

August 17, 2009

Ms. Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F. Street, NE  
Washington, DC 20549-1090

Re: *File No. S7-10-09*  
*Release No. 34-60089*  
*Facilitating Shareholder Director Nominations*

Dear Ms. Murphy:

This letter is submitted on behalf of Avis Budget Group, Inc., a leading provider of vehicle rental services, with operations in more than 70 countries. Avis Budget is a Delaware company with headquarters in Parsippany, New Jersey and 24,000 employees. For 2008, we reported net revenues of nearly \$6 billion and we currently have approximately 100 million shares outstanding.

We appreciate this opportunity to comment on the proposed rules regarding shareholder director nominations of the Securities and Exchange Commission (the "Commission") referred to above. We consider corporate governance-related matters to be of significant importance and have adopted several corporate governance best practices, including annual elections for our Board of Directors. Our directors routinely meet in executive session without the presence of management, and we have appointed an independent presiding director.

While boards should be accountable to the shareholders who own the company, we believe that a federal proxy access right is unnecessary, and therefore we oppose a "one-size-fits-all" federal proxy access right for director nominations. We believe that our Corporate Governance Committee is in the best position to determine the nominees to stand for election each year. Moreover, for the reasons discussed below and enumerated in many of the other comment letters that the Commission has received from public companies and organizations, we consider proposed Rule 14a-11 to be potentially harmful to the fundamental proposition of managing a business for long-term growth.

If, in spite of our and others' concerns, the Commission deems federal action to be necessary, we advocate an amendment to Rule 14a-8(i)(8) instead of the adoption of Rule 14a-11 to permit proxy access shareholder proposals so long as certain additional amendments are adopted. And, should the Commission nevertheless determine to adopt Rule 14a-11, we believe that significant changes to the rule are needed.

I. Proposed Rule 14a-11

As noted above, while we agree that boards should be accountable to the shareholders who own the company, we believe that a federal proxy access right is unnecessary due primarily to the great change in corporate governance over the past few years, including:

- the widespread adoption of majority voting in uncontested director elections;
- amendments to state corporate law in Delaware, which authorize proxy access amendments to company governing documents;
- the availability of proxy contests, whose costs have been reduced by the Commission's e-proxy rules and the possibility of reimbursement under recent amendments to Delaware corporate law authorizing proxy reimbursement bylaws;
- other avenues for shareholder input, including shareholder proposals; and
- the recent amendment to Rule 452 prohibiting discretionary broker voting in uncontested elections.

Our shareholders can influence our company's director elections by recommending director candidates to our Corporate Governance Committee. We also provide for processes through which our stockholders can communicate with our Board of Directors.

We believe that a federal proxy access right could have serious consequences, including:

- promoting a disproportionate focus on the short-term;
- discouraging director service;
- putting publicly traded companies at a competitive disadvantage compared to privately held companies;
- creating the possibility of special interest directors who might advocate their interests rather than the company's interests; and
- making management retention more difficult.

Moreover, as a medium-sized public company in the vehicle rental business, we must be vigilant in managing our costs and allocating management's time and resources as efficiently as possible

## II. Amendments to Rule 14a-8

We believe that to the extent the Commission feels it is necessary to take federal action to provide for proxy access for director nominations, the Commission should consider adopting revised amendments to Rule 14a-8 instead of the federal proxy access right set forth in proposed Rule 14a-11. Acting only to amend Rule 14a-8(i)(8) is consistent with shareholder choice, particularly in a cost-conscious company such as ours where the majority of shareholders may not support the diversion of management's time and company resources to attending to nominations of proxy access directors. We believe the amendments to Rule 14a-8(i)(8) should require proponents of proxy access shareholder proposals to satisfy higher ownership thresholds (*e.g.*, at least 5% for individuals and 10% for groups).

## III. Amendments to Rule 14a-11

We believe that significant amendments to Rule 14a-11 are necessary if the Commission nevertheless determines to adopt the federal proxy access right in proposed Rule 14a-11. In that regard, we believe that:

- triggers are essential so that the federal proxy access right applies only to companies with a demonstrated need for greater director accountability – for example, where a director fails to receive a majority of votes cast or receives a majority of withhold votes and the director either does not resign or the board does not accept the director's offer to resign;
- shareholders should be eligible to nominate proxy access directors only if they hold a significant percentage of a company's shares (*e.g.*, at least 5% for individuals and 10% for groups) for a significant period of time (*e.g.*, three years) and such ownership extends through the service of any elected shareholder-nominated director;
- a shareholder should not be permitted to nominate proxy access directors for some period of time (*e.g.*, three years) if the shareholder's prior proxy access nominee failed to receive a significant percentage of votes cast (*e.g.*, 35% of votes cast);
- the number of directors that can be nominated under proposed Rule 14a-11 should be limited to one;
- in the case of multiple proxy access nominees, the nominee submitted by the largest shareholder(s) (based on the number of voting securities over which such shareholder(s) has/have voting control) should be included rather than the first one; and

- proxy access nominees should be prohibited from being affiliated with the nominating shareholder(s) and require the proxy access nominee to satisfy the company's director qualification/independence standards.

For example, it would be inconsistent with sound corporate governance practices if we were unable to exclude a candidate that we deemed to be over-extended due to service on other boards, and we believe it could be detrimental to the company if we were unable to exclude a nominee who had associations that we deemed to present conflicts or who refused to adhere to our code of conduct and ethics for directors.

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In conclusion, we believe that a federal proxy access right is unnecessary and could have serious adverse consequences for companies, including Avis Budget. If the Commission nonetheless believes federal action is necessary, the Commission should adopt revised amendments to Rule 14a-8(i)(8) to provide shareholders and board of directors the opportunity to develop company-specific approaches to proxy access.

Thank you for considering our comments. We would be happy to discuss our concerns or any other matters that you believe would be helpful. Please contact Jean Sera, Corporate Secretary, at (973) 496-2579 for such purpose.

Sincerely,



Ronald L. Nelson  
Chairman and Chief Executive Officer