitable ownership, whether through stock holding or otherwise, of an equity interest in a business, firm or entity or ownership of more than 5% of any class of equity interest in a publicly-held company and the term “affiliate” shall include without limitation all subsidiaries and material licensees of the Company.

(vi) Notwithstanding the foregoing, during the Post-Term Period, the Executive may commence employment with, or engage in, or directly or indirectly (whether for compensation or otherwise) own or hold a proprietary interest in, manage, operate, or control, or join or participate in the ownership, management, operation or control of, or furnish capital to an entity engaged in the automobile rental business so long as (A) such entity does not derive one-third or more of its revenues from the automobile rental business and does not have assets used in the automobile rental business that constitute one-third or more of such entity’s total business

assets, and (B) the Executive is not directly employed by the division, unit or affiliate of such entity that is engaged in the automobile rental business.

(d) The Executive hereby acknowledges that damages at law may be an insufficient remedy to the Company if the Executive violates the terms of this Agreement and that the Company shall be entitled, upon making the requisite showing, to preliminary and/or permanent injunctive relief in any court of competent jurisdiction to restrain the breach of or otherwise to specifically enforce any of the covenants contained in this Section VIII without the necessity of showing any actual damage or that monetary damages would not provide an adequate remedy. Such right to an injunction shall be in addition to, and not in limitation of, any other rights or remedies the Company may have. Without limiting the generality of the foregoing, neither party shall oppose any motion the other party may make for any expedited discovery or hearing in connection with any alleged breach of this Section VIII.

(e) The period of time during which the provisions of this Section VIII shall be in effect shall be extended by the length of time during which the Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(f) The Executive agrees that the restrictions contained in this Section VIII are an essential element of the compensation the Executive is granted hereunder and but for the Executive's agreement to comply with such restrictions, the Company would not have entered into this Agreement.

SECTION IX

INDEMNIFICATION

The Company shall indemnify the Executive to the fullest extent permitted by the laws of the state of the Company's incorporation in effect at that time, or the certificate of incorporation and by-laws of the Company, whichever affords the greater protection to the Executive (including payment of expenses in advance of final disposition of a proceeding).

SECTION X

CERTAIN TAXES

Notwithstanding any other provision of this Agreement to the contrary, in the event that any payment that is either received by the Executive or paid by the Company on the Executive's behalf or any property, or any other benefit provided to the Executive under this Agreement or under any other plan, arrangement or agreement with the Company or any other person whose payments or benefits are treated as contingent on a change of ownership or control of the Company (or in the ownership of a substantial portion of the assets of the Company) or any person affiliated with the Company or such person (but only if such payment or other benefit is in connection with the Executive's employment by the Company) (collectively the "**Company Payments**"), will be subject to the tax (the "**Excise Tax**") imposed by Section 4999 of the Code (and any similar tax that may hereafter be imposed by any taxing authority), then the Executive will be entitled to receive either (i) the full amount of the Company Payments, or (ii) a portion of the Company Payments having a value equal to \$1 less than three (3) times the Executive's "base amount" (as such term is defined in Section 280G(b)(3)(A) of the Code), whichever of clauses (i) and (ii), after taking into account applicable federal, state, and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the Executive on an after-tax basis, of the greatest portion of the Company Payments. Any determination required under this Section X shall be made in writing by the independent public accountant of the Company (the "Accountants"), whose determination shall be conclusive and binding for all purposes upon the Company and the Executive. For purposes of making any calculation required by this Section X, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and

4999 of the Code. If there is a reduction of the Company Payments pursuant to this Section X, such reduction shall occur in the following order: (A) any cash severance payable by reference to the Executive's Base Salary or Annual Bonus, (B) any other cash amount payable to the Executive, (C) any employee benefit valued as a "parachute payment," and (D) acceleration of vesting of any outstanding equity award. For the avoidance of doubt, in the event that additional Company Payments are made to the Executive after the application of the cutback in this Section X, which additional Company Payments result in the cutback no longer being applicable, the Company shall pay the Executive an additional amount equal to the value of the Company Payments that were originally cutback. The Company shall determine at the end of each calendar year whether any such restoration is necessary based on additional Company Payments (if any) made during such calendar year, and shall pay such restoration within ninety (90) days of the last day of such calendar year. In no event whatsoever shall the Executive be entitled to a tax gross-up or other payment in respect of any excise tax, interest or penalties that may be imposed on the Company Payments by reason of the application of Section 280G or Section 4999 of the Code.

SECTION XI

MITIGATION

The Executive shall not be required to mitigate the amount of any payment provided for hereunder by seeking other employment or otherwise, nor shall the amount of any such payment be reduced by any compensation earned by the Executive as the result of employment by another employer after the date the Executive's employment hereunder terminates.

SECTION XII

WITHHOLDING TAXES

The Executive acknowledges and agrees that the Company may directly or indirectly withhold from any payments under this Agreement all federal, state, city or other taxes that shall be required pursuant to any law or governmental regulation.

SECTION XIII

EFFECT OF PRIOR AGREEMENTS

Except as otherwise specifically set forth herein, this Agreement shall supersede any prior agreements between the Company and the Executive (including, but not limited to, the Prior Agreement), and any such prior agreement shall be deemed terminated without any remaining obligations of either party thereunder. In addition, to the extent that any equity award or other agreement between the Executive and the Company incorporates definitions from the Prior Agreement by reference, the parties hereby agree that the applicable definitions contained in this Agreement (as it may be amended from time to time in the future) shall now govern for purposes of such incorporation by reference in such equity award or other agreement.

SECTION XIV

CONSOLIDATION, MERGER OR SALE OF ASSETS

Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation or other entity which assumes this Agreement and all obligations and undertakings of the Company hereunder. If (i) there is a merger, consolidation, sale of all or substantially all of the Company's assets, or other business combination involving the Company, or (ii) all or substantially all of the stock of the Company is acquired by another company, the term "the Company" shall mean the successor to the Company's business or assets referred to in (i) above or such company referred to in (ii) above, and this Agreement shall continue in full force and effect. Notwithstanding the foregoing, the Company shall require any successor thereto (whether direct or indirect, by purchase, merger, consolidation, or otherwise), by agreement in form and substance reasonably satisfactory to the Executive to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

SECTION XV

MODIFICATION

This Agreement may not be modified or amended except in writing signed by the parties. No term or condition of this Agreement shall be deemed to have been waived except in writing by the party charged with waiver. A waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver for the future or act on anything other than that which is specifically waived.

SECTION XVI

GOVERNING LAW

This Agreement has been executed and delivered in the State of New Jersey and its validity, interpretation, performance and enforcement shall be governed by the internal laws of that state, without regard to the choice of law principles thereof.

SECTION XVII

ARBITRATION

(a) Any controversy, dispute or claim arising out of or relating to this Agreement or the breach hereof which cannot be settled by mutual agreement (other than with respect to the matters covered by Section VIII for which the Company may, but shall not be required to, seek injunctive relief) shall be finally settled by binding arbitration in accordance with the Federal Arbitration Act (or if not applicable, the applicable state arbitration law) as follows: Any party who is aggrieved shall deliver a notice to the other party setting forth the specific points in dispute. Any points remaining in dispute twenty (20) days after the giving of such notice may be submitted to arbitration in New York, New York, to the American Arbitration Association, before a single

arbitrator appointed in accordance with the arbitration rules of the American Arbitration Association, modified only as herein expressly provided. After the aforesaid twenty (20) days, either party, upon ten (10) days' notice to the other, may so submit the points in dispute to arbitration. The arbitrator may enter a default decision against any party who fails to participate in the arbitration proceedings.

(b) The decision of the arbitrator on the points in dispute shall be final, unappealable and binding, and judgment on the award may be entered in any court having jurisdiction thereof.

(c) Except as otherwise provided in this Agreement, the arbitrator shall be authorized to apportion its fees and expenses and the reasonable attorneys' fees and expenses of any such party as the arbitrator deems appropriate. In the absence of any such apportionment, the fees and expenses of the arbitrator shall be borne equally by each party, and each party shall bear the fees and expenses of its own attorney.

(d) The parties agree that this Section XVII has been included to rapidly and inexpensively resolve any disputes between them with respect to this Agreement, and that this Section XVII shall be grounds for dismissal of any court action commenced by either party with respect to this Agreement, other than post-arbitration actions seeking to enforce an arbitration award. In the event that any court determines that this arbitration procedure is not binding, or otherwise allows any litigation regarding a dispute, claim, or controversy covered by this Agreement to proceed, the parties hereto hereby waive any and all right to a trial by jury in or with respect to such litigation.

(e) The parties shall keep confidential, and shall not disclose to any person, except as may be required by law, the existence of any controversy hereunder, the referral of any such controversy to arbitration or the status or resolution thereof.

SECTION XVIII

SURVIVAL

Sections VIII, IX, X, XI, XII and XIII shall continue in full force in accordance with their respective terms notwithstanding any termination of this Agreement or the Period of Employment.

SECTION XIX

SEPARABILITY

All provisions of this Agreement are intended to be severable. In the event any provision or restriction contained herein is held to be invalid or unenforceable in any respect, in whole or in part, such finding shall in no way affect the validity or enforceability of any other provision of this Agreement. The parties hereto further agree that any such invalid or unenforceable provision shall be deemed modified so that it shall be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restriction herein to be unreasonable in any respect, such court may limit this Agreement to render it reasonable in the light of the circumstances in which it was entered into and specifically enforce this Agreement as limited.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Effective Date.

AVIS BUDGET GROUP, INC.

/s/ Edward P. Linnen

By: Edward P. Linnen
Title: Senior Vice President and Chief Human Resource
Officer

RONALD L. NELSON

/s/ Ronald L. Nelson