

AVIS BUDGET GROUP, INC.

Form 11-K

June 29, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 1-10308

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

Avis Budget Group, Inc.

Employee Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Avis Budget Group, Inc.

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6 Sylvan Way

Parsippany, N.J. 07054

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AVIS BUDGET GROUP, INC. EMPLOYEE SAVINGS PLAN

(FORMERLY CENDANT CORPORATION EMPLOYEE SAVINGS PLAN)

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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of the Avis Budget Group, Inc. Employee Savings Plan (formerly Cendant Corporation Employee Savings Plan):

We have audited the accompanying statements of net assets available for benefits of the Avis Budget Group, Inc. Employee Savings Plan (formerly Cendant Corporation Employee Savings Plan) (the Plan) as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2006 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2006 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP
New York, New York
June 28, 2007

Table of Contents**AVIS BUDGET GROUP, INC. EMPLOYEE SAVINGS PLAN****(FORMERLY CENDANT CORPORATION EMPLOYEE SAVINGS PLAN)****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2006 AND 2005**

	2006	2005
ASSETS:		
Participant-directed investments at fair value:		
Cash and cash equivalents	\$ 1,208,292	\$ 4,084,119
Mutual funds	351,619,367	775,466,093
Common/collective trusts	212,286,537	404,128,701
Avis Budget Group, Inc. common stock	3,390,204	46,484,050
Other common stock	16,852,747	
Loans to participants	8,498,611	27,428,087
Total investments	593,855,758	1,257,591,050
Receivables:		
Participant contributions	293,666	779,039
Employer contributions	162,106	444,931
Interest and dividends	185,170	144,850
Transfer in of net assets of merged plans		4,327,930
Total receivables	640,942	5,696,750
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	594,496,700	1,263,287,800
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	2,784,582	4,571,574
NET ASSETS AVAILABLE FOR BENEFITS	\$ 597,281,282	\$ 1,267,859,374

The accompanying notes are an integral part of these financial statements.

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AVIS BUDGET GROUP, INC. EMPLOYEE SAVINGS PLAN

(FORMERLY CENDANT CORPORATION EMPLOYEE SAVINGS PLAN)

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2006

ADDITIONS TO NET ASSETS:	
Net investment income:	
Dividends	\$ 18,633,771
Interest	11,242,769
Net appreciation in fair value of investments	23,121,632
Net investment income	52,998,172
Contributions:	
Participants	68,625,378
Employer	41,460,448
Rollovers	6,002,568
Total contributions	116,088,394
Net Assets from Merged Plans	8,199,291
Total additions	177,285,857
DEDUCTIONS FROM NET ASSETS:	
Benefits paid to participants	133,332,303
Net assets transferred out during the year	714,476,031
Administrative expenses	55,615
Total deductions	847,863,949
NET DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS	(670,578,092)
NET ASSETS AVAILABLE FOR BENEFITS:	
BEGINNING OF YEAR	1,267,859,374
END OF YEAR	\$ 597,281,282

The accompanying notes are an integral part of these financial statements.

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AVIS BUDGET GROUP, INC. EMPLOYEE SAVINGS PLAN

(FORMERLY CENDANT CORPORATION EMPLOYEE SAVINGS PLAN)

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following description of the Avis Budget Group, Inc. Employee Savings Plan (formerly Cendant Corporation Employee Savings Plan) (the Plan) provides only general information. Participants should refer to the Summary Plan Description or the Plan document, which are available from Avis Budget Group, Inc. (the Company) (formerly Cendant Corporation), for a more complete description of the Plan s provisions.

The Plan is a defined contribution plan that provides Internal Revenue Code (IRC) Section 401(k) employee salary deferral benefits and additional employer contributions for the Company s eligible employees. The Plan is subject to the provisions of Employee Retirement Income Security Act of 1974 (ERISA). Merrill Lynch Trust Company FSB (the Trustee) is the Plan s trustee.

Pursuant to certain resolutions of the Executive Committee of the Company s Board of Directors, the Plan was amended and restated in 2006 to (i) change the Plan name to the Avis Budget Group, Inc. Employee Savings Plan from the Cendant Corporation Employee Savings Plan, (ii) allow for the transfer of participants account balances between the Plan and other affiliated plans of the Company, (iii) vest and make non-forfeitable all unvested Company contribution as of a specified date, (iv) incorporate all amendments since the January 1, 2001 restatement and (v) comply with applicable law.

Effective December 31, 2005, the net assets associated with (i) the gta North America Inc. Employee Savings and Retirement Plan, (ii) the Shawnee Development, Inc. and its Subsidiaries 401(k) Plan and (iii) the Coldwell Banker Commercial Pacific Properties, LTD 401(k) Retirement Savings Plan were merged into the Plan. However, the net assets associated with these three plans were not received by the Trustee as of December 31, 2005. As such, net assets of approximately \$4.3 million were reported as a receivable in the Statement of Net Assets Available for Benefits as of December 31, 2005 and were received during 2006.

During 2006, net assets of approximately \$8.2 million from acquired businesses were merged into the Plan and received by the Trustee.

On July 31, 2006, the Company completed the spin-offs of Realogy Corporation (Realogy) and Wyndham Worldwide Corporation (Wyndham) and distributed one share each of Realogy and Wyndham common stock for every four and five shares, respectively, of the outstanding Cendant Corporation common stock held on July 21, 2006. On August 23, 2006, the Company completed the sale of Travelport. Upon the separation and distribution of Realogy and Wyndham to Cendant s stockholders and the sale of Travelport, employees of each respective company ceased to participate in the Plan and became participants in the defined contribution plans established by such companies. Accordingly, net assets associated with the account balances of employees of Realogy, Travelport and Wyndham totaling approximately \$367 million, \$125 million and \$222 million, respectively, were transferred from the Plan to benefit plans for employees of these companies during 2006.

Following the spin-offs of Realogy and Wyndham and the sale of Travelport, the Company s stockholders approved a change in the Company s name from Cendant Corporation to Avis Budget Group, Inc. On September 5, 2006, the Company completed a 1-for-10 reverse stock split of the Company s common stock and references to common share data within the notes to the financial statements have been revised to reflect the reverse stock split (see Note 5 Exempt Party-in-Interest Transactions).

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The following is a summary of certain Plan provisions:

Eligibility Each regular employee of the Company (as defined in the Plan document) is eligible to participate in the Plan following the later of commencement of employment or the attainment of age eighteen. Each part-time employee of the Company (as defined in the Plan document) is eligible to participate in the Plan following the later of one year of eligible service or the attainment of age eighteen.

Participant Contributions Participants may elect to make pre-tax contributions up to 20% of pre-tax annual compensation up to the statutory maximum of \$15,000 for 2006. Certain eligible participants (age 50 and over) are permitted to contribute an additional \$5,000 as a catch up contribution, resulting in a total pre-tax contribution of \$20,000 for 2006. Participants may change their contribution investment direction on a daily basis.

Employer Contributions The Company makes contributions to the Plan equal to 100% of each eligible participant's salary deferral up to 6% of such participant's eligible compensation.

Rollovers All employees, upon commencement of employment, are provided the option of making a rollover contribution into the Plan in accordance with Internal Revenue Service (IRS) regulations.

Investments Participants direct the investment of contributions to various investment options and may reallocate investments among the various funds. The fund reallocation must be in 1% increments, include both employee and employer contributions and is limited to one reallocation per day, subject to restrictions imposed by the mutual fund companies to curb short-term trading. Participants should refer to the Plan document regarding investments in Company and other common stock. Participants should refer to each fund's prospectus for a more complete description of the risks and restrictions associated with each fund.

Vesting At any time, participants are 100% vested in their pre-tax contributions plus actual earnings thereon and the Company's matching contributions.

Loan Provision Participants actively employed by the Company may borrow from their fund accounts up to the lesser of \$50,000 or 50% of their vested balance, provided the vested balance is at least \$1,000. The loans are secured by the participant's vested account balance and bear interest at a rate commensurate to that charged by major financial institutions as determined by the Plan administrator. Loan repayments are made through payroll deductions over a term not to exceed five years, unless the proceeds of the loan are used to purchase the principal residence of the participant, in which case the term is not to exceed 15 years.

Participant Accounts A separate account is maintained for each participant. Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings, including interest, dividends and net realized and unrealized appreciation in fair value of investments. Each participant's account is also charged an allocation of net realized and unrealized depreciation in fair value of investments, certain administrative expenses and withdrawals. Allocations are based on participant account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Payment of Benefits to Participants Participants are entitled to withdraw all or any portion of their vested accounts in accordance with the terms of the Plan and applicable law. Participants are permitted to process in-service withdrawals in accordance with Plan provisions upon attaining age 59 1/2 or for hardship in certain circumstances, as defined in the Plan document, before that age. A terminated participant with an account balance of more than \$5,000 (excluding any rollover contributions and related earnings thereon) may elect to remain in the Plan and continue to be credited with fund earnings, or receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. A terminated participant with an account balance of \$5,000 or less will automatically receive a lump-sum distribution.

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Forfeited Accounts Forfeited balances of terminated participants' non-vested accounts are first used to pay Plan expenses, if any, and then to decrease employer contributions. During April of 2006, the Executive Committee of the Company's Board of Directors resolved that all unvested Company contributions be fully and immediately vested and non-forfeitable. As of December 31, 2005, forfeited account balances related primarily to assets of plans that were merged into the Plan and amounted to \$137,349.

Administrative Expenses Administrative expenses of the Plan may be paid by the Company; otherwise, such expenses are paid by the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported and related disclosures. Actual results could differ from those estimates.

Risks and Uncertainties The Plan invests in various securities including mutual funds, common/collective trusts, Avis Budget Group, Inc. common stock and other common stock. Investment securities are exposed to various risks, such as interest rate and credit risks and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes would materially affect the amounts reported in the financial statements.

Cash and Cash Equivalents The Plan considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Adoption of New Accounting Guidance As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the "FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The contract value is the total cost of the investment (amount paid at the time of purchase plus or minus any additional deposits or withdrawals) plus accrued interest. This is also referred to as book value. The financial statements reflect retroactive adoption of FSP. As required by the FSP, the Statements of Net Assets Available for Benefits presents investment contracts at fair value as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is presented on a contract value basis and was not affected by the adoption of the FSP. The adoption of the FSP did not impact the amount of net assets available for benefits at either December 31, 2006 or December 31, 2005.

Valuation of Investments and Income Recognition The Plan's investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Mutual funds are valued at the quoted market price, which represents the

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net asset value of shares held by the Plan at year-end. Common/collective trusts are valued at the net asset value of the shares held by the Plan at year-end, which is based on the fair value of the underlying assets. Loans to participants are valued at outstanding loan balances, which approximate fair value. One of the Plan's common/collective trust investments is the Merrill Lynch Retirement Preservation Trust (MLPT). The MLPT invests primarily in synthetic guaranteed investment contracts that are primarily collateralized by graded debt securities and are valued at fair value of the underlying investments and then adjusted by the issuer to contract value. The fair value of the underlying debt securities are valued at the last available bid price in over the counter markets or on the basis of values obtained by independent valuation groups. The synthetic guaranteed investment wrapper contracts are valued by determining the difference between the present value of the replacement cost of the wrapper contract and the present value of the contractually obligated payments in the original wrapper contract. Participants may direct the withdrawal or transfer of all or a portion of their investment at contract value. Contract value represents contributions made to the fund, plus earnings, less participant withdrawals. The fair value recorded in the Plan's financial statements for such fund was \$146,610,857 and \$255,780,157 at December 31, 2006 and 2005, respectively.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date and interest is recorded when earned. The accompanying Statement of Changes in Net Assets Available for Benefits presents net appreciation in fair value of investments, which includes unrealized gains and losses on investments held at December 31, 2006, realized gains and losses on investments sold during the year then ended and management and operating expenses associated with the Plan's investments in mutual funds and common/collective trusts.

Management fees and operating expenses charged to the Plan for investments in the mutual funds and common/collective trusts are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Benefit Payments Benefits to participants are recorded upon distribution. Amounts allocated to accounts of participants who have elected to withdraw from the Plan, but have not yet received payments from the Plan totaled \$1,215,970 and \$738,747 at December 31, 2006 and 2005, respectively (see Note 7 Reconciliation to Form 5500).

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The following tables present investments at fair value that represent five percent or more of the Plan's net assets available for benefits as of December 31:

	2006
Merrill Lynch Retirement Preservation Trust (i) (ii)	\$ 146,610,857
Davis NY Venture Fund	44,687,358
PIMCO Total Return Fund	39,583,700
Harbor Small Cap Value Fund	35,293,669
ING International Value Fund	33,738,259
MASS Investors Growth Stock Fund	31,642,538
Merrill Lynch Equity Index Trust (i)	31,051,515

	2005
Merrill Lynch Retirement Preservation Trust (i) (ii)	\$ 255,780,157
PIMCO Total Return Fund	109,606,300
Davis NY Venture Fund	96,993,136
MASS Investors Growth Stock Fund	88,885,130
Harbor Small Cap Value Fund	77,136,408
Merrill Lynch Equity Index Trust (i)	67,419,087

(i) Permitted party-in-interest.

(ii) The contract value of Merrill Lynch Retirement Preservation Trust was \$149,395,439 and \$260,351,731 at December 31, 2006 and 2005, respectively.

During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in fair value, as follows:

	2006
Mutual funds	\$ 19,319,914
Common/collective trusts	6,701,040
Common stock (*)	(2,899,322)
	\$ 23,121,632

(*) Includes the common stock of Avis Budget Group, Inc., Realogy Corp. and Wyndham Worldwide Corp. (see Note 1 - Description of the Plan for more information).

4. FEDERAL INCOME TAX STATUS

The IRS determined and informed the Company by letter dated October 16, 2002 that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended and restated since receiving this determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and that the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

5. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

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A portion of the Plan's investments represents shares in funds managed by Merrill Lynch Trust Company FSB, the trustee of the Plan. Therefore, these transactions qualify as exempt party-in-interest transactions.

At December 31, 2006 and 2005, the Plan held 156,303 and 269,473 shares, respectively, of Avis Budget Group, Inc. common stock with a cost basis of \$9,674,128 and \$40,658,522, respectively. During 2006, the Plan earned dividend income of \$294,302 from Avis Budget Group, Inc., which is the sponsoring employer of the Plan.

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Although the Company has not expressed any intention to do so, the Company reserves the rights to modify, suspend, amend or terminate the Plan in whole or in part at any time subject to the provisions of ERISA.

7. RECONCILIATION TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31:

	2006	2005
Net assets available for benefits per the financial statements	\$ 597,281,282	\$ 1,267,859,374
Less: Amounts allocated to withdrawing participants	(1,215,970)	(738,747)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(2,784,582)	
Net assets available for benefits per Form 5500	\$ 593,280,730	\$ 1,267,120,627

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2006, to Form 5500:

Benefits paid to participants per the financial statements	\$ 133,332,303
Less: Amounts allocated to withdrawing participants at December 31, 2005	(738,747)
Certain deemed distributions of participant loans	(2,532,685)
Corrective distributions	(12,080)
Add: Amounts allocated to withdrawing participants at December 31, 2006	1,215,970
Benefits paid to participants per Form 5500	\$ 131,264,761

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, 2006, but not yet paid as of that date.

The following is a reconciliation of change in net assets available for benefits per the financial statements for the year ended December 31, 2006, to the net income per Form 5500:

Decrease in net assets available for benefits per the financial statements	\$ (670,578,092)
Less: Amounts allocated to withdrawing participants at December 31, 2006	(1,215,970)
Add: Amounts allocated to withdrawing participants at December 31, 2005	738,747
Less: Adjustment for contract value to fair value for fully benefit-responsive investment contracts	(2,784,582)
Add: Transfer of assets from the Plan (Reflected in line L Transfer of assets of Form 5500)	714,476,031
Less: Transfer of assets to the Plan (Reflected in line L Transfer of assets of Form 5500)	(8,199,291)
Net income per Form 5500	\$ 32,436,843

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Plan Number: 002

EIN: 06-0918165

AVIS BUDGET GROUP, INC. EMPLOYEE SAVINGS PLAN**FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)****AS OF DECEMBER 31, 2006**

Identity of Issue, Borrower, Current Lessor or Similar Party	Description of Investment	Number of		Current Value ****
		Shares, Units or Par Value	Cost ***	
* Avis Budget Group, Inc. Common Stock	Common stock	156,303		\$ 3,390,204
Realogy Corp. Common Stock	Common stock	298,230		9,042,347
Wyndham Worldwide Corp. Common Stock	Common stock	243,923		7,810,400
* Merrill Lynch Retirement Preservation Trust	Common/collective trust	149,395,439		146,610,857
* Merrill Lynch Equity Index Trust	Common/collective trust	1,861,602		31,051,515
Oppenheimer International Growth Trust	Common/collective trust	872,079		12,540,492
Oppenheimer Emerging Markets Equity Trust	Common/collective trust	911,795		22,083,673
ALLIANZ CCM Capital Appreciation Fund	Registered investment company	1,163,774		22,460,833
ALLIANZ OPCapital Renaissance Fund	Registered investment company	802,813		16,979,494
Davis NY Venture Fund	Registered investment company	1,147,301		44,687,358
ING Small Cap Value Fund	Registered investment company	1,646,160		35,293,669
ING International Value Fund	Registered investment company	1,639,371		33,738,259
Lord Abbett Bond Debenture Fund	Registered investment company	509,501		4,076,010
MASS Investors Growth Stock Fund	Registered investment company	2,281,365		31,642,538
MFS Value Fund	Registered investment company	658,866		17,644,444
MFS Mid-Cap Growth Fund	Registered investment company	1,697,916		15,943,435
Oppenheimer Capital Fund	Registered investment company	551,161		26,125,013
Oppenheimer Quest Balanced Value Fund	Registered investment company	838,338		15,785,910
PIMCO Total Return Fund	Registered investment company	3,813,459		39,583,700
The Oakmark Equity and Income Fund	Registered investment company	957,514		24,780,469
Scudder RREEF Real Estate Fund	Registered investment company	660,831		17,531,857
Vanguard Explorer Admiral Fund	Registered investment company	76,882		5,346,378
Various participants **	Loans to participants			8,498,611
Cash and cash equivalents				1,208,292
Total				\$ 593,855,758

* Represents a permitted party-in-interest.

** Maturity dates range principally from January 2007 to October 2029. Interest rates range from 4.8% to 11.5%.

*** Cost information is not required for participant-directed investments.

**** Form 5500 instructions require reporting of Common/collective trusts at fair value on this schedule.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Avis Budget Group, Inc. Employee Savings Plan

By: /s/ Mark Servodidio
Mark Servodidio
Executive Vice President and
Chief Human Resources Officer
Avis Budget Group, Inc.

Date: June 28, 2007

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foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing the Foreign Account Tax Compliance Act may be subject to different rules. Holders are urged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the notes.

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Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or each additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will receive a commission from BMOCM, which will not exceed the commission set forth on the cover page. This commission will include a selling concession paid by BMOCM or one of its affiliates to certain dealers of up to 1.60% of the principal amount in connection with the distribution of the notes.

Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be less than 100% of the principal amount, as set forth on the cover page of this document. Investors that hold their notes in these accounts may be charged fees by the investment advisor or manager of that account based on the amount of assets held in those accounts, including the notes.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the applicable Reference Stock or as to the suitability of an investment in the notes.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our estimated value of the notes that would

otherwise be determined and applicable at that time. This temporary upward adjustment represents a portion of (a) the hedging profit that we or our affiliates expect to realize over the term of the notes and (b) the underwriting discount and the selling concessions paid in connection with this offering. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

No Prospectus (as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”)) will be prepared in connection with the notes. Accordingly, the notes may not be offered to the public in any member state of the European Economic Area (the “EEA”), and any purchaser of the notes who subsequently sells any of the notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, and a “retail investor” means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (b) a customer, within the meaning of Insurance Distribution Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of each of the notes that is set forth on the cover page of this pricing supplement equals the sum of the values of the following hypothetical components:

a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and

one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of each of the notes on the Pricing Date was determined based on market conditions on the Pricing Date.

The Reference Stocks

We have derived the following information from publicly available documents. We have not independently verified the accuracy or completeness of the following information. We are not affiliated with the applicable Reference Stock Issuer and the applicable Reference Stock Issuer will have no obligations with respect to the notes. This pricing supplement relates only to the notes and does not relate to the shares of the applicable Reference Stock or any securities included in the applicable Underlying Index. Neither we nor any of our affiliates participates in the preparation of the publicly available documents described below. Neither we nor any of our affiliates has made any due diligence inquiry with respect to the applicable Reference Stock in connection with the offering of the notes. There can be no assurance that all events occurring prior to the date of this pricing supplement, including events that would affect the accuracy or completeness of the publicly available documents described below and that would affect the trading price of the shares of the applicable Reference Stock, have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning the applicable Reference Stock could affect the price of the shares of the applicable Reference Stock during the Monitoring Period, on each Observation Date and on the Valuation Date, and therefore could affect the payments on the notes.

We encourage you to review recent prices of the applicable Reference Stock prior to making an investment decision.

The selection of the applicable Reference Stock is not a recommendation to buy or sell the shares of the applicable Reference Stock. Neither we nor any of our affiliates make any representation to you as to the performance of the shares of the applicable Reference Stock. Information provided to or filed with the SEC under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 relating to the applicable Reference Stock may be obtained through the SEC's website at <http://www.sec.gov>.

SPDR® S&P® Oil & Gas Exploration & Production ETF

In this section, Reference Stock Issuer refers to the SPDR® S&P® Oil & Gas Exploration & Production ETF (the “XOP”), Reference Stock refers to the shares of the XOP, and Underlying Index refers to the S&POil & Gas Exploration & Production Select Industry® Index.

The Reference Stock is an investment portfolio maintained and managed by SSFM. The Reference Stock trades on the NYSE Arca under the ticker symbol “XOP.” The inception date of the Reference Stock is June 19, 2006. Prior to January 8, 2007, the Reference Stock was known as the SPDR® Oil & Gas Exploration & Production ETF.

Information provided to or filed with the SEC by the SPDR® Series Trust (“SPDR”) under the Securities Exchange Act of 1934 can be located by reference to its Central Index Key, or CIK, 1064642 through the SEC’s website at <http://www.sec.gov>. Additional information about SSFM and the Reference Stock may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We have not made any independent investigation as to the accuracy or completeness of such information.

The Reference Stock seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Underlying Index. The Underlying Index represents the oil and gas exploration and production sub-industry portion of the S&P Total Market Index (“S&P TMI”), an index that measures the performance of the U.S. equity market. The Reference Stock is composed of companies that are in the oil and gas sector exploration and production.

The Reference Stock utilizes a sampling strategy, which means that it is not required to purchase all of the securities represented in its Underlying Index. Instead, it may purchase a subset of the securities in the Underlying Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the Underlying Index. Under normal market conditions, the Reference Stock will invest at least 80% of its total assets in common stocks that comprise the Underlying Index.

The information above was compiled from the SPDR® website. We have not independently investigated the accuracy of that information. Information contained in the SPDR® website is not incorporated by reference in, and should not be considered a part of, this document.

The Underlying Index: S&P® Oil & Gas Exploration & Production Select Industry® Index

We have derived all information contained in this document regarding the Underlying Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by, S&P.

The Underlying Index is an equal-weighted index that is designed to measure the performance of the oil and gas exploration and production sub-industry portion of the S&P TMI. The S&P TMI includes all U.S. common equities listed on the NYSE (including NYSE Arca), the NYSE American, the Nasdaq Global Select Market, and the Nasdaq Capital Market.

To be eligible for inclusion in the Underlying Index, companies must be in the S&P TMI and must be included in the relevant Global Industry Classification Standard (GICS) sub-industry. The GICS was developed to establish a global standard for categorizing companies into sectors and industries. In addition to the above, companies must satisfy one of the three following combined size and liquidity criteria:

- float-adjusted market capitalization above US\$500 million and float-adjusted liquidity ratio above 90%;
- float-adjusted market capitalization above US\$400 million and float-adjusted liquidity ratio above 150%; or

for current constituents, float adjusted market capitalization above US\$300 million and float-adjusted liquidity ratio greater than or equal to 50%.

All U.S. companies satisfying these requirements are included in the Underlying Index. The total number of companies in the Underlying Index should be at least 35. If there are fewer than 35 stocks, stocks from a supplementary list of highly correlated sub-industries that meet the market capitalization and liquidity thresholds above are included in order of their float-adjusted market capitalization to reach 35 constituents. Minimum market capitalization requirements may be relaxed to ensure there are at least 22 companies in the Underlying Index as of each rebalancing effective date.

Eligibility factors include:

Market Capitalization: Float-adjusted market capitalization should be at least US\$400 million for inclusion in the Underlying Index. Existing index components must have a float-adjusted market capitalization of US\$300 million to remain in the Underlying Index at each rebalancing.

Liquidity: The liquidity measurement used is a liquidity ratio, defined as dollar value traded over the previous 12-months divided by the float-adjusted market capitalization as of the Underlying Index rebalancing reference date. Stocks having a float-adjusted market capitalization above US\$500 million must have a liquidity ratio greater than 90% to be eligible for addition to the Underlying Index. Stocks having a float-adjusted market capitalization between US\$400 and US\$500 million must have a liquidity ratio greater than 150% to be eligible for addition to the Underlying Index. Existing index constituents must have a liquidity ratio greater than 50% to remain in the Underlying Index at the quarterly rebalancing. The length of time to evaluate liquidity is reduced to the available trading period for IPOs or spin-offs that do not have 12 months of trading history.

Takeover Restrictions: At the discretion of S&P, constituents with shareholder ownership restrictions defined in company bylaws may be deemed ineligible for inclusion in the Underlying Index. Ownership restrictions preventing entities from replicating the index weight of a company may be excluded from the eligible universe or removed from the Underlying Index.

Turnover: S&P believes turnover in index membership should be avoided when possible. At times, a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to the Underlying Index, not for continued membership. As a result, an index constituent that appears to violate the criteria for addition to the Underlying Index will not be deleted unless ongoing conditions warrant a change in the composition of the Underlying Index.

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The VanEck Vectors™ Gold Miners ETF

In this section, Reference Stock Issuer refers to the VanEck Vectors™ Gold Miners ETF (the “GDX”), Reference Stock refers to the shares of the GDX, and the Underlying Index refers to the NYSE Arca Gold Miners Index.

The Reference Stock is an investment portfolio maintained, managed and advised by Van Eck. The VanEck Vectors™ ETF Trust is a registered open-end investment company that consists of numerous separate investment portfolios, including the Reference Stock.

The Reference Stock is an exchange traded fund that trades on NYSE Arca under the ticker symbol “GDX.”

The Reference Stock seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Underlying Index. The Underlying Index was developed by the NYSE Amex and is calculated, maintained and published by NYSE Arca. The Underlying Index is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in mining for gold or silver.

The Reference Stock utilizes a “passive” or “indexing” investment approach in attempting to track the performance of the Underlying Index. The Reference Stock will invest in all of the securities which comprise the Underlying Index. The Reference Stock will normally invest at least 95% of its total assets in common stocks that comprise the Underlying Index.

The notes are not sponsored, endorsed, sold or promoted by Van Eck. Van Eck makes no representations or warranties to the owners of the notes or any member of the public regarding the advisability of investing in the notes. Van Eck has no obligation or liability in connection with the operation, marketing, trading or sale of the notes.

The Underlying Index

We have derived all information contained in this pricing supplement regarding the Underlying Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information and information supplied by NYSE Arca. Such information reflects the policies of, and is subject to change by, NYSE Arca. The Underlying Index was developed by the NYSE Amex (formerly the American Stock Exchange) and is calculated, maintained and published by the NYSE Arca. The NYSE Arca has no obligation to

continue to publish, and may discontinue the publication of, the Underlying Index.

The Underlying Index includes common stocks, ADRs and GDRs of selected companies that are involved primarily in mining for gold or silver and that are listed for trading and electronically quoted on a major stock market that is accessible by foreign investors. Generally, this will include exchanges in most developed markets and major emerging markets, and will include companies that are cross-listed, e.g., both U.S. and Canadian listings. NYSE Arca will use its discretion to avoid exchanges and markets that are considered “frontier” in nature or have major restrictions to foreign ownership. The Underlying Index includes companies that derive at least 50% of their revenues from gold mining and related activities (40% for companies that were included in the Underlying Index prior to September 23, 2013). Also, the Underlying Index maintains exposure to companies with a significant revenue exposure to silver mining in addition to gold mining, which will not exceed 20% of the Underlying Index weight at each rebalance.

Only companies with market capitalizations greater than \$750 million that have an average daily volume of at least 50,000 shares over the past three months and an average daily value traded of at least \$1 million over the past three months are eligible for inclusion in the Underlying Index. Starting in December 2013, for companies that were included in the Underlying Index prior to September 23, 2013, the market capitalization requirement at each rebalance became \$450 million, the average daily volume requirement will be at least 30,000 shares over the past three months and the average daily value traded requirement will be at least \$600,000 over the past three months. NYSE Arca has the discretion to not include all companies that meet the minimum criteria for inclusion. The Underlying Index’s benchmark value was 500.00 at the close of trading on December 20, 2002.

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Calculation of the Underlying Index. The Underlying Index is calculated by NYSE Arca on a price return basis. The calculation is based on the current modified market capitalization divided by a divisor. The divisor was determined on the initial capitalization base of the Underlying Index and the base level and may be adjusted as a result of corporate actions and composition changes, as described below.

Index Maintenance. The Underlying Index is reviewed quarterly to ensure that at least 90% of the index weight is accounted for by index components that continue to meet the initial eligibility requirements. NYSE Arca may at any time and from time to time change the number of securities comprising the group by adding or deleting one or more securities, or replacing one or more securities contained in the group with one or more substitute securities of its choice, if in NYSE Arca's discretion such addition, deletion or substitution is necessary or appropriate to maintain the quality and/or character of the Underlying Index. Components will be removed from the Underlying Index during the quarterly review if (1) the market capitalization falls below \$450 million, or (2) the traded average daily shares for the previous three months is lower than 30,000 shares and the traded average daily value for the previous three months is less than \$600,000.

At the time of the quarterly rebalance, the component security quantities will be modified to conform to the following asset diversification requirements:

(1) the weight of any single component security may not account for more than 20% of the total value of the Underlying Index;

(2) the component securities are split into two subgroups—large and small, which are ranked by market capitalization weight in the Underlying Index. Large securities are defined as having a starting index weight greater than or equal to 5%. Small securities are defined as having a starting index weight below 5%; and

(3) the final aggregate weight of those component securities which individually represent more than 4.5% of the total value of the Underlying Index may not account for more than 45% of the total index value.

The weights of the components securities (taking into account expected component changes and share adjustments) are modified in accordance with the Underlying Index's diversification rules.

Changes to the index composition and/or the component security weights in the Underlying Index are determined and announced prior to taking effect, which typically occurs after the close of trading on the third Friday of each calendar quarter month in connection with the quarterly index rebalance. The share quantities of each component security in the index portfolio remains fixed between quarterly reviews except in the event of certain types of corporate actions such as stock splits, reverse stock splits, stock dividends, or similar events. The share quantities used in the index calculation are not typically adjusted for shares issued or repurchased between quarterly reviews. However, in the

event of a merger between two components, the share quantity of the surviving entity may be adjusted to account for any stock issued in the acquisition. NYSE Arca may substitute securities or change the number of securities included in the Underlying Index, based on changing conditions in the industry or in the event of certain types of corporate actions, including mergers, acquisitions, spin-offs, and reorganizations. In the event of component or share quantity changes to the index portfolio, the payment of dividends other than ordinary cash dividends, spin-offs, rights offerings, re-capitalization, or other corporate actions affecting a component security of the Underlying Index, the index divisor may be adjusted to ensure that there are no changes to the index level as a result of nonmarket forces.

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Validity of the Notes

In the opinion of Osler, Hoskin & Harcourt LLP, the issue and sale of the notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Senior Indenture, and when this pricing supplement has been attached to, and duly notated on, the master note that represents the notes, the notes will have been validly executed and issued and, to the extent validity of the notes is a matter governed by the laws of the Province of Ontario, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to the following limitations (i) the enforceability of the Senior Indenture may be limited by the Canada Deposit Insurance Corporation Act (Canada), the Winding-up and Restructuring Act (Canada) and bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement or winding-up laws or other similar laws affecting the enforcement of creditors' rights generally; (ii) the enforceability of the Senior Indenture may be limited by equitable principles, including the principle that equitable remedies such as specific performance and injunction may only be granted in the discretion of a court of competent jurisdiction; (iii) pursuant to the Currency Act (Canada) a judgment by a Canadian court must be awarded in Canadian currency and that such judgment may be based on a rate of exchange in existence on a day other than the day of payment; and (iv) the enforceability of the Senior Indenture will be subject to the limitations contained in the Limitations Act, 2002 (Ontario), and such counsel expresses no opinion as to whether a court may find any provision of the Senior Debt Indenture to be unenforceable as an attempt to vary or exclude a limitation period under that Act. This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated September 23, 2018, which has been filed as Exhibit 5.3 to Bank of Montreal's Form 6-K filed with the SEC and dated September 23, 2018.

In the opinion of Morrison & Foerster LLP, when the pricing supplement has been attached to, and duly notated on, the master note that represents the notes, and the notes have been issued and sold as contemplated by the prospectus supplement and the prospectus, the notes will be valid, binding and enforceable obligations of Bank of Montreal, entitled to the benefits of the Senior Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the Senior Indenture and the genuineness of signatures and to such counsel's reliance on Bank of Montreal and other sources as to certain factual matters, all as stated in the legal opinion dated September 23, 2018, which has been filed as Exhibit 5.4 to Bank of Montreal's Form 6-K dated September 23, 2018.