

AVIS BUDGET GROUP, INC.
Form PRRN14A
April 03, 2018
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under Rule 14a-12

Avis Budget Group, Inc.

(Name of Registrant as Specified In Its Charter)

SRS Investment Management, LLC

Karthik R. Sarma

Brian Choi

Matthew Espe

Jagdeep Pahwa

Carl Sparks

Sanoke Viswanathan

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rule 14a-6(i)(4) and 0-11.

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2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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DATED APRIL [], 2018

AVIS BUDGET GROUP, INC.

6 Sylvan Way

Parsippany, New Jersey 07054

PROXY STATEMENT

OF

SRS Investment Management, LLC

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY CARD TODAY

This Proxy Statement and the enclosed **GOLD** proxy card are being furnished by SRS Investment Management, LLC (“SRS”, “we” or “us”), Karthik R. Sarma (“Mr. Sarma,” together with SRS, the “SRS Parties”) and the nominees named in Proposal 1 (the “Nominees” and, together with the SRS Parties, the “Participants”), in connection with the solicitation of proxies (this “Proxy Solicitation”) from the stockholders of Avis Budget Group, Inc., a Delaware corporation (“Avis” or the “Company”).

Our initial investment in Avis was based on our firm belief in the Company’s long-term potential for value creation. We believe that Avis’s stock is worth significantly more than what is reflected in its current share price. However, we have come to believe that Avis cannot achieve its full potential under the stewardship of its current management and certain members of the Company’s board of directors (the “Board”). In SRS’s view, over the past several years, a majority of the Board has failed to sufficiently hold management accountable and has lacked sufficient independence. Of the

Board members who were not designated by SRS and who have been proposed by the Company on its slate provided in the Company's Preliminary Proxy Statement (defined below), two are former/current executives of Avis and a majority of the remaining Board members have what Institutional Shareholder Services describes as compromisingly lengthy tenures of nine or more years. An additional Board member is the chairman of another public company where Ronald Nelson, who has had a long tenure as the Executive Chairman of Avis, serves as the lead director. In our view, the Company has, for a considerable length of time, clearly exemplified a lack of independent objectivity.

We are therefore seeking your support at the upcoming 2018 annual meeting of stockholders (the "Annual Meeting") to be held on [[DAY], May []], 2018, at [[] Eastern Time at []], with respect to the following (each, a "Proposal" and, collectively, the "Proposals"):

Proposal

Our Recommendation

- | | |
|--|---|
| <p>1. To elect SRS's slate of five director nominees — Brian Choi, Matthew Espe, Jagdeep Pahwa, Carl Sparks and Sanoke Viswanathan (collectively, the "Nominees") — and the Company's candidates for election at the Annual Meeting other than [_____] (the "Excluded Company Nominees"), each to serve as directors and hold office until the annual meeting of stockholders to be held in 2019 and until their successors are duly elected and qualified.</p> <p>2. To ratify the appointment of Deloitte& Touche LLP as the independent registered public accountant firm for fiscal year 2018.</p> | <p>FOR ALL five of the Nominees and the Company's candidates for election at the Annual Meeting other than the Excluded Company Nominees</p> <p>FOR</p> |
|--|---|

- 3 To provide advisory approval of the compensation of the Company's named executive officers.
- 4 To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

**No
Recommendation**

Based on the Company's Preliminary Proxy Statement filed with the Securities and Exchange Commission (the "SEC") on March 21, 2018 (the "Company's Preliminary Proxy Statement"), the Board is currently composed of twelve directors, and it is our expectation that there will be twelve directors elected at the Annual Meeting. If successful in our Proxy Solicitation, the Board will be composed of our five Nominees and the seven Company director nominees receiving a plurality of the votes cast in favor of his or her election at the Annual Meeting. If elected, our Nominees would only constitute a minority of the members of the Board. Therefore, we are "rounding out" our slate by permitting stockholders who vote on the enclosed **GOLD** proxy card to also have the opportunity to vote for the candidates who have been nominated by the Company other than the Excluded Company Nominees. Stockholders will therefore be able to vote for the total number of directors to be elected by the holders of Common Stock (as defined below) up for election at the Annual Meeting. The names, backgrounds and qualifications of the Company's nominees, and other information about them, can be found in the Company's proxy statement for the Annual Meeting (the "Company's Proxy Statement"). There is no assurance that any of the Company's nominees will serve as directors if any or all of our Nominees are elected.

The Company has set the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting as [], 2018 (the "Record Date"). Stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. As of the close of business on the Record Date, there were [] shares of common stock, par value \$0.01 per share ("Common Stock") outstanding according to the [Company's Preliminary Proxy Statement.] As of the close of business on [April 2], 2018, the Participants beneficially owned 12,006,162 shares of Common Stock in the aggregate, as further described on Annex I.

We urge you to sign, date and return the **GOLD** proxy card "**FOR ALL**" five Nominees to the Board and for the Company's candidates for election at the Annual Meeting other than the Excluded Company Nominees and "**FOR**" Proposal 2. We are not making any recommendation with respect to Proposal 3.

This Proxy Statement and **GOLD** proxy card are first being mailed or given to the Company's stockholders on or about April [], 2018.

This Proxy Solicitation is being made by the SRS Parties and the Nominees, and not on behalf of the Board or management of the Company or any other third party. We are not aware of any other matters to be brought before the Annual Meeting other than as described herein. Should other matters be brought before the Annual Meeting, the

persons named as proxies in the enclosed **GOLD** proxy card will vote on such matters in their discretion.

If you have already voted using the Company's proxy card, you have every right to change your vote by completing and mailing the enclosed GOLD proxy card in the enclosed pre-paid envelope or by voting via Internet or by telephone by following the instructions on the GOLD proxy card. Only the latest validly executed proxy that you submit will be counted; any proxy may be revoked at any time prior to its exercise at the Annual Meeting by following the instructions under "Can I change my vote or revoke my proxy?" in the Questions and Answers section.

For instructions on how to vote and other information about the proxy materials, see the Questions and Answers section starting on page [12].

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, Okapi Partners LLC, toll free at (877) 629-6357 or collect at (212) 297-0720.

We urge you to promptly sign, date and return your GOLD proxy card.

BACKGROUND OF THIS PROXY SOLICITATION

We initially invested in the Company more than seven years ago because we believed that Avis stock represented an attractive investment opportunity. Over time, we grew to become the largest stockholder in the Company, a position that we've had the honor to hold for three years. SRS's support for the Company has been unwavering despite significant share price volatility.

From time to time since 2016, representatives of SRS have engaged in an active dialogue with the management or members of the Board of Avis on a variety of matters including the Company's business, management, capital structure and allocation, corporate governance, Board composition and strategic alternatives and direction.

On January 25, 2016, we entered into a cooperation agreement with Avis (the "Initial Cooperation Agreement"), whereby the parties agreed, among other things and subject to certain conditions, that the Company would increase the size of the Board to twelve directors and appoint Brian Choi, a Partner at SRS and a Nominee in this Proxy Statement ("Mr. Choi"), to the Board; and to further increase the size of the Board and appoint a reasonably acceptable independent director recommended by SRS. The Initial Cooperation Agreement also provided for customary standstill provisions and voting commitments on the part of SRS.

On March 18, 2016, pursuant to the Initial Cooperation Agreement and upon the recommendation of SRS, Avis increased the size of the Board from twelve to thirteen directors and appointed Sanoke Viswanathan ("Mr. Viswanathan"), the Chief Administrative Officer of the Corporate & Investment Bank of JPMorgan Chase & Co, to fill the Board vacancy.

On January 23, 2017, Avis announced that it was adopting a stockholders rights plan (the "Poison Pill"), which provided for what SRS believed to be an unenforceable and entrenching provision that SRS believes may have precluded stockholders from acting within the scope of their rights as stockholders. The Poison Pill contained ambiguous provisions that would allow the Board to unilaterally determine that stockholders were acting as a group and which SRS believed was designed to have a chilling effect on stockholder communication. For the foregoing reasons, as well as the fact that the Poison Pill was not ratified by stockholders,¹ we believed that it was in the best interests of stockholders for the Company to remove the Poison Pill and we pressured the Company to do so. Accordingly, on May 3, 2017, we entered into an Amended and Restated Cooperation Agreement (the "Amended Cooperation Agreement") with Avis, pursuant to which, among other things, the Company agreed that its previously announced Poison Pill would expire concurrent with execution of the Amended Cooperation Agreement. Despite SRS's good faith efforts to extend its term, the Amended Cooperation Agreement expired according to its terms on January 15, 2018. We were willing to extend the term of the Amended Cooperation Agreement and proposed what we believe were reasonable terms regarding Board representation and refreshment in the interests of all stockholders and were even willing to agree to a limit on SRS's beneficial ownership at the request of the Company. However, Avis demanded that SRS agree to off-market terms, including an unreasonable three-year standstill, which we were unwilling to do. The

same day the Amended Cooperation Agreement expired, the Company approved the adoption of a new one-year poison pill.

On February, 14, 2018, based on a belief that Avis's long-term business could be strengthened with a refreshed Board, SRS submitted to the Company a formal notice of its intention to nominate the Nominees for election to the Board at the Annual Meeting.

On March 21, 2018, the Company filed the Company's Preliminary Proxy Statement, announcing that it was nominating Carl Sparks ("Mr. Sparks"), Mr. Viswanathan, and Jagdeep Pahwa ("Mr. Pahwa") to stand for election on the Company's proxy card. The Company did not nominate Mr. Choi for re-election. Though SRS endorses Messrs. Sparks, Viswanathan and Pahwa and has nominated these candidates, along with Mr. Choi and the other Nominees, to stand for election at the Annual Meeting, SRS does not believe that the Company's proposed slate, as presented in the Company's Preliminary Proxy Statement, provides for sufficient change to its Board membership. This is, in part, because the Company's slate proposes a Board constituted by a majority of legacy directors whom SRS believes will continue to maintain the status quo at the Company.

On March 23, 2018, SRS filed a preliminary proxy statement with the SEC, announcing its intention to solicit proxies in support of the election of the Nominees.

Between March 23, 2018 and March 27, 2018, Mr. Sarma engaged in discussions with certain representatives of the Company regarding the terms of a possible settlement pursuant to which Mr. Choi would remain on the Board. As explained further in this Proxy Statement, the Participants strongly believe that a greater number of independent directors as compared to legacy directors should serve on the Board in order to provide for sufficient change to what the Participants believe to be a Board that has exhibited a lack of independence from management. Nevertheless, due to the unwillingness of the Company to provide assurances that such greater proportion of independent directors would be provided under the terms of a formal settlement, SRS was unable to proceed. Accordingly, the Participants are determined to continue with the Proxy Solicitation with the aim of achieving what the Participants believe is the necessary Board refreshment to provide increased value to stockholders.

¹ Four of the largest U.S. mutual funds, the Council of Institutional Investors, the largest public pension funds, and the leading proxy advisory firms (ISS and Glass Lewis) have adopted policies that oppose poison pills adopted by boards of directors without a stockholder vote. *See* proxy voting guidelines for Fidelity, Vanguard, Franklin Mutual Advisers, and T. Rowe Price; Council of Institutional Investors, *Policies on Corporate Governance* (2016); CalPERS, *Global Principles of Accountable Corporate Governance* (2010); Institutional Shareholder Services, *U.S. Proxy Voting Summary Guidelines* (2013), and Glass Lewis & Co., *Proxy Paper Guidelines*.

REASONS FOR THIS PROXY SOLICITATION

Our close engagement with Avis over the last two plus years has strengthened our belief in the great long-term value of its business. However, it is our belief that the Company cannot achieve its full potential under the stewardship of the current management team and non-SRS designees on the Board. Based on this belief, the SRS Parties have nominated the Nominees for election to the Board at the Annual Meeting.

In our time as a stockholder, we have seen little or no movement to refresh the non-SRS members of the Board despite the substantial changes occurring in the mobility industry. And only after SRS nominated its slate of five Nominees and launched this Proxy Solicitation did the Company act to nominate new members to the Board. Yet, SRS believes that these changes are still insufficient, as the Company's currently proposed slate still allows for the Board's legacy directors to continue to control the Board with seven out of twelve members. This, along with what we believe to be an over-tenured relationship between the non-SRS members of the Board and the management team, has in our opinion created a culture of complacency resulting in weak operating performance and what we believe is a neglect of the Board's fiduciary duties to its stockholders.

We believe these failures can only be corrected by refreshing the Board with more independent directors who will hold management accountable. Furthermore, SRS believes the Board needs the technology expertise required to navigate the rapidly evolving world of mobility. Several of the key initiatives that the new Board should focus on include: (1) agreeing on the top strategic priorities of the Company, (2) developing a medium term plan for accelerating EBITDA growth in the core business, (3) strengthening the management team specifically by hiring a world class CFO, (4) creating a performance and data-driven culture with a focus on meritocracy over tenure, and (5) aligning management compensation with performance targets and stockholder returns.

PROPOSAL 1: ELECTION OF DIRECTORS

According to public information, including the Company's Preliminary Proxy Statement, the Board currently consists of twelve directors, each of whose term as director is expiring at the Annual Meeting. We are soliciting proxies to elect the five Nominees — Brian Choi, Matthew Espe, Jagdeep Pahwa, Carl Sparks, and Sanoke Viswanathan. We are "rounding out" our slate of five Nominees by recommending that stockholders vote on the GOLD proxy card, which allows stockholders to vote for the Nominees alongside the Company's candidates for election at the Annual Meeting other than the Excluded Company Nominees.

The Participants intend to vote all of their shares of Common Stock in favor of the five Nominees. If successful in our Proxy Solicitation, the Board will be composed of our five Nominees and the seven Company director nominees receiving a plurality of votes cast in person or represented by proxy and entitled to vote on the election of directors at the Annual Meeting. There is no assurance that any of the Company's nominees will serve as directors if any or all of our Nominees are elected.

If elected, each of the Nominees will serve a one-year term until the next annual meeting of stockholders and until his successor has been duly elected and qualified. The ages and other information shown below are as of the date of the filing of this Proxy Statement.

We are soliciting proxies to elect the Nominees listed herein along with Company's candidates for election at the Annual Meeting other than the Excluded Company Nominees.

You should refer to the Company's Proxy Statement for the names, background, qualifications and other information concerning the Company's director nominees.

Nominees:

BRIAN CHOI

Age; Address 35; One Bryant Park, 39th Floor, New York, New York 10036
Occupation Partner, SRS Investment Management, LLC
Experience Brian Choi has served on the Board of Avis Budget Group, Inc., where he has served as a member of the Compensation Committee, since 2016. Additionally, Mr. Choi serves as a Partner at SRS Investment Management, LLC, where he has served in various roles since 2008.

Prior to SRS, Mr. Choi worked at Metalmark Capital (formerly Morgan Stanley Capital Partners), a private equity firm focusing on the natural resources, industrials and healthcare sectors. Prior to Metalmark Capital, Mr. Choi began his career working in the Investment Banking Division of Lehman Brothers in the Leverage Finance Group.

Mr. Choi received a B.A. in Economics from Harvard University in 2005.

Board Service

Avis Budget Group, Inc. (2016 – Present)

Skills &

Qualifications

Mr. Choi's qualifications to serve as director include his financial and industry expertise, his diverse background working in the travel, leisure and technology sectors, as well as the continuity he can bring to Avis as a current director of the Company.

MATTHEW ESPE

Age; Address 59; 48 Farrier Lane, Newtown Square, Pennsylvania 19073

Occupation Independent Director, Foundation Building Materials, Inc.

Matthew Espe has served as an independent director of Foundation Building Materials, Inc., a publicly-listed supplier of building materials, and as a director of MORSCO Inc., a leading U.S. distributor of home equipment and construction materials, since 2018.

Experience Previously, Mr. Espe served as the President, Chief Executive Officer, and a director of Armstrong World Industries, Inc., a publically traded global producer of flooring products and ceiling systems, from 2010 until 2016. Prior to joining Armstrong World Industries, Mr. Espe was Chairman and Chief Executive Officer of Ricoh Americas Corporation, a subsidiary of Ricoh Company, Ltd., a provider of document management solutions and services. From 2002 to 2008, Mr. Espe was Chairman of the Board of Directors and Chief Executive Officer of IKON Office Solutions, Inc. (“IKON”), an office equipment distributor and services provider, which was acquired by Ricoh in 2008. Mr. Espe was employed by General Electric for 22 years, serving as President and Chief Executive Officer of GE Lighting prior to joining IKON in 2002.

In addition to Mr. Espe’s extensive board experience listed below, he currently serves on the Advisory Board at the College of Business and Economics at the University of Idaho and on the Advisory Council for Drexel University’s Lebow College of Business, Center for Corporate Governance.

Mr. Espe is a member of the National Association of Corporate Directors and the Wall Street Journal CEO Council.

Mr. Espe received a B.A. in marketing from the University of Idaho in 1980 and an M.B.A. from Whittier College in 1986.

Board Service Foundation Building Materials, Inc. (2018 – Present); MORSCO Inc. (2018 – Present); Realogy Holdings Corp. (2016 – Present); WESCO International, Inc. (2016 – Present); Veritiv Corporation (2016 – 2017); NCI Building Systems, Inc. (2015 – 2017); Con-Way Inc.(2015); Armstrong World Industries, Inc. (2010 – 2016); Unisys Corporation (2004 – 2014); Graphic Packaging Holding Company (2009 – 2010); IKON Office Solutions, Inc. (Chairman) (2002 – 2008)

Skills & Qualifications Mr. Espe’s qualifications to serve as a director include his operational experience and former leadership roles in a number of publicly listed companies as well as the valuable insight he will provide from his familiarity of serving on corporate boards.

JAGDEEP PAHWA

Age; Address 44; One Bryant Park, 39th Floor, New York, New York 10036

Occupation President; SRS Investment Management, LLC

Experience Jagdeep Pahwa has served as the President of SRS Investment Management, LLC since 2017 after having been affiliated with SRS since 2006.

Mr. Pahwa has over 18 years of experience across finance, consulting and investing, beginning his career at Lehman Brothers in their Mergers & Acquisitions group in New York. Subsequently, Mr. Pahwa worked at McKinsey & Company in the US and India, where he led client engagements in the telecom, technology and real estate sectors. Mr. Pahwa has been leading SRS’s private equity business since 2006.

Mr. Pahwa received a B.T. in Chemical Engineering from the Indian Institute of Technology, Delhi in 1995, an M.S. in Chemical Engineering from Princeton University in 1997 and an M.B.A. from Harvard Business School in 2002.

*Skills &
Qualifications*

Mr. Pahwa's qualifications to serve as a director include his understanding of the technology sector, his years of experience in the financial industry and his deep knowledge of growing and developing businesses.

CARL SPARKS

Age; Address 50; 4610 Bluffview Boulevard, Dallas, Texas 75209

Occupation Non-Executive Director, Dunkin' Brands Group, Inc.

Carl Sparks served as the Chief Executive Officer and a member of the board of directors of Academic Partnerships, a Dallas, Texas based online service provider for high education globally, from 2016 through 2017.

Experience

From 2011 to 2014, Mr. Sparks served as the Chief Executive Officer of Travelocity Global, a leading company in online travel, and a division of Sabre Inc. Prior to joining Travelocity, Mr. Sparks served as President of Gilt Groupe, a members-only online retailer of luxury products and experiences. Mr. Sparks joined Gilt as Chief Marketing Officer in 2009 and was promoted to President in 2010, serving in that role until 2011, when he joined Travelocity. Mr. Sparks also served from 2004 until 2009 at Expedia Inc., an online travel company, in a variety of leadership roles, including Senior Vice President, Marketing and Retail Operations at Hotels.com from 2004 to 2006, Chief Marketing Officer at Expedia.com from 2006 to 2007, and General Manager at Hotels.com USA, Latin America & Canada from 2008 to 2009. Earlier in his career, Mr. Sparks served as Vice President of Direct Business and Brand at Capital One Financial Corp., and also served in senior marketing and strategy roles at Guinness & Co., PepsiCo Inc., and The Boston Consulting Group.

Mr. Sparks received a B.S in Engineering, Mechanical and Aerospace Engineering from Princeton University, graduating Summa Cum Laude, in 1989 and a M.B.A. from Harvard Business School in 1993.

Board Service

ActionIQ, Inc. (2016 – Present); Dunkin' Brands Group, Inc. (2013 – Present); Academic Partnerships (2016 – 2017); Vonage Holdings Corp. (2011 – 2018)

Skills & Qualifications

Mr. Spark's qualifications to serve as a director include his leadership experience at both public and private companies in the travel and technology industries, his strategic and operating knowledge that comes from running a successful online commerce company, his understanding of digital marketing, technology and data platforms and his broad background in securities law, financial analysis, capital allocation, and management.

SANOKE VISWANATHAN

Age; Address 42; 25 Bank Street, London, England E14 5JP

Occupation Chief Administrative Officer, JPMorgan Chase & Co.'s Corporate & Investment Bank. Sanoke Viswanathan has served on the Board of Avis Budget Group, Inc. since 2016. Since 2014, Mr. Viswanathan has been the Chief Administrative Officer of JPMorgan Chase & Co.'s Corporate & Investment Bank ("CIB"), overseeing Technology, Operations and Controls.

Experience

From 2012 to 2013, Mr. Viswanathan was head of Strategy, Marketing and New Business Development for CIB and head of Corporate Strategy for JPMorgan Chase. Prior to joining JPMorgan Chase, Mr. Viswanathan was a partner at McKinsey & Co. and co-head of its global corporate and investment banking practice, serving financial institutions in Asia, Europe and North America on strategy, organization and risk management topics.

In addition to being a current director of Avis, Mr. Viswanathan has been on the Board of Sadler's Wells Theatre in London since 2014.

Mr. Viswanathan received a B.T. from the Indian Institute of Technology, Madras in 1996 and an M.B.A. from the Indian Institute of Management Ahmedabad in 1998.

Board Service

Avis Budget Group, Inc. (2016 – Present)

*Skills &
Qualifications*

Mr. Viswanathan's qualifications to serve as a director include his key insight into Avis's existing business operations, deep understanding of the travel industry, his strong leadership capabilities from serving as a chief administrative officer of a major investment bank and experience working with financial institutions, and the continuity he can provide to the Board due to his current service as a director of Avis.

We urge stockholders to vote **FOR ALL** five of the Nominees and the Company's Candidates for Election other than the Excluded Company Nominees on the **GOLD** proxy card

We believe that, if elected, each of the Nominees will be considered an independent director of the Company under (i) NASDAQ Listing Rule 5605(a)(2), and (ii) paragraph (a)(1) of Item 407 of Regulation S-K. Under the NASDAQ Listing Rules, however, a final determination as to the independence of the Nominees will not be made until after their election and appointment to the Board. According to the Company's 2017 Proxy Statement filed with the SEC on March 21, 2017, the Board determined that Messrs. Choi and Viswanathan were independent.

Compensation Committee Interlocks and Insider Participation

As disclosed in the [Company's Preliminary Proxy Statement,] the Compensation Committee of the Board is comprised entirely of independent directors and administers the Company's executive compensation policies and programs. As noted above, Mr. Choi was appointed to the Compensation Committee in January 2016. Mr. Choi has never been an officer or employee of the Company or any of the Company's subsidiaries, nor has Mr. Choi had any relationship requiring disclosure by the Company under Item 404 of the SEC's Regulation S-K during 2017 or before such time.

Additional Information

For their services as directors of the Company during 2017, Messrs. Choi and Viswanathan received the following from the Company:

Name of Director	Fees Earned or	Stock Awards	All Other	Total
	Paid In Cash		Compensation	
	(\$)(a)	(\$)(b)	(\$)(c)	(\$)
Brian Choi	—	—	—	—
(d) Sanoke Viswanathan	105,000	105,018	5,000	215,018

(a) The cash portion of fees paid represents: 50% of the annual retainer and 50% of committee chair and membership stipends.

(b)

The stock awards represent: 50% of the annual retainer and 50% of committee chair and membership stipends. Such amounts represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The number of deferred stock units or shares of Common Stock to be received pursuant to the equity portion of the retainer or any other compensation to be paid in the form of equity is equal to the value of the compensation being paid in the form of equity, divided by the fair market value of the Company's Common Stock on the date of grant. The director stock awards in the form of deferred stock units.

Mr. Viswanathan's outstanding stock awards at fiscal year-end are: 5,554 deferred stock units.

- (c) Represents discretionary matching contributions available through The Avis Budget Group Charitable Foundation.
- (d) Mr. Choi has elected not to receive compensation for his Board service.

Each of the Nominees has entered into a nominee agreement pursuant to which SRS has agreed to pay the costs of soliciting proxies in connection with the Annual Meeting and to defend and indemnify such Nominees against, and with respect to, any losses that may be incurred by them in connection with their nomination as candidates for election to the Board and the solicitation of proxies in support of their election. The Nominees will not receive any compensation from SRS for their services as Nominees or directors of the Company if elected. If elected, the Nominees will be entitled to such compensation from the Company as is consistent with the Company's practices for services of non-employee directors.

Each of the Nominees has agreed to being named as a Nominee in this Proxy Statement and has confirmed his willingness to serve on the Board if elected. We do not expect that any of the Nominees will be unable to stand for election, but, in the event that a Nominee is unable to or for good cause will not serve, the shares of Common Stock represented by the **GOLD** proxy card will be voted in favor of our remaining nominees.

Vote Required.

According to the Company's Amended and Restated By-Laws (the "Bylaws"), in contested elections such as this one, the affirmative vote of a plurality of the votes cast in person or represented by proxy and entitled to vote on the election of directors at the Annual Meeting is required for the election of each director nominee (meaning that the twelve director nominees who receive the highest number of shares voted "FOR" their election by the stockholders will be elected to the Board). If you "withhold" authority to vote, or abstain, with respect to one or more Nominees, your vote will have no effect on the election of such Nominees. Abstentions will not be counted as votes.

We urge you to sign and return our GOLD proxy card. If you have already voted using the Company's proxy card, you have every right to change your vote by completing and mailing the enclosed GOLD proxy card in the enclosed pre-paid envelope or by voting via Internet or by telephone by following the instructions on the GOLD proxy card. Only the latest validly executed proxy that you submit will be counted; any proxy may be revoked at any time prior to its exercise at the Annual Meeting by following the instructions under "Can I change my vote or revoke my proxy?" If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, Okapi Partners LLC, toll free at (877) 629-6357 or collect at (212) 297-0720.

We Recommend a Vote FOR ALL Five of the Nominees and the Company's Candidates for Election other than the Excluded Company Nominees on the GOLD proxy card.

PROPOSAL 2: RATIFICATION OF THE COMPANY'S SELECTION OF INDEPENDENT PUBLIC ACCOUNTING FIRM

According to the [Company's Preliminary Proxy Statement,] the Audit Committee of the Board (the "Audit Committee") has appointed Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for fiscal year ending December 31, 2018. Deloitte has served as the Company's independent registered public accounting firm since 2006. It is anticipated that representatives of Deloitte will be present at the Annual Meeting and will have the opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions from those attending the Annual Meeting.

The stockholders are being asked to ratify the appointment of Deloitte as the independent registered public accounting firm for the fiscal year ending December 31, 2018. According to the [Company's Preliminary Proxy Statement], in the event of a negative vote on such ratification, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm.

Vote Required.

According to the [Company's Preliminary Proxy Statement,] the approval of Proposal 2 requires the affirmative vote of a majority of all of the Common Stock present, in person or by proxy, and entitled to vote on the matter. Abstentions will have the same effect as votes "AGAINST" Proposal 2.

We Recommend a Vote FOR Proposal 2 on the GOLD proxy card.

PROPOSAL 3: ADVISORY VOTE ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS

According to the [Company's Preliminary Proxy Statement,] the Company will provide stockholders with the opportunity to cast a non-binding advisory vote on the overall compensation of the Company's named executive officers ("NEOs") for the calendar year 2017. This vote is advisory, and therefore is not binding on the Company, the Compensation Committee, or the Board and it will not overrule any prior decision or require the Board or Compensation Committee to take any action. [The Company's Preliminary Proxy Statement] states that to the extent there is any significant vote against the NEO compensation, the Compensation Committee and Board will consider stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

According to the [Company's Preliminary Proxy Statement], the Company is asking its stockholders to approve an advisory resolution to approve the 2017 compensation of the NEOs as follows:

"RESOLVED, that the compensation paid to the Company's named executive officers as disclosed pursuant to the compensation rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED."

SRS is not making any recommendation on this matter.

Vote Required.

According to the [Company's Preliminary Proxy Statement,] the approval of Proposal 3 requires the affirmative vote of a majority of all of the Common Stock present, in person or by proxy, and entitled to vote on the matter. Abstentions will have the same effect as votes "AGAINST" Proposal 3.

We Are Making No Recommendation With Respect to Proposal 3.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Who is entitled to vote?

Only holders of Common Stock at the close of business on the Record Date will be entitled to notice of, and to vote at, the Annual Meeting. Stockholders who sell shares of Common Stock before the Record Date (or acquire them without voting rights after the Record Date) may not vote such shares of Common Stock. Stockholders of record on the Record Date will retain their voting rights in connection with the Annual Meeting even if they sell such shares of Common Stock after the Record Date (unless they also transfer their voting rights).

According to the Company's Proxy Statement, the only outstanding class of securities of the Company entitled to vote at the Annual Meeting is the Common Stock.

How do I vote my shares of Common Stock?

Shares held in record name. If your shares of Common Stock are registered in your own name, please vote today by signing, dating and returning the enclosed **GOLD** proxy card in the postage-paid envelope provided. Execution and delivery of a proxy by a record holder of shares of Common Stock will be presumed to be a proxy with respect to all shares held by such record holder unless the proxy specifies otherwise.

Shares beneficially owned or held in "street" name. If you hold your shares of Common Stock in "street" name with a broker, bank, dealer, trust company, or other nominee, only that nominee can exercise the right to vote with respect to the shares of Common Stock that you beneficially own through such nominee and only upon receipt of your specific instructions. Accordingly, it is critical that you promptly give instructions to your broker, bank, dealer, trust company, or other nominee to vote in favor of the election of the Nominees. Please follow the instructions to vote provided on the enclosed **GOLD** proxy card. If your broker, bank, dealer, trust company, or other nominee provides for proxy instructions to be delivered to them by telephone or Internet, instructions will be included on the enclosed **GOLD** proxy card. We urge you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions by emailing them to info@okapipartners.com or mailing them to SRS Investment Management, LLC, c/o Okapi Partners LLC., 1212 Avenue of the Americas, 24th Floor, New York, New York 10036, so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed.

Note: The shares of Common Stock represented by each **GOLD** proxy card that is properly executed and returned to SRS will be voted at the Annual Meeting in accordance with the instructions marked thereon. If you have signed the **GOLD** proxy card and no marking is made, you will be deemed to have given a direction with respect to all of the shares of Common Stock represented by the **GOLD** proxy card (i) to vote “FOR ALL” five of the Nominees and the Company’s candidates for election at the Annual Meeting other than the Excluded Company Nominees, (ii) to vote “FOR” the approval of Proposal 2 set forth in this Proxy Statement, and (iii) to “ABSTAIN” from voting on Proposal 3 set forth in this Proxy Statement.

How should I vote on each Proposal?

We recommend that you vote your shares on the **GOLD** proxy card as follows:

“FOR ALL” five Nominees standing for election to the Board named in this Proxy Statement and the Company’s candidates for election at the Annual Meeting other than the Excluded Company Nominees (Proposal 1); and

“FOR” the ratification of the Company’s selection of independent registered public accounting firm (Proposal 2).

We are making no recommendation with respect to the advisory proposal to approve the compensation of the Company’s executive officers (Proposal 3).

How many shares must be present to hold the Annual Meeting?

According to the Bylaws, one-third of the outstanding shares of Common Stock as of the Record Date must be present at the meeting to hold the Annual Meeting. This is called a quorum. Shares are counted as present at the Annual Meeting if the stockholder votes over the Internet or telephone, completes and submits a proxy or is present in person at the meeting. Shares that are present that vote to abstain or do not vote on one or more of the matters to be voted upon are counted as present for establishing a quorum. If a quorum is not present, we expect that the meeting will be adjourned until the Company obtains a quorum. According to the [Company's Preliminary Proxy Statement,] abstentions (shares of the Company's capital stock for which proxies have been received but for which the holders have abstained from voting) will be included in the calculation of the number of shares of the Company's capital stock represented at the meeting for purposes of determining whether a quorum has been achieved.

What vote is needed to approve each Proposal?

Proposal 1. According to the Bylaws, the approval of Proposal 1 requires the affirmative vote of a plurality of the votes cast at the Annual Meeting for each nominee. In this circumstance, "plurality of the votes cast" means that the twelve director nominees who receive the highest number of shares voted "FOR" their election by the stockholders will be elected to the Board. In a contested election such as this one, stockholders shall not be permitted to vote "AGAINST" a nominee. A "WITHHELD" vote will have the same effect as a vote "AGAINST" the election of a director nominee. Abstentions and broker non-votes will not be considered as votes cast for or against any nominee, and will therefore have no effect on the outcome of the vote.

THE ONLY WAY TO SUPPORT ALL FIVE OF THE NOMINEES IS TO SUBMIT YOUR VOTING INSTRUCTIONS "FOR ALL" OF THE NOMINEES AND THE COMPANY'S NOMINEES FOR ELECTION OTHER THAN THE EXCLUDED NOMINEES. PLEASE DO NOT SIGN OR RETURN A PROXY CARD FROM THE COMPANY, EVEN IF YOU INSTRUCT TO "ABSTAIN" ON THEIR DIRECTOR NOMINEES. DOING SO WILL REVOKE ANY PREVIOUS VOTING INSTRUCTIONS YOU PROVIDED ON THE GOLD PROXY CARD.

Proposals 2 and 3. According to the [Company's Preliminary Proxy Statement], the approval of each of Proposals 2 and 3 requires the affirmative vote of a majority of the votes cast at the Annual Meeting. "A majority of the votes cast" means that, if a quorum is present or represented by proxy at the meeting, stockholders holding a majority of the Common Stock present or represented by proxy at the meeting and voting on the matter must vote "FOR" either Proposal 2 or Proposal 3 to approve such proposals. Abstentions will have the same effect as votes "AGAINST" Proposals 2 and 3.

What are "broker non-votes" and what effect do they have on the Proposals?

Generally, broker non-votes occur when shares held by a broker, bank, or other nominee in “street name” for a beneficial owner are not voted with respect to a particular proposal because the broker, bank, or other nominee has not received voting instructions from the beneficial owner and lacks discretionary voting power to vote those shares with respect to that particular proposal. If your shares are held in the name of a brokerage firm, and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal unless it is a “routine” matter. Under the New York Stock Exchange Rules, there are no “routine” proposals in a contested proxy solicitation. Because SRS has initiated a contested proxy solicitation, there will be no “routine” matters at the Annual Meeting for any broker accounts that are provided with proxy materials by the SRS Parties and brokers will not have discretion to vote on “routine matters.”

What should I do if I receive a proxy card from the Company?

You may receive proxy solicitation materials from Avis, including an opposition proxy statement and proxy card. We are not responsible for the accuracy of any information contained in any proxy solicitation materials used by the Company or any other statements that it may otherwise make.

We recommend that you disregard any proxy card or solicitation materials that may be sent to you by the Company. Voting “WITHHOLD” for any of the Company’s nominees on its proxy card is not the same as voting for our Nominees because a vote abstaining for any of the Company’s nominees will not count as a vote “FOR” the Nominees. If you have already voted using the Company’s proxy card, you have every right to change your vote by completing and mailing the enclosed GOLD proxy card in the enclosed pre-paid envelope or by voting via Internet or by telephone by following the instructions on the GOLD proxy card. Only the latest validly executed proxy that you submit will be counted; any proxy may be revoked at any time prior to its exercise at the Annual Meeting by following the instructions below under “Can I change my vote or revoke my proxy?” If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, Okapi Partners LLC, toll free at (877) 629-6357 or collect at (212) 297-0720.

Can I change my vote or revoke my proxy?

If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before your proxy is voted at the Annual Meeting. Proxies may be revoked by any of the following actions:

- signing, dating and returning the enclosed **GOLD** proxy card (the latest dated proxy is the only one that counts);
- delivering a written revocation or a later dated proxy for the Annual Meeting to SRS Investment Management, LLC, c/o Okapi Partners LLC, 1212 Avenue of the Americas, 24th Floor, New York, New York 10036 or to the secretary of the Company; or
- attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

If your shares are held in a brokerage account by a broker, bank, or other nominee, you should follow the instructions provided by your broker, bank, or other nominee. If you attend the Annual Meeting and you beneficially own shares of Common Stock but are not the record owner, your mere attendance at the Annual Meeting WILL NOT be sufficient to revoke your prior given proxy card. You must have written authority from the record owner to vote your shares held in its name at the meeting. Contact Okapi Partners LLC toll free at (877) 629-6357 or collect at (212) 297-0720 for assistance or if you have any questions.

IF YOU HAVE ALREADY VOTED USING THE COMPANY'S PROXY CARD, WE URGE YOU TO REVOKE IT BY FOLLOWING THE INSTRUCTIONS ABOVE. Although a revocation is effective if delivered to the Company, we request that either the original or a copy of any revocation be mailed to SRS Investment Management, LLC, c/o Okapi Partners LLC, 1212 Avenue of the Americas, 24th Floor, New York, New York 10036, so that we will be aware of all revocations.

Who is making this Proxy Solicitation and who is paying for it?

The solicitation of proxies pursuant to this Proxy Solicitation is being made by the SRS Parties and the Nominees. Proxies may be solicited by mail, facsimile, telephone, telegraph, Internet, in person and by advertisements. The SRS Parties will solicit proxies from individuals, brokers, banks, bank nominees and other institutional holders. The SRS Parties have requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares of Common Stock they hold of record. SRS will reimburse these record holders for their reasonable out-of-pocket expenses in so doing. It is anticipated that certain regular employees of SRS will also participate in the solicitation of proxies in support of the Nominees. Such employees will receive no additional consideration if they assist in the solicitation of proxies.

The SRS Parties have retained Okapi Partners LLC (“Oka