

**AVIS BUDGET GROUP, INC.**  
**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**I. Purpose of Audit Committee**

The purpose of the Audit Committee, which is part of the Board, shall be (a) to assist the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's independent auditors' qualifications and independence, (iii) the performance of the Company's independent auditors and the Company's internal audit function, (iv) the Company's compliance with legal and regulatory requirements, and (v) the Company's systems of disclosure controls and procedures, and internal controls over financial reporting, and (b) to prepare a report for inclusion in the Company's annual proxy statement, in accordance with applicable law, regulation and listing standards.

**II. Composition of Audit Committee**

The Audit Committee shall consist of not less than three members. Each member of the Audit Committee shall be appointed by the Board upon the recommendation of the Corporate Governance Committee and shall satisfy the independence requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002 (the "Act") as appropriate, including the rules and regulations promulgated by the Securities and Exchange Commission. To ensure that each Audit Committee member can devote the appropriate time to his/her oversight role, each member is limited to serving simultaneously on the audit committees of no more than three public companies.

The committee as a whole and each individual member must comply with the financial literacy requirements of the New York Stock Exchange. In accordance with the Act, the Board will determine whether at least one member of the committee qualifies as an "audit committee financial expert" in compliance with criteria established by the SEC. The existence of such a member, including his or her name and whether or not he or she is independent, will be disclosed in periodic filings as required by the SEC.

Vacancies on the Audit Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. The members of the Audit Committee may be removed by a majority vote of the Board.

**III. Authority and Responsibilities of Audit Committee**

The following are the responsibilities of the Audit Committee:

A. Independent Auditor

- Appoint, compensate, and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report or related work.

- The independent auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the independent auditor in the event that they arise.
- Adopt and ensure compliance with a pre-approval policy with respect to services provided by the independent auditor.
- Review and, in its sole discretion, approve in advance the services and terms of all audits and, as provided in the Act, all permitted non-audit services and relationships between the Company and the independent auditor. Approval of audit and permitted non-audit services may also be made by one or more members of the Audit Committee as shall be designated by the Audit Committee/the chairperson of the Audit Committee, provided that such designee report his/her approval to the Audit Committee at the next scheduled meeting.
- At least annually, obtain and review a report by the independent auditor describing: (a) all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1; (b) material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities within the five preceding years, respecting one or more independent audits carried out by the independent auditor and any steps taken to deal with such issues; and (c) the independent auditor's internal quality-control procedures.
- Discuss the foregoing report by the independent auditor to the extent it discloses any material issues, relationships or services that may impact the performance, objectivity or independence of the outside auditor, including the matters required to be discussed by Statement on Auditing Standards No. 61, and take, or recommend that the full board take, appropriate actions to oversee the independence of the outside auditor.
- Evaluate, with the assistance of the Company's management, the qualifications, performance and independence of the independent auditor, including the lead partner of the independent auditor and, if so determined by the Audit Committee, terminate the Company's engagement of the independent auditor. Ensure that partner rotation practices are in compliance with all applicable SEC rules and other related laws and regulations.
- Establish clear hiring policies, compliant with governing laws or regulations for employees or former employees of the independent auditor.

The Audit Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the independent auditor to the Board.

#### B. Financial Reporting, Accounting Policies and Internal Control

- Review the annual audited and quarterly financial statements with the Company's management, its Disclosure Committee and the independent auditor, including the

Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Review other relevant reports or financial information submitted by the Company to relevant governmental bodies, or the public, including management certifications as required by the Act.

- Receive and review: (1) any disclosure from the Company's CEO or CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC and (2) management's report and the auditor's attestation related to the effectiveness of internal control over financial reporting. Discuss with management and the auditor:
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- Discuss the Company's earnings press releases, including review of "pro-forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided by the Company to analysts and rating agencies. This review may be done generally through a discussion of the types of information to be disclosed and type of presentations to be made, and the Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
- Review analyses setting forth-significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Review major issues regarding the Company's significant accounting principles and financial statement presentations and any changes in the selection or application of accounting principles; major issues regarding the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies. Consider the impact of acceptable alternative accounting principles that are communicated by the independent auditor, internal auditors or the Company's management.
- Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Discuss the Company's policies with respect to risk assessment and risk management; including the Company's major financial accounting and risk exposures and the steps management has undertaken to control them.

- Make a recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.
- Submit the Audit Committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

#### C. Audit Process of the Independent Auditor

- Meet with the independent auditor prior to its commencing the audit to review the scope (i.e. nature of work performed by entity), planning and staffing of the audit.
- Discuss with the independent auditor the matters required to be discussed under SAS 61, as amended by SAS 84 and SAS 90. Review with the independent auditor any problems or difficulties and management's response; and hold timely discussions with the independent auditors regarding the following:
  - All critical accounting policies and practices;
  - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - Other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences.

#### D. Internal Audit Function

- Review and advise on the appointment and replacement of the Chief Audit Executive, the adequacy and qualifications of the Internal Audit staff, and the responsibilities, organization structure and budget of the Internal Audit function.
- Review, periodically with the independent auditor, the budget, staffing, and responsibilities of the Internal Audit function.
- Annually, review and recommend changes (if any) to the Internal Audit charter.
- Review any significant reports or summaries thereof to the Company's management prepared by the Internal Audit staff and related responses of the Company's management.
- Periodically review with the Chief Audit Executive any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the Internal Audit function's work.

#### E. Legal and Ethical Conduct Matters

- Review with the Company's General Counsel and management, legal matters that may have a material impact on the Company's financial statements, the Company's compliance policies, and any material reports or inquiries received from regulators or governmental agencies.
- Recommend, review and update periodically a Code of Business Conduct and Ethics and determine that management has established a system to enforce this Code. Determine whether the Code is in compliance with all applicable rules and regulations.
- Review management's monitoring of the Company's compliance with the organization's Code of Business Conduct and Ethics, and determine that management has the proper review system in place to ensure that the Company's financial statements, reports, and other financial information disseminated to governmental organizations and the public, satisfy legal requirements.
- Establish and maintain procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Establish and maintain procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### F. Evaluation

- On an annual basis, the Audit Committee shall evaluate and discuss its performance relative to the Audit Committee's purpose, duties and responsibilities, as described by this Charter.
- The Audit Committee shall review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

### **IV. Meetings of the Audit Committee**

The Audit Committee shall meet at least six times per year, or more frequently as circumstances require.

The Audit Committee shall report regularly to the Board regarding the execution of its duties and responsibilities, at a minimum, after each scheduled meeting of the Audit Committee, and shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Board of Directors of the Company.

The members of the Audit Committee shall select a chair who will preside at each meeting of the Audit Committee and, in consultation with the other members of the Audit Committee, shall set

the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting. A majority of the members of the Audit Committee present in person or by means of a conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

Periodically, the Audit Committee shall meet with the Company's management, members of the Company's Internal Audit staff and with the independent auditor in separate sessions.

#### **V. Resources of the Audit Committee**

The Audit Committee shall have the authority to retain and compensate legal, accounting, or other advisors to advise the Audit Committee and assist it in fulfilling its duties and responsibilities. The Audit Committee may request any officer or employee of the Company, or the Company's outside counsel or independent auditor, to attend a meeting of the Audit Committee or to meet with any members of, or advisors to, the Audit Committee.

#### **VI. Other**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Company's financial statements are materially accurate and in accordance with generally accepted accounting principles. This is the responsibility of the Company's management and the independent auditor.