

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020  
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**HERTZ GLOBAL HOLDINGS, INC.  
THE HERTZ CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
**Delaware**  
(State or other jurisdiction of incorporation or organization)

**001-37665**  
**001-07541**  
(Commission File Number)

**61-1770902**  
**13-1938568**  
(I.R.S. Employer Identification No.)

**8501 Williams Road**  
**Esteros, Florida 33928**  
**239 301-7000**

(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

**Securities registered pursuant to Section 12(b) of the Act:**

	<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Hertz Global Holdings, Inc.	Common Stock par value \$0.01 per share	HTZGQ	*
The Hertz Corporation	None	None	None

\*Hertz Global Holdings, Inc.'s common stock began trading exclusively on the over-the-counter market on October 30, 2020 under the symbol HTZGQ.

**Securities registered pursuant to Section 12(g) of the Act:**

Hertz Global Holdings, Inc.	None
The Hertz Corporation	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Hertz Global Holdings, Inc. Yes  No   
The Hertz Corporation Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Hertz Global Holdings, Inc. Yes  No   
The Hertz Corporation Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Hertz Global Holdings, Inc. Yes  No   
The Hertz Corporation Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Hertz Global Holdings, Inc. Yes  No   
The Hertz Corporation Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Hertz Global Holdings, Inc.	Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
	Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		
If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.						
The Hertz Corporation	Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>
	Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		
If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.						

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audits report.

Hertz Global Holdings, Inc.   
The Hertz Corporation

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hertz Global Holdings, Inc. Yes  No   
The Hertz Corporation Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of Hertz Global Holdings, Inc. as of June 30, 2020, the last business day of the most recently completed second fiscal quarter, based on the closing price of the stock on the New York Stock Exchange on such date was \$220 million. There is no market for The Hertz Corporation stock.

Indicate the number of shares outstanding of each of the registrants' classes of common stock, as of the latest practicable date.

	<u>Class</u>	<u>Shares Outstanding as of February 22, 2021</u>
Hertz Global Holdings, Inc.	Common Stock, par value \$0.01 per share	156,206,478
The Hertz Corporation	Common Stock, par value \$0.01 per share	100
		<sup>(1)</sup> (100% owned by Rental Car Intermediate Holdings, LLC)

**DOCUMENTS INCORPORATED BY REFERENCE**

Hertz Global Holdings, Inc.	None
The Hertz Corporation	None



HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)

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**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)**

**GLOSSARY OF TERMS**

Unless the context otherwise requires in this Annual Report on Form 10-K for the year ended December 31, 2020, we use the following defined terms:

- (i) "2020 Annual Report" or "Combined Form 10-K" means this Annual Report on Form 10-K for the year ended December 31, 2020, which combines the annual reports for Hertz Global Holdings, Inc. and The Hertz Corporation into a single filing;
- (ii) "All Other Operations" means the reportable segment comprised primarily of our Donlen business and our other business activities which comprise less than 1% of revenues and expenses of the segment;
- (iii) "Alternative Letter of Credit Facility" means the standalone \$250 million letter of credit facility that Hertz entered into in 2019 as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (iv) "Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532;
- (v) "Bankruptcy Court" means the U.S. Bankruptcy Court for the District of Delaware;
- (vi) "Board" means the Company's board of directors;
- (vii) "Chapter 11" means chapter 11 of the Bankruptcy Code;
- (viii) "Chapter 11 Cases" means the Chapter 11 cases being jointly administered in the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*;
- (ix) "the Code" means the Internal Revenue Code of 1986, as amended;
- (x) "the Company", "we", "our" and "us" mean Hertz Global and Hertz interchangeably;
- (xi) "company-operated" or "company-owned" rental locations are those through which we, or an agent of ours, rent vehicles that we own or lease;
- (xii) "concessions" mean licensing or permitting agreements or arrangements granting us the right to conduct our vehicle rental business at airports;
- (xiii) "Corporate" means corporate operations, which include general corporate assets and expenses and certain interest expense (including net interest on non-vehicle debt);
- (xiv) "COVID-19" means the global pandemic resulting from the coronavirus disease 2019;
- (xv) "the Debtors" means Hertz Global, Hertz and their direct and indirect subsidiaries in the U.S. and Canada that filed voluntary petitions for relief under Chapter 11 in the Bankruptcy Court on May 22, 2020;
- (xvi) "DIP" means debtor-in-possession;
- (xvii) "DIP Credit Agreement" means the \$1.65 billion superpriority secured DIP credit facility comprised of delayed-draw term loans that the Debtors entered into in October 2020 as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (xviii) "Dollar Thrifty" means Dollar Thrifty Automotive Group, Inc., a consolidated subsidiary of the Company;

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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- (xix) "Donlen" means Donlen Corporation, a consolidated subsidiary of the Company;
- (xx) "FASB" means the Financial Accounting Standards Board;
- (xxi) "Hertz Gold Plus Rewards" means our customer loyalty program and our global expedited rental program;
- (xxii) "Hertz" means The Hertz Corporation, its consolidated subsidiaries and VIEs, our primary operating company and a direct wholly-owned subsidiary of Rental Car Intermediate Holdings, LLC, which is wholly-owned by Hertz Holdings;
- (xxiii) "Hertz Global" means Hertz Global Holdings, Inc., our top-level holding company, its consolidated subsidiaries and VIEs, including The Hertz Corporation;
- (xxiv) "Hertz Ultimate Choice" is an offering at select airport locations in the U.S. that allows customers to choose their vehicle from a range of makes, models and colors available within the zone indicated on their reservation;
- (xxv) "Hertz Holdings" refers to Hertz Global Holdings, Inc. excluding its subsidiaries and VIEs;
- (xxvi) "HFLF" refers to Hertz Fleet Lease Funding LP, a non-Debtor, special purpose subsidiary of Donlen;
- (xxvii) "HVF" refers to Hertz Vehicle Financing LLC, a non-Debtor, special purpose subsidiary of Hertz;
- (xxviii) "HVF II" refers to Hertz Vehicle Financing II LP, a non-Debtor, special purpose financing subsidiary of Hertz;
- (xxix) "HVIF" refers to Hertz Vehicle Interim Financing LLC, a non-Debtor, special purpose subsidiary of Hertz authorized by the Bankruptcy Court;
- (xxx) "International RAC" means our international rental car reportable segment;
- (xxxi) "Interim Lease Order" means the Bankruptcy Court order entered in the Chapter 11 Cases on July 24, 2020 related to the Operating Lease;
- (xxxii) "Lease Rejection Orders" means the Bankruptcy Court orders entered in the Chapter 11 Cases in 2020 to reject certain unexpired leases in our U.S. RAC segment;
- (xxxiii) "Letter of Credit Facility" means the standalone \$400 million letter of credit facility that Hertz entered into in 2017 as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (xxxiv) "non-program vehicles" means vehicles not purchased under repurchase or guaranteed depreciation programs for which we are exposed to residual risk;
- (xxxv) "Old Hertz Holdings" for periods on or prior to June 30, 2016, and "Herc Holdings" for periods after June 30, 2016, refer to the former Hertz Global Holdings, Inc.;
- (xxxvi) "Operating Lease" means the Amended and Restated Master Motor Vehicle Operating Lease and Servicing Agreement (Series 2013-G1) with HVF, pursuant to which Hertz leases from HVF vehicles used in the Company's U.S. rental car operations;
- (xxxvii) "Petition Date" means May 22, 2020;
- (xxxviii) "Pre-petition" means obligations of the Debtors incurred prior to the Petition Date;

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**

- (xxxix) "Prime Clerk" means Prime Clerk, LLC, a third-party bankruptcy claims and noticing agent;
- (xl) "program vehicles" means vehicles purchased under repurchase or guaranteed depreciation programs with vehicle manufacturers;
- (xli) "replacement renters" means renters who need vehicles while their vehicle is being repaired or is temporarily unavailable for other reasons;
- (xlii) "Rights Offering" means the Company's rights offering providing for the issuance of new shares of Hertz Global common stock that closed in July 2019 as further described in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (xlili) "SEC" means the United States Securities and Exchange Commission;
- (xliv) "Second Lease Order" means the Bankruptcy Court order entered in the Chapter 11 Cases on January 20, 2021 related to the Operating Lease;
- (xlv) "Senior Facilities" means our senior secured term facility and Senior RCF, as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (xlvi) "Senior RCF" means our senior secured revolving credit facility, as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report;
- (xlvii) "Tax Reform" means legislation signed into law on December 22, 2017 which amends the U.S. Internal Revenue Code to reduce tax rates and modify policies, credits and deductions for individuals and businesses, commonly known as the "Tax Cuts and Jobs Act" ("TCJA");
- (xlviii) "TNC" means transportation network companies that provide ride-hailing services that pair passengers with drivers via websites and mobile applications;
- (xlix) "TNC Partners" means certain transportation network companies where we provide rental vehicles to their drivers under agreements that specify the relevant terms;
- (l) "U.S." means the United States of America;
- (li) "U.S. GAAP" means accounting principles generally accepted in the U.S.;
- (lii) "U.S. RAC" means our U.S. rental car reportable segment;
- (liii) "VIE" means variable interest entity;
- (liv) "Vehicle Utilization" means the portion of our vehicles that are being utilized to generate revenue; and
- (lv) "vehicles" means cars, vans, crossovers and light trucks.

We have proprietary rights to a number of trademarks used in this 2020 Annual Report that are important to our business, including, without limitation, Hertz, Dollar, Thrifty, Donlen, Hertz Gold Plus Rewards, Hertz Ultimate Choice, Hertz 24/7, Hertz My Car and Hertz Gold Standard Clean. Solely for convenience, we have omitted the ® and ™ trademark designations for trademarks named in this 2020 Annual Report, but references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

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**EXPLANATORY NOTE**

**COMBINED FORM 10-K**

This 2020 Annual Report combines the annual reports on Form 10-K for the year ended December 31, 2020 of Hertz Global and Hertz.

Hertz Global owns all shares of the common stock of Hertz through its wholly-owned subsidiary, Rental Car Intermediate Holdings, LLC.

Management operates Hertz Global and Hertz as one enterprise. The management of Hertz Global consists of the same members as the management of Hertz. These individuals are officers of Hertz Global and Hertz and employees of Hertz. The individuals that comprise Hertz Global's board of directors are also the same individuals that make up Hertz's board of directors.

The Debtors are currently operating as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. In general, as debtors-in-possession under the Bankruptcy Code, the Debtors are authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

We believe combining the annual reports on Form 10-K of Hertz Global and Hertz into this single report results in the following benefits:

- enhancing investors' understanding of Hertz Global and Hertz by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosures apply to both Hertz Global and Hertz; and
- creating time and cost efficiencies through the preparation of one combined annual report instead of two separate annual reports.

Hertz generally through its subsidiaries holds all of the revenue earning vehicles, property, plant and equipment and all other assets, including the ownership interests in consolidated and unconsolidated joint ventures and VIEs. Hertz conducts the operations of the business and is structured as a corporation with no publicly traded equity. Except for net proceeds from public equity issuances by Hertz Global, which are generally contributed to Hertz, Hertz generates required capital through its operations or through its incurrence of indebtedness.

Hertz Global does not conduct business itself, other than issuing public equity or debt obligations from time to time, and incurring expenses required to operate as a public company. Hertz Global and Hertz have entered into a master loan agreement whereby Hertz Global may borrow from Hertz up to \$25 million. Transactions recorded under the master loan agreement are eliminated upon consolidation at the Hertz Global level but not upon consolidation at the Hertz level. Differences between the financial statements of Hertz Global and Hertz are generally limited to the activity described above and the remaining assets, liabilities, revenues and expenses of Hertz Global and Hertz are the same on their respective financial statements.

Although Hertz is generally the entity that enters into contracts and holds assets and debt, Hertz Global consolidates Hertz for financial statement purposes, therefore, disclosures that relate to activities of Hertz also generally apply to Hertz Global. In the sections that combine disclosures of Hertz Global and Hertz, this report refers to actions as being actions of the Company, or Hertz Global, which is appropriate because the business is one enterprise and Hertz Global operates the business through Hertz. When appropriate, Hertz Global and Hertz are named specifically for their individual disclosures and any significant differences between the operations and results of Hertz Global and Hertz are separately disclosed and explained.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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**EXPLANATORY NOTE (Continued)**

This report also includes separate Exhibit 31 and 32 certifications for each of Hertz Global and Hertz in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that Hertz Global and Hertz are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

This Combined Form 10-K is separately filed by Hertz Global Holdings, Inc. and The Hertz Corporation. Each registrant hereto is filing on its own behalf all of the information contained in this 2020 Annual Report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.



**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

*Certain statements contained or incorporated by reference in this 2020 Annual Report include "forward-looking statements." Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe," "expect," "project," "potential," "anticipate," "intend," "plan," "estimate," "seek," "will," "may," "would," "should," "could," "forecasts" or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. We believe these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative.*

*Important factors that could affect our actual results and cause them to differ materially from those expressed in forward-looking statements include, among others, those that may be disclosed from time to time in subsequent reports filed with or furnished to the SEC, those described under "Risk Factors" set forth in Item 1A of this 2020 Annual Report, and the following:*

- *our ability to navigate the Chapter 11 process, including obtaining Bankruptcy Court approval for certain actions, complying with and operating under the requirements and constraints of the Bankruptcy Code, negotiating and consummating a Chapter 11 plan, developing, funding and executing our business plan and continuing as a going concern;*
- *levels of travel demand, particularly with respect to business and leisure travel in the U.S. and in global markets;*
- *the length and severity of COVID-19 and the impact on our vehicle rental business as a result of travel restrictions and business closures or disruptions;*
- *the impact of COVID-19 and actions taken in response to the pandemic on global and regional economies and economic factors;*
- *general economic uncertainty and the pace of economic recovery, including in key global markets, when COVID-19 subsides;*
- *our ability to successfully restructure our substantial indebtedness or raise additional capital;*
- *our post-bankruptcy capital structure;*
- *the impact of our delisting from the New York Stock Exchange on our stockholders;*
- *the value of our common stock due to the Chapter 11 process;*
- *our ability to remediate the material weaknesses in our internal controls over financial reporting;*
- *our ability to maintain an effective employee retention and talent management strategy and resulting changes in personnel and employee relations;*
- *our ability to accurately estimate future levels of rental activity and adjust the number and mix of vehicles used in our rental operations accordingly;*
- *actions creditors may take with respect to the vehicles used in the rental car operations;*
- *significant changes in the competitive environment and the effect of competition in our markets on rental volume and pricing;*
- *our ability to retain customer loyalty and market share;*
- *occurrences that disrupt rental activity during our peak periods;*
- *our ability to purchase adequate supplies of competitively priced vehicles and risks relating to increases in the cost of the vehicles we purchase;*

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS (Continued)

- our ability to dispose of vehicles in the used-vehicle market, use the proceeds of such sales to acquire new vehicles and to reduce exposure to residual risk;
- increased vehicle costs due to declining value of our non-program vehicles;
- our ability to meet the financial and other covenants contained in our DIP Credit Agreement and certain asset-backed and asset-based arrangements;
- our ability to access financial markets, including the financing of our vehicle fleet through the issuance of asset-backed securities;
- our ability to maintain sufficient liquidity and the availability to us of additional or continued sources of financing for our revenue earning vehicles and to refinance our existing indebtedness;
- risks related to our indebtedness, including our substantial amount of debt, our ability to incur substantially more debt, the fact that substantially all of our consolidated assets secure certain of our outstanding indebtedness and increases in interest rates or in our borrowing margins;
- fluctuations in interest rates, foreign currency exchange rates and commodity prices;
- our ability to sustain operations during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease);
- our ability to prevent the misuse or theft of information we possess, including as a result of cyber security breaches and other security threats;
- our ability to adequately respond to changes in technology, customer demands and market competition;
- our ability to successfully implement any strategic transactions;
- our recognition of previously deferred tax gains on the disposition of revenue earning vehicles;
- financial instability of the manufacturers of our vehicles, which could impact their ability to fulfill obligations under repurchase or guaranteed depreciation programs;
- an increase in our vehicle costs or disruption to our rental activity, particularly during our peak periods, due to safety recalls by the manufacturers of our vehicles;
- our ability to execute a business continuity plan;
- the recoverability of our goodwill and indefinite-lived intangible assets when performing impairment analysis;
- our access to third-party distribution channels and related prices, commission structures and transaction volumes;
- risks associated with operating in many different countries, including the risk of a violation or alleged violation of applicable anticorruption or antibribery laws and our ability to repatriate cash from non-U.S. affiliates without adverse tax consequences;
- a major disruption in our communication or centralized information networks;
- a failure to maintain, upgrade and consolidate our information technology systems;
- costs and risks associated with potential litigation and investigations or any failure or inability to comply with laws and regulations or any changes in the legal and regulatory environment;
- our ability to maintain our network of leases and vehicle rental concessions at airports in the U.S. and internationally;
- our ability to maintain favorable brand recognition and a coordinated branding and portfolio strategy;

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS (Continued)

- *changes in the existing, or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations, where such actions may affect our operations, the cost thereof or applicable tax rates;*
- *risks relating to our deferred tax assets, including the risk of an "ownership change" under the Internal Revenue Code of 1986, as amended;*
- *our exposure to uninsured claims in excess of historical levels;*
- *risks relating to our participation in multiemployer pension plans;*
- *shortages of fuel and increases or volatility in fuel costs;*
- *our ability to manage our relationships with unions;*
- *changes in accounting principles, or their application or interpretation, and our ability to make accurate estimates and the assumptions underlying the estimates, which could have an effect on operating results; and*
- *other risks and uncertainties described from time to time in periodic and current reports that we file with the SEC.*

*You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date of this Annual Report and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.*

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**SUMMARY OF RISK FACTORS****Risks Related to our Bankruptcy**

As a result of the Chapter 11 Cases, we are subject to the risks and uncertainties associated with Chapter 11 Cases and operating under Chapter 11 may restrict our ability to pursue strategic and operational initiatives; Prosecution of the Chapter 11 Cases has consumed and will continue to consume a substantial portion of the time and attention of our management, which may have an adverse effect on our business and results of operations, and we may face increased levels of employee attrition; We are in the process of Chapter 11 reorganization cases under the Bankruptcy Code, which may cause our common stock to decrease in value or may render our common stock worthless; The Chapter 11 Cases may limit our ability to offset future U.S. taxable income with tax losses and credits incurred prior to emergence from the Chapter 11 Cases; If we are unable to negotiate and confirm a Chapter 11 plan of reorganization, we could be required to liquidate under chapter 7 ("Chapter 7") of the Bankruptcy Code in which case our common stock would likely be worthless; Any Chapter 11 plan that we may implement will likely be based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, or adverse market conditions persist or worsen, our plan may be unsuccessful in its execution; We may be subject to claims that will not be discharged in the Chapter 11 Cases, which could have a material adverse effect on our financial condition and results of operations; Operating in bankruptcy for a long period of time may harm our business.

**Risks Related to our Business and Industry**

The effects of the COVID-19 outbreak have been and continue to be disruptive to our vehicle rental business and will likely continue to adversely affect our business, results of operations and financial condition; Our vehicle rental business is particularly sensitive to reductions in the levels of business and leisure travel, and continued reductions in business and leisure travel could materially adversely affect our results of operations, financial condition, liquidity and cash flows; We face intense competition that may lead to downward pricing or an inability to increase prices; Our business is highly seasonal and any occurrence that disrupts rental activity during our peak periods could materially adversely affect our results of operations, financial condition, liquidity and cash flows; If we are unable to accurately estimate future levels of rental activity and adjust the number, location and mix of vehicles used in our rental operations accordingly, our results of operations, financial condition, liquidity and cash flows could suffer; Increased vehicle cost due to declining values of our non-program vehicles in our operations could materially adversely affect our results of operations, financial condition, liquidity and cash flows; We may fail to adequately respond to changes in technology, customer demands and market competition; If we are unable to purchase adequate supplies of competitively priced vehicles and the cost of the vehicles we purchase increases, our results of operations, financial condition, liquidity and cash flows may be materially adversely affected; The recognition of previously-deferred tax gains on the disposition of revenue earning vehicles may not be fully offset by full expensing of newly-purchased revenue earning vehicles; The failure of a manufacturer of our program vehicles to fulfill its obligations under a repurchase or guaranteed depreciation program could expose us to losses on those program vehicles; Manufacturer safety recalls could create risks to our business; We rely on third-party distribution channels for a significant amount of our revenues; If our customers develop loyalty to travel intermediaries rather than our brands, our financial results may suffer; Our foreign operations expose us to risks that may materially adversely affect our results of operations, financial condition, liquidity and cash flows; Our business is heavily reliant upon communications networks and centralized information technology systems and the concentration of our systems creates risks for us; Failure to maintain, upgrade and consolidate our information technology systems could adversely affect us; Our commercial off airport leases and airport concession agreements expose us to risks; Maintaining favorable brand recognition is essential to our success, and failure to do so could materially adversely affect our results of operations, financial condition, liquidity and cash flows; We may face issues with our union-represented employees; If there is a determination that any of the Spin-Off or the internal spin-off transactions completed in connection with the Spin-Off (collectively with the Spin-Off, the "Spin-Offs") is taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the Internal Revenue Service ("IRS") private letter ruling or tax opinions are incorrect or for any other reason, then Herc Holdings and its stockholders could incur significant U.S. federal income tax liabilities and Hertz Global could incur significant liabilities; Our ability to use certain of our tax assets may have been limited or may become limited in the future, exposing some or all of the tax assets to expiration; We face risks related to liabilities and insurance;

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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Environmental laws and regulations and the costs of complying with them, or any liability or obligation imposed under them, could materially adversely affect our results of operations, financial condition, liquidity and cash flows; We may pursue strategic transactions which could be difficult to implement, disrupt our business or change our business profile significantly; Changes in the U.S. legal and regulatory environment that affect our operations, including laws and regulations relating to accounting principles, taxes, automobile related liability, insurance rates, insurance products, consumer privacy, data security, employment matters, licensing and franchising, used-car sales (including retail sales), cost and fee recovery and the banking and financing industry could disrupt our business, increase our expenses or otherwise have a material adverse effect on our results of operations, financial condition, liquidity and cash flows; A business continuity plan is necessary for our global business.

**Risks Related to our Substantial Indebtedness**

Our substantial level of indebtedness could materially adversely affect our results of operations, financial condition, liquidity, cash flows and ability to compete in our industry; There is no certainty as to the amount of vehicle lease payments we will be required to make during the pendency of the bankruptcy case; If our business does not recover quickly and we are unable to successfully restructure our substantial indebtedness, obtain further waivers or forbearance or raise additional capital, there is substantial doubt that we will be able to continue as a going concern; Our reliance on asset-backed and asset-based financing arrangements to purchase vehicles subjects us to a number of risks, many of which are beyond our control; Substantially all of our consolidated assets secure certain of our outstanding indebtedness, which could materially adversely affect our debt and equity holders and our business; We may not be able to deduct certain business interest expenses, which could have a material adverse impact on the Company; We may not be able to raise additional capital to meet our liquidity needs, which could have a material adverse impact on the Company; An increase in interest rates or in our borrowing margin would increase the cost of servicing our debt and could reduce our profitability; The interest rates of certain of our financing instruments are priced using a spread over LIBOR; An impairment of our goodwill and other indefinite-lived intangible assets could have a material impact to our results of operation.

**Risks Relating to Hertz Global Holdings, Inc. Common Stock**

Our common stock has been delisted from trading on the NYSE, which may negatively impact the trading price of our common stock and our stockholders; Our post-bankruptcy capital structure is yet to be determined, and any changes to our capital structure may have a material adverse effect on existing debt and security holders; We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of our common stock; Hertz Holdings is a holding company with no operations of its own and depends on its subsidiaries for cash.

**General Risk Factors**

Our global business requires a compliance program to promote organizational adherence to applicable laws and regulations; The misuse or theft of information we possess, including as a result of cyber security breaches, could harm our brand, reputation or competitive position and give rise to material liabilities which may materially adversely affect our results of operations, financial condition, liquidity and cash flows; Cyber security threats in our business environment expose us to risks; We may face particular data protection, data security and privacy risks in connection with the European Union's Global Data Protection Regulation and other privacy regulations; Maintaining effective employee retention and talent management is critical to our success; We could face a significant withdrawal liability if we withdraw from participation in multiemployer pension plans or in the event other employers in such plans become insolvent and certain multiemployer plans in which we participate are reported to have underfunded liabilities, any of which could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows; We are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)

PART I

ITEM 1. BUSINESS

OUR COMPANY

Hertz Holdings was incorporated in Delaware in 2015 to serve as the top-level holding company for Rental Car Intermediate Holdings, LLC, which wholly owns Hertz, our primary operating company. Hertz was incorporated in Delaware in 1967 and is a successor to corporations that have been engaged in the vehicle rental and leasing business since 1918.

In March 2020, the World Health Organization declared COVID-19 a pandemic, affecting multiple global regions, including areas in which we operate. The impact of this pandemic has been and will likely continue to be extensive in many aspects of the economy and society, which has resulted in, and will likely continue to result in, significant disruptions to the global economy, as well as businesses around the world. In an effort to halt the spread of COVID-19, many governments around the world placed significant restrictions on travel, individuals voluntarily reduced their air and other forms of travel in attempts to avoid the outbreak and many businesses announced closures and imposed travel restrictions. To varying degrees, restrictions on travel and reductions in air travel continued throughout 2020 and travel remains far below recent historical pre-COVID-19 levels. There is continued uncertainty about the duration of the negative impact from COVID-19 and the length and scope of travel restrictions and business closures imposed by governments of impacted countries and voluntarily undertaken by private businesses.

In connection with the expiration of the Forbearance Agreement and the Waiver Agreements, as described in Note 1, "Background," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report, and the continuing economic impact from COVID-19, on May 22, 2020, the Debtors filed petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered by the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at <https://restructuring.primeclerk.com/hertz>, a website administered by Prime Clerk. The information on this website is not incorporated by reference and does not constitute part of this 2020 Annual Report.

In May 2020, the Bankruptcy Court approved motions filed by the Debtors that were designed primarily to mitigate the impact of the Chapter 11 Cases on our operations, customers and employees. The Debtors are authorized to conduct their business activities in the ordinary course, and pursuant to orders entered by the Bankruptcy Court, the Debtors are authorized to, among other things and subject to the terms and conditions of such orders (i) pay employees' wages and related obligations; (ii) pay certain taxes; (iii) pay critical vendors and certain fees to airport authorities and provide adequate protection; (iv) continue to maintain certain customer programs; (v) maintain insurance programs; (vi) use certain cash collateral on an interim basis; (vii) honor certain obligations to franchisees; and (viii) maintain existing cash management systems.

The filing of the Chapter 11 Cases constituted defaults, termination events and/or amortization events with respect to certain of the Company's existing debt obligations. Additionally, as a result of the filing of the Chapter 11 Cases, the remaining capacity under almost all of our revolving credit facilities was terminated. Consequently, the sales proceeds of vehicles which serve as collateral for such vehicle finance facilities must be applied to the payment of the related indebtedness of the Non-Debtor Financing Subsidiaries, as defined in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report, and are not otherwise available to fund our operations. Additionally, we are precluded from accessing any of our subordinated investment in the vehicle collateral until the related defaults are waived or the third party funding under those facilities has been retired, either through the monetization of the underlying collateral or the refinancing of the related indebtedness. Proceeds from vehicle receivables, excluding

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)**

manufacturer rebates, as of December 31, 2020 and ongoing vehicle sales must be applied to vehicle debt in amortization.

For additional information on the Chapter 11 Cases, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1, "Background," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

We operate our vehicle rental business globally primarily through the Hertz, Dollar and Thrifty brands from approximately 12,000 corporate and franchisee locations in North America, Europe, Latin America, Africa, Asia, Australia, the Caribbean, the Middle East and New Zealand. We remain one of the largest worldwide vehicle rental companies and our Hertz brand name is one of the most recognized globally, signifying leadership in quality rental services and products. We have an extensive network of airport and off airport rental locations in the U.S. and in all major European markets. We are also a provider of integrated vehicle leasing and fleet management solutions through our Donlen subsidiary, as discussed below.

**OUR BUSINESS SEGMENTS**

We have identified three reportable segments, which are organized based on the products and services provided by our operating segments and the geographic areas in which our operating segments conduct business, as follows:

- U.S. RAC - Rental of vehicles and sales of value-added services, in the U.S. We maintain a substantial network of company-operated rental locations in the U.S., enabling us to provide consistent quality and service. We also have franchisees and partners that operate rental locations under our brands throughout the U.S;
- International RAC - Rental and leasing of vehicles and sales of value-added services, internationally. We maintain a substantial network of company-operated rental locations internationally, a majority of which are in Europe. Our franchisees and partners also operate rental locations in approximately 160 countries and jurisdictions, including many of the countries in which we also have company-operated rental locations; and
- All Other Operations - Primarily comprised of our Donlen business, which provides integrated vehicle leasing and fleet management solutions in the U.S. and Canada. Donlen is a provider of these services for commercial fleets and Donlen's fleet management programs provide solutions to reduce fleet operating costs and improve driver productivity and safety. These programs include administration of preventive vehicle maintenance, advisory services and fuel and accident management along with other complementary services. Additionally, Donlen provides specialized consulting and technology expertise that allows us and our customers to model, measure and manage fleet performance more effectively and efficiently. Also included are our other business activities which comprise less than 1% of revenues and expenses of the segment.

In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the assets and certain liabilities of our wholly-owned subsidiary Donlen (the "Donlen Assets"). The sale is expected to close in the first quarter of 2021. See Note 3, "Divestitures," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further information.

In addition to the above reportable segments, we have Corporate operations. We assess performance and allocate resources based upon the financial information for our operating segments.

For further financial information on our segments, see (i) Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations and Selected Operating Data by Segment" and (ii) Note 18, "Segment Information," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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ITEM 1. BUSINESS (Continued)

U.S. and International Rental Car Segments

**Brands**



Our U.S. and International vehicle rental businesses are primarily operated through three brands — Hertz, Dollar, and Thrifty. We offer multiple brands in order to provide customers a full range of rental services at different price points, levels of service, offerings and products. Each of our brands generally maintains separate airport counters, reservations, marketing and other customer contact activities. We achieve synergies across our brands by, among other things, utilizing a single fleet and fleet management team and combined vehicle maintenance, vehicle cleaning and back office functions, where applicable.

Our top tier brand, Hertz, is one of the most recognized brands in the world offering premium services that define the industry. This is consistent with numerous published best-in-class vehicle rental awards that we have won both in the U.S. and internationally over many years, including our ranking in 2019 and 2020 of #1 in Customer Satisfaction by J.D. Power. We go to market under the tagline of “Hertz. We’re here to get you there” which is true to our promise and reputation for quality and customer service. We have a number of innovative offerings, such as Hertz Gold Plus Rewards, Hertz Ultimate Choice and unique vehicles offered through our specialty collections. We continue to maintain our position as a premier provider of vehicle rental services through an intense focus on service, loyalty, quality and product innovation.

Our smart value brand, Dollar, is the choice for financially-focused travelers looking for a dependable car at a price they can afford. The Dollar brand’s main focus is serving the airport vehicle rental market, comprised of family, leisure and small business travelers. Dollar’s tagline of “We never forget whose dollar it is” indicates the brand’s mission to provide a reliable rental experience at a price that works. Dollar operates primarily through company-owned locations in the U.S. and Canada. We also globally license to independent franchisees which operate as a part of the Dollar brand system and have company-owned Dollar locations in certain countries.

Our deep value brand, Thrifty, is the brand for savvy travelers who enjoy the “thrill of the hunt” to find a good deal. The Thrifty brand’s main focus is serving the airport vehicle rental market, comprised of leisure travelers. Thrifty’s tagline “The Absolute Best Car for Your Money” indicates the brand’s focus on being the rental company that puts you in control of where you splurge and where you save. Thrifty operates primarily through company-owned locations in the U.S. and Canada. We also globally license to independent franchisees which operate as part of the Thrifty brand system and have company-owned Thrifty locations in certain countries.

Internationally, we also offer our Firefly brand which is a deep value brand for price conscious leisure travelers. We have Firefly locations servicing local area airports in select international leisure markets where other deep value brands have a significant presence.

**Operations**

**Locations**

We operate both airport and off airport locations which utilize common vehicle fleets, are supervised by common country, regional and local area management, use many common systems and rely on common vehicle maintenance and administrative centers. Additionally, our airport and off airport locations utilize common marketing activities and have many of the same customers. We regard both types of locations as aspects of a single, unitary, vehicle rental business. Off airport revenues comprised approximately 46% of our worldwide vehicle rental revenues in 2020 and approximately 35% in 2019, where the increase in off airport revenues and associated decrease in airport revenues is primarily driven by the impact of COVID-19 discussed above.



**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)**Airport

We have approximately 1,500 airport rental locations in the U.S. and approximately 2,000 airport rental locations internationally, a decrease of 6% from December 31, 2019 in our U.S. operations, where the decrease is primarily the product of a location rationalization effort in the Chapter 11 Cases as reflected in the Lease Rejection Orders entered by the Bankruptcy Court, as further described in Note 10, "Leases," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report. Our international vehicle rental operations have company-operated locations in Australia, Belgium, Canada, the Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, New Zealand, Puerto Rico, Slovakia, Spain, the United Kingdom and the U.S. Virgin Islands. We believe that our extensive U.S. and international network of company-operated locations contributes to the consistency of our service, cost control, Vehicle Utilization, competitive pricing and our ability to offer one-way rentals.

For our airport company-operated rental locations, we have obtained concessions or similar leasing agreements or arrangements, granting us the right to conduct a vehicle rental business at the respective airport. Our concessions were obtained from the airports' operators, which are typically governmental bodies or authorities, following either negotiation or bidding for the right to operate a vehicle rental business. The terms of an airport concession typically require us to pay the airport's operator concession fees based upon a specified percentage of the revenues we generate at the airport, subject to a minimum annual guarantee. Under most concessions, we must also pay fixed rent for terminal counters or other leased properties and facilities. Most concessions are for a fixed length of time, while others create operating rights and payment obligations that are terminable at any time. As a result of the impact from COVID-19 we received rent concessions in the form of abatement and payment deferrals of fixed and variable rent payments for certain of our airport locations. See Note 10, "Leases," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details.

The terms of our concessions typically do not forbid us from seeking, and in a few instances actually require us to seek, reimbursement from customers for concession fees we pay; however, in certain jurisdictions the law limits or forbids our doing so. Where we are required or permitted to seek such reimbursement, it is our general practice to do so. Certain of our concession agreements may require the consent of the airport's operator in connection with material changes in our ownership. A growing number of larger airports are building consolidated airport vehicle rental facilities to alleviate congestion at the airport. These consolidated rental facilities provide a more common customer experience and may eliminate certain competitive advantages among the brands as competitors operate out of one centralized facility for both customer rental and return operations, share consolidated busing operations and maintain image standards mandated by the airports.

Off Airport

We have approximately 2,400 off airport locations in the U.S. and approximately 6,100 off airport rental locations internationally, a decrease of 8% from December 31, 2019 in our U.S. operations, where the decrease is primarily the product of a location rationalization effort in the Chapter 11 Cases as reflected in the Lease Rejection Orders entered by the Bankruptcy Court, as further described in Note 10, "Leases," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report. Our off airport rental customers include people who prefer to rent vehicles closer to their home or place of work for business or leisure purposes, as well as those needing to travel to or from airports. Our off airport customers also include people who have been referred by, or whose rental costs are being wholly or partially reimbursed by, insurance companies following accidents in which their vehicles were damaged, those expecting to lease vehicles that are not yet available from their leasing companies and replacement renters. In addition, our off airport customers include drivers for our TNC Partners, which is further described in "TNC Rentals" below.

When compared to our airport rental locations, an off airport rental location typically uses smaller rental facilities with fewer employees, conducts pick-up and delivery services and serves replacement renters using specialized systems and processes. On average, off airport locations generate fewer transactions per period than airport locations.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)**

Our off airport locations offer us the following benefits:

- Provide customers a more convenient and geographically extensive network of rental locations, thereby creating revenue opportunities from replacement renters, non-airline travel renters and airline travelers with local rental needs;
- Provide a more balanced revenue mix by reducing our reliance on air travel and therefore reducing our exposure to external events that may disrupt airline travel trends;
- Contribute to higher Vehicle Utilization as a result of the longer average rental periods associated with off airport business, compared to those of airport rentals;
- Insurance replacement rental volume is less seasonal than that of other business and leisure rentals, which permits efficiencies in both vehicle and labor planning; and
- Cross-selling opportunities exist for us to promote off airport rentals among frequent airport Hertz Gold Plus Rewards program renters and, conversely, to promote airport rentals to off airport renters.

***Customers and Business Mix***

We conduct various sales and marketing programs to attract and retain customers. Our sales force calls on companies and other organizations whose employees and associates need to rent vehicles for business purposes or for replacement rental needs, including insurance and leasing companies, automobile repair companies and vehicle dealers. In addition, our sales force works with membership associations, tour operators, travel companies and other groups whose members, participants and customers rent vehicles for either business or leisure purposes. We advertise our vehicle rental offerings through a variety of traditional media channels, partner publications (e.g. affinity clubs and airline and hotel partners), direct mail and digital marketing. In addition to advertising, we conduct other forms of marketing and promotion, including travel industry business partnerships and press and public relations activities. As a result of the impacts from COVID-19 and related cost-reduction initiatives, we have reduced the extent of our marketing and advertising activities. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations and Selected Operating Data by Segment" for further details.

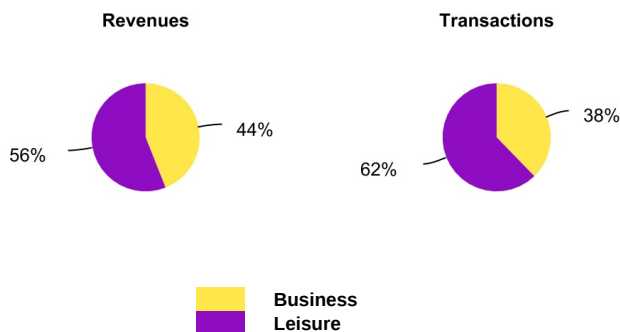
We categorize our vehicle rental business based on the purpose and type of location from which customers rent from us. The following charts set forth the percentages of rental revenues and rental transactions in our U.S. and international operations based on these categories.

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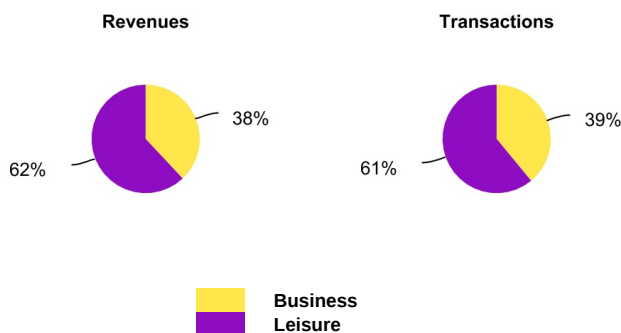
ITEM 1. BUSINESS (Continued)

VEHICLE RENTALS BY CUSTOMER  
Year Ended December 31, 2020

U.S.



International



Customers who rent from us for “business” purposes include those who require vehicles in connection with commercial activities, including drivers for our TNC Partners and delivery service providers, the activities of governments and other organizations or for temporary vehicle replacement purposes. As a result of increased online shopping due to the impact of COVID-19, we saw increased delivery service usage during 2020. Most business customers rent vehicles from us on terms that we have negotiated with their employers or other entities with which they are associated, and those terms can differ from the terms on which we rent vehicles to the general public. We have negotiated arrangements relating to vehicle rental with many businesses, governments and other organizations.

Customers who rent from us for “leisure” purposes include individual travelers booking vacation travel rentals with us and people renting to meet other personal needs. Leisure rentals are generally longer in duration and generate

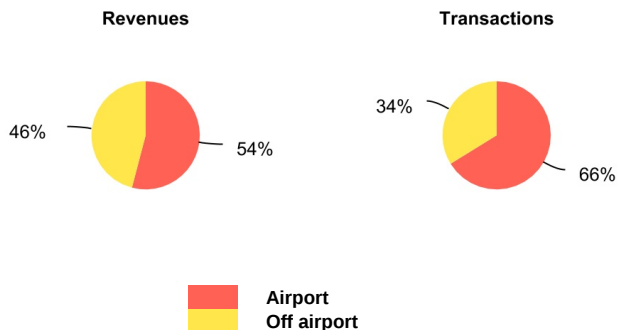
HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)

ITEM 1. BUSINESS (Continued)

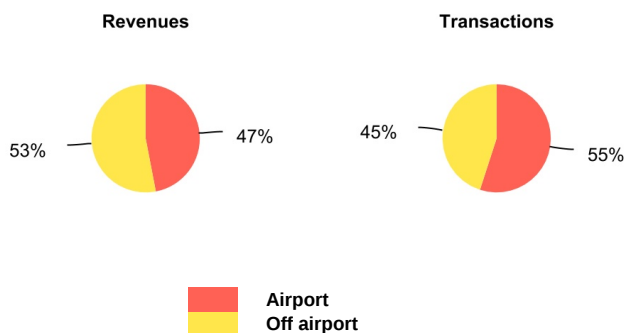
more revenue per transaction than business rentals. Leisure rentals also include rentals by customers of U.S. and international tour operators, which are usually a part of tour packages that can include air travel and hotel accommodations.

VEHICLE RENTALS BY LOCATION  
Year Ended December 31, 2020

U.S.



International



Demand for airport rentals is correlated with airline travel patterns, and transaction volumes generally follow global airline passenger traffic ("enplanement") and Gross Domestic Product ("GDP") trends. Customers often make reservations for airport rentals when they book their flight plans, which make our relationships with travel agents, associations and other partners (e.g., airlines and hotels) a key competitive strategy in generating consistent and recurring revenue streams. As discussed above, airport travel in 2020 was significantly reduced due to many governments around the world placing significant restrictions on travel, individuals voluntarily reducing their air travel and businesses implemented travel restrictions, resulting in a 72% decrease in U.S. airport traveler

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**ITEM 1. BUSINESS (Continued)**

throughput, as measured by the U.S. Transportation Security Administration, during the period March 1, 2020 through December 31, 2020 compared to the same period in 2019.

Off airport rentals include insurance replacements, and we have agreements with the referring insurers establishing the relevant rental terms, including the arrangements made for billing and payment. We have identified approximately 200 insurance companies, ranging from local or regional vehicle carriers to large, national companies, as our target insurance replacement market. As of December 31, 2020, we were a preferred or recognized supplier for 61% of these insurance companies and a co-primary for 17% of them.

**Customer Service Offerings**

At our major airport rental locations and certain smaller airport and off airport locations, customers participating in our Hertz Gold Plus Rewards program are able to rent vehicles in an expedited manner. Participants in our Hertz Gold Plus Rewards program often bypass the rental counter entirely and proceed directly to their vehicle upon arrival at our facility. Participants in our Hertz Gold Plus Rewards program are also eligible to earn Hertz Gold Plus Rewards points that may be redeemed for free rental days or converted to awards of other companies' loyalty programs. Hertz's Gold Plus Rewards program offers three elite membership tiers which provide more frequent renters the opportunity to earn additional reward points and vehicle upgrades. For the year ended December 31, 2020, rentals by Hertz Gold Plus Rewards members accounted for approximately 31% of our worldwide rental transactions. We believe the Hertz Gold Plus Rewards program provides us with a significant competitive advantage, particularly among frequent travelers, and we have targeted such travelers for participation in the program. We offer electronic rental agreements and returns for our Hertz, Dollar and Thrifty customers in the U.S. Simplifying the rental transaction saves customers time and provides greater convenience through access to digitally available rental contracts.

When Hertz Gold Plus Rewards members make a reservation for a midsize car or above, they have access to exclusive vehicles based on their membership tier via our Hertz Ultimate Choice program which allows customers to choose their vehicle from a range of makes, models and colors available within the zone indicated on their reservation. Alternatively, they may upgrade at pick-up for a fee by choosing a vehicle from the Premium Upgrade zone. The Hertz Ultimate Choice program is offered at 62 U.S. airport locations as of December 31, 2020.

**TNC Rentals**

We have partnered with certain companies in the TNC market in the U.S. to offer vehicle rentals to their drivers in select U.S. cities. TNC rentals provide for an additional selection of higher mileage, and thus more economical, used vehicles in our retail sales outlets. Drivers for our TNC Partners reserve vehicles online through TNC Partner websites and pick up vehicles from select locations. TNC drivers can extend the vehicle rental on a weekly basis.

**Hertz 24/7**

We offer a car and van-sharing membership service, referred to as Hertz 24/7, which rents vehicles by the hour and/or by the day, at various locations internationally, primarily in Europe and in Australia under the Flexicar brand. Members reserve vehicles online, then receive the vehicles at convenient locations using keyless entry, without the need to visit a Hertz rental office. Members are charged an hourly or daily vehicle-rental fee which includes fuel, insurance, 24/7 roadside assistance and in-vehicle customer service. Hertz 24/7 specializes in Business-to-Business-to-Consumer (B2B2C) services working with retail partners to provide vans at their locations and with corporations providing pool fleets for use by their employees.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)*****Other Customer Service Initiatives***

We offer a Mobile Gold Alerts service, available to participating Hertz Gold Plus Rewards customers, through which a text message and/or email with the vehicle information and location is sent approximately 30 minutes prior to arrival, providing the option to choose another vehicle. We offer Hertz e-Return, which allows customers to drop off their vehicle and go at the time of rental return. Customers can also use cashless toll lanes with our PlatePass offering where the license plate acts as a transponder, and we offer a vehicle-subscription service on a monthly or weekend basis in select locations that provides a flexible, cost-effective alternative to vehicle ownership, with no long-term commitment required, referred to as Hertz My Car and My Hertz Weekend. As a result of COVID-19, we began implementing enhanced safety measures to provide customers confidence while renting our vehicles. In May 2020, we introduced the Hertz Gold Standard Clean seal, in which each vehicle is sealed prior to rental following a rigorous 15-point cleaning and sanitization process that follows U.S. Centers for Disease Control and Prevention guidelines.

***Rates***

We rent a wide variety of makes and models of vehicles. We rent vehicles on an hourly (in select international markets), daily, weekend, weekly, monthly or multi-month basis, with rental charges computed on a limited or unlimited mileage rate, or on a time rate plus a mileage charge. Our rates vary by brand and at different locations depending on local market conditions and other competitive and cost factors. While vehicles are usually returned to the locations from which they are rented, we also allow one-way rentals from and to certain locations. In addition to vehicle rentals and franchise fees, we generate revenues from reimbursements by customers of airport concession fees, unless the law limits or forbids us from doing so, and vehicle licensing costs, fueling charges, and charges for value-added services such as supplemental equipment (e.g., child seats and ski racks), loss or collision damage waiver, theft protection, liability and personal accident/effects insurance coverage, premium emergency roadside service and satellite radio.

***Reservations***

We price and accept reservations for our vehicles through each of our brands. Reservations are generally for a class of vehicles, such as compact, midsize or sport utility vehicle.

We distribute pricing and content and accept reservations through multiple channels. Direct reservations are accepted at Hertz.com, Dollar.com and Thrifty.com, which have global and local versions in multiple languages. Hertz.com offers a range of products, prices and additional services as well as Hertz Gold Plus Rewards benefits, serving both company-operated and franchise locations. In addition to our websites, direct reservations are enabled via our Hertz and Dollar smartphone apps, which include additional connected products and services.

Customers may also seek reservations via travel agents or third-party travel websites. In many of those cases, the travel agent or website utilizes an Application Programming Interface ("API") connection to Hertz or a third-party operated computerized reservation system, also known as a Global Distribution System ("GDS"), to contact us and make the reservation.

In our major markets, including the U.S. and all other countries with company-operated locations, customers may also reserve vehicles for rental from us and our franchisees worldwide through local, national or toll-free telephone calls to our reservations center, directly through our rental locations or, in the case of replacement rentals, through proprietary automated systems serving the insurance industry.

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**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)*****Franchisees***

In certain U.S. and international markets, we have found it efficient to issue licenses under franchise arrangements to independent franchisees who are engaged in the vehicle rental business. These franchise arrangements allow our franchisees to rent vehicles that they own or lease to customers, primarily under our Hertz, Dollar or Thrifty brand. In certain markets and under certain circumstances, franchisees are given the opportunity to acquire franchises for multiple brands.

Franchisees generally pay royalties based on a percentage of their revenues as well as other fees, and in return are provided the use of the applicable brand name, certain operational support and training, reservations through our reservation channels, and other services. Franchisee arrangements enable us to offer expanded national and international service and a broader one-way rental program. In addition to vehicle rental, certain international franchisees engage in vehicle leasing, and the rental of chauffeur-driven vehicles, camper vans and motorcycles.

Franchisees are ordinarily limited as to transferability of the license without our consent and are generally terminable by us only for cause or after a fixed term. Many of these agreements also include a right of first refusal on the part of the Company should a franchisee receive a bona fide offer to sell the license. Franchisees in the U.S. typically may terminate on prior notice, generally between 90 and 180 days. In Europe and certain other international jurisdictions, franchisees typically do not have early termination rights. Initial license fees or the price for the sale to a franchisee of a company-owned location may be payable over a term of several years. We continue to issue new licenses and, from time to time, purchase franchised businesses or sell corporate locations to franchisees.

Franchise operations, including the purchase and ownership of vehicles, are generally financed independently by the franchisees and we do not have an investment interest in the franchisees. Fees from franchisees, including initial franchise fees, are used to, among other things, generally support the cost of our brand awareness programs, reservations system, sales and marketing efforts and certain other services and are approximately 2% of our worldwide vehicle rental revenues for the year ended December 31, 2020.

***Seasonality***

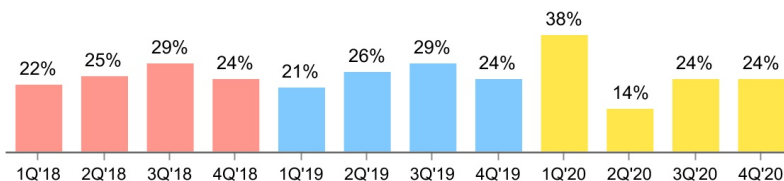
Our vehicle rental operations are historically a seasonal business, with decreased levels of business in the winter months and heightened activity during spring and summer peak ("our peak season") for the majority of countries where we generate our revenues. To accommodate increased demand, we historically have increased our available fleet and staff during the second and third quarters of the year. As business demand declines, vehicles and staff are decreased accordingly. However, as a result of COVID-19 mitigation actions, we initiated a restructuring program in the second quarter of 2020 affecting approximately 11,000 employees in our U.S. RAC Segment and corporate operations. Additionally, we disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order between June 1, 2020 and December 31, 2020. Certain operating expenses, including real estate taxes, rent, insurance, utilities, facility-related expenses, the costs of operating our information technology systems and minimum staffing costs, are fixed and cannot be adjusted for seasonal demand.

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**ITEM 1. BUSINESS (Continued)**

The following chart sets forth this seasonal nature of our vehicle rental operations, as well as the impact of COVID-19, by presenting the proportionate contribution of each quarter to full year revenue for each of the years ended December 31, 2020, 2019 and 2018.

**U.S. and International Rental Car Segments**  
**Quarterly % of Annual Worldwide Vehicle Rental Revenues**

**Fleet**

In response to the outbreak of COVID-19, in 2020 we reduced our commitments to purchase vehicles by approximately \$4.0 billion from original commitments in our U.S. RAC segment. Additionally, the Interim Lease Order, among other things, directed us to dispose of at least 182,521 lease vehicles between June 1, 2020 and December 31, 2020. As of December 31, 2020, we have disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order. During the year ended December 31, 2020, we operated a peak rental fleet in our U.S. and International Rental Car segments of approximately 515,700 vehicles and 131,500 vehicles, respectively.

As authorized by the Bankruptcy Court, purchases of vehicles are financed under new borrowing programs supported by our HVIF facility and a designated portion of our DIP Credit Agreement, as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report. The vehicles we purchase are either program vehicles or non-program vehicles. We periodically review the efficiencies of an optimal mix between program and non-program vehicles in our fleet and adjust the ratio of program and non-program vehicles as needed based on contract negotiations, vehicle economics and availability. During the year ended December 31, 2020, our approximate average holding period for a rental vehicle was 16 months in the U.S. and 15 months in our international operations.

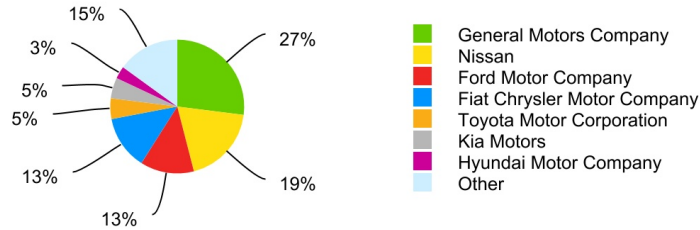


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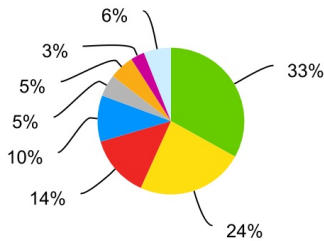
**ITEM 1. BUSINESS (Continued)**

Our fleet composition is as follows:

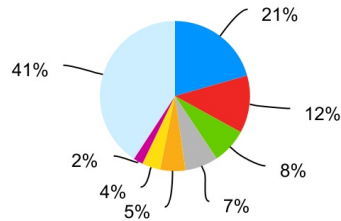
**Fleet Composition by Vehicle Manufacturer\*  
As of December 31, 2020**



**U.S.**



**International\***



\*Vehicle manufacturers Groupe PSA (Peugeot and Citroen), Volvo, Volkswagen Group (Volkswagen, Skoda, Audi and Seat), Daimler AG (Mercedes Benz), Renault and BMW together comprise another 38% of the international fleet and are included as "Other" in the overall and international charts above.

We maintain vehicle maintenance centers at or near certain airports and in certain urban and off airport areas, which provide maintenance for our fleet. Many of these facilities include sophisticated vehicle diagnostic and repair equipment and are accepted by automobile manufacturers as eligible to perform and receive reimbursement for warranty work. Collision damage and major repairs are generally performed by independent contractors.

**Repurchase Programs**

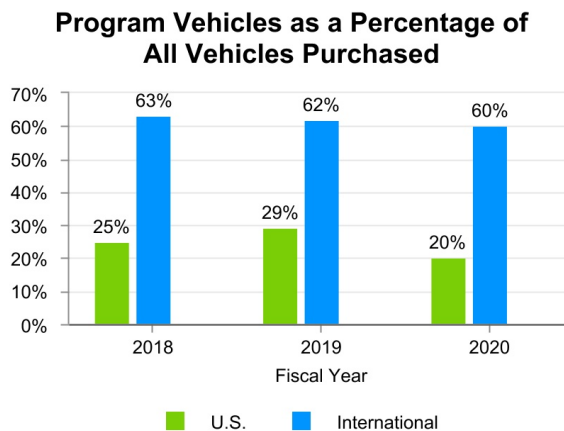
Program vehicles are purchased under repurchase or guaranteed depreciation programs with vehicle manufacturers wherein the manufacturers agree to repurchase vehicles at a specified price or guarantee the depreciation rate on the vehicles during established repurchase periods, subject to, among other things, certain vehicle condition, mileage and holding period requirements. Repurchase prices under repurchase programs are based on the original cost less a set daily depreciation amount. These repurchase and guaranteed depreciation

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**ITEM 1. BUSINESS (Continued)**

programs limit our residual risk with respect to vehicles purchased under the programs and allow us to reduce the variability of depreciation expense for each vehicle, however, typically the acquisition cost is higher. Program vehicles generally provide us with flexibility to increase or reduce the size of our fleet based on market demand. When we increase the percentage of program vehicles, the average age of our fleet decreases since the average holding period for program vehicles is shorter than for non-program vehicles.

Program vehicles as a percentage of all vehicles purchased within each of our U.S. and International Rental Car segments during the last three fiscal years were as follows:

**Hertz Car Sales and Rent2Buy**

Hertz Car Sales consists of a network of company-operated vehicle sales locations throughout the U.S. dedicated to the sale of used vehicles from our rental fleet consisting of non-program vehicles and program vehicles that become ineligible for manufacturer repurchase or guaranteed depreciation programs. Vehicles disposed of through our retail outlets allow us the opportunity for ancillary vehicle sales revenue, such as warranty, financing and title fees.

We also offer Rent2Buy in 35 states, an innovative program designed to sell used rental vehicles. Customers have an opportunity to rent a vehicle from our rental fleet and if the customer purchases the vehicle, the customer is credited with a portion of their rental charges. The purchase transaction is completed through the internet and by mail in those states where permitted.

We also dispose of vehicles through non-retail disposition channels such as auctions, brokered sales, sales to wholesalers and sales to dealers.

During the year ended December 31, 2020, of the vehicles sold in our U.S. vehicle rental operations that were not repurchased by manufacturers, we sold approximately 27% at auction, 46% through dealer direct and 27% at retail locations or through our Rent2Buy program. During the year ended December 31, 2020, of the vehicles sold in our international vehicle rental operations that were not repurchased by manufacturers, we sold approximately 5% at auction, 84% through dealer direct and 11% at retail locations.

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**ITEM 1. BUSINESS (Continued)****Markets and Competition**

Competition among vehicle rental industry participants is intense and is primarily based on price, vehicle availability and quality, service, reliability, rental locations, product innovation and competition from online travel agents and vehicle rental brokers. We believe that the prominence and service reputation of the Hertz, Dollar and Thrifty brands, including our ranking in 2019 and 2020 of #1 in Customer Satisfaction by J.D. Power, our extensive worldwide ownership of vehicle rental operations and our commitment to innovation and service provide us with a strong competitive advantage. Our principal vehicle rental industry competitors are Avis Budget Group, Inc., which currently operates the Avis, Budget, ZipCar and Payless brands, and Enterprise Holdings, which operates the Enterprise Rent-A-Car Company, National Car Rental and Alamo Rent A Car brands. There are also local and regional vehicle rental companies and transportation network companies which provide ride-hailing services that have some overlap in customer use cases, largely with respect to short length trips in urban areas.

**U.S.**

The U.S. represents approximately \$23 billion in estimated annual industry revenues for 2020, a decrease of 28% in 2020 versus 2019 primarily due to COVID-19 which has caused a substantial reduction to airline travel since March 2020. The average number of vehicles in the U.S. vehicle rental industry decreased 12% in 2020 to about 2 million vehicles. U.S. industry Revenue Per Unit Per Month was approximately \$975 which was a decline of 17% from 2019.

**Europe**

Europe represents approximately \$9 billion in annual industry revenues for 2020, a decrease of 47% in 2020 versus 2019 primarily due to COVID-19. Europe has generally demonstrated a lower historical reliance on air travel because the European off airport vehicle rental market has been significantly more developed than it is in the U.S. Within Europe, the largest markets in which we do business are France, Germany, Italy, Spain, and the United Kingdom. Throughout Europe, we do business through company-operated rental locations and through our partners or franchisees to whom we have licensed use of our brands.

**Asia Pacific**

Asia Pacific, which includes Australia and New Zealand, represents approximately \$12 billion in annual industry revenues for 2020, a decrease of 29% in 2020 versus 2019 primarily due to COVID-19. Within this region, the largest markets in which we do business are Australia, China, Japan and South Korea. In each of these markets we have company-operated rental locations or do business through our partners or franchisees to whom we have licensed use of our brands.

**Middle East and Africa**

The Middle East and Africa represent approximately \$2 billion in annual industry revenues for 2020, a decrease of 50% in 2020 versus 2019 primarily due to COVID-19. Within these regions, the largest markets in which we do business are Saudi Arabia, South Africa and the United Arab Emirates. In each of these markets we do business through our franchisees to whom we have licensed use of our brands.

**Latin America**

Latin America represents approximately \$2 billion in annual industry revenues for 2020, a decrease of 50% in 2020 versus 2019 primarily due to COVID-19. Within Latin America the largest markets in which we do business are Argentina, Brazil, Colombia, Mexico and Panama. In each of these markets our Hertz, Dollar and Thrifty brands are present through our partners or franchisees to whom we have licensed use of the respective brand.

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**ITEM 1. BUSINESS (Continued)****All Other Operations**

Our All Other Operations segment primarily consists of our Donlen business, which provides integrated vehicle leasing and fleet management solutions for commercial fleets. This segment generated \$630 million in revenues during the year ended December 31, 2020, substantially all of which was attributable to Donlen.

**Donlen**

Donlen provides an array of vehicle leasing, financing, telematics and fleet management services to commercial fleets in the U.S. and Canada. Products offered by Donlen include:

- Vehicle financing, acquisition and remarketing;
- License, title and registration;
- Vehicle maintenance consultation;
- Fuel management;
- Accident management;
- Toll management;
- Telematics-based location, driver performance and scorecard reporting; and
- Lease financing.

In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets. The sale is expected to close in the first quarter of 2021. See Note 3, "Divestitures," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further information.

Donlen's leased fleet consists primarily of passenger vehicles, cargo vans and light trucks. Vehicles are acquired directly from domestic and foreign manufacturers, as well as dealers. As of December 31, 2020, approximately half of Donlen's leased fleet is 2019 model year or newer.

Donlen's primary product for vehicle and light to medium truck fleets is an open-ended terminal rental adjustment clause ("TRAC") lease. For most customers, the vehicle must be leased for a minimum of twelve months, after which the lease converts to a month-to-month lease allowing the vehicle to be surrendered any time thereafter. Our sale of the vehicle following the termination of the lease may result in a TRAC adjustment, through which the customer is credited or charged with the surplus or loss on the vehicle. Approximately 75% of Donlen's lease portfolio consists of floating-rate leases which allow lease charges to be adjusted based on benchmark indices.

Donlen offers financing solutions for heavier-duty trucks and equipment. Lease financing is provided through syndication arrangements with lending institutions. Donlen originates the leases, acquires the assets and services the lease throughout the term.

Donlen provides services to leased and non-leased fleets consisting of fuel purchasing and management, preventive vehicle maintenance, repair consultation, toll management and accident management. Additionally, Donlen manages license and title, vehicle registration and regulatory compliance. Donlen's telematics products provide enhanced visibility and reporting over driver and vehicle performance.

The commercial fleet market is one of the largest segments of the U.S. automotive industry, primarily consisting of vehicles utilized in a sales, service or delivery application. The fleet management industry has experienced significant consolidation over the years and today our principal fleet management competitors in the U.S. and

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**ITEM 1. BUSINESS (Continued)**

Canada are Element Financial Corporation, Enterprise, Automotive Resources International, LeasePlan Corporation N.V. and Wheels, Inc.

**EMPLOYEES AND HUMAN CAPITAL MANAGEMENT**

As of December 31, 2020, we employed approximately 24,000 persons, consisting of approximately 17,000 persons in our U.S. operations and approximately 7,000 persons in our international operations, a decrease of 41% and 22% from December 31, 2019 in our U.S. and international operations, respectively. As a result of COVID-19 and its direct impact on our business, we initiated a restructuring program affecting approximately 11,000 employees in our U.S. Rental Car segment and corporate operations, beginning in April 2020. Additionally, personnel levels in our international operations were reduced to align with decreased vehicle rental demands as a result of COVID-19, the cost of which was partially offset by government support across Europe. As of December 31, 2020, approximately 55% of our employees in our international operations have been furloughed.

International employees are covered by a wide variety of union contracts and governmental regulations affecting, among other things, compensation, job retention rights and pensions. Labor contracts covering the terms of employment of approximately 23% of our workforce in the U.S. (including those in the U.S. territories) are presently in effect with local unions, affiliated primarily with the International Brotherhood of Teamsters and the International Association of Machinists. Labor contracts covering almost 57% of these employees will expire during 2021. We have had no material work stoppage as a result of labor problems during the last ten years, and we believe our labor relations to be good. Nevertheless, we may be unable to negotiate new labor contracts on terms advantageous to us, or without labor interruption.

In addition to the employees referred to above, we engage outside services, as is customary in the industry, principally for the non-revenue movement of rental vehicles between rental locations.

Human Capital Management

We continue to evolve for our customers, employees, partners and communities. With respect to our employees, our Board and Board committees conduct annual reviews of our employee programs and initiatives, providing oversight to how Hertz should attract, retain and develop a workforce that aligns with our values and strategies, including through competitive compensation and benefits, learning and development opportunities and cultivating an engaged and inclusive culture. In addition, we annually conduct anonymous surveys, seeking feedback from our broad employee base on topics including, but not limited to, effectiveness of company communication, confidence in leadership, competitiveness of our compensation and total rewards packages, and career growth and development opportunities. Survey results are reviewed by our senior management and shared with employees, along with action plans, for leveraging employee insights to drive meaningful improvements in employee experiences at Hertz.

We are committed to protecting the health and safety of our employees, customers and partners. In 2020, COVID-19 caused an unprecedented crisis for the travel and tourism industry, disrupting working practices, consumer behavior and long-term strategic plans. Despite these challenges, we've maintained our priority of supporting our people and our communities. We implemented heightened safety measures for employees and customers, and introduced the Hertz Gold Standard Clean process, an enhanced 15-point cleaning process. We deployed protocols, signage and employee training to ensure compliance with COVID-19 Centers for Disease Control guidelines and local regulations. We equipped our employees with personal protective equipment as well as plexiglass guards, implemented enhanced facility and vehicle cleaning practices, mandated face-coverings and established processes for assessing possible COVID-19 exposures and responding to known or suspected COVID-19 cases. In addition, we partnered with LapCorp Employer Services to provide at-home COVID-19 test kits at no charge to employees. We are always assessing ways to best support our employees and customers, and adapting our processes in response to changing guidelines as we continue to navigate through the COVID-19 pandemic.

Always for Hertz, our people are our greatest asset and we strive to have a constant focus and attention on matters concerning our employees including retention and professional development as well as employees' physical, emotional and financial well-being. We are committed to an inclusive workplace around the globe that champions

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**(DEBTORS-IN-POSSESSION)**

**ITEM 1. BUSINESS (Continued)**

equality, values different backgrounds and celebrates individuality. We regularly assess our benefits and program offerings to provide a compelling and comprehensive portfolio, which currently includes:

- Competitive salaries and wages;
- Retirement savings with a 401(k) Plan and an employer match;
- Comprehensive health insurance, including medical, dental and vision plans for employees and their dependents;
- Employer provided life insurance with no cost to employees;
- No-cost employee assistance program, providing confidential counseling to help employees and their families dealing with hardships;
- Paid parental leave;
- Free health screenings and programs for tobacco cessation, weight management and wellness coaching;
- Employee referral program;
- Employee and family rental car and car sales discounts;
- Employee relief fund that provides immediate, short-term financial assistance to North America employees through employee contributions and company match to assist employees dealing with natural disasters;
- Training and development opportunities; and
- Employee resource groups.

Outside of the U.S., we are committed to offering similar comprehensive programs that leverage the best of global benefits but also tailored by country to reflect local practices and culture. We evaluate our total benefits and programs annually and use feedback from employees to make thoughtful changes to ensure our programs continue to meet the needs of employees.

***CORPORATE RESPONSIBILITY***

We believe that managing our businesses ethically and responsibly is critical to our success as well as the right thing to do. As such, our Board reviews our corporate social responsibility initiatives and maintains an executive steering council, comprised of members of our senior management group and leaders within our key functional areas, to enhance our long-term strategy and to assess annual performance against key indicators. We are committed to continuous improvement that encourages sustainable innovation and enhances our business performance in four key areas: people, community, planet and product.

**Our People and Communities**

Our employees help drive our progress, innovation and success. As a global company, we have a responsibility to ensure our people are taken care of and thrive in their environment. We are growing our business in a way that is inclusive and supportive to all. As discussed above, attracting and retaining top talent is more than a measure of our business success; it's a measure of who we are and what we value. In addition, we engage with our communities, and, through our global charitable giving and volunteer program, we are committed to making a positive difference in the areas where we work, live and serve.

**Diversity**

We foster a diverse and inclusive work environment. Maintaining this diversity begins with a firm commitment to equal opportunity, non-discrimination and anti-harassment. In addition, we adhere to all relevant laws and mandatory reporting requirements.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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**ITEM 1. BUSINESS (Continued)**

**Communities**

We believe community involvement is critical to operating as a responsible business and we have a long-standing commitment to our communities. That's why we are committed to creating stronger, healthier places to live and work, whether through corporate philanthropy, employee giving or volunteerism.

**The Environment**

We are committed to reducing the impact our operations have on the environment and the communities we operate in through sustainable business practices, strategic decision-making, community partnerships and smart investments in future technologies.

**Fuel Efficient Fleet**

We work to make sustainable mobility a viable, global reality by providing customers and communities with access to fuel-efficient and lower emission vehicles. As improvements in technology and the charging infrastructure matures, as well as a wider variety of electric vehicle ("EV") models stimulate consumer acceptance, we can respond to adjust our rental fleet to offer EVs as influenced by customer demand and other economic factors.

We also partner with our corporate customers to create personalized, green travel programs which are aimed at reducing carbon emissions and fuel costs associated with their vehicle rentals, including a program through a leading third party administrator, for related carbon offsets. Additionally, we offer customization of green fleet goals to help our corporate customers reduce fuel costs and expand their employees' use of alternative-fuel vehicles.

**Waste Reduction and Recycling**

We work to integrate environmental sustainability across our operations, from our car washes to the way we build our rental locations. Resource conservation and waste reduction is at the forefront of that integration. We are committed to waste reduction across our global footprint. Recycling efforts include, but are not limited to, recycling used oils and solvents, tires, batteries, information technology equipment and general mixed materials.

**Green Construction**

We incorporate sustainable design and construction practices across the company, based on Leadership in Energy and Environmental Design ("LEED") standards. LEED is a green building rating system administered by the U.S. Green Building Council. Following LEED standards ensures our rental and corporate locations are built in an environmentally sustainable manner, including our world headquarters in Estero, Florida, which is LEED Gold®. These standards also aim to enhance the health and comfort of building occupants, improve overall building performance and deliver cost savings.

**Our Business**

**Ethics**

We are committed to operating in compliance with all applicable laws and maintaining the highest standards of ethical conduct. Our expectations may be high, but they are clear. Integrity is essential to every aspect of our business, both in policy and practice. Our Standards of Business Conduct informs when we should ask for further direction to support a policy or procedure and provides information, guidance and references covering a range of topics.

**Supplier Diversity**

Our objective is to provide certified small, disadvantaged, minority and women-owned business enterprises with the opportunity to compete to deliver products and services that support our brands. We are a member of the National

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**ITEM 1. BUSINESS (Continued)**

Minority Supplier Development Council and many of its local affiliate councils throughout the U.S. In support of our extensive presence at airports, we are also members of the Airport Minority Advisory Council.

**Data Protection**

Hertz is committed to operating in compliance with all applicable privacy and data security laws. We have standards and policies in place to ensure the proper handling, use and storage of customer and employee information, including privacy protection, maintenance of data integrity and security. In addition, our employees participate in mandatory training and ongoing engagement that ensures our entire team is on the same page regarding compliance with our policies and practices.

Our most recent Corporate Responsibility Report is available on our website ([www.hertz.com](http://www.hertz.com)).

**INSURANCE AND RISK MANAGEMENT**

There are three types of generally insurable risks that arise in our operations:

- legal liability arising from the operation of our vehicles (i.e., vehicle liability);
- legal liability to members of the public and employees from other causes (i.e., general liability/workers' compensation); and
- risk of property damage and/or business interruption and/or increased cost of operating as a consequence of property damage.

In addition, we offer optional liability insurance and other products providing insurance coverage, which create additional risk exposures for us. Our risk of property damage is also increased when we waive the provisions in our rental contracts that hold a renter responsible for damage or loss under an optional loss or damage waiver that we offer. We bear these and other risks, except to the extent the risks are transferred through insurance or contractual arrangements.

In many cases we self-insure our risks or insure risks through wholly-owned insurance subsidiaries. We mitigate our exposure to large liability losses by maintaining excess insurance coverage, subject to deductibles and caps, through unaffiliated carriers. For our international operations outside of Europe and for our long-term vehicle leasing operations, we maintain some liability insurance coverage with unaffiliated carriers.

**Third-Party Liability**

In our U.S. operations, we are required by applicable financial responsibility laws to maintain insurance against legal liability for bodily injury, death or property damage to third parties arising from the operation of our vehicles, sometimes called "vehicle liability," in stipulated amounts. In most jurisdictions, we satisfy those requirements by qualifying as a self-insurer, a process that typically involves governmental filings and demonstration of financial responsibility, which sometimes requires the posting of a bond or other security. In the remaining jurisdictions, we obtain an insurance policy from an unaffiliated insurance carrier and indemnify the carrier for any amounts paid under the policy. The regulatory method for protecting against such vehicle liability should be considered in the context of the Graves Amendment, as we generally bear limited economic responsibility for U.S. vehicle liability attributable to the negligence of our drivers, except to the extent that we successfully transfer such liability to others through insurance or contractual arrangements.

For our vehicle rental operations in Europe, we have established a wholly-owned insurance subsidiary, Probus Insurance Company Europe DAC ("Probus"), a direct writer of insurance domiciled in Ireland. In certain European countries with company-operated locations, we have purchased from Probus the vehicle liability insurance required by law, and Probus reinsures the risks under such insurance with HIRE Bermuda Limited, a wholly-owned reinsurance company domiciled in Bermuda. In other European countries, this coverage is purchased from unaffiliated carriers. Accordingly, as with our U.S. operations, we bear economic responsibility for vehicle liability in



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**ITEM 1. BUSINESS (Continued)**

our European vehicle rental operations, except to the extent that we transfer such liability to others through insurance or contractual arrangements. For our international operations outside of Europe, we maintain some form of vehicle liability insurance coverage with unaffiliated carriers. The nature of such coverage and our economic responsibility for covered losses varies considerably. Nonetheless, we believe the amounts and nature of the coverage we obtain is adequate in light of the respective potential hazards.

In our U.S. and international operations, from time to time in the course of our business, we become legally responsible to members of the public for bodily injury, death or property damage arising from causes other than the operation of our vehicles, sometimes known as "general liability." As with vehicle liability, we bear economic responsibility for general liability losses, except to the extent we transfer such losses to others through insurance or contractual arrangements. In addition, to mitigate these exposures, we maintain excess liability insurance coverage with unaffiliated insurance carriers.

In our U.S. vehicle rental operations, we offer an optional liability insurance product, Liability Insurance Supplement ("LIS"), that provides vehicle liability insurance coverage substantially higher than state minimum levels to the renter and other authorized operators of a rented vehicle. LIS coverage is primarily provided under excess liability insurance policies issued by an unaffiliated insurance carrier, the risks under which are reinsured with a wholly-owned subsidiary, HIRE Bermuda Limited.

In our U.S. vehicle rental operations and our company-operated international vehicle rental operations in many countries, we offer optional products providing Personal Accident Insurance / Personal Effects Coverage ("PAI/PEC") and Emergency Sickness Protection ("ESP") insurance coverage to the renter and the renter's immediate family members traveling with the renter for accidental death or accidental medical expenses arising during the rental period or for damage or loss of their property during the rental period. PAI/PEC and ESP coverages are provided under insurance policies issued by unaffiliated carriers or, in Europe, by Probus.

Our offering of LIS, PAI/PEC and ESP coverage in our U.S. vehicle rental operations is conducted pursuant to limited licenses or exemptions under state laws governing the licensing of insurance producers.

Provisions on our books for self-insured public liability and property damage vehicle liability losses are made by charges to expense based upon evaluations of estimated ultimate liabilities on reported and unreported claims.

**Damage to Our Property**

We bear the risk of damage to our property, unless such risk is transferred through insurance or contractual arrangements.

To mitigate our risk of large, single-site property damage losses globally, we maintain property insurance with unaffiliated insurance carriers in such amounts as we deem adequate in light of the respective hazards, where such insurance is available on commercially reasonable terms.

Our rental contracts typically provide that the renter is responsible for damage to or loss (including loss through theft) of rented vehicles. We generally offer an optional rental product, known in various countries as "loss damage waiver," "collision damage waiver" or "theft protection," under which we waive or limit our right to make a claim for such damage or loss.

Collision damage costs and the costs of stolen or unaccounted-for vehicles, along with other damage to our property, are charged to expense as incurred, net of reimbursements.

**Other Risks**

To manage other risks associated with our businesses, or to comply with applicable law, we purchase other types of insurance carried by business organizations, such as worker's compensation and employer's liability, commercial crime and fidelity, performance bonds, directors' and officers' liability insurance, terrorism insurance and cyber

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**ITEM 1. BUSINESS (Continued)**

security insurance from unaffiliated insurance companies in amounts deemed by us to be adequate in light of the respective hazards, where such coverage is obtainable on commercially reasonable terms.

**GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS**

We are subject to numerous types of governmental controls, including those relating to prices and advertising, privacy and data protection, currency controls, labor matters, credit and charge card operations, insurance, environmental protection, used vehicle sales and licensing.

**Dealings with Renters**

In the U.S., vehicle rental transactions are generally subject to Article 2A of the Uniform Commercial Code, which governs leases of tangible personal property. Vehicle rental is also specifically regulated in more than half of the states of the U.S. and many other international jurisdictions. The subjects of these regulations include the methods by which we advertise, the methods used to quote and charge prices, the consequences of failing to honor reservations, the terms on which we deal with vehicle loss or damage (including the protections we provide to renters purchasing loss or damage waivers) and the terms and method of sale of the optional insurance coverage that we offer. Some states (including California, Nevada and New York) regulate the price at which we may sell loss or damage waivers, and many state insurance regulators have authority over the prices and terms of the optional insurance coverage we offer. See "Insurance and Risk Management-Damage to Our Property" above for further discussion regarding the loss or damage waivers and optional insurance coverages that we offer renters. In addition, various consumer protection laws and regulations may generally apply to our business operations. Internationally, regulatory regimes vary greatly by jurisdiction and include increasing scrutiny from consumer law regulators in Europe and a stronger focus on corporate compliance, but the regimes do not generally prevent us from dealing with customers in a manner similar to that employed in the U.S.

Both in the U.S. and internationally, we are subject to increasing regulation relating to customer privacy and data protection. In general, we are required to disclose our data collection and processing practices as well as our use and sharing of data that we collect from or about renters. In doing so, we are obligated to take reasonable steps to protect customer data while it is in our possession and comply with individual privacy right requests. Our failure to do so could subject us to substantial legal liability, require us to bear significant remediation costs or seriously damage our reputation.

**Changes in Regulation**

Changes in government regulation of our businesses have the potential to materially alter our business practices or our profitability. Depending on the jurisdiction, those changes may come about through new legislation, the issuance of new laws and regulations or changes in the interpretation of existing laws, regulations and treaties by a court, regulatory body or governmental official. Those changes may have prospective and/or retroactive effect, particularly when a change is made through reinterpretation of laws or regulations that have been in effect for some time. Moreover, changes in regulation that may seem neutral on their face may have a more significant effect on us than on our competitors, depending on the circumstances. Several U.S. states historically required "bundled pricing" by rental vehicle companies but those same states subsequently enacted statutory exceptions to allow for the separate pass-through of certain fees (e.g., airport concession fees, customer facility charges and vehicle licensing fees) with proper disclosure. In addition, the Canadian Competition Bureau has interpreted Canadian consumer law to prohibit "drip pricing" such that base rate advertising is not allowed and the first price that consumers view on the websites of rental vehicle companies needs to reflect the bundled price for the proposed rental. Recent or potential changes in law or regulation that affect us relate to insurance intermediaries, customer privacy, like-kind exchange programs, data security and rate regulation and our retail vehicle sales operations.

In addition, our operations, as well as those of our competitors, could also be affected by any limitation in the fuel supply or by any imposition of mandatory allocation or rationing regulations. We are not aware of any current proposal to impose such a regime in the U.S. or internationally. Such a regime could, however, be quickly imposed if there was a serious disruption in supply for any reason, including an act of war, terrorist incident or other problem affecting petroleum supply, refining, distribution or pricing.

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**ITEM 1. BUSINESS (Continued)**

**Environmental**

We are subject to extensive federal, state, local and foreign environmental and safety laws, regulations, directives, rules and ordinances concerning, among other things, the operation and maintenance of vehicles; the ownership and operation of tanks for the storage of petroleum products, including gasoline, diesel fuel and oil; and the generation, storage, transportation and disposal of waste materials, including oil, vehicle wash sludge and waste water.

When applicable, we estimate and accrue for certain environmental costs, such as to study potential environmental issues at sites deemed to require investigation or clean-up activities and for costs to implement remediation actions, including ongoing maintenance, as required. Based on information currently available, we believe that the ultimate resolution of existing environmental remediation actions and our compliance in general with environmental laws and regulations will not have a material effect on our operating results or financial condition. However, it is difficult to predict with certainty the potential impact of future compliance efforts and environmental remedial actions and thus future costs associated with such matters may exceed the amount of the estimated accrued amount.

***AVAILABLE INFORMATION***

You may access, free of charge, Hertz Global and Hertz's reports filed with or furnished to the SEC (including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any amendments to those forms) directly through the SEC or indirectly through our website ([www.hertz.com](http://www.hertz.com)). Reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. The information found on our website is not part of this or any other report filed with or furnished to the SEC.

Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at <https://restructuring.primeclerk.com/hertz>, a website administered by Prime Clerk. The information on this website is not incorporated by reference and does not constitute part of this 2020 Annual Report.

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**ITEM 1A. RISK FACTORS**

Our business is subject to a number of significant risks and uncertainties, and should be carefully considered along with all of the information in this 2020 Annual Report. These risks and uncertainties, however, are not the only risks and uncertainties that we encounter in our operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, results of operations, financial condition, liquidity and cash flows. In such a case, you may lose all or part of your investment in Hertz Global's common stock or The Hertz Corporation's debt securities. You should carefully consider each of the following risks and uncertainties. Any of the following risks and uncertainties could materially and adversely affect our business, financial condition, operating results or cash flow and may make an investment in our securities speculative or risky. We believe that the following information identifies the material risks and uncertainties affecting Hertz Global and Hertz; however, the following risks and uncertainties are not the only risks and uncertainties facing us and it is possible that other risks and uncertainties might significantly affect us.

We believe that the following information identifies the material risks and uncertainties affecting Hertz Global and Hertz; however, the following risks and uncertainties are not the only risks and uncertainties facing us and it is possible that other risks and uncertainties might significantly affect us.

**RISKS RELATED TO OUR BANKRUPTCY**

***As a result of the Chapter 11 Cases, we are subject to the risks and uncertainties associated with Chapter 11 Cases and operating under Chapter 11 may restrict our ability to pursue strategic and operational initiatives.***

For the duration of the Chapter 11 Cases, our operations and our ability to execute our business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- our ability to obtain Bankruptcy Court approval with respect to motions filed in Chapter 11 Cases from time to time;
- our ability to comply with and operate under the requirements and constraints of the Bankruptcy Code and under any cash management, cash collateral, adequate protection, or other orders entered by the Bankruptcy Court from time to time;
- our ability to engage in intercompany transactions and to fund operations from cash on hand or from financings and, in the event of such financings, our ability to comply with the terms of such financings;
- our ability to negotiate and consummate a Chapter 11 plan;
- our ability to develop, fund, and execute our business plan; and
- our ability to continue as a going concern.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events or publicity associated with the Chapter 11 Cases have adversely affected certain of our relationships with our suppliers, customers and employees. In particular, critical vendors, suppliers, and/or customers have determined not to do business with us due to the Chapter 11 Cases and we may not be successful in securing alternative sources. Also, transactions outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond timely to certain events or take advantage of opportunities. Additionally, uncertainty with respect to intercompany transactions may negatively impact our captive insurance companies' ability to meet insurance regulatory requirements. Because of the risks and uncertainties associated with the Chapter 11 Cases, we cannot predict or quantify the ultimate impact that events occurring during the Chapter 11 process may have on our business, financial condition and results of operations, and there is no certainty as to our ability to continue as a going concern.

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**ITEM 1A. RISK FACTORS (Continued)**

***Prosecution of the Chapter 11 Cases has consumed and will continue to consume a substantial portion of the time and attention of our management, which may have an adverse effect on our business and results of operations, and we may face increased levels of employee attrition.***

While the Chapter 11 Cases continue, our management will be required to spend a significant amount of time and effort focusing on the cases. This diversion of attention may materially adversely affect the conduct of our business, and, as a result, our financial condition and results of operations, particularly if the Chapter 11 Cases are protracted. During the Chapter 11 Cases, our employees have faced considerable distraction and uncertainty and we have experienced increased levels of employee attrition. A loss of key personnel or material erosion of employee morale could have a materially adverse effect on our ability to meet customer expectations, thereby adversely affecting our business and results of operations. The failure to retain members of our management team and other key personnel could impair our ability to execute our strategy and implement operational initiatives, thereby having a material adverse effect on our financial condition and results of operations.

***We are in the process of Chapter 11 reorganization cases under the Bankruptcy Code, which may cause our common stock to decrease in value or may render our common stock worthless.***

On May 22, 2020, we filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, thereby commencing the Chapter 11 Cases for the Debtors, including Hertz Global. The price of our common stock has been volatile following the commencement of the Chapter 11 Cases and may decrease in value or become worthless. Accordingly, any trading in our common stock during the pendency of our Chapter 11 Cases is highly speculative and poses substantial risks to purchasers of our common stock. In addition, on October 29, 2020, Hertz Global received notification from the NYSE that Hertz Global's common stock was no longer suitable for listing on the NYSE and the Company's common stock began trading exclusively on the over-the-counter market on October 30, 2020. Delisting our common stock from the NYSE may adversely impact our liquidity, impair our stockholders' ability to buy and sell our common stock, impair our ability to raise capital, and the market price of our common stock could decrease. Recoveries in the Chapter 11 Cases for holders of common stock, if any, will depend upon our ability to negotiate and confirm a plan, the terms of such plan, the recovery of our business from the COVID-19 pandemic, if any, and the value of our assets. Although we cannot predict how our common stock will be treated under a plan, we expect that common stock holders would not receive a recovery through any plan unless the holders of more senior claims and interests, such as secured and unsecured indebtedness, are paid in full, which would require a significant and rapid improvement in business conditions to pre-COVID-19 or close to pre-COVID-19 levels. We also expect our stockholders' equity to decrease as we use cash on hand to support our operations in bankruptcy. Consequently, there is a significant risk that the holders of our common stock will receive no recovery under the Chapter 11 Cases and that our common stock will be worthless.

***The Chapter 11 Cases may limit our ability to offset future U.S. taxable income with tax losses and credits incurred prior to emergence from the Chapter 11 Cases.***

In connection with our emergence from the Chapter 11 Cases, we may be able to retain a portion of our U.S. net operating loss ("NOL"), capital loss and tax credit carryforwards (collectively, the "Tax Attributes"). However, Internal Revenue Code ("IRC") Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its Tax Attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. Our emergence from the Chapter 11 Cases will likely be considered a change in ownership for purposes of IRC Section 382. Additionally, any Chapter 11 plan we may implement extinguishing pre-petition debt securities, primary credit facility and other obligations, absent an exception, would result in cancellation of indebtedness income ("CODI") upon discharge of outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The IRC provides that a debtor in a bankruptcy case may exclude CODI from income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a Chapter 11 plan. Many states adopt the federal Section 382 rules and therefore have similar limitations with respect to state tax attributes. These events under the IRC are based on the value of the corporation as of the emergence date. As a result, our future U.S. taxable income may not be fully offset by the Tax Attributes if such income exceeds our annual limitation, and we may incur a tax liability with respect to such income. In addition, subsequent changes in ownership for purposes of the IRC could further diminish our Tax Attributes.

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ITEM 1A. RISK FACTORS (Continued)

***If we are unable to negotiate and confirm a Chapter 11 plan of reorganization, we could be required to liquidate under chapter 7 (“Chapter 7”) of the Bankruptcy Code in which case our common stock would likely be worthless.***

We have not yet negotiated a plan of reorganization with our creditors. If we are unable to negotiate a plan of reorganization that will result in our remaining a going concern, upon a showing of cause, the Bankruptcy Court may convert the Chapter 11 Cases to cases under Chapter 7. In such event, a Chapter 7 trustee would be appointed or elected to liquidate our assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Holders of our common stock would likely lose their entire investment in a Chapter 7 bankruptcy.

***Any Chapter 11 plan that we may implement will likely be based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, or adverse market conditions persist or worsen, our plan may be unsuccessful in its execution.***

Any Chapter 11 plan that we may implement will affect both our capital structure and the ownership, structure and operation of our remaining businesses and will likely reflect assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to (i) our ability to substantially change our capital structure; and (ii) the overall strength and stability of general economic conditions, both in the U.S. and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of our businesses.

In addition, any plan of reorganization will likely rely upon financial projections, including with respect to revenues, consolidated adjusted EBITDA, capital expenditures, debt service and cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. In our case, the forecasts will be even more speculative than normal, because they may involve fundamental changes in the nature of our capital structure. Additionally, the impact of the COVID-19 pandemic on the travel industry in general, and on us, make it even more challenging than usual to develop forecasts on business. Accordingly, we expect that our actual financial condition and results of operations will differ, perhaps materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization we may implement will occur or, even if they do occur, that they will have the anticipated effects on us and our subsidiaries or our businesses or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect the successful implementation of any Chapter 11 plan.

***We may be subject to claims that will not be discharged in the Chapter 11 Cases, which could have a material adverse effect on our financial condition and results of operations.***

The Bankruptcy Code provides that the confirmation of a Chapter 11 plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arose prior to confirmation of the plan of reorganization (i) would be subject to compromise and/or treatment under the plan of reorganization and (ii) would be discharged in accordance with the Bankruptcy Code and the terms of the plan of reorganization. Any claims not ultimately discharged through a Chapter 11 plan of reorganization could be asserted against the reorganized entities and may have an adverse effect on our financial condition and results of operations on a post-reorganization basis.

***Operating in bankruptcy for a long period of time may harm our business.***

Prolonged operations under Bankruptcy Court protection could have a material adverse effect on our business, financial condition, results of operations, and liquidity. So long as we remain subject to Bankruptcy Court protection, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may continue to make it more difficult to retain management and other key personnel necessary to the success of our business. In addition, the longer we remain under Bankruptcy Court protection, the more likely it

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**ITEM 1A. RISK FACTORS (Continued)**

is that customers and suppliers will lose confidence in our ability to reorganize our business successfully and will seek to establish alternative commercial relationships.

So long as we remain under Bankruptcy Court protection, we will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases, including potentially the cost of litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect our financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their claims under a Chapter 11 plan. It is not possible to predict the potential litigation that we may become party to, nor the final resolution of such litigation. The impact of any such litigation on our business and financial stability, however, could be material.

Should the time that we remain under Bankruptcy Court protection be protracted, we may also need to seek new financing to fund operations. If we are unable to obtain such financing on favorable terms or at all, the chances of confirming a Chapter 11 plan may be seriously jeopardized and the likelihood that we will instead be required to liquidate our assets may increase.

**RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

***The effects of the COVID-19 outbreak have been and continue to be disruptive to our vehicle rental business and will likely continue to adversely affect our business, results of operations and financial condition.***

COVID-19 continues to rapidly evolve and we cannot anticipate with any certainty the length or severity of the effects of COVID-19. The extent to which COVID-19 continues to adversely impact our business will depend on future developments that are highly uncertain, such as the following: the ultimate severity of the disease; the duration of the outbreak or future outbreaks; the efficacy of a vaccine rollout in the places that we operate; travel restrictions imposed by governments or businesses in the markets in which we operate; the duration and scope of business closures or business disruptions; changes in customer travel preferences and demand; the impact of increasing unemployment on discretionary spending; the length of time it takes for rental pricing and volume and normal economic conditions to return; technology disruptions; our relationships with vehicle manufacturers; our liquidity position; the development of effective vaccines or treatments; and the effectiveness of actions taken to contain the disease and future outbreaks. The impacts of COVID-19 could include those areas described below:

- *Changes in our revenues, profitability and customer demand in our revenues, profitability and customer demand:* Our revenues and profitability have been negatively impacted during 2020 and we expect this to continue for the 2021 fiscal year. We have experienced a high level of rental cancellations and a significant decline in forward bookings due to the decreased customer demand and other economic factors. Historically, we have generated a majority of our rental revenues from on-airport locations, which makes our rental car business sensitive to any decreases in air travel. Although we believe that renting a vehicle will continue to be a safe alternative and we have implemented certain procedures to mitigate the impact of COVID-19, we cannot predict when or if customer demand will return to pre-COVID-19 levels.
- *Changes to our liquidity:* We incur ongoing costs, which we cannot reduce in line with the significant reduction in revenues we have experienced as a result of COVID-19. Such costs include our monthly fleet rental costs under our Operating Lease, facility rentals and concessions, debt service and labor costs. These costs require significant liquidity generated by operations or access to additional financing. If COVID-19 continues to have a significant negative impact on our cash flow from operations and we cannot access the capital markets, we may not be able to generate sufficient liquidity to cover our costs.
- *Our peak season:* The second and third quarters of the year have historically been the strongest quarters for our vehicle rental business due to increased levels of leisure travel. COVID-19 disrupted our business in the second and third quarters of 2020 and we expect that it will continue to disrupt our business unless it is eradicated in 2021. These disruptions have significantly impacted our results of operations, financial condition, liquidity and cash flows.

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**ITEM 1A. RISK FACTORS (Continued)**

We do not expect our business to improve until customer demand increases and the global economy improves.

***Our vehicle rental business is particularly sensitive to reductions in the levels of business and leisure travel, and continued reductions in business and leisure travel could materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

The vehicle rental industry is particularly affected by reductions in business and leisure travel, especially with respect to levels of airline passenger traffic. Reductions in levels of air travel, whether caused by general economic conditions, airfare increases (e.g., capacity reductions or increases in fuel costs borne by commercial airlines) or other events (e.g., work stoppages, military conflicts, terrorist incidents, natural disasters, epidemic diseases, or the response of governments to any of these events) could materially adversely affect us. In particular, we derive a substantial proportion of our revenues from key leisure destinations in the U.S., including Florida, Hawaii, California, New York and Texas, and Europe and the level of travel to these destinations is dependent upon the ability and willingness of consumers to travel on vacation and the effect of economic cycles on consumers' discretionary travel, including shortages of fuel and increases or volatility in fuel costs. In 2020 and as a result of COVID-19, business and leisure travel were adversely affected and our results of operations, financial condition, liquidity and cash flows were materially adversely affected.

***We face intense competition that may lead to downward pricing or an inability to increase prices.***

We believe that price is one of the primary competitive factors in the vehicle rental market and that technology has enabled cost-conscious customers, including business travelers, to compare rates available from rental companies more easily. If we try to increase our pricing, our competitors, some of whom may have greater resources and better access to capital than us, may seek to compete aggressively on the basis of pricing. In addition, our competitors may reduce prices in order to, among other things, attempt to gain a competitive advantage, capture market share or compensate for declines in rental activity. Additionally, pricing in the vehicle rental industry is impacted by the supply of vehicles available for rent. Any significant fluctuations in the supply of rental vehicles available in the market due to an unexpected decrease in demand, or actions taken by our competitors could negatively affect our pricing, operating plans or results of operations if we are unable to adjust the size of our rental fleet in response to fluctuations in supply and demand. We also compete with non-traditional companies for vehicle rental market share, including auto manufacturers, ride-hailing and car sharing companies and other competitors in the mobility industry. To the extent we do not react appropriately to our competition or optimize our revenue and pricing strategies, we may experience sub-optimal pricing decisions, sub-optimal asset utilization, poor customer satisfaction, lost revenue and other unfavorable consequences which may materially adversely affect our revenues and results of operations, financial condition, liquidity and cash flows.

***Our business is highly seasonal and any occurrence that disrupts rental activity during our peak periods could materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

Certain significant components of our expenses are fixed in the short-term, including minimum concession fees, real estate taxes, rent, insurance, utilities, facility-related expenses, the costs of operating our information technology systems and minimum staffing costs. Seasonal changes in our revenues do not affect those fixed expenses, typically resulting in higher profitability in periods when our revenues are higher. The second and third quarters of the year have historically been the strongest quarters for our vehicle rental business due to increased levels of leisure travel. We control certain of our costs, including fleet arrangements and availability, to manage seasonal variations in demand. Any circumstance, occurrence or situation that disrupts rental activity during these critical periods could have a material adverse effect on our results of operations, financial condition, liquidity and cash flows due to a significant change in revenue. In 2020, our peak rental season was materially affected by COVID-19 and we experienced a significant reduction in demand. This disruption in rental activity resulted in a material adverse effect on our results of operations, financial condition, liquidity and cash flows.



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ITEM 1A. RISK FACTORS (Continued)

***If we are unable to accurately estimate future levels of rental activity and adjust the number, location and mix of vehicles used in our rental operations accordingly, our results of operations, financial condition, liquidity and cash flows could suffer.***

Vehicle costs typically represent our largest expense and vehicle purchases are typically made weeks or months in advance of the expected use of the vehicle. Accordingly, our business is dependent upon the ability of our management to accurately estimate future levels of rental activity and consumer preferences with respect to the mix of vehicles used in our rental operations and the location of those vehicles. If we are unable to purchase a sufficient number of vehicles, or the right types of vehicles, to meet consumer demand, we may lose revenue or market share to our competitors. If we purchase too many vehicles, our Vehicle Utilization could be adversely affected and we may not be able to dispose of excess vehicles in a timely and cost-effective manner. In early 2020 and due to COVID-19, we experienced significant excess in our vehicle supply due to reduced demand. Increased fleet adversely affected our Vehicle Utilization and we implemented strategies to reduce our fleet to align with demand at the time. Our failure to utilize a flexible and systematic process for fleet management that accurately estimates future levels of rental activity and determines the appropriate mix of vehicles used in our rental operations may result in obsolescence and excessive aging of fleet, the inability to sell fleet at adequate prices, sub-optimal fleet utilization, increased fleet costs, lower customer satisfaction, sub-optimal fleet sizing, lost or missing fleet assets, reduced margins and cash flows and other unfavorable consequences which may materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***Increased vehicle cost due to declining values of our non-program vehicles in our operations could materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

Manufacturers agree to repurchase program vehicles at a specified price or guarantee the depreciation rate on the vehicles during a specified time period. We sell our non-program vehicles through various sales channels in the used vehicle market, including auctions, dealer direct sales and retail lots through our car sales program, and have an increased risk that the net amount realized upon the disposition of the vehicle will be less than its estimated residual value at such time. Any decrease in residual values of our non-program vehicles could result in a substantial loss on the sale of such vehicles or accelerated depreciation while we own the vehicles, which can materially adversely affect our results of operations, financial condition, liquidity and cash flows.

While program vehicles generally cost more than comparable non-program vehicles, the use of program vehicles enables us to forecast our depreciation expense with more precision. Using program vehicles is also useful in managing our seasonal peak demand for vehicles because we may be able to sell certain program vehicles shortly after having acquired them at a higher value than what we could for a similar non-program vehicle at that time. If there were fewer program vehicles in our rental operations, these benefits would diminish and we would bear increased risk related to residual value. In addition, the related depreciation on our vehicles and our flexibility to reduce the number of vehicles used in our rental operations by returning vehicles sooner than originally expected without the risk of loss in the event of an economic downturn or to respond to changes in rental demand would be reduced.

The market for used vehicles is subject to economic factors, such as demand, consumer interests, pricing of new car models, fuel costs and other general economic conditions and may not produce stable vehicle prices in the future. A reduction in residual values for vehicles in our rental fleet could cause us to sustain a substantial loss on the sale of vehicles or require us to depreciate those vehicles at a higher rate. Our vehicle costs could increase due to any reduction in the market value of our vehicles, which could materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***We may fail to adequately respond to changes in technology, customer demands and market competition.***

Our industry has recently been characterized by rapid changes in technology innovation and deployment to address evolving customer demands, improve operational efficiency and disrupt competitive dynamics. Examples of such use by industry participants include addressing increasing expectations of personalized, efficient and mobile-first experiences across services; optimizing maintenance costs, improving vehicle utilization and maximizing the costs of asset ownership; and enabling traditional and non-traditional competitors to introduce new transportation

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**ITEM 1A. RISK FACTORS (Continued)**

offerings, consumption models and vehicle platforms, including electric and autonomous vehicles and other potentially disruptive technologies. Our ability to continually improve our technology platforms, processes and products in this environment is essential to maintain a competitive position in customer satisfaction, market share and other areas. Due to natural complexity in technology innovation, potentially high costs of certain initiatives, hiring and retention challenges and impacts from our financial restructuring, we may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced product offerings. These challenges related to emerging technology may result in loss of competitive differentiation, margin erosion, departure of key partners, declining market share, inability to achieve growth targets, inefficient or outdated service delivery platforms, loss of key customers and brand erosion, declining employee morale, inability to attract or retain key talent and other unfavorable consequences which may materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***If we are unable to purchase adequate supplies of competitively priced vehicles and the cost of the vehicles we purchase increases, our results of operations, financial condition, liquidity and cash flows may be materially adversely affected.***

Our vehicle purchase strategies can be affected by commercial, economic, market and other conditions. For example, certain vehicle manufacturers have occasionally utilized strategies to reduce sales to the vehicle rental industry, which can negatively affect our ability to obtain vehicles on competitive terms and conditions. Consequently, there is no guarantee that we can purchase a sufficient number of vehicles at competitive prices and on competitive terms and conditions. Additionally, as a result of our restructuring, we were unable to purchase vehicles until late 2020, which may affect our fleet availability and desirability in 2021. Manufacturers of vehicles are also facing a shortage of microprocessors and other digital devices used to control engines and transmissions, which may affect the availability of vehicles being produced. If we are unable to obtain a sufficient supply of vehicles, or if we obtain less favorable pricing and other terms during the acquisition of vehicles and are unable to recover from the increased costs, then our results of operations, financial condition, liquidity and cash flows may be materially adversely affected.

***The recognition of previously-deferred tax gains on the disposition of revenue earning vehicles may not be fully offset by full expensing of newly-purchased revenue earning vehicles.***

A material and extended reduction in vehicle purchases by our U.S. vehicle rental business and Donlen business, for any reason, could require us to make material cash payments for U.S. federal and state income tax liabilities. We cannot offer assurance that allowances for the full expensing of purchased revenue earning vehicles in the future will exceed previously deferred tax gains realized upon the disposition of revenue earning vehicles maintained under the like-kind exchange ("LKE") program.

Beginning in 2018, the TCJA eliminated the deferral of tax gains on the disposition of revenue earning vehicles maintained under our LKE program. While we expect that additional deductions provided by the TCJA for 100% expensing of vehicles purchased after September 27, 2017 and placed in service before December 31, 2022 could offset the previously-deferred tax gains realized upon the disposition of revenue earning vehicles maintained under the LKE program, we can offer no assurance that these deductions will fully offset tax gains realized upon the disposition of revenue earning vehicles.

In addition, the TCJA lowers the 100% expensing by 20% per year beginning in 2023, fully eliminating the expensing by 2027. This change could result in the Company being required to make future material cash tax payments on the sales of revenue earning vehicles. We cannot predict if or when legislation would be enacted in the future to allow full or partial expensing of purchased revenue earning vehicles or to allow deferral of tax gains on the dispositions of revenue earning vehicles.

Section 163(j) of the TCJA also impacts our ability to fully expense the costs of purchased revenue earning vehicles. This provision generally limits the deductibility of business interest expense to a percentage of taxpayer's adjusted taxable income. However, certain financing arrangements are not eligible for 100% expensing of the costs of the purchased vehicles. Our ability to fully expense such costs may be impacted by the nature of financing transactions.

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**ITEM 1A. RISK FACTORS (Continued)**

These events may materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***The failure of a manufacturer of our program vehicles to fulfill its obligations under a repurchase or guaranteed depreciation program could expose us to losses on those program vehicles.***

If any manufacturer of our program vehicles does not fulfill its obligations under its repurchase or guaranteed depreciation agreement with us, whether due to default, reorganization, bankruptcy or otherwise, then we would have to dispose of those program vehicles without receiving the benefits of the associated repurchase programs. In addition, we could be left with a substantial unpaid claim against the manufacturer with respect to program vehicles that were sold and returned to the manufacturer but not paid for, or that were sold for less than their agreed repurchase price or guaranteed value.

The failure by a manufacturer to pay such amounts could cause a credit enhancement deficiency under our asset-backed and asset-based financing arrangements, requiring us to either reduce the outstanding principal amount of debt or provide more collateral (in the form of cash, vehicles and/or certain other contractual rights) to the creditors under any such affected arrangement.

If one or more manufacturers were to adversely modify or eliminate repurchase or guaranteed depreciation programs in the future, our access to and the terms of asset-backed and asset-based debt financing could be adversely affected, which could in turn have a material adverse effect on our results of operations, financial condition, liquidity and cash flows.

***Manufacturer safety recalls could create risks to our business.***

The Raechel and Jacqueline Houck Safe Rental Car Act of 2015 prohibits us from renting or selling vehicles with open federal safety recalls and requires us to repair or address these recalls prior to renting or selling the vehicle. Any federal safety recall would require us to cease renting recalled vehicles until we can react to the recall. We cannot control the number of vehicles that may be subject to manufacturer recalls. If a large number of vehicles are the subject of a recall or if needed replacement parts are not in adequate supply, we may not be able to rent recalled vehicles for a significant period of time. These types of disruptions could jeopardize our ability to fulfill existing contractual commitments or satisfy demand for our vehicles and could also result in the loss of business to our competitors. Depending on the severity of any recall, it could materially adversely affect, among other things, our revenues, create customer service problems, present liability claims, reduce the residual value of the recalled vehicles and harm our general reputation.

***We rely on third-party distribution channels for a significant amount of our revenues.***

Third-party distribution channels account for a significant amount of our vehicle rental reservations. These third-party distribution channels include traditional and online travel agencies, third-party internet sites, airlines and hotel companies, marketing partners such as credit card companies and membership organizations and global distribution systems that allow travel agents, travel service providers and customers to connect directly to our reservations systems. Loss of access to any of these channels, changes in pricing or commission structures or a reduction in transaction volume could have an adverse impact on our financial condition or results of operations, liquidity and cash flows, particularly if our customers are unable to access our reservation systems through alternate channels.

***If our customers develop loyalty to travel intermediaries rather than our brands, our financial results may suffer.***

Certain internet travel intermediaries use generic indicators of the type of vehicle (such as "standard" or "compact") at the expense of brand identification and some intermediaries have launched their own loyalty programs to develop loyalties to their reservation system rather than to our brands. If the volume of sales made through internet travel intermediaries increases significantly and consumers develop stronger loyalties to these intermediaries rather than to our brands, our business and revenues could be affected. Additionally, if our market share suffers due to lower

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levels of customer loyalty, our results of operations, financial condition, liquidity and cash flows could be materially adversely affected.

***Our foreign operations expose us to risks that may materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

Our foreign operations generate revenue outside the U.S. Accordingly, operating in many different countries exposes us to varying risks, which include: (i) multiple, and sometimes conflicting, foreign regulatory requirements and laws that are subject to change and are often much different than the domestic laws in the U.S., including laws relating to taxes, automobile-related liability, insurance rates, insurance products, consumer privacy, data security, employment matters, cost and fee recovery, and the protection of our trademarks and other intellectual property; (ii) the effect of foreign currency translation risk, as well as limitations on our ability to repatriate income; (iii) varying tax regimes, including consequences from changes in applicable tax laws and our ability to repatriate cash from non-U.S. affiliates without adverse tax consequences; (iv) local ownership or investment requirements, as well as difficulties in obtaining financing in foreign countries for local operations; and (v) political and economic instability, natural calamities, war, and terrorism. In 2020, as a result of COVID-19, we experienced significant reduction in demand for our vehicles and as a result, our financial performance in our international operations were materially affected.

The effects of these risks may, individually or in the aggregate, materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***Our business is heavily reliant upon communications networks and centralized information technology systems and the concentration of our systems creates risks for us.***

We rely heavily on communication networks and information technology systems to, among other things, accept reservations, process rental and sales transactions, manage our pricing, manage our revenue earning vehicles, manage our financing arrangements, account for our activities and otherwise conduct our business. Our reliance on these networks and systems exposes us to various risks that could cause a loss of reservations, interfere with our ability to manage our vehicles, delay or disrupt rental and sales processes, adversely affect our ability to comply with our financing arrangements and otherwise materially adversely affect our ability to manage our business effectively. Our major information technology systems, reservations and accounting functions are centralized in a few locations worldwide. Any disruption, termination or substandard provision of these services, whether as the result of localized conditions (e.g., fire, explosion or hacking), failure of our systems to function as designed, or as the result of events or circumstances of broader geographic impact (e.g., earthquake, storm, flood, epidemic, strike, act of war, civil unrest or terrorist act), could materially adversely affect our business by disrupting normal reservations, customer service, accounting and information technology functions or by eliminating access to financing arrangements. Any disruption or poor performance of our systems could lead to lower revenues, increased costs or other material adverse effects on our results of operations, financial condition, liquidity and cash flows.

***Failure to maintain, upgrade and consolidate our information technology systems could adversely affect us.***

We are continuously evaluating, upgrading and consolidating our systems, including making changes to legacy systems, replacing legacy systems with successor systems with new functionality and acquiring new systems with new functionality. In addition, we outsource a significant portion of our information technology services. These types of activities subject us to additional costs and inherent risks associated with outsourcing, replacing and changing these systems, including impairment of our ability to manage our business, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, potential delays or disruptions from upgrading and consolidating our systems and other risks and costs of delays or difficulties in transitioning to outsourcing alternatives, new systems or integrating new systems into our current systems. Failure to maintain a comprehensive technology enablement and effective processes may result in an inability to support business growth expectations, excessive overhead costs, high rates of transaction failures and rework, detrimental impact to customers, excessive write-offs and potential litigation, service quality issues, declining employee morale, loss of key talent and other unfavorable consequences. In addition, the implementation

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of our technology initiatives and systems may cause disruptions in our business operations by severely degrading performance or a complete loss of service and have an adverse effect on our business and operations if not anticipated and appropriately mitigated and our competitive position may be adversely affected if we are unable to maintain systems that allow us to manage our business in a competitive manner.

***Our commercial off airport leases and airport concession agreements expose us to risks.***

We maintain a substantial network of vehicle rental locations at off airport and airport locations in the U.S. and internationally. If we are unable to continue operating these facilities at their current locations due to the termination of leases or vehicle rental concessions at airports, which comprise a majority of our revenues, our operating results could be adversely affected. In addition, if the costs of these leases and/or concession agreements increase and we are unable to increase our pricing structure to offset the increased costs, our financial results could suffer. In 2020 and as a result COVID-19, our restructuring and strategic decisions, we may not experience the same amount of revenue from vehicle rentals at leased locations and our results of operations, financial condition, liquidity and cash flows could be materially.

***Maintaining favorable brand recognition is essential to our success, and failure to do so could materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

Our business is heavily dependent upon the favorable brand recognition that our "Hertz", "Dollar" and "Thrifty" brand names have in the markets in which they participate. Factors affecting brand recognition are often outside our control, and our efforts to maintain or enhance favorable brand recognition, such as marketing and advertising campaigns, may not have their desired effects. In addition, although our licensing partners are subject to contractual requirements to protect our brands, it may be difficult to monitor or enforce such requirements, particularly in foreign jurisdictions and various laws may limit our ability to enforce the terms of these agreements or to terminate the agreements. Any decline in perceived favorable recognition of our brands could materially adversely affect our results of operations, financial condition, liquidity and cash flows.

***We may face issues with our union-represented employees.***

Active labor contracts covering the terms of employment for the Company's union-represented employees in the U.S. (including those in the U.S. territories) are presently in effect, primarily with the International Brotherhood of Teamsters and the International Association of Machinists. These contracts are renegotiated periodically and we anticipate renegotiating labor contracts with approximately 57% of these employees in 2021. Failure to negotiate a new labor agreement when required could result in a work stoppage. Although we believe that our labor relations have generally been good, it is possible that we could become subject to additional work rules imposed by agreements with labor unions, or that work stoppages or other labor disturbances could occur in the future. In addition, our non-union-represented workforce has been subject to unionization efforts in the past, and we could be subject to future unionization, which could lead to increases in our operating costs and/or constraints on our operating flexibility.

***If there is a determination that any of the Spin-Off or the internal spin-off transactions completed in connection with the Spin-Off (collectively with the Spin-Off, the "Spin-Offs") is taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the Internal Revenue Service ("IRS") private letter ruling or tax opinions are incorrect or for any other reason, then Herc Holdings and its stockholders could incur significant U.S. federal income tax liabilities and Hertz Global could incur significant liabilities.***

In connection with the Spin-Offs, Herc Holdings received a private letter ruling from the IRS to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, (i) the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, and (ii) the internal spin-off transactions will qualify as tax free under Section 355 of the Code. A private letter ruling from the IRS generally is binding on the IRS. However, the IRS ruling did not rule that the Spin-Offs satisfied every requirement for a tax-free spin-off, and Herc Holdings and Hertz Global relied solely on opinions of professional advisors to determine that such additional requirements were satisfied. The ruling and the opinions relied on certain facts, assumptions,

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representations and undertakings from Herc Holdings and Hertz Holdings regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings were incorrect or not otherwise satisfied, Herc Holdings and Hertz Global, and their affiliates may not be able to rely on the ruling or the opinions of tax advisors and could be subject to significant tax liabilities. Notwithstanding the private letter ruling and opinions of tax advisors, the IRS could determine on audit that the Spin-Offs and related transactions are taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the private letter ruling, or for any other reason, including as a result of certain significant changes in the stock ownership of Herc Holdings or Hertz Global after the Spin-Off. If the Spin-Offs or related transactions are determined to be taxable for U.S. federal income tax purposes, Herc Holdings and Hertz Global and, in certain cases, their stockholders (at the time of the Spin-Off) could incur significant U.S. federal income tax liabilities, including taxation on the value of the Hertz Global stock distributed in the Spin-Off and the value of other companies distributed in the internal Spin-Off transactions, and Hertz Global could incur significant liabilities, either directly to the tax authorities or under a Tax Matters Agreement entered into with Herc Holdings.

***Our ability to use certain of our tax assets may have been limited or may become limited in the future, exposing some or all of the tax assets to expiration.***

On May 26, 2020, entities affiliated with Carl Icahn filed a Schedule 13D/A indicating that they sold approximately 38.9% of our outstanding stock. Although we are still analyzing the impact of this sale, we believe that such sale resulted in an "ownership change" under Section 382 of the federal income tax rules. In general, an ownership change will occur when the percentage of Hertz Global's ownership of one or more "five-percent shareholders" (as defined in the Code) has increased by more than fifty percentage points over the lowest percentage of stock owned by such shareholders at any time during the prior three years, calculated on a rolling basis. An "ownership change" could significantly limit our ability to utilize tax attributes, including NOLs, capital loss carryovers, excess foreign tax carry forwards, and credit carryforwards, to offset future taxable income and tax liabilities. An entity that experiences an "ownership change" generally should be subject to an annual limitation on its pre-ownership change tax loss carryforward equal to the equity value of the corporation immediately before the ownership change, multiplied by the long-term, tax-exempt rate posted monthly by the IRS (subject to certain adjustments). The annual limitation accumulates each year to the extent that there is any unused limitation from a prior year. We anticipate that any limitations under Section 382 should not limit our ability to use such tax attributes to offset future taxable income and tax liabilities. Nonetheless, our potential limitations on our ability to use such tax attributes is uncertain. If we experience a subsequent ownership change, however, it is possible that a significant portion of our tax attributes will expire before we would be able to use them to offset future taxable income. Our NOL utilization was statutorily limited under TCJA which limited a taxpayers' ability to use NOLs to 80% of taxable income, disallowed the carryback of NOLs arising after 2017, and made the carryforward of NOLs indefinite. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily suspends the TCJA's 80% limitation on the use of NOLs for tax years beginning after December 31, 2017, and before January 1, 2021. Such limitations on NOL utilization may impact our cash tax position materially. Many states adopt the federal Section 382 rules and therefore have similar limitations with respect to state tax attributes.

***We face risks related to liabilities and insurance.***

Our businesses expose us to claims for personal injury, death and property damage resulting from the use of the vehicles rented or sold by us, and for employment-related injury claims by our employees. The Company is currently a defendant in numerous actions and has received numerous claims for which actions have not yet been commenced for public liability and property damage arising from the operation of motor vehicles rented from the Company. We generally self-insure up to \$10 million per occurrence globally and the Company has \$200 million insurance coverage excess of retentions. We cannot assure you that we will not be exposed to uninsured liability at levels in excess of our historical levels resulting from multiple payouts or otherwise, that liabilities in respect of existing or future claims will not exceed the level of our insurance or reserves, that we will have sufficient capital available to pay any uninsured claims or that insurance with unaffiliated carriers will continue to be available to us on economically reasonable terms or at all. See Item 1, "Business - Insurance and Risk Management" and Note 15,

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"Contingencies and Off-Balance Sheet Commitments," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

***Environmental laws and regulations and the costs of complying with them, or any liability or obligation imposed under them, could materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

We are subject to federal, state, local and foreign environmental laws and regulations in connection with our operations, including with respect to the ownership and operation of tanks for the storage of petroleum products, such as gasoline, diesel fuel and motor and used oils. We cannot guarantee that the tanks will at all times remain free from leaks or that the use of these tanks will not result in significant spills or leakage. If a leak or a spill occurs, it is possible that the resulting costs of cleanup, investigation and remediation, as well as any resulting fines, could be significant. Compliance with existing or future environmental laws and regulations may require material expenditures by us or otherwise have a material adverse effect on our consolidated financial condition, results of operations, liquidity or cash flows. See Item 1, "Business—Governmental Regulation and Environmental Matters" in this 2020 Annual Report.

The U.S. Congress and other legislative and regulatory authorities in the U.S. and internationally have considered, and will likely continue to consider, numerous measures related to climate change and greenhouse gas emissions. Should rules establishing limitations on greenhouse gas emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions become effective, demand for our services could be affected, our vehicle, and/or other, costs could increase, and our business could be adversely affected.

***We may pursue strategic transactions which could be difficult to implement, disrupt our business or change our business profile significantly.***

Any future strategic acquisition or disposition of assets or a business could involve numerous risks, including: (i) potential disruption of our ongoing business and distraction of management; (ii) difficulty integrating the acquired business or segregating assets and operations to be disposed of; (iii) exposure to unknown, contingent or other liabilities, including litigation arising in connection with the acquisition or disposition or against any business we may acquire; (iv) changing our business profile in ways that could have unintended negative consequences; and (v) the failure to achieve anticipated synergies. If we enter into significant strategic transactions, the related accounting charges may affect our financial condition and results of operations, particularly in the case of an acquisition. The financing of any significant acquisition may result in changes in our capital structure, including the incurrence of additional indebtedness. A material disposition could require the amendment or refinancing of our outstanding indebtedness or a portion thereof. In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets and the sale is expected to close in the first quarter of 2021. It is possible that the sale of the Donlen Assets will have unintended negative consequences to our business.

***Changes in the U.S. legal and regulatory environment that affect our operations, including laws and regulations relating to accounting principles, taxes, automobile related liability, insurance rates, insurance products, consumer privacy, data security, employment matters, licensing and franchising, used-car sales (including retail sales), cost and fee recovery and the banking and financing industry could disrupt our business, increase our expenses or otherwise have a material adverse effect on our results of operations, financial condition, liquidity and cash flows.***

We are subject to a wide variety of U.S. laws and regulations and changes in the level of government regulation of our business have the potential to materially alter our business practices and materially adversely affect our results of operations, financial condition, liquidity and cash flows. Those changes may occur through new laws and regulations or changes in the interpretation of existing laws and regulations.

In addition, the current domestic and international political environment, including government shutdowns and changes to U.S. policies related to global trade and tariffs, has resulted in uncertainty surrounding the future state of the global economy. The U.S. federal government may propose additional changes to international trade

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agreements, tariffs, taxes, and other government rules and regulations. These regulatory changes could significantly impact our business and financial performance.

Any new, or change in existing, U.S. law and regulation with respect to optional insurance products or policies could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenue and profitability. For further discussion regarding how changes in the regulation of insurance intermediaries may affect us, see Item 1, "Business—Insurance and Risk Management" in this 2020 Annual Report. If customers decline to purchase supplemental liability insurance products from us as a result of any changes in these laws or otherwise, our results of operations, financial condition, liquidity and cash flows could be materially adversely affected.

We derive revenue through rental activities of our brands under franchise and license arrangements. These arrangements are subject to various international, federal and state laws and regulations that impose limitations on our interactions with counterparties. In addition, the used-vehicle sale industry, including our network of company-operated retail vehicle sales locations, is subject to a wide range of federal, state and local laws and regulations, such as those relating to motor vehicle sales, retail installment sales and related finance and insurance matters, advertising, licensing, consumer protection and consumer privacy. Changes in these laws and regulations that impact our franchising and licensing agreements or our used-vehicle sales could adversely affect our results.

In most jurisdictions where we operate, we pass-through various expenses, including the recovery of vehicle licensing costs and airport concession fees, to our rental customers as separate charges. We believe that our expense pass-throughs, where imposed, are properly disclosed and are lawful. However, in the event of incorrect calculations or disclosures with respect to expense pass-throughs, or a successful challenge to the methodology we have used for determining our expense pass-through treatment, we could be subject to fines or other liabilities. In addition, we may in the future be subject to potential legislative, regulatory or administrative changes or actions which could limit, restrict or prohibit our ability to separately state, charge and recover vehicle licensing costs and airport concession fees, which could result in a material adverse effect on our results of operations, financial condition, liquidity and cash flows.

Certain proposed or enacted laws and regulations with respect to the banking and finance industries, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (including risk retention requirements) and amendments to the SEC's rules relating to asset-backed securities, could restrict our access to certain financing arrangements and increase our financing costs, which could have a material adverse effect on our results of operations, financial condition, liquidity and cash flows.

***A business continuity plan is necessary for our global business.***

We have a business continuity plan designed to (i) identify key assets, operations and underlying threats, (ii) define and assess relevant threats (e.g., natural disasters, pandemics, terrorism, etc.) on business operations, (iii) develop and categorize action plans to minimize the impact of the identified threats and (iv) test the adequacy of our action plans. Our business continuity facilitated our response to COVID-19 in 2020 but the significant reduction in demand materially affected our action plans. If our business continuity plan fails to operate as intended, we may experience significant business disruptions, release of confidential information, malicious corruption of data, regulatory intervention and sanctions, prolonged negative publicity, litigation and liabilities, product and service quality failures, irreparable harm to customer relationships and other unfavorable consequences which may materially adversely affect our results of operations, financial condition, liquidity and cash flows.

**RISKS RELATED TO OUR SUBSTANTIAL INDEBTEDNESS**

***Our substantial level of indebtedness could materially adversely affect our results of operations, financial condition, liquidity, cash flows and ability to compete in our industry.***

Our substantial pre-petition indebtedness could materially adversely affect our business by making it more difficult for us to negotiate a resolution of our obligations to the holders of our outstanding debt securities and to the lenders under our various credit facilities upon emergence from Bankruptcy Court protection. Such negotiations will be



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highly dependent on our ability to (i) establish a restructuring plan that is satisfactory to the holders of our pre-petition indebtedness, (ii) demonstrate an ability to generate and/or project sufficient cash flows to support new or refinanced indebtedness at an appropriate level of capitalization and (iii) demonstrate an ability to generate and/or project return on capital in excess of new or refinanced debt service which can require sufficient equity capital to establish an appropriate capitalization of our balance sheet. Our ability to raise new financing, and the terms of any such refinancing, will be highly dependent on the economic environment, the state of the travel industry and related effects from COVID-19 and the resulting competitive conditions in our markets.

To the extent we emerge from Bankruptcy Court protection with a high level of or otherwise high cost of indebtedness relative to our competitors, we will continue to face increased vulnerability to general adverse economic and industry conditions (such as credit-related disruptions), which will place us at a competitive disadvantage to our competitors that have proportionately less debt or comparable debt at more favorable interest rates or on better terms; and limit our ability to react to competitive pressures and make it difficult for us to carry out capital program spending that is necessary or important to our growth strategy and our efforts to improve operating margins. In 2020 and as a result of COVID-19, we experienced certain of these events and were unable to comply with certain restrictive covenants in certain of our financing agreements and instruments governing our indebtedness, which contributed to our decision to commence the Chapter 11 Cases. In connection with the Chapter 11 Cases, we entered into the DIP Credit Agreement, which was approved by the Bankruptcy Court on October 29, 2020 and further described below. For a description of the amounts we have available under certain of our debt facilities, see Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

Our ability to manage these risks depends on financial market conditions as well as our financial and operating performance, which, in turn, is subject to a wide range of risks, including those described under "Risks Related to Our Business and Industry."

***There is no certainty as to the amount of vehicle lease payments we will be required to make during the pendency of the bankruptcy case.***

We leased the bulk of our vehicles used in our U.S. rental car operations under the Operating Lease. The Operating Lease requires material monthly rental payments for the use of the vehicles, and those rental payments may vary significantly under the terms of the Operating Lease. Prior to the filing of the Chapter 11 Cases, we failed to make the April 2020 rent payment under the Operating Lease, and the lessor has a Pre-petition claim for the unpaid April rent. In addition, under Section 365 of the Bankruptcy Code, we were not required to make, and did not make, the May and June 2020 rent payments. Ultimately, the lessor will have the right to seek an administrative claim against us for an amount that the Bankruptcy Court determines to be equal to the actual and necessary benefit to us for the use of the vehicles during this period. We cannot predict the amount of such claim with any degree of certainty.

On June 11, 2020, we filed a motion with the Bankruptcy Court to reject the leases of approximately 144,000 cars under the Operating Lease (the "Operating Lease Rejection Motion"), to which certain lenders under, and other parties to, the related ABS program (collectively, the "ABS Lenders") objected. On July 24, 2020, the Bankruptcy Court entered the Interim Lease Order that contained an interim settlement and agreement to suspend litigation relating to the Operating Lease Rejection Motion until January 15, 2021, as well as other issues related to the Operating Lease. As part of the settlement, we agreed to, among other things, dispose of at least 182,521 vehicles leased under the Operating Lease and make certain cash lease payments in amounts less than provided under the terms of the Operating Lease. The settlement did not finally resolve our ultimate liability for rent payments under the Operating Lease.

On January 20, 2021, the Bankruptcy Court entered the Second Lease Order extending, with certain modifications, the terms of the settlement with respect to the Operating Lease embodied in the Interim Lease Order through September 30, 2021. There is no assurance that we will come to further agreement with the ABS Lenders after the current agreement expires on September 30, 2021 and, consequently, there is no certainty as to amount of vehicle lease payments we will be required to make under the Operating Lease.

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***If our business does not recover quickly and we are unable to successfully restructure our substantial indebtedness, obtain further waivers or forbearance or raise additional capital, there is substantial doubt that we will be able to continue as a going concern.***

As a result of the adverse impact from COVID-19 and the uncertainty about the timing and strength of recovery in our markets, Hertz did not make certain payments in accordance with the Operating Lease, pursuant to which Hertz leases vehicles used in its U.S. rental car operations. As a result of the failure to make the full rent payments, as of May 5, 2020, an amortization event was in effect for all series of notes issued by HVF II and a liquidation event was in effect with respect to the Series 2013-A Notes issued by HVF II. As a result of the amortization event, and notwithstanding the forbearance agreement described below, proceeds of the sales of vehicles that collateralize the notes issued by HVF II must be applied to the payment of principal and interest under those notes and will not be available to finance new vehicle acquisitions for Hertz. A liquidation event means that, unless the affected noteholders otherwise agree, the affected noteholders can direct the liquidation of vehicles serving as collateral for their notes.

On May 4, 2020, prior to the occurrence of the liquidation event with respect to the Series 2013-A Notes, Hertz, HVF, HVF II and DTG Operations, Inc. entered into the Forbearance Agreement with the VFN Noteholders. Pursuant to the Forbearance Agreement that is effective against all VFN Noteholders, the VFN Noteholders agreed to forbear from exercising their liquidation remedies. The agreement with the VFN Noteholders expired on May 22, 2020. Concurrently with entering into the Forbearance Agreement, on May 4, 2020, Hertz entered into the Waiver Agreements with certain of the Lenders under its Facilities. Pursuant to the Waiver Agreements, the Lenders agreed to waive any default or event of default that could have resulted from the above referenced missed payment under the Operating Lease, waive certain defaults or events of default and extend the grace period to cure a default with respect to Hertz's obligation to reimburse drawings that occurred under certain letters of credit during the waiver period. The Waiver Agreements expired on May 22, 2020.

In connection with the expiration of the Forbearance Agreement and the Waiver Agreements and the continuing economic impact from COVID-19, on the Petition Date, the Debtors filed voluntary Petitions under Chapter 11 of the U.S. Bankruptcy Code in the Bankruptcy Court. The Bankruptcy Court approved motions filed by the Debtors that were designed primarily to mitigate the impact of the Chapter 11 Cases on the Company's operations, customers and employees. The Debtors are authorized to conduct their business activities in the ordinary course, and pursuant to orders entered by the Bankruptcy Court, the Debtors are authorized to, among other things and subject to the terms and conditions of such orders, (i) pay employees' wages and related obligations; (ii) pay certain taxes; (iii) pay critical vendors and certain fees to airport authorities and provide adequate protection; (iv) continue to maintain certain customer programs; (v) maintain insurance programs; (vi) use certain cash collateral on an interim basis; (vii) honor certain obligations to franchisees; and (viii) maintain existing cash management systems.

As part of its bankruptcy restructuring, Hertz has been and expects to be in discussions with key stakeholders and advisors to develop a financing strategy and structure that better reflects the economic impact of COVID-19 and Hertz's ongoing operating and financing requirements. However, there can be no assurances that Hertz will be able to successfully restructure its substantial indebtedness.

Although the Operating Lease Order from the Bankruptcy Court was helpful to us, if our business does not recover and we cannot reach agreement to restructure our indebtedness, we may not be able to meet our obligations under our debt facilities and may not have sufficient cash flows from operations or liquidity to sustain our operations. In such circumstances, we may not be able to continue as a going concern.

***Our reliance on asset-backed and asset-based financing arrangements to purchase vehicles subjects us to a number of risks, many of which are beyond our control.***

We rely significantly on asset-backed and asset-based financing to purchase vehicles. If we are unable to refinance or replace our existing asset-backed and asset-based financing or continue to finance new vehicle acquisitions through asset-backed or asset-based financing on favorable terms, on a timely basis, or at all, then our costs of

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**ITEM 1A. RISK FACTORS (Continued)**

financing could increase significantly and have a material adverse effect on our liquidity, interest costs, financial condition, cash flows and results of operations.

Our asset-backed and asset-based financing capacity could be decreased, our financing costs and interest rates could be increased, or our future access to the financial markets could be limited, as a result of risks and contingencies, many of which are beyond our control, including: (i) the acceptance by credit markets of the structures and structural risks associated with our asset-backed and asset-based financing arrangements; (ii) the credit ratings provided by credit rating agencies for our asset-backed indebtedness; (iii) third parties requiring changes in the terms and structure of our asset-backed or asset-based financing arrangements, including increased credit enhancement or required cash collateral and/or other liquid reserves; (iv) the insolvency or deterioration of the financial condition of one or more of our principal vehicle manufacturers; or (v) changes in laws or regulations, including judicial review of issues of first impression, that negatively affect any of our asset-backed or asset-based financing arrangements. Although we have continued to maintain access to asset-backed financing during the Chapter 11 Cases, the cost of such facilities has been in excess of costs incurred by our competitors. While we remain under the protection of the Bankruptcy Court, we expect that this competitive disadvantage will continue and there can be no assurance that upon emergence from Bankruptcy Court protection that such disadvantage will not continue.

Any reduction in the value of certain revenue earning vehicles could effectively increase our vehicle costs, adversely affect our profitability and potentially lead to decreased borrowing base availability in our asset-backed and certain asset-based vehicle financing facilities due to the credit enhancement requirements for such facilities, which could increase if market values for vehicles decrease below net book values for those vehicles. In addition, if disposal of vehicles in the used vehicle marketplace were to become severely limited at a time when required collateral levels were rising and as a result we failed to meet the minimum required collateral levels, the principal under our asset-backed and certain asset-based financing arrangements may be required to be repaid sooner than anticipated with vehicle disposition proceeds and lease payments we make to our special purpose financing subsidiaries. If that were to occur, the holders of our asset-backed and certain asset-based debt may have the ability to exercise their right to direct the trustee or other secured party to foreclose on and sell vehicles to generate proceeds sufficient to repay such debt. We experienced these events in the first half of 2020 resulting in our financial performance being materially affected.

The occurrence of certain events, including those described above, resulted in the occurrence of an amortization event pursuant to which the proceeds of sales of vehicles that collateralize the affected asset-backed financing arrangement were required to be applied to the payment of principal and interest on the affected facility or series. In the case of our asset-backed financing arrangements, certain other events, including defaults by us and our affiliates in the performance of covenants set forth in the agreements governing certain vehicle debt, could result in the occurrence of a liquidation event with the passing of time or immediately pursuant to which the trustee or holders of the affected asset-backed financing arrangement would be permitted to require the sale of the assets collateralizing that series. Failure by us to have proper financing and debt management processes may result in cash shortfalls and liquidity problems, emergency financing at high interest rates, violations of debt covenants, an inability to execute strategic initiatives, which may affect our liquidity and our ability to maintain sufficient levels of revenue earning vehicles to meet customer demands and could trigger cross-defaults under certain of our other financing arrangements.

***Substantially all of our consolidated assets secure certain of our outstanding indebtedness, which could materially adversely affect our debt and equity holders and our business.***

Substantially all of our consolidated assets, including our revenue earning vehicles and Donlen's lease portfolio, are subject to security interests or are otherwise encumbered for the lenders under our senior credit facilities, asset-backed and asset-based financing arrangements. As a result, the lenders under those facilities have a prior claim on such assets in the Chapter 11 Cases and we may not have sufficient funds to pay in full, or at all, all of our creditors or make any amount available to holders of our equity. The same is true with respect to structurally senior obligations: in general, all liabilities and other obligations of a subsidiary must be satisfied before the assets of such subsidiary can be made available to the creditors (or equity holders) of the parent entity.

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**ITEM 1A. RISK FACTORS (Continued)**

Because substantially all of our assets are encumbered under financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have a material adverse effect on our financial flexibility and force us to attempt to incur additional unsecured indebtedness, which may not be available to us.

***We may not be able to deduct certain business interest expenses, which could have a material adverse impact on the Company.***

The future limitations on the deductibility of business interest expense under Section 163(j), which was significantly modified by the TCJA and then temporarily modified by the CARES Act, could have a material adverse impact on our results of operations and liquidity. Section 163(j) limits the deduction for business interest expense for tax years beginning after December 31, 2017 to the sum of (i) the taxpayer's business interest income, (ii) 30% of the taxpayer's adjusted taxable income ("ATI") and (iii) the taxpayer's floor plan financing interest. The CARES Act adjusted the ATI limitation to 50% for tax years beginning in 2019 and 2020. On July 28, 2020, the U.S. Treasury Department released final regulations with guidance on applying the limitations on the deductibility of business interest expense under Section 163(j), which included the ability to add back all tax depreciation, amortization or depletion incurred in the tax year, regardless of whether it is deducted or capitalized into inventory under Section 263A and recovered through cost of goods sold. Further limitations on the deductibility of interest on indebtedness may also result from adverse determination that debt instruments should be treated as equity for tax purposes. The Organization of Economic Cooperation and Development has issued various articles generally aimed at combating what they believe is tax avoidance. Numerous jurisdictions in which we operate have been influenced by these articles as well as other factors and are increasingly active in evaluating changes to their tax laws, which may under certain fact patterns result in changes to the classification of debt instruments as equity and/or result in limitations on our ability to deduct interest expense impacting our cash tax and effective tax rate position.

***We may not be able to raise additional capital to meet our liquidity needs, which could have a material adverse impact on the Company.***

In connection with the Chapter 11 Cases, the Company entered into the DIP Credit Agreement, which was approved by the Bankruptcy Court on October 29, 2020. Until it emerges from Bankruptcy Court protection, the Company expects that proceeds of the DIP Credit Agreement, together with cash on hand, cash flow from operations and payments received from special purpose subsidiaries and vehicle financings, if any, will be the Company's primary source of capital to fund ongoing operations, its subordinated investments needed to support its equity interests in vehicle financings and any other capital needs and that it will have limited, if any, access to additional corporate financing and/or vehicle financings). In the event that cash on hand, cash flow from operations, payments received from special purpose subsidiaries and vehicle financings, and availability under the DIP Credit Agreement are not sufficient to meet these liquidity needs, the Company may be required to seek additional financing, and can provide no assurance that additional financing would be available or, if available, offered on acceptable terms. The amount of any such additional financing also could be limited by negative covenants in the DIP Credit Agreement, which include restrictions on the Company's ability to, among other things, incur additional indebtedness and create liens on assets. Further, the DIP Credit Agreement contains numerous events of default. If any event of default occurs and is continuing, subject to any applicable cure period set forth in the DIP Credit Agreement, the agent and/or lenders under the DIP Credit Agreement may seek to exercise rights and remedies, which could have a material adverse impact on the Company and its Chapter 11 Cases.

In addition, on November 24, 2020, the Bankruptcy Court entered an order authorizing the Company to enter into a new asset-based securitization facility totaling \$4 billion (the "2021 Fleet Financing"). Together with the up to \$1 billion available for fleet financing under the DIP Credit Agreement, and subject to the terms of the 2021 Fleet Financing documents and the DIP Credit Agreement, the 2021 Fleet Financing afforded the Company access to up to \$5 billion in total funding to support its 2021 fleet financing needs. To the extent that such amount proves inadequate, the Company may be required to seek additional financing, and can provide no assurance that additional financing would be available or, if available, offered on acceptable terms.

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**ITEM 1A. RISK FACTORS (Continued)*****An increase in interest rates or in our borrowing margin would increase the cost of servicing our debt and could reduce our profitability.***

A significant portion of our outstanding debt bears interest at floating rates. As a result, to the extent we have not hedged against rising interest rates, an increase in the applicable benchmark interest rates would increase our cost of servicing our debt and could materially adversely affect our results of operations, financial condition, liquidity and cash flows.

In addition, we regularly refinance our indebtedness. If interest rates or our borrowing margins increase between the time an existing financing arrangement was consummated and the time such financing arrangement is refinanced, the cost of servicing our debt would increase and our results of operations, financial condition, liquidity and cash flows could be materially adversely affected.

***The interest rates of certain of our financing instruments are priced using a spread over LIBOR.***

The London interbank offered rate ("LIBOR"), is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in various of our financing transactions such that the interest due to the creditors pursuant to such financing transactions is calculated using LIBOR. Our term loan agreement also contains a stated minimum floor value for LIBOR.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist, or if new methods of calculating LIBOR will be established such that it continues to exist after 2021 or if replacement conventions will be developed. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities ("SOFR"). SOFR is observed and backward-looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question. As such, the future of LIBOR at this time is uncertain. At this time, due to a lack of consensus as to what rate or rates may become accepted alternatives to LIBOR, it is impossible to predict the effect of any such alternatives on our liquidity. However, if LIBOR ceases to exist, we may need to renegotiate certain of our financing agreements that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. As of December 31, 2020, we had \$5.0 billion in outstanding indebtedness tied to LIBOR. Additionally, these changes may have an impact on the value of or interest earned on any LIBOR-based marketable securities, fleet leases, loans and derivatives that are included in our financial assets and liabilities.

***An impairment of our goodwill and other indefinite-lived intangible assets could have a material impact to our results of operation.***

On an annual basis as of October 1, and at interim periods when circumstances require as a result of a triggering event, we test the recoverability of our goodwill and indefinite-lived intangible assets by performing an impairment analysis. An impairment is deemed to exist if the carrying value of goodwill or indefinite-lived intangible assets exceed their fair value as determined using level 3 inputs under the GAAP fair value hierarchy. The reviews of fair value involve judgment and estimates, including projected revenues, royalty rates and discount rates. A significant decline in either projected revenues, projected cash flows or the weighted average cost of capital used to determine fair value could result in a material impairment charge. For details of the impairment charges incurred during the year ended December 31, 2020, see Note 5, "Goodwill and Intangible Assets, Net," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

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**ITEM 1A. RISK FACTORS (Continued)*****RISKS RELATING TO HERTZ GLOBAL HOLDINGS, INC. COMMON STOCK***

***Our common stock has been delisted from trading on the NYSE, which may negatively impact the trading price of our common stock and our stockholders.***

On October 29, 2020, Hertz Global received notification from the NYSE that Hertz Global's common stock is no longer suitable for listing on the NYSE and that the NYSE suspended trading in Hertz Global's common stock after the market close on October 29, 2020. Although Hertz Global's common stock is deregistered under Section 12(b) of the Exchange Act, Hertz Global's common stock remains registered under Section 12(g) of the Exchange Act. As a result of the delisting, Hertz Global's common stock began trading exclusively on the over-the-counter market on October 30, 2020 under the symbol HTZGQ. Delisting our common stock from the NYSE may adversely impact its liquidity, impair our stockholders' ability to buy and sell our common stock, impair our ability to raise capital, and the market price of our common stock could decrease. Delisting our common stock could also adversely impact the perception of our financial condition and have additional negative ramifications, including further loss of confidence by our employees, the loss of institutional investor interest and fewer business opportunities.

***Our post-bankruptcy capital structure is yet to be determined, and any changes to our capital structure may have a material adverse effect on existing debt and security holders.***

Our post-bankruptcy capital structure has yet to be determined and will likely be set pursuant to a Chapter 11 plan that requires Bankruptcy Court approval. The reorganization of our capital structure may include exchanges of new debt or equity securities for our existing debt, equity securities, and claims against us. Such new debt may be issued at interest rates, payment schedules and maturities different than our existing debt securities. Existing equity securities are subject to a high risk of being cancelled. The success of a reorganization through any such exchanges or modifications will depend on approval by the Bankruptcy Court and the willingness of sufficient numbers of existing debt and security holders holding sufficient amounts of debt to agree to the exchange or modification, subject to the provisions of the Bankruptcy Code, and there can be no guarantee of success. If such exchanges or modifications are successful, holders of our debt or of other claims against us may find their holdings no longer have any value or are materially reduced in value, or they may be converted to equity and be diluted or may be modified or replaced by debt with a principal amount that is less than the outstanding principal amount, longer maturities and reduced interest rates. Holders of our common stock may also find that their holdings no longer have any value and face highly uncertain or no recoveries under a plan. There can be no assurance that any new debt or equity securities will maintain their value at the time of issuance. If existing debt or equity holders are adversely affected by a reorganization, it may adversely affect our ability to issue new debt or equity in the future. Although we cannot predict how the claims and interests of stakeholders in the Chapter 11 Cases, including holders of common stock, will ultimately be resolved, we expect that common stock holders will not receive a recovery through any Chapter 11 plan unless the holders of more senior claims and interests, such as secured and unsecured indebtedness (which indebtedness is currently trading at a significant discount), are paid in full. Consequently, there is a significant risk that the holders of our common stock would receive no recovery in the Chapter 11 Cases and that our common stock will be worthless.

***We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined Exchange Rules 13a-15(f). See Item 9A, "Controls and Procedures" in this 2020 Annual Report for a material weakness in our internal control over financial reporting identified by management. As a result of the material weakness, our management concluded that our internal control over financial reporting was not effective as of December 31, 2020. The assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). We are actively engaged in remediation activities designed to address the material weakness, but our remediation efforts are not complete and are ongoing. If our remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, it may materially adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner. If we are unable to report our results in a timely and accurate manner, we may not be

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**ITEM 1A. RISK FACTORS (Continued)**

able to comply with the applicable covenants in our financing arrangements, and may be required to seek additional waivers or repay amounts under these financing arrangements earlier than anticipated, which could adversely impact our liquidity and financial condition. Although we continually review and evaluate internal control systems to allow management to report on the sufficiency of our internal controls, we cannot assure you that we will not discover additional material weaknesses in our internal control over financial reporting. In 2021 when we next evaluate our internal control over financial reporting, if we identify one or more new material weaknesses or are unable to timely remediate our existing material weakness, we may be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on the price of our common stock and possibly impact our ability to obtain future financing on acceptable terms. Refer to Item 9A, "Controls and Procedures," for further details.

***Hertz Holdings is a holding company with no operations of its own and depends on its subsidiaries for cash.***

The operations of Hertz Holdings are conducted nearly entirely through its subsidiaries and its ability to generate cash to meet its debt service obligations or to pay dividends on its common stock is dependent on the earnings and the receipt of funds from its subsidiaries via dividends or intercompany loans. However, none of the subsidiaries of Hertz Holdings are obligated to make funds available to Hertz Holdings for the payment of dividends or the service of its debt. In 2020 and as a result of COVID-19 and our inability to generate cash from its subsidiaries, Hertz Holdings filed for bankruptcy and is in the process of restructuring. In addition, certain states' laws and the terms of certain of our debt agreements significantly restrict, or prohibit, the ability of Hertz and its subsidiaries to pay dividends, make loans or otherwise transfer assets to Hertz Holdings, including state laws that require dividends to be paid only from surplus. If Hertz Holdings does not receive cash from its subsidiaries, then Hertz Holdings' financial condition could be materially adversely affected.

**GENERAL RISK FACTORS*****Our global business requires a compliance program to promote organizational adherence to applicable laws and regulations.***

We have a compliance program designed to (i) identify applicable anti-bribery requirements (e.g., laws limiting commercial bribery and corruption), (ii) identify applicable anti-trust requirements (e.g., laws to prevent price fixing, contract rigging, market or customer allocations, etc.), (iii) interpret the application of such requirements, (iv) educate target audiences and (v) provide independent, ongoing compliance monitoring.

Our operations in many different countries increases the risk of a violation, or alleged violation, of the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act, other applicable anti-corruption laws and regulations, the economic sanction programs administered by the U.S. Treasury Department's Office of Foreign Assets Control and the anti-boycott regulations administered by the U.S. Department of Commerce's Office of Anti-Boycott Compliance. The failure of our program to operate as designed can result in a failure to comply with applicable laws, which could result in significant penalties or otherwise harm the Company's reputation and business. There can be no assurance that all of our employees, contractors and agents will comply with the Company's policies that mandate compliance with these laws. Violations of these laws could result in legal and regulatory sanctions, increased litigation and fines, prolonged negative publicity, diminished investor confidence, declining employee morale and other unfavorable consequences, which could have a material adverse effect on our business, results of operations, financial condition, liquidity and cash flows.

***The misuse or theft of information we possess, including as a result of cyber security breaches, could harm our brand, reputation or competitive position and give rise to material liabilities which may materially adversely affect our results of operations, financial condition, liquidity and cash flows.***

We regularly possess, process and store non-public information about millions of individuals and businesses, including both credit and debit card information and other sensitive and confidential personal information in the normal course of our business. In addition, our customers regularly transmit sensitive and confidential information to

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**ITEM 1A. RISK FACTORS (Continued)**

us via the internet and through other electronic means. Despite the security measures and compliance programs we currently maintain and monitor, our facilities and systems and those of our third-party service providers may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our facilities or systems, or those of third-parties with whom we do business, through fraud, misrepresentation, or other forms of deception. Many of the techniques used to obtain unauthorized access, including viruses, worms and other malicious software programs, are difficult to anticipate until launched against a target and we may be unable to implement adequate preventative measures. Our failure to have a comprehensive privacy program, whether as the result of our own error or the malfeasance or errors of others, could result in regulatory fines and sanctions, increased litigation, prolonged negative publicity, data breaches, declining customer confidence, loss of key customers, employee liability, shareholder derivative lawsuits and other unfavorable consequences. For example, in recent years many companies have been subject to high-profile security breaches that involved sophisticated and targeted attacks on the company's infrastructure and the compromise of non-public sensitive and confidential information. These attacks were often not recognized or detected until after the disclosure of sensitive information notwithstanding the preventive and anticipative measures the companies had maintained.

***Cyber security threats in our business environment expose us to risks.***

We encounter continuous exposure to cyber-attacks and other security threats to our information networks and systems and the information stored on those networks and systems. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, ransomware, denial-of-services attacks and other means to affect service reliability and threaten the availability, confidentiality and integrity of information. Cyber-attacks could also include phishing attempts or other methods to cause payments or information to be transmitted to an unintended recipient. Although we have implemented controls, policies and procedures designed to protect against, detect and mitigate these threats, at considerable cost, we face evolving and persistent attacks on our information infrastructure. The attempts by others to gain unauthorized access to our information technology assets are becoming more diverse and sophisticated. We monitor our obligations under and compliance with global laws requiring information security safeguards and notification in the event of a security breach, including the European Union's Global Data Protection Regulation (the "GDPR") and United States breach notification laws. We respond to potential security issues by utilizing procedures that provide for controls on detecting and addressing cyber security threats and communicating information to senior personnel and security representatives that we retain. We have also taken steps to address cyber security threats at third-parties that handle, possess, process and store our information to mitigate the potential risk to us. Such measures include contractually requiring the third-parties to maintain certain data security controls. However, because of the rapidly changing nature and sophistication of these security threats, which can be difficult to detect, there can be no assurance that our controls, policies and procedures have or will detect or prevent all of these threats, and we cannot predict the full impact of any such past or future incident. Any failure by us to effectively address, enforce and maintain our information technology infrastructure and cyber security requirements may result in substantial harm to our business, including major disruptions to business operations, loss of intellectual property, release of confidential information, malicious corruption of data, regulatory intervention and sanctions or fines, investigation and remediation costs and possible prolonged negative publicity. Although we maintain insurance coverage to address cyber security events that we believe is adequate for our business, there can be no assurance that such insurance will cover substantially all of our potential costs and expenses related to cyber security incidents that may happen in the future. In addition, privacy laws in the U.S., including the California Consumer Privacy Act (the "CCPA"), which went into effect on July 1, 2020, increasingly provide for private rights of action, with high statutory damages in the event of certain security breaches, which could increase our potential liability in the event that our information is impacted by a cyber security incident.

***We may face particular data protection, data security and privacy risks in connection with the European Union's Global Data Protection Regulation and other privacy regulations.***

Strict data privacy laws regulating the collection, transmission, storage and use of employee data and consumers' personally-identifying information are evolving in the European Union, U.S. and other jurisdictions in which we operate. The GDPR, which became effective on May 25, 2018, imposes compliance obligations for the collection, use, retention, security, processing, transfer and deletion of personally identifiable information of individuals and



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creates enhanced rights for individuals. Additionally, the CCPA expands the definition of personal information and grants, among other things, individual rights to access and delete personal information, and the right to opt out of the sale of personal information.

These changes in the legal and regulatory environments in the areas of customer and employee privacy, data security, and cross-border data flows could have a material adverse effect on our business, primarily through the impairment of our marketing and transaction processing activities, the limitation on the types of information that we may collect, process and retain, the resulting costs of complying with such legal and regulatory requirements and potential monetary forfeitures and penalties for noncompliance.

We actively monitor compliance with data protection and privacy-related laws, including with the GDPR, CCPA and upcoming legislation (in the United States and abroad), however, these laws vary depending on the jurisdiction and may create inconsistent or conflicting requirements. Such regulations may increase our compliance and administrative burden significantly and may require us to invest resources and management attention in order to update our IT systems to meet the new requirements. It is possible that we could encounter significant liability for failing to comply with any such requirements.

***Maintaining effective employee retention and talent management is critical to our success.***

We develop and maintain a talent management strategy that defines current and future talent requirements (e.g., experience, skills, location requirements, timing, etc.) based on our strategic direction, coordinated recruiting and development plans across businesses and regions and considers employee mobility, centers of excellence and shared service concepts to optimize resource plans and leverage labor arbitrage. The consequences that may result from a failure of our employee retention and talent management can include inadequate staffing levels, inability to support bankruptcy and emergence strategy, lack of key talent, declining product quality and competitive differentiation, eroding employee morale and productivity, or an inability to meet/maintain internal control, regulatory or other compliance-related requirements.

***We could face a significant withdrawal liability if we withdraw from participation in multiemployer pension plans or in the event other employers in such plans become insolvent and certain multiemployer plans in which we participate are reported to have underfunded liabilities, any of which could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows.***

We could face a significant withdrawal liability if we withdraw from participation in one or more multiemployer pension plans or in the event other employers in such plans become insolvent, any of which could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows.

We participate in various "multiemployer" pension plans. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the plan, and we would have to reflect that as an expense in our consolidated statements of operations and as a liability on our consolidated balance sheets. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. Our multiemployer plans could have significant underfunded liabilities. Such underfunding may increase in the event other employers become insolvent or withdraw from the applicable plan or upon the inability or failure of withdrawing employers to pay their withdrawal liability. In addition, such underfunding may increase as a result of lower than expected returns on pension fund assets or other funding deficiencies. The occurrence of any of these events could have a material adverse effect on our consolidated financial condition, results of operations, liquidity and cash flows. See Note 8, "Employee Retirement Benefits," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

***We are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws.***

In accordance with Section 482 and the Organization for Economic Cooperation and Development guidelines, we have established transfer pricing policies to govern our intercompany operations. Implementing transfer pricing

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**ITEM 1A. RISK FACTORS (Continued)**

policies can be extremely complex and may often require us, together with our advisors, to make subjective determinations. Many countries routinely examine transfer pricing policies of taxpayers subject to their jurisdiction, challenge transfer pricing practices aggressively where there is potential non-compliance and impose significant interest charges and penalties where non-compliance is determined.

We are subject to many forms of taxation in the jurisdictions throughout the world in which we operate, including, but not limited to, income tax, withholding tax and payroll-related taxes. Tax law and administration are extremely complex and often require us, together with our advisors, to make subjective determinations.

In addition, our estimate of tax related assets, liabilities, recoveries and expenses may incorporate significant assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions, transfer pricing policies, taxable income projections, and the benefits of various restructuring plans. To the extent that such assumptions differ from actual results, we may have to record additional income tax expenses and liabilities.

The tax authorities in the various jurisdictions where we conduct business might not agree with the determinations that we make with our advisors with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial funds to the government authorities of foreign and local jurisdictions where we carry on business which could have a material adverse effect on our results of operations, financial condition, liquidity and cash flows.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We operate vehicle rental locations at or near airports and in central business districts and suburban areas of major cities in the U.S., where our primary markets are located in the states of California, Florida, Georgia, New York and Texas which include approximately 40% of our U.S. rental locations. We also operate vehicle rental operations internationally, where our primary markets are located in Australia, France, Germany, Italy and the United Kingdom which include approximately 40% of our international rental locations.

We own approximately 5% of the locations from which we operate our vehicle rental businesses and in some cases own real property that we lease to franchisees or other third parties. The remaining locations from which we operate our vehicle rental businesses are leased or operated under concessions from governmental authorities and private entities. Our leases and concession agreements typically require minimum lease payments or minimum concession fees and often require us to pay or reimburse operating expenses, pay additional lease payments above guaranteed minimums, which are based on a percentage of revenues or sales at the relevant premises, or to do both.

We own our worldwide headquarters facility in Estero, Florida. We also own one facility in Oklahoma City, Oklahoma at which reservations for our vehicle rental operations are processed, global information technology systems are serviced and certain finance and accounting functions are performed. Additionally, we own a reservation and financial center near Dublin, Ireland, at which we have centralized our European vehicle rental reservation, customer relations, accounting and human resource functions and lease a European headquarters office in Uxbridge, England.

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**ITEM 3. LEGAL PROCEEDINGS**

Information related to the Chapter 11 Cases that were filed on May 22, 2020 is included in Note 1, "Background," to the Notes to our consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

For a description of certain pending legal proceedings, see Note 15, "Contingencies and Off-Balance Sheet Commitments," to the Notes to our consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

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**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

Set forth below are the names, ages, number of years employed by the Company as of February 22, 2021 and positions of our executive officers:

Name	Age	Number of Years Employed	Position
Paul E. Stone	50	2	President and Chief Executive Officer
Kenny K. Cheung	39	2	Executive Vice President and Chief Financial Officer
Darren R. Arrington	44	9	Executive Vice President, Revenue Management and Fleet Operations
M. David Galainena	63	1	Executive Vice President, General Counsel and Secretary
Joseph E. McPherson	54	34	Executive Vice President, North America Operations
Opal G. Perry	49	2	Executive Vice President and Chief Information Officer
Laura C. Smith	43	18	Executive Vice President, Sales, Marketing and Customer Experience
Angela I. Brav	58	1	President - Hertz International
Alexandra D. Brooks	50	—	Senior Vice President and Chief Accounting Officer

*Mr. Stone* has served as President and Chief Executive Officer and as a director of the Company since May 2020. Mr. Stone previously served as Executive Vice President and Chief Retail Operations Officer North America of the Company from March 2018 to May 2020. From November 2015 to December 2017, Mr. Stone served as the Chief Retail Officer at Cabela's Inc., an outdoor outfitter retail company. Prior to joining Cabela's Inc., Mr. Stone spent 28 years growing his career with Sam's Club, a retail warehouse subsidiary of Walmart Inc., a multinational retail corporation. His most-recent position with Sam's Club was as Senior Vice President - West Division from 2007 to 2015, where he led operations upwards of 200 locations with more than 30,000 employees.

*Mr. Cheung* has served as Executive Vice President and Chief Financial Officer of the Company since September 2020. He previously served as Executive Vice President, Chief Operational Finance and Restructuring Officer beginning in August 2020. Prior to that role, he was Senior Vice President of Global Financial Planning and Analysis and Chief Financial Officer of North America beginning in December 2018. From 2007 to 2018, Mr. Cheung held a variety of financial leadership roles with Nielsen Holdings, PLC, an information, data and measurement firm, most recently as Global Chief Audit Executive, and prior to that as a regional Chief Operating Officer after holding the position of regional Chief Financial Officer. Prior to Nielsen, Mr. Cheung worked for General Electric Company, a multinational conglomerate, in various roles across Supply Chain, Operations and Financial Planning & Analysis.

*Mr. Arrington* has served as Executive Vice President, Revenue Management & Fleet Operations of the Company since September 2020. He previously served as Senior Vice President - Fleet Management and Operations of the Company beginning in October 2013. From 2000 to 2013, Mr. Arrington was in a variety of leadership roles, including revenue management, operations and fleet planning, at Dollar Thrifty Group, which was purchased by the Company in 2012.

*Mr. Galainena* has served as Executive Vice President, General Counsel and Secretary of the Company since April 2019. Prior to joining the Company, Mr. Galainena was in private practice as a Partner at Winston & Strawn LLP, an international law firm, which he joined in 1995. Mr. Galainena has more than thirty years of private practice experience concentrating in structured finance, capital markets and general financing matters.

*Mr. McPherson* has served as Executive Vice President, North America Operations of the Company since May 2020. Mr. McPherson began his career at the Company in 1986 and has held a variety of positions and leadership roles, including General Manager, Zone Vice President and Vice President of Hertz Local Edition. Most recently, he served as Regional Vice President for the Company's U.S. Southwest Region.

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**INFORMATION ABOUT OUR EXECUTIVE OFFICERS (Continued)**

*Ms. Perry* has served as Executive Vice President and Chief Information Officer of the Company since August 2018. Ms. Perry has over 20 years of expertise in building and growing global technology organizations, leading change initiatives and managing integration activities. Prior to joining the Company, Ms. Perry served in various leadership positions at Allstate Corporation, a major insurance provider, from November 2011 to July 2018, including as Vice President of Technology and Strategic Ventures and Divisional Chief Information Officer, Claims Division, from 2016 to 2018, Interim Managing Director of Allstate Northern Ireland from 2015 to 2016, Chief Operating Officer of Allstate Technology and Strategic Ventures International from 2014 to 2016 and Vice President of Testing and Release Management from 2011 to 2014. Prior to joining Allstate, Ms. Perry served at Wells Fargo and Company, a multinational financial services company, as Vice President and Technology Area Manager of the Internet Services Group from March 2008 to November 2011 and as Technology Manager for the Home and Consumer Finance Group from February 2004 to March 2008.

*Ms. Smith* has served as Executive Vice President, Sales, Marketing and Customer Experience of the Company since December 2020 and previously served as Executive Vice President, Global Marketing and Customer Experience of the Company beginning June 2020. Ms. Smith previously served as Senior Vice President, Customer Experience of the Company from August 2019 to June 2020. Prior to this, Ms. Smith served as Vice President, Customer Experience of the Company from October 2017 to August 2019 and as Senior Director, Customer Service Excellence from February 2016 to September 2017. Ms. Smith began her career at the Company in 2003 and has held a variety of leadership positions in Operations and Marketing.

*Ms. Brav* has served as President - Hertz International for the Company since November 2019. Prior to joining the Company, Ms. Brav served as Principal and Owner at AB Consulting & Advisors, a hospitality and entrepreneurial consulting firm she founded in January 2018. From August 2011 to December 2017, Ms. Brav served as Chief Executive Officer, Europe and Northern Africa for InterContinental Hotels Group ("IHG"), a multinational hospitality company. From January 2001 to August 2011, Ms. Brav held multiple operational and strategic roles in the U.S. and Europe for IHG, including Chief Operating Officer, North America and other senior executive positions.

*Ms. Brooks* has served as Senior Vice President, Chief Accounting Officer of the Company since October 2020. She previously served as Senior Vice President, Internal Audit from June 2020 to October 2020. Prior to joining the Company, Ms. Brooks was the Vice President, Internal Audit at Aptiv PLC ("Aptiv"), a global technology company, beginning May 2015. Before joining Aptiv, Ms. Brooks was the Chief Financial Officer for Champion Windows and Home Exteriors, a home improvement company, from 2013 to 2015. Prior to that, Ms. Brooks was in a variety of leadership roles at the General Electric Company, a multinational conglomerate, including Global Controller for the Aviation segment, Executive Technical Advisor to the Corporate Audit Staff, and Global Controller for the Plastics division. Ms. Brooks also worked at the General Motors Company in a variety of finance and accounting roles. She began her career with Pricewaterhouse Coopers, a professional services firm, and is a Certified Public Accountant.

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**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

***HERTZ GLOBAL***

In June 2020, subsequent to approval from the Bankruptcy Court and pursuant to a prospectus supplement to the Registration Statement on Form S-3 declared filed and effective by the SEC in June 2019 (the "Registration Statement"), Hertz Global entered into an open market sale agreement under which it may offer and sell, from time to time, shares of its common stock, par value \$0.01 per share, having an aggregate offering price of up to \$500 million (the "ATM Program"). Prior to its suspension on June 15, 2020 and ultimate termination on June 18, 2020, Hertz Global issued 13,912,368 shares under the ATM Program for net proceeds of approximately \$28 million. See Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data" for further details.

As a result of the filing of the Chapter 11 Cases, on October 29, 2020, the NYSE informed Hertz Global that its common stock was no longer suitable for listing on the NYSE and that the NYSE suspended trading of Hertz Global common stock (NYSE ticker symbol: HTZ) after the market close on October 29, 2020. On October 30, 2020, Hertz Global common stock began trading exclusively on the over-the-counter market under the symbol "HTZGQ". Also on October 30, 2020, the NYSE applied to the SEC pursuant to Form 25 to remove the common stock of Hertz Global from listing and registration on the NYSE at the opening of business on November 10, 2020. Pursuant to Form 25, Hertz Global common stock was delisted from the NYSE on November 10, 2020. Upon deregistration of Hertz Global common stock under Section 12(b) of the Exchange Act, Hertz Global common stock remains registered under Section 12(g) of the Exchange Act. As a result of trading on the over-the-counter market, quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. As of February 22, 2021, there were 1,219 holders of record of Hertz Holdings common stock.

Hertz Holdings paid no cash dividends on its common stock in 2020 or 2019, and it does not expect to pay dividends on its common stock for the foreseeable future.

Hertz Holdings has a Board-approved share repurchase program that authorizes it to repurchase shares of its common stock through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. It does not obligate Hertz Holdings to make any repurchases at any specific time or situation. There were no shares repurchased under this program in 2020 or 2019. As of December 31, 2020, there was \$295 million available for use for repurchases under this program.

Since Hertz Holdings does not conduct business itself, it primarily funds dividends on, and repurchases of, its common stock using dividends from Hertz or amounts borrowed under the master loan agreement. The credit agreements governing Hertz's Senior Facilities, Letter of Credit Facility, Alternative Letter of Credit Facility and DIP Credit Agreement restrict Hertz's ability to make dividends and certain payments, including payments to Hertz Holdings for dividends on Hertz Holdings' common stock or for share repurchases.

***HERTZ***

There is no established public trading market for the common stock of Hertz. Rental Car Intermediate Holdings, LLC, which is wholly-owned by Hertz Holdings, owns all of the outstanding common stock of Hertz.

Hertz did not pay dividends to Hertz Holdings in 2020 or 2019. The credit agreements governing Hertz's Senior Facilities, Letter of Credit Facility, Alternative Letter of Credit Facility and DIP Credit Agreement restrict Hertz's ability to make dividends and certain payments to Hertz Holdings.

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**ITEM 6. SELECTED FINANCIAL DATA**

Not applicable.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*Hertz Global Holdings, Inc. is a holding company and its principal, wholly-owned subsidiary is The Hertz Corporation. Hertz Global consolidates Hertz for financial statement purposes, and Hertz comprises approximately the entire balance of Hertz Global's assets, liabilities and operating cash flows. In addition, Hertz's operating revenues and operating expenses comprise nearly 100% of Hertz Global's revenues and operating expenses. As such, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") that follows herein is for Hertz and also applies to Hertz Global in all material respects, unless otherwise noted. Differences between the operations and results of Hertz and Hertz Global are separately disclosed and explained. We sometimes use the words "we," "our," "us," and the "Company" in this MD&A for disclosures that relate to all of Hertz and Hertz Global.*

*The statements in this MD&A regarding industry outlook, our expectations regarding the performance of our business and the other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Item 1A, "Risk Factors." The following MD&A provides information that we believe to be relevant to an understanding of our consolidated financial condition and results of operations. Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following MD&A together with the sections entitled "Cautionary Note Regarding Forward-Looking Statements," Item 1A, "Risk Factors," and our consolidated financial statements and related notes included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."*

*In this MD&A we refer to the following non-GAAP measure and key metrics:*

- Adjusted Corporate EBITDA - important non-GAAP measure to management because it allows management to assess the operational performance of our business, exclusive of certain items, and allows management to assess the performance of the entire business on the same basis as the segment measure of profitability. Management believes that it is important to investors for the same reasons it is important to management and because it allows investors to assess our operational performance on the same basis that management uses internally. Adjusted EBITDA, the segment measure of profitability and accordingly a GAAP measure, is calculated exclusive of certain items which are largely consistent with those used in the calculation of Adjusted Corporate EBITDA.*
- Depreciation Per Unit Per Month - important key metric to management and investors as depreciation of revenue earning vehicles and lease charges is one of our largest expenses for the vehicle rental business and is driven by the number of vehicles, expected residual values at the expected time of disposal and expected hold period of the vehicles. Depreciation Per Unit Per Month is reflective of how we are managing the costs of our vehicles and facilitates a comparison with other participants in the vehicle rental industry.*
- Total Revenue Per Transaction Day ("Total RPD," also referred to as "pricing") - important key metric to management and investors as it represents a measurement of the changes in underlying pricing in the vehicle rental business and encompasses the elements in vehicle rental pricing that management has the ability to control.*
- Total Revenue Per Unit Per Month ("Total RPU") - important key metric to management and investors as it provides a measure of revenue productivity relative to the total number of vehicles in our fleet whether owned or leased ("Average Vehicles" or "fleet capacity").*
- Transaction Days - important key metric to management and investors as it represents the number of revenue generating days ("volume"). It is used as a component to measure Total RPD and Vehicle Utilization. Transaction Days represent the total number of 24-hour periods, with any partial period counted*

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period.

- *Vehicle Utilization* - important key metric to management and investors because it is the measurement of the proportion of our vehicles that are being used to generate revenues relative to fleet capacity. Higher Vehicle Utilization means more vehicles are being utilized to generate revenues.

Our non-GAAP measure and key metrics should not be considered in isolation and should not be considered superior to, or a substitute for, financial measures calculated in accordance with U.S. GAAP. The above non-GAAP measure and key metrics are defined, and the non-GAAP measure is reconciled to its most comparable U.S. GAAP measure, in the "Footnotes to the Results of Operations and Selected Operating Data by Segment Tables" section of this MD&A.

**OVERVIEW OF OUR BUSINESS AND OPERATING ENVIRONMENT**

**Impact of COVID-19 on our Business**

In March 2020, the World Health Organization declared COVID-19 a pandemic, affecting multiple global regions. The impact of this pandemic has been and will likely continue to be extensive in many aspects of society, which has resulted in, and will likely continue to result in, significant disruptions to the global economy, as well as businesses around the world. In an effort to halt the spread of COVID-19, many governments around the world placed significant restrictions on travel, individuals voluntarily reduced their air and other travel in attempts to avoid the outbreak and many businesses announced closures and imposed travel restrictions. There is continued uncertainty about the duration of the negative impact from COVID-19 and the length and scope of travel restrictions and business closures imposed by governments of impacted countries and voluntarily undertaken by private businesses.

In response to COVID-19, we began aggressively managing costs and (i) initiated a restructuring program affecting approximately 11,000 employees in our U.S. RAC segment and U.S. corporate operations; (ii) actively negotiated to abate or defer our airport rent and concession payments; (iii) substantially reduced capital expenditures; (iv) eliminated discretionary marketing spend; and (v) reduced our commitments to purchase vehicles by approximately \$4.0 billion from original commitments in our U.S. RAC segment.

Although we took aggressive action to eliminate costs, we faced significant ongoing monthly expenses, including monthly payments under our Operating Lease, pursuant to which Hertz leases vehicles which we use in our U.S. RAC rental car operations. On April 27, 2020, Hertz did not make certain payments in accordance with the Operating Lease, and as a result, an amortization event was in effect as of May 5, 2020 for all series of notes issued by HVF II and a liquidation event was in effect with respect to the Series 2013-A Notes issued by HVF II. Refer to Note 1, "Background," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for additional information on the Forbearance Agreement and Waiver Agreements which expired on May 22, 2020.

**Voluntary Petitions for Bankruptcy**

In connection with the expiration of the Forbearance Agreement and the Waiver Agreements described above and the continuing economic impact from COVID-19, on the Petition Date, the Debtors filed Petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered by the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at <https://restructuring.primeclerk.com/hertz>, a website administered by Prime Clerk. The information on this website is not incorporated by reference and does not constitute part of this 2020 Annual Report.



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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Liquidity Considerations Following the Chapter 11 Filing

Per the terms of the Interim Lease Order entered on July 24, 2020, the Debtors were directed to, among other things, (i) make \$650 million of base rent payments under the Operating Lease to the HVF trustee in the amount of six equal monthly payments of approximately \$108 million commencing in July 2020 through December 2020; (ii) dispose of at least 182,521 lease vehicles between June 1, 2020 and December 31, 2020, inclusive, where the proceeds of the dispositions, subject to certain exclusions set forth in the Interim Lease Order, were to be used to make payments under the Operating Lease; (iii) fund interest payments on the Operating Lease from draws on certain existing letters of credit, which were reimbursable by the Debtors; and (iv) suspend litigation relating to the Operating Lease until January 15, 2021 with all parties reserving all rights with respect to future litigation claims. For the period June 1, 2020 through December 31, 2020, we disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order. Also, refer to the "Liquidity and Capital Resources" section below.

On October 12, 2020, the Bankruptcy Court entered an order authorizing Hertz and Donlen to enter into certain agreements in connection with a new asset-based securitization facility with DFLF for the purposes of new interim fleet financing. On October 16, 2020, DFLF issued the Series 2020-1 Notes in an aggregate principal amount up to \$400 million pursuant to this new facility, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

On October 29, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain certain debtor-in-possession financing. In accordance with the Bankruptcy Court's order, on October 30, 2020, Hertz, as borrower, and Hertz Global and certain of its subsidiaries located in the U.S. and Canada, in each case that are debtors in these Chapter 11 Cases, as guarantors, entered into the DIP Credit Agreement. The DIP Credit Agreement provides for a superpriority secured debtor-in-possession credit facility comprised of the DIP Loans, of which (i) up to \$1.0 billion can be used as equity for new interim fleet financing, giving the Debtors the ability to replenish their vehicle fleet in the future, and (ii) up to \$800 million can be used for working capital and general corporate purposes. The DIP Loans are available in multiple draws of at least (i) \$250 million each or (ii) the remaining available commitments if such commitments are less than \$250 million. The DIP Loans bear interest at a rate of LIBOR plus 7.25% (subject to a 1.00% floor), which is reduced to LIBOR plus 6.75% upon a significant repayment of Pre-petition first lien debt. As of December 31, 2020, Hertz drew down \$250 million from the DIP Credit Agreement. Refer to Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details. On February 16, 2021, Hertz borrowed an additional \$250 million as per the minimum draw requirement of the DIP Credit Agreement.

On November 24, 2020, the Bankruptcy Court entered an order authorizing the formation of HVIF and for the Debtors to obtain interim fleet financing. In accordance with the Bankruptcy Court's order, on November 25, 2020, HVIF issued the Series 2020-1 Notes in an aggregate principal amount up to \$4.0 billion, as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

In 2020, the Bankruptcy Court approved the Lease Rejection Orders which were comprised of 359 off airport locations and 66 airport locations in our U.S. RAC segment, as further disclosed in Note 10, "Leases," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details. As a result of the Lease Rejection Orders, we have been consolidating our off airport rental locations and will continue to do so in 2021.

On January 20, 2021, the Bankruptcy Court authorized the Second Lease Order, which extended the forbearance period related to the Operating Lease to September 30, 2021, provided that the Debtors dispose of 121,510 lease vehicles, at least 113,381 of which will be non-program vehicles, and reach a minimum cumulative vehicle disposition proceeds of \$2.0 billion by September 30, 2021. Additionally, the Second Lease Order directed the Debtors to (i) have no more than 157,262 lease vehicles by September 30, 2021 and (ii) make \$756 million of base

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

rent payments under the Operating Lease to the HVF trustee in the amount of nine equal monthly payments of \$84 million commencing in January 2021 through September 2021.

On January 28, 2021, Hertz subsidiary, TCL Funding Limited Partnership, entered into the Funding LP Series 2021-A Notes which provide for aggregate maximum borrowings of CAD\$350 million on a revolving basis, subject to availability. The initial draw of CAD\$120 million was used, in part, to pay the outstanding obligations under the Funding LP Series 2015-A Notes, including any unpaid default interest, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

As a result of our actions to eliminate costs in 2020, we (i) negotiated rent concessions in the form of abatement and payment deferrals of fixed and variable rent payments for our airport and off airport locations in the amount of approximately \$300 million which substantially represents amounts previously due in 2020; (ii) reduced our revenue earning vehicle expenditures by \$8.2 billion, or 60%, in 2020 compared to 2019; (iii) reduced our non-vehicle capital asset expenditures by \$126 million, or 56%, in 2020 compared to 2019 primarily due to a reduction in information technology and finance transformation program costs; and (iv) sold approximately 308,000, or 6%, more vehicles in our U.S. RAC segment in 2020 compared to 2019 due primarily to the Interim Lease Order. We continue to review our cost structure and fleet size to align with expected rental car volumes.

**NYSE Delisting**

As a result of the filing of the Chapter 11 Cases, on October 29, 2020, the NYSE informed us that Hertz Global common stock was no longer suitable for listing on the NYSE and that the NYSE suspended trading of Hertz Global common stock (NYSE ticker symbol: HTZ) after the market close on October 29, 2020. Hertz Global common stock began trading exclusively on the over-the-counter market on October 30, 2020 under the symbol HTZGQ and was delisted from the NYSE on November 10, 2020 pursuant to Form 25. Upon deregistration of Hertz Global common stock under Section 12(b) of the Exchange Act, Hertz Global common stock remains registered under Section 12(g) of the Exchange Act.

**Our Business**

We are engaged principally in the business of renting vehicles primarily through our Hertz, Dollar and Thrifty brands. In addition to vehicle rental, we provide integrated vehicle leasing and fleet management solutions through our Donlen subsidiary, where in the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets as discussed below. Our profitability is primarily a function of the volume, mix and pricing of rental transactions and the utilization of vehicles, the related ownership cost of vehicles and other operating costs. Significant changes in the purchase price or residual values of vehicles or interest rates can have a significant effect on our profitability depending on our ability to adjust pricing for these changes. We continue to balance our mix of non-program and program vehicles based on market conditions, including residual values. Our business requires significant expenditures for vehicles, and as such, we require substantial liquidity to finance such expenditures. However, as a result of the Interim Lease Order, Hertz was directed to dispose of at least 182,521 lease vehicles between June 1, 2020 and December 31, 2020, where the proceeds from the dispositions were to be used to make payments under the Operating Lease. For the period from June 1, 2020 through December 31, 2020, we disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order. Additionally, under the Second Lease Order issued in January 2021, Hertz was directed to dispose of an additional 121,510 lease vehicles between January 1, 2021 and September 30, 2021, where the proceeds from the dispositions will be used to make payments under the Operating Lease. See the "Liquidity and Capital Resources" section of this MD&A for further information.

Our strategy includes optimization of our vehicle rental operations, disciplined performance management and evaluation of all locations and the pursuit of same-store sales growth.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Our total revenues are primarily derived from rental and related charges and consist of:

- Worldwide vehicle rental revenues - revenues from all company-operated vehicle rental operations, including charges to customers for the reimbursement of costs incurred relating to airport concession fees and vehicle license fees, the fueling of vehicles and revenues associated with value-added services, including the sale of loss or collision damage waivers, theft protection, liability and personal accident/effects insurance coverage, premium emergency roadside service and other products and fees. Also included are ancillary revenues associated with retail vehicle sales and certain royalty fees from our franchisees (such fees are less than 2% of total revenues each period); and
- All other operations revenues - revenues from vehicle leasing and fleet management services by our Donlen business and other business activities, which in the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets as discussed below.

Our expenses primarily consist of:

- Direct vehicle and operating expense ("DOE"), primarily wages and related benefits; commissions and concession fees paid to airport authorities, travel agents and others; facility, self-insurance and reservation costs; and other costs relating to the operation and rental of revenue earning vehicles, such as damage, maintenance and fuel costs;
- Depreciation expense and lease charges relating to revenue earning vehicles, including costs associated with the disposal of vehicles;
- Selling, general and administrative expense ("SG&A"), which includes costs for advertising costs and administrative personnel costs, along with information technology and finance transformation programs;
- Interest expense, net; and
- Reorganization items, net, which includes charges associated with the Chapter 11 Cases, primarily professional fees.

**Our Business Segments**

We have identified three reportable segments, which are organized based on the products and services provided by our operating segments and the geographic areas in which our operating segments conduct business, as follows:

- U.S. RAC - Rental of vehicles, as well as sales of value-added services, in the U.S.;
- International RAC - Rental and leasing of vehicles, as well as sales of value-added services, internationally; and
- All Other Operations - Comprised primarily of our Donlen business, which provides vehicle leasing and fleet management services, and other business activities. In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets. Accordingly, the Donlen Assets have been classified as held for sale in the accompanying consolidated balance sheet as of December 31, 2020. The sale is expected to close in the first quarter of 2021. See Note 3, "Divestitures," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further information.

In addition to the above reportable segments, we have Corporate operations. We assess performance and allocate resources based upon the financial information for our operating segments.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Revenue Earning Vehicles**

Revenue earning vehicles used in our rental and leasing operations are recorded at cost, net of related discounts and incentives from manufacturers. Holding periods typically range from six to thirty-six months. Also included in revenue earning vehicles are vehicles placed on our retail lots for sale or actively in the process of being sold through other disposition channels.

Program vehicles are purchased under repurchase or guaranteed depreciation programs with vehicle manufacturers wherein the manufacturers agree to repurchase vehicles at a specified price or guarantee the depreciation rate on the vehicles during established repurchase periods, subject to, among other things, certain vehicle condition, mileage and holding period requirements. Guaranteed depreciation programs guarantee the residual value of the program vehicle upon sale, subject to, among other things, certain vehicle condition, mileage and holding period requirements. Program vehicles generally provide us with flexibility to increase or reduce the size of our fleet based on market demand. When we increase the percentage of program vehicles, the average age of our fleet decreases since the average holding period for program vehicles is shorter than that for non-program vehicles.

When a revenue earning vehicle is acquired outside of a vehicle repurchase program, we estimate the period that we will hold the asset, primarily based on historical measures of the amount of rental activity (e.g., automobile mileage). We also estimate the residual value of the applicable revenue earning vehicles at the expected time of disposal, considering factors such as make, model and options, age, physical condition, mileage, sale location, time of the year and channel of disposition (e.g., auction, retail, dealer direct) and market conditions. The vehicle is depreciated using a rate based on these estimates. Depreciation rates are reviewed on a quarterly basis based on management's ongoing assessment of present and estimated future market conditions, their effect on residual values at the expected time of disposal and the estimated holding period of the vehicle. Differences between actual residual values and those estimated result in an adjustment to depreciation upon disposition of the vehicle. Our depreciation of revenue earning vehicles and lease charges also includes costs associated with the disposal of vehicles and rents paid for vehicles leased.

We dispose of our non-program vehicles via auction, dealer-direct and our retail locations. Non-program vehicles disposed of through our retail locations allow us the opportunity for value-added revenue, such as warranty, financing and title fees. We periodically review and adjust the mix between program and non-program vehicles in our fleet based on contract negotiations and the economic environment pertaining to our industry in an effort to optimize the mix of vehicles. Additionally, the use of program vehicles reduces the volatility associated with residual value estimation.

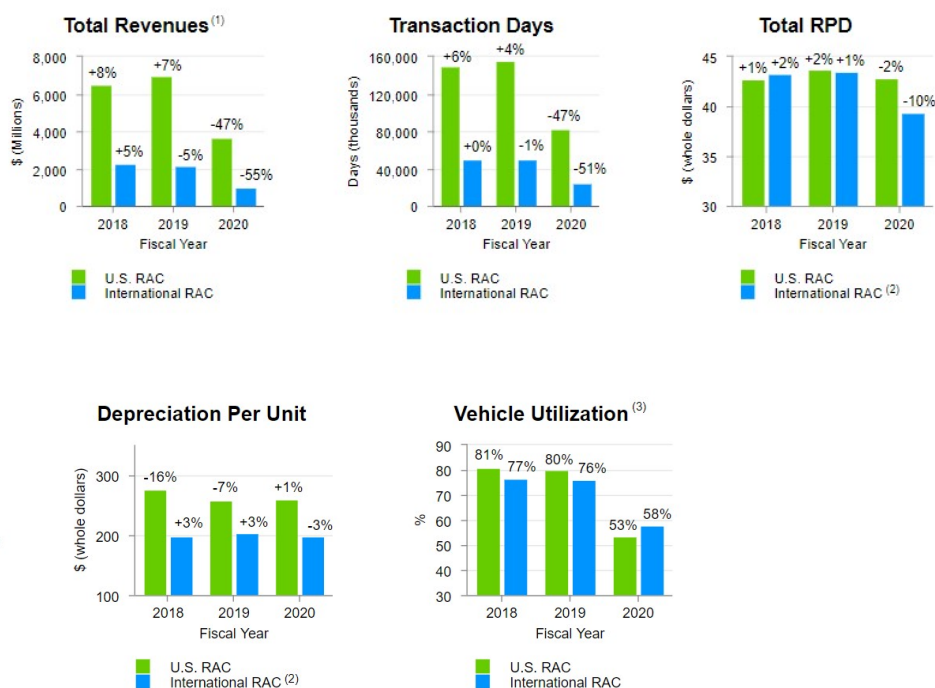
**2020 Operating Overview**

COVID-19 has caused a substantial reduction to airline travel during 2020. As a large portion of our business is generated at airport locations, these disruptions have had, and we expect it to continue to have, a material adverse impact on our results of operations until such travel returns to historic levels.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

The following charts provide several key factors influencing our results for the years ended December 31, 2020, 2019 and 2018.



(1) Includes impact of foreign currency exchange at average rates ("fx").  
 (2) Results shown are in constant currency as of December 31, 2019.  
 (3) The percentages shown in this chart reflect Vehicle Utilization versus period-over-period change.

For more information on the above, see the discussion of our results on a consolidated basis and by segment that follows herein. In this MD&A, certain amounts in the following tables are denoted as in millions. Amounts such as percentages are calculated from the underlying numbers in thousands, and as a result, may not agree to the amount when calculated from the tables in millions.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**CONSOLIDATED RESULTS OF OPERATIONS - HERTZ**

(\$ In millions)	Years Ended December 31,			Percent Increase/(Decrease)	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Total revenues	\$ 5,258	\$ 9,779	\$ 9,504	(46)%	3%
Direct vehicle and operating expenses	3,627	5,486	5,355	(34)	2
Depreciation of revenue earning vehicles and lease charges	2,032	2,565	2,690	(21)	(5)
Selling, general and administrative expenses	664	969	1,017	(31)	(5)
Interest expense, net:					
Vehicle	455	494	448	(8)	10
Non-vehicle	151	304	284	(50)	7
Interest expense, net	606	798	732	(24)	9
Intangible and other asset impairments	213	—	—	NM	—
Write-off of intercompany loan	133	—	—	NM	—
Other (income) expense, net	(9)	(59)	(40)	(85)	48
Reorganization items, net	175	—	—	NM	—
Income (loss) before income taxes	(2,183)	20	(250)	NM	NM
Income tax (provision) benefit	328	(65)	28	NM	NM
Net income (loss)	(1,855)	(45)	(222)	NM	(80)
Net (income) loss attributable to noncontrolling interests	9	(8)	2	NM	NM
Net income (loss) attributable to Hertz	\$ (1,846)	\$ (53)	\$ (220)	NM	(76)
Adjusted Corporate EBITDA <sup>(a)</sup>	\$ (995)	\$ 649	\$ 433	NM	50

Footnotes to the table above are shown at the end of the Results of Operations and Selected Operating Data by Segment section of this MD&A.

NM - Not meaningful

**Year Ended December 31, 2020 Compared with Year Ended December 31, 2019**

Total revenues decreased \$4.5 billion in 2020 compared to 2019 due to reduced demand related to the impact from COVID-19 where there were decreases of \$3.3 billion and \$1.2 billion in our U.S. RAC and International RAC segments, respectively. U.S. RAC revenues decreased due primarily to lower volume. Excluding a \$5 million impact of fx, revenues for our International RAC segment decreased \$1.2 billion also due primarily to lower volume and pricing.

DOE decreased \$1.9 billion in 2020 compared to 2019 due primarily to decreases of \$1.3 billion and \$570 million in our U.S. RAC and International RAC segments, respectively. The decrease in our U.S. RAC segment is due primarily to lower volume driven by the impact from COVID-19 on total revenues described above, lower personnel costs and other cost elimination initiatives. Excluding the \$3 million impact of fx, DOE for International RAC decreased \$573 million due primarily to lower volume driven by the impact from COVID-19 on total revenues described above and lower personnel costs due to employee furloughs and associated government support across Europe related to COVID-19.

Depreciation of revenue earning vehicles and lease charges decreased \$533 million in 2020 compared to 2019 due primarily to decreases of \$333 million and \$165 million in our U.S. RAC and International RAC segments, respectively. The decreases in our U.S. RAC and International RAC segments are due primarily to a reduction in fleet size in response to pandemic-related declines in consumer demand.

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SG&A decreased \$305 million in 2020 compared to 2019 due primarily to lower marketing costs in our U.S. and International RAC segments, lower personnel costs in our U.S. RAC segment and lower information technology and finance transformation costs in our corporate operations.

Vehicle interest expense, net decreased \$38 million in 2020 compared to 2019 due primarily to lower vehicle debt levels primarily in our U.S. RAC segment.

Non-vehicle interest expense, net decreased \$154 million in 2020 compared to 2019 due primarily to lower debt levels, lower market interest rates and the suspension of interest on certain non-vehicle debt as a result of filing the Chapter 11 Cases.

We incurred charges of \$213 million for impairment of intangible and other assets in 2020 due primarily to \$124 million impairment of technology-related intangible assets and \$69 million impairment of capitalized cloud computing implementation costs in our corporate operations due to uncertainty surrounding our financial ability to complete certain information technology projects as a result of COVID-19 and the filing of the Chapter 11 Cases. Additionally, we incurred a charge of \$20 million for impairment of the Hertz tradename in our International RAC segment as a result of our annual testing of the recoverability of our indefinite-lived intangible assets.

We incurred a charge of \$133 million in 2020 in our corporate operations resulting from the full write-off of the 2019 Master Loan with Hertz Holdings due to the filing of the Chapter 11 Cases.

Other income of \$9 million in 2020 was primarily comprised of a \$20 million gain due to additional cash received from the sale of non-vehicle capital assets, primarily offset by \$11 million in pension-related settlement charges. Other income of \$59 million in 2019 was primarily comprised of a \$30 million gain on marketable securities and a \$39 million gain on non-vehicle capital assets.

We incurred \$175 million of net reorganization charges in 2020 in our corporate operations for professional fees and other costs associated with the Chapter 11 Cases.

The effective tax rate in 2020 was 15% compared to 326% in 2019. We recorded a tax benefit of \$328 million in 2020 compared to a tax provision of \$65 million in 2019. The effective income tax rate and related tax benefit in 2020 compared to 2019 were driven by increased losses on our operations due to the effects of COVID-19, primarily offset by the impact of valuation allowances on net deferred tax assets for certain foreign and domestic jurisdictions.

**Year Ended December 31, 2019 Compared with Year Ended December 31, 2018**

Total revenues increased \$276 million in 2019 compared to 2018 due to an increase of \$459 million in our U.S. RAC segment, partially offset by a decrease of \$107 million and \$76 million in our International RAC and our All Other Operations segments, respectively. U.S. RAC revenues increased due to a 4% increase in volume and a 2% increase in Total RPD. Excluding the impact of fx, revenues for our International RAC segment were flat. The decrease in All Other Operations was due to the impact of a change in presentation for certain leased vehicles beginning in the first quarter of 2019.

DOE increased \$131 million in 2019 compared to 2018 primarily due to an increase of \$132 million and \$7 million in our U.S. RAC and International RAC segments, respectively, partially offset by a \$9 million decrease in our All Other Operations segment. The increase in U.S. RAC DOE was driven by increased volume. Excluding the \$69 million impact of fx, DOE for International RAC increased \$76 million driven primarily by an increase in vehicle-related expenses.

Depreciation of revenue earning vehicles and lease charges decreased \$125 million in 2019 compared to 2018 primarily due to a decrease of \$95 million and \$22 million in our All Other Operations and U.S. RAC segments, respectively. The decrease in our All Other Operations segment was due to the impact of a change in presentation

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for certain leased vehicles beginning in the first quarter of 2019. The decrease in our U.S. RAC segment was primarily due to our vehicle acquisition strategy and continued strength in residual values.

SG&A decreased \$47 million in 2019 compared to 2018 primarily due to a decrease in personnel-related expenses in our Corporate operations and International RAC segment and the impact from fx in our International RAC segment, partially offset by increased marketing charges in our U.S. RAC segment and increased information technology and finance transformation charges in our Corporate operations.

Vehicle interest expense, net increased \$45 million in 2019 compared to 2018 primarily due to an increase in debt levels resulting from higher average fleet primarily in our U.S. RAC segment and higher market interest rates. Additionally, there was a \$20 million loss on extinguishment of debt recorded in our International RAC segment in 2018 with no comparable charge in 2019.

Non-vehicle interest expense, net increased \$20 million in 2019 compared to 2018 primarily due to a \$43 million loss on extinguishment of debt primarily associated with the partial redemption of the Senior Second Priority Secured Notes in 2019 with no comparable charges in 2018, partially offset by lower levels of non-vehicle debt in 2019 due to net proceeds from the Rights Offering which were used to redeem the 2020 and 2021 Notes.

Other income of \$59 million in 2019 was primarily comprised of a \$30 million gain on marketable securities and a \$39 million gain on non-vehicle capital assets. Other income of \$40 million in 2018 was primarily comprised of a \$20 million gain on marketable securities, \$10 million of net pension benefit income and a \$6 million legal settlement related to an oil spill in the Gulf of Mexico in 2010.

The effective tax rate in 2019 was 326% compared to 11% in 2018. We recorded a tax provision of \$65 million in 2019 compared to a tax benefit of \$28 million in 2018. The effective income tax rate and related tax provision in 2019 are greater than 2018 due to an increase in the valuation allowance relating to losses in certain U.S. and non-U.S. jurisdictions and an increase in pretax operating results.

**CONSOLIDATED RESULTS OF OPERATIONS - HERTZ GLOBAL**

The above discussion for Hertz also applies to Hertz Global.

Hertz Global had \$2 million, \$7 million and \$7 million of interest expense, net, during 2020, 2019 and 2018, respectively, that was incremental to the amounts shown for Hertz. These amounts represent interest associated with amounts outstanding under a master loan agreement between the companies. Hertz includes this amount as interest income in its statements of operations, but this amount is eliminated in consolidation for purposes of Hertz Global. In 2020, Hertz Global had \$1 million of income tax benefit that was incremental to the amounts shown for Hertz due primarily to the \$133 million master loan write-off included in Hertz's consolidated statements of operations. In 2019, Hertz had \$2 million of tax provision that was incremental to the amounts shown for Hertz Global. In 2018, Hertz Global had \$2 million of income tax benefit that was incremental to the amounts shown for Hertz.

**RESULTS OF OPERATIONS AND SELECTED OPERATING DATA BY SEGMENT**

**U.S. Rental Car**

As of December 31, 2020, our U.S. Rental Car operations had a total of approximately 3,900 corporate and franchisee locations, comprised of 1,500 airport and 2,400 off airport locations. The approximate 7% decrease in total locations from 2019 is primarily the product of a location rationalization effort in the Chapter 11 Cases as reflected in the Lease Rejection Orders entered by the Bankruptcy Court. See Note 10, "Leases," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details.



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U.S. Rental Car operations sold approximately 308,000, 290,000 and 263,000 non-program vehicles during the years ended December 31, 2020, 2019 and 2018, respectively. In 2020, the increase in units sold was due primarily to fleet size reductions in response to pandemic-related volume declines.

Results of operations and our discussion and analysis for our U.S. RAC segment are as follows:

(\$ In millions, except as noted)	Years Ended December 31,			Percent Increase/(Decrease)	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Total revenues	\$ 3,656	\$ 6,938	\$ 6,480	(47)%	7%
Depreciation of revenue earning vehicles and lease charges	\$ 1,323	\$ 1,656	\$ 1,678	(20)	(1)
Direct vehicle and operating expenses	\$ 2,858	\$ 4,146	\$ 4,014	(31)	3
Direct vehicle and operating expenses as a percentage of total revenues	78 %	60 %	62 %		
Selling, general and administrative expenses	\$ 275	\$ 490	\$ 466	(44)	5
Selling, general and administrative expenses as a percentage of total revenues	8 %	7 %	7 %		
Vehicle interest expense	\$ 323	\$ 345	\$ 291	(6)	19
Adjusted EBITDA	\$ (791)	\$ 480	\$ 226	NM	113
Transaction Days (in thousands) <sup>(b)</sup>	82,678	155,859	149,463	(47)	4
Average Vehicles (in whole units) <sup>(c)</sup>	423,992	534,879	506,900	(21)	6
Vehicle Utilization <sup>(c)</sup>	53 %	80 %	81 %		
Total RPD (in whole dollars) <sup>(d)</sup>	\$ 42.88	\$ 43.73	\$ 42.67	(2)	2
Total RPU Per Month (in whole dollars) <sup>(e)</sup>	\$ 697	\$ 1,062	\$ 1,049	(34)	1
Depreciation Per Unit Per Month (in whole dollars) <sup>(f)</sup>	\$ 260	\$ 258	\$ 276	1	(7)
Percentage of program vehicles as of period end	2 %	11 %	9 %		

Footnotes to the table above are shown at the end of the Results of Operations and Selected Operating Data by Segment section of this MD&A.

NM - Not meaningful

**Year Ended December 31, 2020 Compared with Year Ended December 31, 2019**

Total U.S. RAC revenues decreased \$3.3 billion in 2020 compared to 2019 due primarily to lower volume. The 47% decrease in Transaction Days was driven by the impact from COVID-19 with declines in leisure and most business categories, excluding delivery services in our off airport locations where volume and pricing increased compared to 2019. Volume decreased in both our airport and off airport locations by 58% and 30%, respectively. Total RPD decreased by 2%. Off airport revenues comprised 44% of total revenues in 2020 as compared to 32% for 2019 due primarily to customer demand changes associated with COVID-19.

Depreciation of revenue earning vehicles and lease charges for U.S. RAC decreased \$333 million in 2020 compared to 2019. Average Vehicles decreased 21% due in part to a reduction in fleet size in response to pandemic-related declines in consumer demand. Depreciation Per Unit Per Month was comparable to 2019.

DOE for U.S. RAC decreased \$1.3 billion in 2020 compared to 2019 due primarily to lower volume driven by the impact from COVID-19 on total revenues described above, lower personnel costs due to an employee restructuring program that commenced in 2020 in response to COVID-19 and other cost elimination initiatives.

SG&A for U.S. RAC decreased \$215 million in 2020 compared to 2019 due primarily to lower marketing and personnel costs in response to COVID-19 and other cost elimination initiatives.

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Vehicle interest expense for U.S. RAC decreased \$22 million in 2020 compared to 2019 due primarily to lower debt levels as a result of vehicle dispositions resulting from the Interim Lease Order.

**Year Ended December 31, 2019 Compared with Year Ended December 31, 2018**

Total U.S. RAC revenues increased \$459 million in 2019 compared to 2018 due to higher volume and pricing. The 4% increase in Transaction Days was driven by growth in retail and TNC rentals. Volume increased in both our off airport and airport locations by 8% and 2%, respectively. Total RPD increased by 2%. Off airport revenues comprised 32% of total revenues in 2019 as compared to 31% for 2018.

Depreciation of revenue earning vehicles and lease charges for U.S. RAC decreased by \$22 million in 2019 compared to 2018. Net Depreciation Per Unit Per Month decreased to \$258 in 2019 compared to \$276 in 2018 primarily due to our vehicle acquisition strategy and continued strength in residual values.

DOE for U.S. RAC increased \$132 million in 2019 compared to 2018 driven by volume, partially offset by a decrease in other non-vehicle related charges.

SG&A for U.S. RAC increased \$23 million in 2019 compared to 2018 primarily due to increased marketing charges; SG&A as a percentage of revenues was flat year over year.

Vehicle interest expense for U.S. RAC increased \$54 million in 2019 compared to 2018 primarily due to higher average fleet and higher market interest rates.

**International Rental Car**

As of December 31, 2020, our international vehicle rental operations had approximately 8,100 corporate and franchisee locations, comprised of 2,000 airport and 6,100 off airport locations in approximately 160 countries and regions including the countries of Australia, Canada, New Zealand, and in the regions of Africa, Asia, the Caribbean, Europe, Latin America and the Middle East.

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Results of operations and our discussion and analysis for our International RAC segment are as follows:

(\$ In millions, except as noted)	Years Ended December 31,			Percent Increase/(Decrease)	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Total revenues	\$ 972	\$ 2,169	\$ 2,276	(55)%	(5)%
Depreciation of revenue earning vehicles and lease charges	\$ 274	\$ 440	\$ 448	(38)	(2)
Direct vehicle and operating expenses	\$ 742	\$ 1,312	\$ 1,306	(43)	—
Direct vehicle and operating expenses as a percentage of total revenues	76 %	61 %	57 %		
Selling, general and administrative expenses	\$ 180	\$ 221	\$ 248	(19)	(11)
Selling, general and administrative expenses as a percentage of total revenues	19 %	10 %	11 %		
Vehicle interest expense	\$ 86	\$ 97	\$ 114	(11)	(15)
Adjusted EBITDA	\$ (248)	\$ 147	\$ 231	NM	(36)
Transaction Days (in thousands) <sup>(b)</sup>	24,621	50,139	50,417	(51)	(1)
Average Vehicles (in whole units) <sup>(c)</sup>	116,348	180,723	180,400	(36)	—
Vehicle Utilization <sup>(c)</sup>	58 %	76 %	77 %		
Total RPD (in whole dollars) <sup>(d)</sup>	\$ 39.32	\$ 43.45	\$ 43.21	(10)	1
Total RPU Per Month (in whole dollars) <sup>(e)</sup>	\$ 693	\$ 1,005	\$ 1,006	(31)	—
Net Depreciation Per Unit Per Month (in whole dollars) <sup>(f)</sup>	\$ 197	\$ 204	\$ 198	(3)	3
Percentage of program vehicles as of period end	28 %	38 %	37 %		

Footnotes to the table above are shown at the end of the Results of Operations and Selected Operating Data by Segment section of this MD&A.

NM - Not meaningful

**Year Ended December 31, 2020 Compared with Year Ended December 31, 2019**

Total revenues for International RAC decreased \$1.2 billion in 2020 compared to 2019 due to lower volume and pricing. Transaction Days decreased 51% and Total RPD decreased 10%. Excluding a \$5 million fx impact, revenues decreased \$1.2 billion due to lower volume and pricing, primarily in Europe, across all leisure and business categories driven by the impact of COVID-19.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased \$165 million in 2020 compared to 2019, where the fx impact was immaterial. Average Vehicles for International RAC decreased 36% due to downsizing the fleet as a result of COVID-19. Depreciation Per Unit Per Month for International RAC decreased to \$197 from \$204 for 2020 versus 2019.

DOE for International RAC decreased \$570 million in 2020 compared to 2019. Excluding a \$3 million fx impact, DOE decreased \$573 million due primarily to lower volume driven by the impact from COVID-19 on total revenues described above and lower personnel costs due to employee furloughs and associated government support across Europe related to COVID-19.

SG&A for International RAC decreased \$41 million in 2020 compared to 2019. Excluding a \$9 million fx impact, SG&A decreased \$51 million due primarily to lower marketing and facility costs.

Vehicle interest expense for International RAC decreased \$11 million in 2020 compared to 2019 due primarily to downsizing the fleet as a result of COVID-19 market conditions.

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**Year Ended December 31, 2019 Compared with Year Ended December 31, 2018**

Total revenues for International RAC decreased \$107 million in 2019 compared to 2018. Excluding a \$108 million fx impact, revenues were flat.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased \$8 million in 2019 compared to 2018. Excluding a \$22 million fx impact, depreciation increased \$14 million, or 3%. Depreciation Per Unit Per Month for International RAC increased to \$205 from \$199 for 2019 versus 2018 due in part to a richer fleet mix in Europe in 2019 versus 2018 and declining residual values year over year.

DOE for International RAC increased \$7 million in 2019 compared to 2018. Excluding a \$69 million fx impact, DOE increased \$76 million, or 6%, primarily driven by vehicle-related expenses.

SG&A for International RAC decreased \$27 million in 2019 compared to 2018 due in part to a \$12 million fx impact and a decrease in personnel-related expenses.

Vehicle interest expense for International RAC decreased \$17 million in 2019 compared to 2018 primarily due to a \$20 million loss on extinguishment of debt associated with the redemption of the 4.375% European Vehicle Senior Notes in 2018.

**All Other Operations**

The All Other Operations segment is primarily comprised of our Donlen business, as such, our discussion is limited to Donlen. In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell the Donlen Assets. The sale is expected to close in the first half of 2021. See Note 3, "Divestitures," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details.

Results of operations for this segment are as follows:

(\$ In millions)	Years Ended December 31,			Percent Increase/(Decrease)	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Total revenues	\$ 630	\$ 672	\$ 748	(6)%	(10)%
Depreciation of revenue earning vehicles and lease charges	\$ 435	\$ 469	\$ 564	(7)	(17)
Direct vehicle and operating expenses	\$ 27	\$ 28	\$ 37	(4)	(24)
Selling, general and administrative expenses	\$ 20	\$ 35	\$ 37	(43)	(6)
Vehicle interest expense	\$ 46	\$ 52	\$ 43	(11)	19
Adjusted EBITDA	\$ 93	\$ 100	\$ 82	(7)	22
Average Vehicles - Donlen	192,900	210,000	188,100	(8)	12

In 2020 compared to 2019, the impact of COVID-19 on our Donlen business was less severe than our car rental operations, where revenues and Adjusted EBITDA decreased 6% and 7% as compared to 2019, respectively.

Donlen had favorable results in 2019 compared to 2018. Lower year-over-year revenue and depreciation of revenue earning vehicles and lease charges were driven by the impact of a change in presentation for certain leased vehicles in 2019 versus 2018. Excluding the \$79 million reduction in revenues from the change in presentation in 2019 and the \$53 million benefit in 2018 of vehicles leased under sales-type leases, revenue grew 8%. The

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increase in overall average vehicles in 2019 as compared to 2018 is due to new customer acquisitions and growth in the existing customer portfolio.

**Footnotes to the Results of Operations and Selected Operating Data by Segment Tables**

(a) Adjusted Corporate EBITDA is calculated as net income (loss) attributable to Hertz or Hertz Global, adjusted for income taxes; non-vehicle depreciation and amortization; non-vehicle debt interest, net; vehicle debt-related charges; loss on extinguishment of vehicle debt; restructuring and restructuring related charges; goodwill, intangible and tangible asset impairments and write-downs; intercompany loan write-offs; information technology and finance transformation costs; reorganization items, net; pre-reorganization items and non-debtor financing charges; and certain other miscellaneous items. When evaluating our operating performance, investors should not consider Adjusted Corporate EBITDA in isolation of, or as a substitute for, measures of our financial performance determined in accordance with U.S. GAAP. The reconciliations to the most comparable consolidated U.S. GAAP measure are presented below:

**HERTZ**

<b>(In millions)</b>	<b>Years Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net income (loss) attributable to Hertz	\$ (1,846)	\$ (53)	\$ (220)
Adjustments:			
Income tax provision (benefit)	(328)	65	(28)
Non-vehicle depreciation and amortization	225	203	218
Non-vehicle debt interest, net	151	304	284
Vehicle debt-related charges <sup>(1)</sup>	50	38	36
Loss on extinguishment of vehicle debt <sup>(2)</sup>	5	—	22
Restructuring and restructuring related charges <sup>(3)</sup>	64	14	32
Intangible and other asset impairment <sup>(4)</sup>	213	—	—
Write-off of intercompany loan <sup>(5)</sup>	133	—	—
Information technology and finance transformation costs <sup>(6)</sup>	42	114	98
Reorganization items, net <sup>(7)</sup>	175	—	—
Pre-reorganization and non-debtor financing charges <sup>(8)</sup>	109	—	—
Other items <sup>(9)</sup>	12	(36)	(9)
Adjusted Corporate EBITDA	<u>\$ (995)</u>	<u>\$ 649</u>	<u>\$ 433</u>

**HERTZ GLOBAL**

<b>(In millions)</b>	<b>Years Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net income (loss) attributable to Hertz Global	\$ (1,714)	\$ (58)	\$ (225)
Adjustments:			
Income tax provision (benefit)	(329)	63	(30)
Non-vehicle depreciation and amortization	225	203	218
Non-vehicle debt interest, net	153	311	291
Vehicle debt-related charges <sup>(1)</sup>	50	38	36
Loss on extinguishment of vehicle debt <sup>(2)</sup>	5	—	22
Restructuring and restructuring related charges <sup>(3)</sup>	64	14	32
Intangible and other asset impairment <sup>(4)</sup>	213	—	—
Information technology and finance transformation costs <sup>(6)</sup>	42	114	98
Reorganization items, net <sup>(7)</sup>	175	—	—
Pre-reorganization and non-debtor financing charges <sup>(8)</sup>	109	—	—
Other items <sup>(9)</sup>	12	(36)	(9)
Adjusted Corporate EBITDA	<u>\$ (995)</u>	<u>\$ 649</u>	<u>\$ 433</u>

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- (1) Represents vehicle debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.
  - (2) In 2020, represents a \$5 million write-off of deferred financing costs resulting from the European ABS waiver agreements. In 2018, primarily represents \$20 million of early redemption premium and write-off of deferred financing costs associated with the full redemption of the 4.375% European Vehicle Senior Notes due January 2019.
  - (3) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives. In 2018, also includes consulting costs, legal fees and other expenses related to the previously disclosed accounting review and investigation.
  - (4) In 2020, represents a \$193 million impairment of technology-related intangible and other assets and a \$20 million impairment of the Hertz tradename, as disclosed in Note 5, "Goodwill and Intangible Assets, Net," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.
  - (5) In 2020, represents the write-off of the 2019 Master Loan between Hertz and Hertz Holdings.
  - (6) Represents costs associated with our information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and modernize our systems and processes.
  - (7) In 2020, represents charges incurred associated with the filing of the Chapter 11 Cases, as described in Note 20, "Reorganization Items, Net," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.
  - (8) In 2020, represents charges incurred prior to the filing of the Chapter 11 Cases, which are comprised of preparation charges for the reorganization, such as professional fees. Also includes certain non-debtor financing and professional fee charges.
  - (9) Represents miscellaneous items, including non-cash stock-based compensation charges. In 2020, also includes \$16 million associated with the Donlen Asset Sale, partially offset by \$18 million for losses associated with certain vehicle damages. In 2019, also includes a \$30 million gain on marketable securities and a \$39 million gain on the sale of non-vehicle capital assets. In 2018, also includes a \$20 million gain on marketable securities and a \$6 million legal settlement received related to an oil spill in the Gulf of Mexico in 2010.
- (b) Transaction Days represent the total number of 24-hour periods, with any partial period counted as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period.
- (c) Average Vehicles are determined using a simple average of the number of vehicles at the beginning and end of a given period. Among other things, Average Vehicles is used to calculate our Vehicle Utilization which represents the portion of our vehicles that are being utilized to generate revenue. Vehicle Utilization is calculated by dividing total Transaction Days by Available Car Days. The calculation of Vehicle Utilization is shown in the table below:

	U.S. Rental Car			International Rental Car		
	Years Ended December 31,					
	2020	2019	2018	2020	2019	2018
Transaction Days (in thousands)	82,678	155,859	149,463	24,621	50,139	50,417
Average Vehicles (in whole units)	423,992	534,879	506,900	116,348	180,723	180,400
Number of days in period (in whole units)	366	365	365	366	365	365
Available Car Days (in thousands)	155,181	195,231	185,019	42,583	65,964	65,846
Vehicle Utilization	53 %	80 %	81 %	58 %	76 %	77 %

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- (d) Total RPD is calculated as total revenues less ancillary retail vehicle sales revenues, with all periods adjusted to eliminate the effect of fluctuations in foreign currency exchange rates ("Total Rental Revenues"), divided by the total number of Transaction Days. Our management believes eliminating the effect of fluctuations in foreign currency exchange rates is useful in analyzing underlying trends. The calculation of Total RPD is shown below:

(\$ in millions, except as noted)	U.S. Rental Car			International Rental Car		
	Years Ended December 31,					
	2020	2019	2018	2020	2019	2018
Total Revenues	\$ 3,656	\$ 6,938	\$ 6,480	\$ 972	\$ 2,169	\$ 2,276
Ancillary retail vehicle sales revenues	(111)	(122)	(102)	—	—	—
Foreign currency adjustment <sup>(1)</sup>	—	—	—	(5)	11	(98)
Total Rental Revenues	\$ 3,545	\$ 6,816	\$ 6,378	\$ 967	\$ 2,180	\$ 2,178
Transaction Days (in thousands)	82,678	155,859	149,463	24,621	50,139	50,417
Total RPD (in whole dollars)	\$ 42.88	\$ 43.73	\$ 42.67	\$ 39.32	\$ 43.45	\$ 43.21

(1) Based on December 31, 2019 foreign currency exchange rates for all periods presented.

- (e) Total RPU Per Month is calculated as Total Rental Revenues divided by the Average Vehicles in each period and then divided by the number of months in the period reported. The calculation of Total RPU Per Month is shown below:

(\$ in millions, except as noted)	U.S. Rental Car			International Rental Car		
	Years Ended December 31,					
	2020	2019	2018	2020	2019	2018
Total Rental Revenues	\$ 3,545	\$ 6,816	\$ 6,378	\$ 967	\$ 2,180	\$ 2,178
Average Vehicles (in whole units)	423,992	534,879	506,900	116,348	180,723	180,400
Total revenue per unit (in whole dollars)	\$ 8,361	\$ 12,743	\$ 12,582	\$ 8,311	\$ 12,063	\$ 12,073
Number of months in period (in whole units)	12	12	12	12	12	12
Total RPU Per Month (in whole dollars)	\$ 697	\$ 1,062	\$ 1,049	\$ 693	\$ 1,005	\$ 1,006

- (f) Depreciation Per Unit Per Month represents the amount of average depreciation expense and lease charges, per vehicle per month and is calculated as depreciation of revenue earning vehicles and lease charges, with all periods adjusted to eliminate the effect of fluctuations in foreign currency exchange rates, divided by the Average Vehicles in each period and then dividing by the number of months in the period reported. Our management believes eliminating the effect of fluctuations in foreign currency exchange rates is useful in analyzing underlying trends. The calculation of Depreciation Per Unit Per Month is shown below:

(\$ in millions, except as noted)	U.S. Rental Car			International Rental Car		
	Years Ended December 31,					
	2020	2019	2018	2020	2019	2018
Depreciation of revenue earning vehicles and lease charges	\$ 1,323	\$ 1,656	\$ 1,678	\$ 274	\$ 440	\$ 448
Foreign currency adjustment <sup>(1)</sup>	—	—	—	1	3	(19)
Adjusted depreciation of revenue earning vehicles and lease charges	\$ 1,323	\$ 1,656	\$ 1,678	\$ 275	\$ 443	\$ 429
Average Vehicles (in whole units)	423,992	534,879	506,900	116,348	180,723	180,400
Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	\$ 3,120	\$ 3,096	\$ 3,310	\$ 2,364	\$ 2,451	\$ 2,378
Number of months in period (in whole units)	12	12	12	12	12	12
Depreciation Per Unit Per Month (in whole dollars)	\$ 260	\$ 258	\$ 276	\$ 197	\$ 204	\$ 198

(1) Based on December 31, 2019 foreign currency exchange rates for all periods presented.

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**LIQUIDITY AND CAPITAL RESOURCES**

Our U.S. and international operations are funded by cash provided by operating activities and by extensive financing arrangements maintained by us in the U.S. and internationally.

As of December 31, 2020, we had \$1.1 billion of unrestricted cash and unrestricted cash equivalents and \$383 million of restricted cash and restricted cash equivalents. As of December 31, 2020, \$479 million of unrestricted cash and unrestricted cash equivalents and \$60 million of restricted cash and restricted cash equivalents were held by our subsidiaries outside of the U.S. As a result of the impact of COVID-19 discussed above, we changed our indefinite reinvestment assertion with respect to our non-U.S. earnings, and if not in the form of loan repayments or subject to favorable tax treaties, repatriation of some of these funds under current regulatory and tax law for use in domestic operations could expose us to additional cash taxes.

**Liquidity Considerations Related to COVID-19**

As discussed above, the outbreak of COVID-19 has spread across the globe, resulting in a global economic slowdown and disruptions of travel and other industries, all of which are continuing to negatively impact our business and industry. In addition, COVID-19 has resulted in our employees, contractors, suppliers, customers and other business partners being prevented from conducting normal business activities temporarily or for an indefinite period of time. This was largely caused by shutdowns that were initially requested or mandated by governmental authorities. Additionally, individuals voluntarily reduced travel in attempts to avoid the outbreak.

Although we took aggressive action to eliminate costs, we faced significant ongoing monthly expenses, including monthly payments under our Operating Lease, pursuant to which Hertz leases vehicles which we use in our U.S. rental car operations. On April 27, 2020, Hertz did not make certain payments in accordance with the Operating Lease, and as a result, an amortization event was in effect as of May 5, 2020 for all series of notes issued by HVF II and a liquidation event was in effect with respect to the Series 2013-A Notes issued by HVF II. Refer to Note 1, "Background," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for additional information on the Forbearance Agreement and Waiver Agreements which expired on May 22, 2020.

**Voluntary Petitions for Bankruptcy**

In connection with the expiration of the Forbearance Agreement and the Waiver Agreements described above and the continuing economic impact from COVID-19, on May 22, 2020, the Debtors filed Petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered by the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at <https://restructuring.primeclerk.com/hertz>, a website administered by Prime Clerk. The information on this website is not incorporated by reference and does not constitute part of this 2020 Annual Report.

In May 2020, the Bankruptcy Court approved motions filed by the Debtors that were designed primarily to mitigate the impact of the Chapter 11 Cases on our operations, customers and employees. The Debtors are authorized to conduct business activities in the ordinary course, and pursuant to orders entered by the Bankruptcy Court, the Debtors are authorized to, among other things and subject to the terms and conditions of such orders (i) pay employees' wages and related obligations; (ii) pay certain taxes; (iii) pay critical vendors and certain fees to airport authorities and provide adequate protection; (iv) continue to maintain certain customer programs; (v) maintain insurance programs; (vi) use certain cash collateral on an interim basis; (vii) honor certain obligations to franchisees; and (viii) maintain existing cash management systems.

**Borrowing Capacity and Availability**

The filing of the Chapter 11 Cases constituted defaults, termination events and/or amortization events with respect to certain of our existing debt obligations. As a result of the filing of the Chapter 11 Cases, the remaining capacity



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under almost all of our revolving credit facilities was terminated, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report. Consequently, the sales proceeds from vehicles which serve as collateral for such vehicle finance facilities must be applied to the payment of the related indebtedness of the Non-Debtor Financing Subsidiaries and are not otherwise available to fund our operations. Additionally, we are precluded from accessing any of our subordinated investment in the vehicle collateral until the related defaults are waived or the third party funding under those facilities has been retired, either through the monetization of the underlying collateral or the refinancing of the related indebtedness. Proceeds from vehicle receivables, excluding manufacturer rebates, as of December 31, 2020 and ongoing vehicle sales must be applied to vehicle debt in amortization.

Per the terms of the Interim Lease Order entered on July 24, 2020, the Debtors were directed to, among other things, (i) make \$650 million of base rent payments under the Operating Lease to the HVF trustee in the amount of six equal monthly payments of approximately \$108 million commencing in July 2020 through December 2020; (ii) dispose of at least 182,521 lease vehicles between June 1, 2020 and December 31, 2020, inclusive, where the proceeds of the dispositions, subject to certain exclusions set forth in the Interim Lease Order, were to be used to make payments under the Operating Lease; (iii) fund interest payments on the Operating Lease from draws on certain existing letters of credit, which were reimbursable by the Debtors; and (iv) suspend litigation relating to the Operating Lease until January 15, 2021 with all parties reserving all rights with respect to future litigation claims. For the period from June 1, 2020 through December 31, 2020, we disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order.

On October 12, 2020, the Bankruptcy Court entered an order authorizing Hertz and Donlen to enter into certain agreements in connection with DFLF. On October 16, 2020, DFLF issued the Series 2020-1 Notes to offset funding needs created by the amortization of the HFLF Variable Funding Notes, where DFLF will fund lease originations going forward. As of December 31, 2020, DFLF has access to up to \$400 million of available funding, subject to certain conditions, and \$250 million of committed funding available which increases by a minimum of \$50 million per month, subject to the payment of incremental up-front fees, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

On October 29, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain certain debtor-in-possession financing. In accordance with the Bankruptcy Court's order, on October 30, 2020, Hertz, as borrower, and Hertz Global and certain of its subsidiaries located in the U.S. and Canada, in each case that are debtors in these Chapter 11 Cases, as guarantors, entered into the DIP Credit Agreement. The DIP Credit Agreement provides for DIP Loans in an aggregate amount of up to \$1.65 billion, of which (i) up to \$1.0 billion can be used as equity for new interim fleet financing, giving the Debtors the ability to replenish their vehicle fleet in the future, and (ii) up to \$800 million can be used for working capital and general corporate purposes. The DIP Loans are available in multiple draws of at least (i) \$250 million each or (ii) the remaining available commitments if such commitments are less than \$250 million. The DIP Loans bear interest at a rate of LIBOR plus 7.25% (subject to a 1.00% floor), which is reduced to LIBOR plus 6.75% upon a significant repayment of Pre-petition first lien debt. As of December 31, 2020, we drew \$250 million from the DIP Credit Agreement. Refer to Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further details. On February 16, 2021, Hertz borrowed an additional \$250 million as per the minimum draw requirement of the DIP Credit Agreement.

On November 24, 2020, the Bankruptcy Court entered an order authorizing the formation of HVIF and for the Debtors to obtain interim fleet financing. In accordance with the Bankruptcy Court's order, on November 25, 2020, HVIF issued the Series 2020-1 Notes in an aggregate principal amount up to \$4.0 billion, as further described in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

In 2020, the Bankruptcy Court entered the Lease Rejection Orders which applied, in the aggregate, to 359 off airport and 66 airport locations in our U.S. RAC segment, as further disclosed in Note 10, "Leases," to the Notes to

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our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

On January 20, 2021, the Bankruptcy Court authorized the Second Lease Order, which extended the forbearance period related to the Operating Lease to September 30, 2021, provided that the Debtors dispose of 121,510 lease vehicles, at least 113,381 of which will be non-program vehicles, and reach a minimum cumulative vehicle disposition proceeds of \$2.0 billion by September 30, 2021. Additionally, the Second Lease Order directed the Debtors to (i) have no more than 157,262 lease vehicles by September 30, 2021 and (ii) make \$756 million of base rent payments under the Operating Lease to the HVF trustee in the amount of nine equal monthly payments of \$84 million commencing in January 2021 through September 2021.

On January 28, 2021, Hertz subsidiary, TCL Funding Limited Partnership, entered into the Funding LP Series 2021-A Notes which provide for aggregate maximum borrowings of CAD\$350 million on a revolving basis, subject to availability. The initial draw of CAD\$120 million was used, in part, to pay the outstanding obligations under the Funding LP Series 2015-A Notes, including any unpaid default interest, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

Our inability to retain any proceeds from the sale of vehicles under our U.S. ABS programs means that our sources of liquidity are primarily our unrestricted cash and unrestricted cash equivalents on hand, cash generated from our operations and availability under our DIP Credit Agreement. As of December 31, 2020, we had \$1.1 billion of unrestricted cash and unrestricted cash equivalents and approximately \$1.1 billion of availability under the DIP Credit Agreement, net of the \$275 million minimum liquidity requirement, for a total liquidity of \$2.2 billion which we believe will be sufficient to fund our operations through approximately December 31, 2021, assuming we do not experience any unforeseen liquidity needs before then, which could result in the utilization of the liquidity in advance of December 31, 2021.

We currently have waivers related to the filing of the Chapter 11 Cases under our European ABS and U.K. Fleet Financing facility that are currently set to expire on March 5, 2021, as disclosed in Note 6, "Debt," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

As a result of our actions to eliminate costs in 2020, we (i) negotiated rent concessions in the form of abatement and payment deferrals of fixed and variable rent payments for our airport and off airport locations in the amount of approximately \$300 million which substantially represents amounts previously due in 2020; (ii) reduced our revenue earning vehicle expenditures by \$8.2 billion, or 60%, in 2020 compared to 2019; (iii) reduced our non-vehicle capital asset expenditures by \$126 million, or 56%, in 2020 compared to 2019; and (iv) sold 308,000, or 6%, more vehicles in our U.S. RAC segment in 2020 compared to 2019 due primarily to the Interim Lease Order. We continue to review our cost structure and fleet size to align with expected rental car volumes.

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**Cash Flows - Hertz**

As of December 31, 2020 and 2019, Hertz had unrestricted cash and unrestricted cash equivalents of \$1.1 billion and \$865 million, respectively, and restricted cash and restricted cash equivalents of \$383 million and \$495 million, respectively. The following table summarizes the net change in cash, cash equivalents, restricted cash and restricted cash equivalents for the periods shown:

(In millions)	Years Ended December 31,			2020 vs. 2019	2019 vs. 2018
	2020	2019	2018	\$ Change	\$ Change
Cash provided by (used in):					
Operating activities	\$ 956	\$ 2,907	\$ 2,563	\$ (1,951)	\$ 344
Investing activities	4,591	(4,425)	(4,197)	9,016	(228)
Financing activities	(5,403)	1,467	1,554	(6,870)	(87)
Effect of exchange rate changes	46	1	(14)	45	15
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 190	\$ (50)	\$ (94)	\$ 240	\$ 44

***Year ended December 31, 2020 compared with year ended December 31, 2019***

In 2020, cash flows from operating activities decreased by \$2.0 billion year over year due primarily to the \$1.8 billion change in net loss driven by the impact of COVID-19 discussed above, partially offset by the associated reduction of \$331 million in working capital requirements.

Our primary investing activities relate to the acquisition and disposal of revenue earning vehicles. However, Hertz disposed of approximately 198,000 lease vehicles between June 1, 2020 and December 31, 2020, pursuant to or otherwise in satisfaction of our vehicle disposition obligations under the Interim Lease Order, where the proceeds from the dispositions were used to make payments under the Operating Lease. There was a \$9.0 billion decrease in the use of cash for investing activities year over year. Cash outflows for revenue earning vehicles decreased \$8.2 billion as we reduced our commitments to purchase vehicles, primarily in our U.S. RAC segment, due to the impact from COVID-19 and a \$612 million increase of cash proceeds from disposals of revenue earning vehicles as we accelerated the disposition of vehicles due to the Interim Lease Order.

Net financing cash outflows were \$5.4 billion in 2020 compared to cash inflows of \$1.5 billion in 2019 primarily due to a \$8.5 billion reduction in vehicle debt borrowings as we reduced our commitments to purchase vehicles, partially offset by a \$1.7 billion reduction in non-vehicle repayments, net of new borrowings, primarily resulting from the Chapter 11 Cases.

***Year ended December 31, 2019 compared with year ended December 31, 2018***

In 2019, cash flows from operating activities, adjusted for non-cash, non-operating items and the net impact from operating leases, decreased by \$111 million year over year due to a decrease in accrued liabilities for operational expenses, partially offset by an increase in cash primarily due to the timing of value added tax receivables in our International RAC segment.

Our primary investing activities relate to the acquisition and disposal of revenue earning vehicles. There was a \$228 million increase in the use of cash for investing activities year over year. Net cash outflows for revenue earning vehicles increased \$187 million primarily due to a higher volume of vehicles acquired, net of disposals in our International RAC segment. Additionally, there was a \$71 million increase in net cash outflows for the purchase of non-vehicle capital assets primarily in our corporate operations for our information technology and finance transformation programs.

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Net financing cash inflows were \$1.5 billion in 2019 compared to \$1.6 billion in 2018 driven by a reduction in net vehicle debt borrowings. Net proceeds from the Rights Offering in 2019 were used to redeem non-vehicle debt resulting in a \$702 million increase in net non-vehicle debt repayments.

**Cash Flows - Hertz Global**

As of December 31, 2020 and 2019, Hertz Global had unrestricted cash and unrestricted cash equivalents of \$1.1 billion and \$865 million, respectively, and restricted cash and restricted cash equivalents of \$411 million and \$495 million, respectively. The following table summarizes the net change in cash, cash equivalents, restricted cash and restricted cash equivalents for Hertz Global for the periods shown:

(In millions)	Years Ended December 31,			2020 vs. 2019	2019 vs. 2018
	2020	2019	2018	\$ Change	\$ Change
<b>Cash provided by (used in):</b>					
Operating activities	\$ 953	\$ 2,900	\$ 2,556	\$ (1,947)	\$ 344
Investing activities	4,591	(4,425)	(4,197)	9,016	(228)
Financing activities	(5,372)	1,474	1,561	(6,846)	(87)
Effect of exchange rate changes	46	1	(14)	45	15
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 218</u>	<u>\$ (50)</u>	<u>\$ (94)</u>	<u>\$ 268</u>	<u>\$ 44</u>

Fluctuations in operating, investing and financing cash flows from period to period are due to the same factors as those disclosed for Hertz above, with the exception of any cash inflows or outflows related to the master loan agreement between Hertz and Hertz Global and proceeds from the issuance of stock under the ATM Program as disclosed in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report.

**Financing**

Refer to Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data" for information on our outstanding debt obligations and our borrowing capacity and availability under our revolving credit facilities as of December 31, 2020. Cash paid for interest during 2020 was \$109 million for interest on non-vehicle debt and \$335 million for interest on vehicle debt. Cash paid for interest during 2019 was \$272 million for interest on non-vehicle debt and \$431 million for interest on vehicle debt. The \$163 million reduction in non-vehicle debt interest is primarily due to suspending interest payments on certain debt due to the filing of the Chapter 11 Cases.

Our corporate liquidity, which excludes unused commitments under our vehicle debt, was as follows:

(In millions)	As of December 31, 2020	As of December 31, 2019
Cash and cash equivalents	\$ 1,096	\$ 865
Availability under the Senior RCF	—	526
Corporate liquidity	<u>\$ 1,096</u>	<u>\$ 1,391</u>

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Significant financing activities during the year ended December 31, 2020 for our non-vehicle and vehicle debt, including the issuance of equity, were as follows:

**ATM Program**

In June 2020, subsequent to approval from the Bankruptcy Court and pursuant to a prospectus supplement to the Registration Statement, Hertz Global entered into an open market sale agreement under which it may offer and sell, from time to time, shares of its common stock, par value \$0.01 per share, having an aggregate offering price of up to \$500 million. Prior to its suspension on June 15, 2020 and ultimate termination on June 18, 2020, Hertz Global issued 13,912,368 shares under the ATM Program for net proceeds of approximately \$28 million, which is included in non-vehicle restricted cash in the accompanying consolidated balance sheet as of December 31, 2020.

**Non-vehicle Debt**

On October 29, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain certain debtor-in-possession financing. In accordance with the Bankruptcy Court's order, on October 30, 2020, Hertz, as borrower, and Hertz Global and certain of its subsidiaries located in the U.S. and Canada, in each case that are debtors in these Chapter 11 Cases, as guarantors, entered into the DIP Credit Agreement. The DIP Credit Agreement provides for a superpriority secured debtor-in-possession credit facility comprised of delayed-draw term loans in an aggregate amount of up to \$1.65 billion, of which (i) up to \$1.0 billion can be used as equity for new interim fleet financing, giving the Debtors the ability to replenish their vehicle fleet in the future, and (ii) up to \$800 million can be used for working capital and general corporate purposes. The DIP Loans are available in multiple draws of at least (i) \$250 million each or (ii) the remaining available commitments if such commitments are less than \$250 million. The DIP Loans bear interest at a rate of LIBOR plus 7.25% (subject to a 1.00% floor), which is reduced to LIBOR plus 6.75% upon a significant repayment of Pre-petition first lien debt.

In November 2020, Hertz drew \$250 million from the DIP Credit Agreement and utilized \$50 million to make a capital contribution to HVIF in order to pay fees associated with the issuance of the HVIF Series 2020-1 Notes, as defined below.

**Letters of Credit**

In January 2020, under the terms of the Alternative Letter of Credit Facility, Hertz increased the commitments thereunder by \$100 million, such that after giving effect to such increase, there are \$200 million of standby letters of credit issued under the facility.

As of December 31, 2020, \$17 million and \$114 million of the issued letters of credit have been drawn upon under the Senior RCF and Alternative Letter of Credit Facility, respectively, to fund interest payments due under the HVF II Notes. The draws remain unreimbursed and, as a result, are accruing interest at the non-default rate, except as otherwise set forth in orders from the Bankruptcy Court.

**Vehicle Debt**

We organize our discussion of significant vehicle debt financing facilities below by reportable segment.

**U.S. RAC**

- The aggregate principal amount of medium term notes outstanding decreased from \$6.6 billion to \$2.7 billion as a result of an amortization event in effect as of May 5, 2020 for all series of notes issued by HVF II in which proceeds from the sales of vehicles that collateralize the notes issued by HVF II must be primarily

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applied to the payment of principal and are allocated on what approximates a pro rata basis to the reduction of principal on the basis of seniority by class;

- The aggregate principal amount of variable term notes outstanding decreased from \$2.6 billion to \$1.9 billion as a result of an amortization event in effect for all series of notes issued by HVF II as described in the preceding paragraph;
- There is no remaining capacity under the various U.S. RAC revolving vehicle debt financing facilities as unused commitments were terminated as a result of the filing of the Chapter 11 Cases; and
- On November 24, 2020, the Bankruptcy Court entered an order authorizing the formation of HVIF and for the Debtors to obtain interim fleet financing. In accordance with the Bankruptcy Court's order, on November 25, 2020, HVIF issued the Series 2020-1 Notes in an aggregate principal amount up to \$4.0 billion.

***All Other Operations - Donlen***

In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all of the Donlen Assets. The sale is expected to close in the first quarter of 2021. See Note 3, "Divestitures," to the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report for further information. Additionally,

- The aggregate principal amount of HFLF medium term notes outstanding decreased from \$1.4 billion to \$734 million as a result of an amortization event where proceeds from lease payments and from the sales of vehicles that collateralize the notes issued by HFLF must be applied to the reduction of principal and payment of interest on the notes while the amortization events continue; and
- On October 12, 2020, the Bankruptcy Court entered an order authorizing Hertz and Donlen to enter into certain agreements in connection with DFLF. On October 16, 2020, DFLF issued the Series 2020-1 Notes in an aggregate principal amount up to \$400 million pursuant to this new facility.

Substantially all of our revenue earning vehicles and certain related assets are owned by special purpose entities or are encumbered in favor of our lenders under our various credit facilities, other secured financings and asset-backed securities programs. None of the value of such assets (including the assets owned by Hertz Vehicle Financing II LP, HVF II GP Corp., Hertz Vehicle Financing LLC, Rental Car Finance LLC, HFLF and various international subsidiaries that facilitate our international securitizations) will be available to satisfy the claims of unsecured creditors unless the secured creditors are paid in full. For a discussion of additional risks associated with COVID-19, see Item 1A, "Risk Factors" in this 2020 Annual Report.

Approximately \$1.0 billion of non-vehicle debt, of which \$760 million is included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020, and \$1.7 billion of vehicle debt will mature during the twelve months following the issuance of this 2020 Annual Report, which does not reflect any potential changes to the Company's debt that may result from the Chapter 11 Cases.

**Covenants**

Prior to the filing of the Chapter 11 Cases, Hertz's consolidated first lien net leverage ratio (the "Leverage Ratio"), as defined in the credit agreements governing the Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility, as of the last day of any fiscal quarter may not exceed a ratio of 3.00 to 1.00. As a result of the filing of the Chapter 11 Cases, we are currently in default under our Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility, and we are in breach of the Leverage Ratio.

As defined in the DIP Credit Agreement, a liquidity maintenance test is required as of each month end period. As of December 31, 2020, we were in compliance with the liquidity maintenance test.

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**Summarized Financial Information - Hertz**

The following tables present the summarized financial information as combined for The Hertz Corporation, ("Parent"), and the Parent's subsidiaries that guarantee the Senior Notes issued by the Parent ("Guarantor Subsidiaries"). The Guarantor Subsidiaries are 100% owned by the Parent and all guarantees are full and unconditional and joint and several. Additionally, substantially all of the assets of the Guarantor Subsidiaries are pledged under the Senior Facilities and Senior Second Priority Secured Notes and the value of such assets will not be available to satisfy the claims of the unsecured creditors of Hertz until the claims of secured creditors are paid in full.

During the first quarter of 2020, we early adopted Rule 13-01 of the SEC's Regulation S-X that simplifies the existing disclosure requirements for the Guarantor Subsidiaries and allows for the simplified disclosure to be included within Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." In lieu of providing separate unaudited financial statements for the Guarantor Subsidiaries, Hertz has included the accompanying summarized financial information based on Rule 13-01 of the SEC's Regulation S-X. Management of Hertz does not believe that separate financial statements of the Guarantor Subsidiaries are material to Hertz's investors; therefore, separate financial statements and other disclosures concerning the Guarantor Subsidiaries are not presented.

Summarized financial information for the Guarantor Subsidiaries is as follows:

<b>(In millions)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Due from affiliates	\$ 67,023	\$ 3,562
Total assets	67,056	25,964
Due to affiliates <sup>(1)</sup>	54,100	8,188
Total liabilities	63,282	16,982

(1) Due to affiliates of \$53.5 billion is classified as liabilities subject to compromise as of December 31, 2020.

<b>(In millions)</b>	<b>Year Ended December 31, 2020</b>
Total revenues	\$ 3,565
Income (loss) before income taxes and equity in earnings (losses) of subsidiaries <sup>(1)</sup>	(3,308)
Net income (loss)	(1,846)
Net income (loss) attributable to Hertz	(1,846)

(1) Includes \$2.7 billion of intercompany vehicle lease charges from non-guarantor subsidiaries.

**Vehicle Financing Risks**

Our program vehicles are subject to repurchase by vehicle manufacturers under contractual repurchase or guaranteed depreciation programs. Under these programs, vehicle manufacturers agree to repurchase vehicles at a specified price or guarantee the depreciation rate on the vehicles during a specified time period, typically subject to certain vehicle condition and mileage requirements. We use values derived from this specified price or guaranteed depreciation rate to calculate financing capacity under certain asset-backed and asset-based financing arrangements.

In the event of a bankruptcy of a vehicle manufacturer, our liquidity could be impacted by several factors including reductions in fleet residual values and the risk that we would be unable to collect outstanding receivables due to us from such bankrupt manufacturer. In addition, the program vehicles manufactured by any such company would

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need to be removed from our financing facilities or re-designated as non-program vehicles, which would require us to furnish additional credit enhancement associated with these program vehicles.

We rely significantly on asset-backed and asset-based financing arrangements to purchase vehicles for our U.S. and international vehicle rental fleet. As a result of the Chapter 11 Cases, asset-backed and asset-based financing arrangements available to us are subject to the risks and uncertainties associated with bankruptcy, which include our ability to obtain Bankruptcy Court approval, our ability to comply with and operate under the requirements and constraints of the Bankruptcy Code and, in the event of such financings, our ability to comply with the terms of such financings. There continues to be uncertainty regarding the potential impact of various SEC rules and regulations governing asset-backed securities and additional requirements contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act (including risk retention requirements) and the Basel III regulatory capital rules, a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk. While we will continue to monitor these developments and their impact on our ABS program, such rules and regulations may impact our ability and/or desire to engage in asset-backed financings in the future. For further information concerning our asset-backed financing programs and our indebtedness, see Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." For a discussion of the risks associated with our reliance on asset-backed and asset-based financing and the significant amount of indebtedness, see Item 1A, "Risk Factors" in this 2020 Annual Report.

**Capital Expenditures**

**Revenue Earning Vehicles Expenditures and Disposals**

The table below sets forth our revenue earning vehicles expenditures and related disposal proceeds for the annual periods shown:

<b>Cash inflow (cash outflow)</b> <b>(In millions)</b>	<b>Revenue Earning Vehicles</b>		
	<b>Capital Expenditures</b>	<b>Disposal Proceeds</b>	<b>Net Capital Proceeds (Expenditures)</b>
2020	\$ (5,542)	\$ 10,098	\$ 4,556
2019	(13,714)	9,486	(4,228)
2018	(12,493)	8,452	(4,041)

The table below sets forth expenditures for revenue earning vehicles, net of proceeds from disposal, by segment:

<b>Cash inflow (cash outflow)</b> <b>(\$ in millions)</b>	<b>Years Ended December 31,</b>			<b>2020 vs. 2019</b>		<b>2019 vs. 2018</b>	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>	<b>\$ Change</b>	<b>% Change</b>
U.S. Rental Car	\$ 3,786	\$ (3,013)	\$ (2,992)	\$ 6,799	(226)%	\$ (21)	1 %
International Rental Car	1,046	(528)	(422)	1,574	(298)	(106)	25
All Other Operations	(276)	(687)	(627)	411	(60)	(60)	10
Total	\$ 4,556	\$ (4,228)	\$ (4,041)	\$ 8,784	(208)	\$ (187)	5

**Year ended December 31, 2020 compared with year ended December 31, 2019**

In 2020, net expenditures on revenue earning vehicles decreased by \$8.8 billion, primarily in our U.S. RAC segment, as we reduced our commitments to purchase vehicles due to the impact from COVID-19, partially offset by an increase of cash proceeds from disposals of revenue earning vehicles as we accelerated the disposition of vehicles due to the Interim Lease Order.



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**Non-Vehicle Capital Asset Expenditures and Disposals**

The table below sets forth our non-vehicle capital asset expenditures, and related disposal proceeds from non-vehicle capital assets disposed of or to be disposed of for the annual periods shown:

<b>Cash inflow (cash outflow)</b> <b>(\$ in millions)</b>	<b>Non-Vehicle Capital Assets</b>		
	<b>Capital Expenditures</b>	<b>Disposal Proceeds</b>	<b>Net Capital Expenditures</b>
2020	\$ (98)	\$ 60	\$ (38)
2019	(224)	27	(197)
2018	(177)	51	(126)

The table below sets forth non-vehicle capital asset expenditures, net of disposal proceeds, by segment:

<b>Cash inflow (cash outflow)</b> <b>(\$ in millions)</b>	<b>Years Ended December 31,</b>			<b>2020 vs. 2019</b>		<b>2019 vs. 2018</b>	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>	<b>\$ Change</b>	<b>% Change</b>
U.S. Rental Car	\$ 9	\$ (65)	\$ (35)	\$ 74	(114)%	\$ (30)	86 %
International Rental Car	(10)	(19)	(14)	9	(47)	(5)	36
All Other Operations	(4)	(4)	(4)	—	—	—	—
Corporate	(33)	(109)	(73)	76	(70)	(36)	49
Total	\$ (38)	\$ (197)	\$ (126)	\$ 159	(81)	\$ (71)	56

**Year ended December 31, 2020 compared with year ended December 31, 2019**

In 2020, net expenditures for non-vehicle capital assets decreased by \$76 million in our corporate operations primarily due to a reduction in information technology and finance transformation program costs.

**Share Repurchase Program - Hertz Global**

As of December 31, 2020, approximately \$295 million of shares remain available for purchase under the share repurchase program. No shares were repurchased by Hertz Holdings under the program during 2020, 2019 or 2018 and we do not expect to repurchase shares in 2021 and are unable to do so during the Chapter 11 Cases. Hertz Holdings primarily funds repurchases of its common stock through dividends from Hertz or amounts borrowed under the master loan agreement. Credit agreements governing Hertz's Senior Facilities, Letter of Credit Facility, Alternative Letter of Credit Facility and DIP Credit Agreement restrict Hertz's ability to make dividends and certain payments, including payments to Hertz Holdings for share repurchases.

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**CONTRACTUAL OBLIGATIONS**

The following table details our contractual cash obligations as of December 31, 2020 which does not include contractual obligations of Donlen due to the pending Donlen Asset Sale or reflect any potential changes to our contractual obligations that may result from the Chapter 11 Cases:

(In millions)	Total	Payments Due by Period			
		2021	2022 to 2023	2024 to 2025	After 2025
<b>Vehicles:</b>					
Debt obligation <sup>(1)</sup>	\$ 6,087	\$ 1,732	\$ 3,649	\$ 706	\$ —
Interest on debt <sup>(2)</sup>	378	209	152	17	—
<b>Non-Vehicle:</b>					
Debt obligation <sup>(3)</sup>	4,747	1,016	1,503	801	1,427
Interest on debt <sup>(2)</sup>	1,016	320	343	218	135
Minimum fixed obligations for operating leases	2,650	449	699	441	1,061
Commitments to purchase vehicles <sup>(4)</sup>	3,904	3,904	—	—	—
Purchase obligations and other <sup>(5)</sup>	194	87	80	4	23
<b>Total</b>	<b>\$ 18,976</b>	<b>\$ 7,717</b>	<b>\$ 6,426</b>	<b>\$ 2,187</b>	<b>\$ 2,646</b>

(1) The stated, contractual maturity dates are reflected in this table except for \$362 million of notes where the maturity date has expired as of December 31, 2020 and as such, is included in the 2021 column in this table. As HVF II is in an amortization event, its expected maturity dates may change. See Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data" for further details.

(2) Amounts represent the estimated commitment fees and interest payments based on the principal amounts, minimum non-cancelable maturity dates and interest rates on the debt as of December 31, 2020. As HVF II is in an amortization event, certain interest rates also include default interest. Additionally, interest payments for certain facilities have been excluded as a result of the Chapter 11 Cases where interest is not being paid. See Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data" for further details.

(3) Includes \$4.4 billion of Non-Vehicle Debt included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020, and as the expected maturity date is subject to the outcome of the Chapter 11 Cases, the original, legal maturity dates are reflected in this table. See Note 6, "Debt," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." for further details.

(4) Represents fleet purchases where contracts have been signed or are pending with committed orders under the terms of such arrangements.

(5) Represents agreements to purchase goods or services that are legally binding on us and that specify all significant terms, including fixed or minimum quantities; fixed, minimum or variable price provisions; and the approximate timing of the transaction, as well as liabilities for uncertain tax positions and other liabilities, and excludes any obligations to employees. Only the minimum non-cancelable portion of purchase agreements and related cancellation penalties are included as obligations. In the case of contracts that state minimum quantities of goods or services, amounts reflect only the stipulated minimums; all other contracts reflect estimated amounts. Purchase obligations include \$23 million representing our tax liability for uncertain tax positions and related net accrued interest and penalties.

The table excludes our pension and other postretirement benefit obligations as disclosed in Note 8, "Employee Retirement Benefits," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

**OFF BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

**Indemnification Obligations**

In the ordinary course of business, we execute contracts involving indemnification obligations customary in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnification obligations might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships and financial matters. Performance under these indemnification obligations would generally be triggered by a breach of terms of the contract or by a third-party claim. We regularly evaluate the

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probability of having to incur costs associated with these indemnification obligations and have accrued for expected losses that are probable and estimable. The types of indemnification obligations for which payments are possible include the following:

**Certain former Stockholders; Directors**

We have entered into indemnification agreements with each of our directors and certain of our executive officers. Hertz entered into customary indemnification agreements with Hertz Holdings pursuant to which Hertz Holdings and Hertz will indemnify those entities and certain of our former stockholders and their affiliates and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of performance of a consulting agreement with Hertz Holdings and each of such entities and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We do not believe that these indemnifications are reasonably likely to have a material impact on us.

**Environmental**

We have indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which we may be held responsible could be substantial. The probable expenses that we expect to incur for such matters have been accrued, and those expenses are reflected in our consolidated financial statements within accrued liabilities. Amounts accrued represent the estimated cost to study potential environmental issues at sites deemed to require investigation or clean-up activities, and the estimated cost to implement remediation actions, including on-going maintenance, as required. Initial cost estimates are based on historical experience at similar sites and are refined over time on the basis of in-depth studies of the sites. For many sites, the remediation costs and other damages for which we ultimately may be responsible cannot be reasonably estimated because of uncertainties with respect to factors such as our connection to the site, the materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies, and remediation to be undertaken (including the technologies to be required and the extent, duration, and success of remediation).

***EMPLOYEE RETIREMENT BENEFITS***

**Pension**

We sponsor defined benefit pension plans worldwide. Pension obligations give rise to expenses that are dependent on assumptions discussed in Note 8, "Employee Retirement Benefits," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." As a result of filing the Chapter 11 Cases, participants of the Supplemental Plans are no longer entitled to benefit payments and are considered general creditors, as further disclosed in Note 8, "Employee Retirement Benefits," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." As such, we classified \$24 million of our U.S. pension benefit obligation as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020.

Our 2020 worldwide net periodic pension expense included in the accompanying consolidated statement of operations for the year ended December 31, 2020 is \$8 million, which is comparable to 2019.

The funded status (i.e., the dollar amount by which the projected benefit obligations exceeded the market value of pension plan assets) of the Hertz Retirement Plan, as defined in Note 8, "Employee Retirement Benefits," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data," in which most domestic employees participate, improved in December 31, 2020 compared with December 31, 2019 primarily due to lower actuarial losses. We did not contribute to the Hertz Retirement Plan during 2020, and we do not anticipate contributing to the Hertz Retirement

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Plan during 2021. For the international plans, we anticipate contributing \$3 million during 2021. The level of 2021 and future contributions will vary, and is dependent on a number of factors including investment returns, interest rate fluctuations, plan demographics, funding regulations and the results of the final actuarial valuation.

We participate in several "multiemployer" pension plans. Amounts accrued for benefit payments under our multiemployer pension plans of \$2 million have been classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the plan, payable in installments over a minimum of twenty years, which would be reflected as a liability on a discounted basis on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. Our multiemployer plans could have significant underfunded liabilities. Such underfunding may increase in the event other employers become insolvent or withdraw from the applicable plan or upon the inability or failure of withdrawing employers to pay their withdrawal liability. In addition, such underfunding may increase as a result of lower than expected returns on pension fund assets or other funding deficiencies. The occurrence of any of these events could have a material adverse effect on our consolidated financial position, results of operations or cash flows. For a discussion of the risks associated with our pension plans, see Item 1A, "Risk Factors" in this 2020 Annual Report.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes.

The following accounting policies involve a higher degree of judgment and complexity in their application, and therefore, represent the critical accounting policies used in the preparation of our consolidated financial statements. If different assumptions or conditions were to prevail, the results could be materially different from our reported results. For additional discussion of our critical accounting policies, as well as our significant accounting policies, see Note 2, "Significant Accounting Policies," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

**Revenue Earning Vehicles**

Our principal assets are revenue earning vehicles, which represented approximately 36% of our total assets as of December 31, 2020. Revenue earning vehicles consists of vehicles utilized in our vehicle rental operations and our Donlen business. For the year ended December 31, 2020, 29% of the vehicles purchased for our combined U.S. and International vehicle rental fleets were vehicles purchased under repurchase or guaranteed depreciation programs with vehicle manufacturers, or program vehicles.

Under our vehicle repurchase programs, the manufacturers agree to repurchase vehicles at a specified price or guarantee the depreciation rate on the vehicles during established repurchase periods, subject to, among other things, certain vehicle condition, mileage and holding period requirements. Guaranteed depreciation programs guarantee on an aggregate basis the residual value of the vehicles covered by the programs upon sale according to certain parameters which include the holding period, mileage and condition of the vehicles. We record a provision for excess mileage and vehicle condition, as necessary, during the holding period. These repurchase and guaranteed depreciation programs limit our residual risk with respect to vehicles purchased under the programs and allow us to reduce the variability of depreciation expense for such vehicles, however, typically the acquisition cost is higher. Incentives received from the manufacturers for purchases of vehicles reduce the cost.

For all other vehicles, we use historical experience, industry residual value guidebooks and the monitoring of market conditions to set depreciation rates. Generally, when revenue earning vehicles are acquired outside of a vehicle repurchase program, (i.e., non-program vehicles) we estimate the period that we will hold the asset, primarily based on historical measures of the amount of rental activity (e.g., automobile mileage) and the targeted age of vehicles at

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the time of disposal. We also estimate the residual value of the applicable revenue earning vehicles at the expected time of disposal. The residual values for rental vehicles are affected by many factors, including make, model and options, age, physical condition, mileage, sale location, time of the year and channel of disposition (e.g., auction, retail, dealer direct). Depreciation is recorded over the estimated holding period. Depreciation rates are reviewed on a quarterly basis based on management's ongoing assessment of present and estimated future market conditions, their effect on residual values at the expected time of disposal and the estimated holding periods. Market conditions for used vehicle sales can also be affected by external factors such as the economy, natural disasters, fuel prices, used vehicle supply levels, and incentives offered by manufacturers of new vehicles. These key factors are considered when estimating future residual values. Depreciation rates are adjusted prospectively through the remaining expected life. As a result of this ongoing assessment, we make periodic adjustments to depreciation rates of revenue earning vehicles in response to changing market conditions. Upon disposal of revenue earning vehicles, depreciation of revenue earning vehicles and lease charges in the accompanying statements of operations is adjusted for any difference between the net proceeds received and the remaining net book value and a corresponding gain or loss is recorded.

Within Donlen, revenue earning vehicles are leased under longer term agreements with our customers. These leases contain provisions whereby we have a contracted residual value guaranteed to us by the lessee, such that we rarely experience any economic gains or losses on the disposal of these vehicles. Donlen accounts for its lease contracts using the appropriate lease classifications.

COVID-19 may have a significant impact on the used-vehicle market, resulting in a material deterioration of residual values. This deterioration could impact our current fleet and sales plans resulting in changes to the holding period of our vehicles as well as our ability to dispose of vehicles in the period originally anticipated. As a result of the Chapter 11 Cases, the Bankruptcy Court may issue additional orders directing us to dispose of vehicles sooner than anticipated. Changes in any or all of these variables could cause a material change in our estimates regarding depreciation expense.

**Self-insured Liabilities**

Self-insured liabilities on our consolidated balance sheets include public liability, property damage, general liability, liability insurance supplement, personal accident insurance, and workers compensation. These represent an estimate for both reported accident claims not yet paid, and claims incurred but not yet reported and are recorded on an undiscounted basis. Reserve requirements are based on rental volume and actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses and administrative costs. The adequacy of the liability is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If our estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

**Recoverability of Goodwill and Definite and Indefinite-lived Intangible Assets**

On an annual basis as of October 1, and at interim periods when circumstances require as a result of a triggering event as defined by Accounting Standards Codification 350 – Intangibles, Goodwill and Other ("ASC 350"), we test the recoverability of our goodwill and indefinite-lived intangible assets by performing an impairment analysis. An impairment is deemed to exist if the carrying value of goodwill or indefinite-lived intangible assets exceed their fair value as determined using level 3 inputs under the GAAP fair value hierarchy. The reviews of fair value involve judgment and estimates, including projected revenues, royalty rates and discount rates. We believe our valuation techniques and assumptions are reasonable for this purpose.

For goodwill, we determine the fair value using an income approach based on the discounted cash flows of each reporting unit. A reporting unit is an operating segment or a business one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Components are aggregated into a single reporting unit when they have similar economic characteristics. We have four reporting units: U.S. Rental Car, Europe Rental Car, Other International Rental Car and Donlen. Key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow

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projections, tax rates and terminal value rates. Discount rates are set by using the Weighted-Average Cost of Capital ("WACC") methodology. The WACC methodology considers market and industry data as well as Company specific risk factors for each reporting unit in determining the appropriate discount rates to be used. The discount rate utilized for each reporting unit is indicative of the return an investor would expect to receive for investing in such a business. Our cash flow projections represent management's most recent planning assumptions, which are based on a combination of industry outlooks, views on general economic conditions, our expected pricing plans and expected future savings. Terminal value rates are determined using a common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and long-term growth rates.

Our indefinite-lived intangible assets primarily consist of the Hertz and Dollar Thrifty tradenames. For tradenames, we determine the fair value using a relief-from-royalty income approach, which utilizes our revenue projections for each asset along with assumptions for royalty rates, tax rates and the WACC.

A significant decline in either projected revenues, projected cash flows or increased discount rates (the WACC) used to determine fair value could result in an impairment charge.

In 2020, due to the impact related to COVID-19, our reduction in cash flow projections, the filing of the Chapter 11 Cases and declines in the stock price of Hertz Global, we tested the recoverability of our goodwill and indefinite-lived intangible assets as of June 30, 2020, and based on the quantitative test, no impairment was recorded. Due to uncertainty surrounding our financial ability to complete certain information technology projects as a result of COVID-19 and the filing of the Chapter 11 Cases, we concluded in the second quarter of 2020 that there was an impairment of such technology-related intangible assets and capitalized cloud computing implementation costs, and recorded an impairment charge of \$193 million in our corporate operations, representing a full impairment of the carrying value of such assets as of June 30, 2020 of \$124 million and \$69 million of technology-related intangible assets and other assets, respectively.

We also tested the recoverability of our goodwill and indefinite-lived intangible assets as of our annual test date of October 1, 2020 and concluded that there was an impairment of the Hertz tradename in our International RAC segment and recorded charges of \$20 million as of December 31, 2020. In 2019 the results of the annual impairment test as of October 1, 2019, indicated that the estimated fair value of each reporting unit and tradenames were in excess of their carrying value by more than 10% in all instances; therefore, we concluded there was no impairment in 2019.

Further deterioration in the general economic conditions in the travel industry, our cash flows and our ability to obtain future financing to maintain our fleet or the weighted average cost of capital assumptions may result in an impairment charge to earnings in future periods. We will continue to closely monitor actual results versus our expectations as well as any significant changes in market events or conditions, including the impact of COVID-19 on our business and the travel industry, and the resulting impact to our assumptions about future estimated cash flows, and the weighted average cost of capital. If our expectations of the operating results, both in magnitude or timing, do not materialize, or if our weighted average cost of capital increases, we may be required to record goodwill and indefinite-lived intangible asset impairment charges, which could be material.

**Subrogation Receivables**

Subrogation receivables represent recoveries that the Company is contractually entitled to receive for vehicle damage caused while a vehicle is on rent with a customer. The amount of subrogation receivables recorded by the Company reflects our best estimate of both billed and unbilled recoveries from customers and/or third parties and represents the amount of damage the Company expects to recover. We estimate recoveries based on the relationship between historical collection data from subrogation claims and total damage expense, as well as other inputs, such as historical recovery periods, average recovery rates, average recovery dollars and other qualitative facts and circumstances. The impact of COVID-19 could result in a deterioration of the credit worthiness of our customers and third-parties regarding our subrogation receivables, and as a result we could incur material write-offs or a reduction in future collections.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

**Income Taxes**

Our income tax expense or benefit, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and our liabilities for unrecognized tax benefits require significant management judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and our particular facts and circumstances.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are estimated and recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of operations. In projecting future taxable income, we consider historical results and incorporate assumptions about the amount of future state, federal and foreign pretax operating income adjusted for items that do not have tax consequences. Our assumptions regarding future taxable income are consistent with the plans and estimates we use to manage our underlying businesses. Subsequent changes to enacted tax rates and changes to the global mix of operating results will result in changes to the tax rates used to calculate deferred taxes and any related valuation allowances. We record deferred tax assets for NOL carry forwards in various tax jurisdictions when applicable. Upon utilization of those carry forwards, the taxing authorities may examine the positions that led to the generation of those NOLs and determine that some of those losses are disallowed, which could result in additional income tax payable to us.

We evaluate our exposures associated with our various tax filing positions and recognize a tax benefit only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authorities, including resolutions of any related appeals or litigation processes, based on the technical merits of our position. For uncertain tax positions that do not meet this threshold, we record a related liability. We adjust our unrecognized tax benefit liability and income tax expense in the period in which the uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new information becomes available. There is a reasonable possibility that our unrecognized tax benefit liability will be adjusted within twelve months due to the expiration of a statute of limitations and/or resolution of examinations with taxing authorities.

Our income tax returns are periodically audited by domestic and foreign tax authorities. These audits include review of our tax filing positions, including the timing and amount of deductions taken and the allocation of income between tax jurisdictions.

**Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see Note 2, "Significant Accounting Policies," — "Recently Issued Accounting Pronouncements," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

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**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK****RISK MANAGEMENT**

For a discussion of additional risks arising from our operations, including vehicle liability, general liability and property damage insurable risks, see "Item 1—Business—Risk Management" in this 2020 Annual Report.

**MARKET RISKS**

We are exposed to a variety of market risks, including the effects of changes in interest rates (including credit spreads), foreign currency exchange rates and fluctuations in fuel prices. We manage our exposure to these market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Derivative financial instruments are viewed as risk management tools and have not been used for speculative or trading purposes. In addition, derivative financial instruments are entered into with a diversified group of major financial institutions in order to manage our exposure to counterparty nonperformance on such instruments.

As a result of our declining credit profile from the impact from COVID-19, we are no longer able to enter into certain derivative financial instruments or renew existing derivative financial instruments in order to mitigate market risks arising from the effects of changes in foreign currency exchange rates and interest rates (including credit spreads).

**Interest Rate Risk**

We were party to various interest rate caps (the "Interest Rate Caps") and an interest rate swap which have been unwound or terminated. The Interest Rate Caps were used to mitigate the cost at inception of purchased caps (the "Purchased Caps") on our variable rate HVF II U.S. ABS program debt. The Purchased Caps remain in place and provide protection against increases in rates on our variable rate HVF II U.S. ABS debt. As a result of terminating the Interest Rate Caps, we are no longer exposed to their associated market risk.

We were also party to an interest rate swap to receive fixed-pay floating rates (the "Interest Rate Swap") to better match the mix of fixed and floating rate on our Donlen U.S. ABS program debt to the mix of fixed and floating rate assets (i.e. vehicle leases in our All Other Operations segment). The termination of the Interest Rate Swap may result in decreased earnings from variable rate leases in a declining rate environment, and as such, variable rate vehicle leases are now supported by a fixed rate cost of debt.

**Foreign Currency Exchange Rate Risk**

We have exposure to foreign currency exchange rate fluctuations worldwide and primarily with respect to the Euro, Canadian dollar, Australian dollar and British pound. As noted above, we are no longer able to enter into certain derivative financial instruments or renew existing derivative financial instruments. As a result, we have exposure to foreign currency exchange rate fluctuations on cross currency obligations, primarily intercompany loans. Assuming a hypothetical change of one percentage point to the foreign currency exchange rates on our intercompany loan balance as of December 31, 2020, our pre-tax operating results would increase (decrease) by approximately \$4 million. Additionally, each one percentage point change in foreign currency movements is estimated to impact our Adjusted Corporate EBITDA by an estimated \$1 million over a twelve-month period.

**Fuel Risks**

We purchase unleaded gasoline and diesel fuel at prevailing market rates. We are subject to price exposure related to the fluctuations in the price of fuel. We anticipate that fuel risk will remain a market risk for the foreseeable future. We have determined that a 10% hypothetical change in the price of fuel will not have a material impact on our operating results.



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**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)**

**Inflation**

The increased cost of vehicles is the primary inflationary factor affecting us. Many of our other operating expenses are also expected to increase with inflation, including health care costs and gasoline. Management does not expect that the effect of inflation on our overall operating costs will be greater for us than for our competitors.

***OTHER INCOME TAX RELATED MATTERS***

Prior to the TCJA, we operated a LKE program for our U.S. vehicle rental business. The program resulted in deferral of federal and state income taxes for fiscal years 2006 through 2009 and 2013 through 2017, and part of 2010 and 2012. The TCJA repealed the LKE deferral rules as applicable to personal property, including rental vehicles. To offset the detriment of LKE repeal for personal property, we will utilize the increases to existing first-year depreciation from 50 percent to 100 percent ("bonus depreciation") under the TCJA. Generally, the bonus depreciation percentage is increased for property acquired and placed in service after September 27, 2017, and before January 1, 2023. At that point, a progressive step-down in bonus depreciation begins, with 80 percent permitted in 2023, 60 percent in 2024, 40 percent in 2025, and 20 percent in 2026.

Given the repeal of LKE and changes to bonus depreciation, we could incur material cash tax payments in the future.

TCJA also contains other provisions impacting our ability to fully expense the costs of purchased revenue earning vehicles under Section 163(j). Generally, this provision limits the deductibility of business interest expense to a percentage of the taxpayer's adjusted taxable income. However, as amended by TCJA, Section 163(j) taxpayers with floor plan financing are not eligible for 100% expensing of the costs of the purchased vehicles. As a result, our cash tax flows may be materially and adversely affected.

Our NOL utilization was statutorily limited under the TCJA, which limited a taxpayer's ability to use NOLs up to 80% of taxable income, disallowed the carryback of NOLs arising after 2017 and made the carryforward of NOLs indefinite. The CARES Act temporarily suspends the TCJA's 80% limitation on NOLs for tax years beginning after December 31, 2017 and before January 1, 2021. Such limitations on NOL utilization may materially impact our cash tax position.

During 2020, the IRS proposed transfer pricing adjustments to our 2014 and 2015 tax years, for which we are pursuing competent authority relief. The IRS continues to audit our 2016 tax year.

Current year to date dispositions of Hertz Global's common stock by certain significant shareholders, as disclosed in Note 16, "Related Party Transactions," to the Notes to our consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data," likely resulted in an "ownership change" as that term is defined in IRC Section 382. IRC Section 382 can limit the utilization of the federal and state NOL and tax credit carryforwards. We currently believe that this "ownership change" will not significantly impact our ability to utilize these U.S. tax attributes. However, there are numerous factors that are considered in the calculation of the IRC Section 382 limitation and, if one or several of these factors should be revised in the future, our ability to utilize our tax attributes could change.

Any Chapter 11 plan we may implement extinguishing pre-petition debt securities, a primary credit facility and certain other obligations, absent an exception, would result in CODI upon discharge of outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The IRC provides that a debtor in a bankruptcy case may exclude CODI from income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. As a result, the market value of our equity upon emergence from Chapter 11 bankruptcy proceedings will dictate what portion of our U.S. NOL, capital loss and tax credit carryforwards, after reduction of the Tax Attributes for CODI, will be realized on emergence from Chapter 11 bankruptcy proceedings. IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its Tax Attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. Our emergence from Chapter 11 bankruptcy proceedings will likely be considered a change in ownership for purposes of IRC Section 382. The limitation under the IRC is based on the value of the

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**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)**

corporation as of the emergence date. As a result, our future U.S. taxable income may not be fully offset by the Tax Attributes if such income exceeds our annual limitation, and we may incur a tax liability with respect to such income. In addition, subsequent changes in ownership for purposes of the IRC could further diminish our Tax Attributes.

In 2016, the German Tax Authorities provided us with an assessment which asserted that we underreported our German taxable income for our 2005–2010 tax years based on the German Tax Authorities' belief that certain transfer pricing matters made by the U.S. to our German entity were overstated. To avoid the double taxation resulting in these tax years from this assessment, we pursued U.S. and German competent authority relief. We expect to receive notification from the German and U.S. tax authorities within ninety (90) days from the filing date of this 2020 Annual Report that they have agreed on a resolution of the transfer pricing matter covering the 2005-2010 tax years. Upon receipt of such notification, we will reassess and, if appropriate, adjust our uncertain tax benefit related to the matter.

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## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of Hertz Global Holdings, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Hertz Global Holdings, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2021 expressed an adverse opinion thereon.

**The Company's Ability to Continue as a Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has filed for relief under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Adoption of New Accounting Standard**

As discussed in Note 10 to the consolidated financial statements the Company changed its method of accounting for leases as a result of the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and the related amendments, effective January 1, 2019.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Calculation of Non-Program Depreciation on Revenue Earning Vehicles***Description of the Matter*

For the year ended December 31, 2020, depreciation of revenue earning vehicles and lease charges was \$2.032 billion, including gains and losses on disposals. As discussed in Note 2 to the consolidated financial statements, depreciation rates are reviewed on a quarterly basis based on management's ongoing assessment of present and estimated future market conditions, the effect of these conditions on residual values at the expected time of disposal and the estimated holding period for the revenue earning vehicles. The Company's fleet is comprised of vehicles that are subject to vehicle repurchase programs ("program vehicles") and ("non-program vehicles"). For program vehicles, the manufacturers guarantee a specified price or depreciation rate upon disposal, versus non-program vehicles where the Company estimates the residual value of the vehicle at the expected time of disposal.

Auditing the Company's calculation of depreciation for non-program vehicles was complex due to the significant estimation uncertainty and management judgment to determine the estimated residual values at the expected time of disposal. The significant estimation uncertainty was primarily due to management's assumptions of future consumer demand for vehicles within their current fleet, the disposal channel of those vehicles and other external market conditions. Additionally, auditing the calculation of depreciation was challenging due to the volume of data inputs utilized in management's calculation, including historical sales data from multiple sources at varying levels of disaggregation, along with additional data specific to the Company's current fleet.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's measurement of depreciation expense for non-program vehicles. For example, we tested controls over management's quarterly review of the depreciation rates, which included their procedures to validate the completeness and accuracy of the data used in the calculation and their assessment of significant assumptions, specifically the estimated residual values of non-program vehicles.

To test the depreciation calculation for non-program vehicles, our audit procedures included, among others, testing the completeness and accuracy of the underlying data by comparing historical sales data and vehicle information used in the calculation (e.g., make, model, trim) to external sources and the Company's records. We tested the base depreciation rate calculations performed within the IT application and evaluated the reasonableness of other significant assumptions such as resale market conditions, including consumer demand for specific vehicles, and disposition channels to assess the reasonableness of the residual value estimates made by management. Additionally, we performed analytical procedures to evaluate historical gains and losses recognized upon disposal in order to retrospectively review the reasonableness of management's estimates.

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**Valuation of Self-insured Liabilities**

*Description of the Matter*

As disclosed in Notes 2 and 15 to the consolidated financial statements, the Company is self-insured for public liability, property damage, general liability, liability insurance supplement, and worker's compensation. The Company records liabilities for these matters based on actuarial analyses of historical claim activity and estimates of both reported accident claims not yet paid, and claims incurred but not yet reported. The estimated self-insured liabilities as of December 31, 2020 were \$488 million. The actuarial analyses that determine the claims incurred but not yet reported portion of the liability balances considers a variety of factors, including the frequency and severity of losses, changes in claim reporting and resolution patterns, insurance industry practices, the regulatory environment and legal precedent.

Auditing self-insured liabilities is complex and required the involvement of our actuarial specialists due to the significant valuation uncertainty associated with the estimate, management's application of complex judgments, and the use of actuarial methods. In addition, the self-insured liabilities estimates are sensitive to management's assumptions, including claim frequency, actuarial evaluations of historical claim experience, and future projections of ultimate losses used in the computation of self-insured liabilities.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's self-insured liabilities process. For example, we tested controls over management's review of the assumptions outlined above that are used in the self-insured liabilities calculation and the completeness and accuracy of the data underlying the self-insured liabilities.

To test the valuation of the self-insured liabilities, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying claims data used to develop the related reserves. Furthermore, we involved our internal actuarial specialists to assist us in evaluating the models used by management and the reasonableness of assumptions used in those models (e.g., actuarial evaluations of historical claim experience and future projections of ultimate losses). We compared the Company's reserve to a range developed by our actuarial specialists based on the underlying claims data and independently selected assumptions.

**Valuation of Indefinite-Lived Intangible Tradename Assets and of Goodwill related to the U.S. Rental Car Reporting Unit**

*Description of the Matter*

As disclosed in Notes 1 and 5 to the consolidated financial statements, the Company's indefinite-lived intangible tradename assets and goodwill related to its U.S. rental car reporting unit (U.S. RAC) totaled \$2.794 billion and \$1.029 billion, respectively, as of December 31, 2020. As disclosed in Notes 1 and 5 to the consolidated financial statements, indefinite-lived intangible assets and goodwill are tested for impairment on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event. The Company recorded an impairment of \$20 million related to the Hertz tradename in the Company's International RAC segment.

Auditing the Company's indefinite-lived intangible tradename assets and goodwill related to the U.S. RAC reporting unit was complex and highly judgmental due to the significant estimation required to determine the fair values of the indefinite-lived intangible tradename assets and the U.S. RAC reporting unit as a result of the Company's current operating performance and the current industry and economic environment in which the Company operates. The Company's estimate of fair value for the indefinite-lived intangible tradename assets and U.S. RAC reporting unit required significant judgment to estimate the impact of declines in revenues and profitability, industry trends on future operating results, and the future cash flows expected to be generated.

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Additionally, the fair value estimate of the U.S. RAC reporting unit was sensitive to significant assumptions such as forecasted annual revenue growth rates, earnings before interest, taxes, depreciation, amortization ("EBITDA") margins, and the weighted average cost of capital. In addition, the fair value estimates of the indefinite-lived intangible tradename assets were sensitive to significant assumptions such as projected revenues, royalty rates, and discount rates. These significant assumptions are affected by expected future market or economic conditions, including the impact of COVID-19.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's indefinite-lived intangible tradename assets and goodwill impairment review processes. For example, we tested controls over management's review of the assumptions, including assumptions related to projected financial information, as outlined above that are used in the indefinite-lived intangible tradename assets and goodwill impairment test.

To test the estimated fair value of the Company's indefinite-lived intangible tradename assets and U.S. RAC reporting unit, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions and the completeness and accuracy of the underlying data used by the Company in its analyses. We compared the significant assumptions used by management to current industry and economic trends, expected changes to the Company's business model, the Company's historical results, and other relevant factors. We assessed the historical accuracy of management's estimates, including projected financial information, and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the indefinite-lived intangible tradename assets and U.S. RAC reporting unit that would result from hypothetical changes in the assumptions. We also involved valuation specialists to assist in our evaluation of the Company's model, valuation methodologies, and certain significant assumptions, such as the royalty rates and weighted average cost of capital. In addition, we inspected the Company's reconciliation of the fair value of all reporting units to the market capitalization of the Company and assessed the results.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.  
Tampa, Florida  
February 26, 2021

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of Hertz Global Holdings, Inc.

**Opinion on Internal Control Over Financial Reporting**

We have audited Hertz Global Holdings, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Hertz Global Holdings, Inc. and subsidiaries (the Company) have not maintained effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls related to information technology general controls (ITGCs) whereby the Company did not maintain effective ITGCs, specifically logical security controls over financially significant system applications. The ineffective logical security controls included user provisioning and de-provisioning and user and privileged access reviews.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated February 26, 2021 which expressed an unqualified opinion thereon that included an explanatory paragraph regarding the Company's ability to continue as a going concern.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable



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assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tampa, Florida  
February 26, 2021

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
(DEBTOR-IN-POSSESSION)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Hertz Global Holdings, Inc.

**Opinion on the Financial Statements**

We have audited the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows of Hertz Global Holdings, Inc. and its subsidiaries (the "Company") for the year ended December 31, 2018 including the related notes and schedules of (i) condensed financial information of Hertz Global Holdings, Inc. for the year ended December 31, 2018 and (ii) valuation and qualifying accounts for the year ended December 31, 2018 appearing under Item 8 (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

*Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues in 2018.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida

February 25, 2019, except for the effects of the rights offering discussed in Note 17 and the changes to segment information disclosed in Note 18, as to which the date is February 25, 2020.

We served as the Company's auditor from 1994 to 2019.

**THE HERTZ CORPORATION AND SUBSIDIARIES  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholder and the Board of Directors of The Hertz Corporation

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of The Hertz Corporation and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2021 expressed an adverse opinion thereon.

**The Company's Ability to Continue as a Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has filed for relief under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Adoption of New Accounting Standard**

As discussed in Note 10 to the consolidated financial statements the Company changed its method of accounting for leases as a result of the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and the related amendments, effective January 1, 2019.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**THE HERTZ CORPORATION AND SUBSIDIARIES  
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**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Calculation of Non-Program Depreciation on Revenue Earning Vehicles***Description of the Matter*

For the year ended December 31, 2020, depreciation of revenue earning vehicles and lease charges was \$2.032 billion, including gains and losses on disposals. As discussed in Note 2 to the consolidated financial statements, depreciation rates are reviewed on a quarterly basis based on management's ongoing assessment of present and estimated future market conditions, the effect of these conditions on residual values at the expected time of disposal and the estimated holding period for the revenue earning vehicles. The Company's fleet is comprised of vehicles that are subject to vehicle repurchase programs ("program vehicles") and ("non-program vehicles"). For program vehicles, the manufacturers guarantee a specified price or depreciation rate upon disposal, versus non-program vehicles where the Company estimates the residual value of the vehicle at the expected time of disposal.

Auditing the Company's calculation of depreciation for non-program vehicles was complex due to the significant estimation uncertainty and management judgment to determine the estimated residual values at the expected time of disposal. The significant estimation uncertainty was primarily due to management's assumptions of future consumer demand for vehicles within their current fleet, the disposal channel of those vehicles and other external market conditions. Additionally, auditing the calculation of depreciation was challenging due to the volume of data inputs utilized in management's calculation, including historical sales data from multiple sources at varying levels of disaggregation, along with additional data specific to the Company's current fleet.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's measurement of depreciation expense for non-program vehicles. For example, we tested controls over management's quarterly review of the depreciation rates, which included their procedures to validate the completeness and accuracy of the data used in the calculation and their assessment of significant assumptions, specifically the estimated residual values of non-program vehicles.

To test the depreciation calculation for non-program vehicles, our audit procedures included, among others, testing the completeness and accuracy of the underlying data by comparing historical sales data and vehicle information used in the calculation (e.g., make, model, trim) to external sources and the Company's records. We tested the base depreciation rate calculations performed within the IT application and evaluated the reasonableness of other significant assumptions such as resale market conditions, including consumer demand for specific vehicles, and disposition channels to assess the reasonableness of the residual value estimates made by management. Additionally, we performed analytical procedures to evaluate historical gains and losses recognized upon disposal in order to retrospectively review the reasonableness of management's estimates.

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**Valuation of Self-insured Liabilities**

*Description of the Matter*

As disclosed in Notes 2 and 15 to the consolidated financial statements, the Company is self-insured for public liability, property damage, general liability, liability insurance supplement, and worker's compensation. The Company records liabilities for these matters based on actuarial analyses of historical claim activity and estimates of both reported accident claims not yet paid, and claims incurred but not yet reported. The estimated self-insured liabilities as of December 31, 2020 were \$488 million. The actuarial analyses that determine the claims incurred but not yet reported portion of the liability balances considers a variety of factors, including the frequency and severity of losses, changes in claim reporting and resolution patterns, insurance industry practices, the regulatory environment and legal precedent.

Auditing self-insured liabilities is complex and required the involvement of our actuarial specialists due to the significant valuation uncertainty associated with the estimate, management's application of complex judgments, and the use of actuarial methods. In addition, the self-insured liabilities estimates are sensitive to management's assumptions, including claim frequency, actuarial evaluations of historical claim experience, and future projections of ultimate losses used in the computation of self-insured liabilities.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's self-insured liabilities process. For example, we tested controls over management's review of the assumptions outlined above that are used in the self-insured liabilities calculation and the completeness and accuracy of the data underlying the self-insured liabilities.

To test the valuation of the self-insured liabilities, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying claims data used to develop the related reserves. Furthermore, we involved our internal actuarial specialists to assist us in evaluating the models used by management and the reasonableness of assumptions used in those models (e.g., actuarial evaluations of historical claim experience and future projections of ultimate losses). We compared the Company's reserve to a range developed by our actuarial specialists based on the underlying claims data and independently selected assumptions.

**Valuation of Indefinite-Lived Intangible Tradename Assets and of Goodwill related to the U.S. Rental Car Reporting Unit**

*Description of the Matter*

As disclosed in Notes 1 and 5 to the consolidated financial statements, the Company's indefinite-lived intangible tradename assets and goodwill related to its U.S. rental car reporting unit (U.S. RAC) totaled \$2.794 billion and \$1.029 billion, respectively, as of December 31, 2020. As disclosed in Notes 1 and 5 to the consolidated financial statements, indefinite-lived intangible assets and goodwill are tested for impairment on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event. The Company recorded an impairment of \$20 million related to the Hertz tradename in the Company's International RAC segment.

Auditing the Company's indefinite-lived intangible tradename assets and goodwill related to the U.S. RAC reporting unit was complex and highly judgmental due to the significant estimation required to determine the fair values of the indefinite-lived intangible tradename assets and the U.S. RAC reporting unit as a result of the Company's current operating performance and the current industry and economic environment in which the Company operates.

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The Company's estimate of fair value for the indefinite-lived intangible tradename assets and U.S. RAC reporting unit required significant judgment to estimate the impact of declines in revenues and profitability, industry trends on future operating results, and the future cash flows expected to be generated. Additionally, the fair value estimate of the U.S. RAC reporting unit was sensitive to significant assumptions such as forecasted annual revenue growth rates, earnings before interest, taxes, depreciation, amortization ("EBITDA") margins, and the weighted average cost of capital. In addition, the fair value estimates of the indefinite-lived intangible tradename assets were sensitive to significant assumptions such as projected revenues, royalty rates, and discount rates. These significant assumptions are affected by expected future market or economic conditions, including the impact of COVID-19.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's indefinite-lived intangible tradename assets and goodwill impairment review processes. For example, we tested controls over management's review of the assumptions, including assumptions related to projected financial information, as outlined above that are used in the indefinite-lived intangible tradename assets and goodwill impairment test.

To test the estimated fair value of the Company's indefinite-lived intangible tradename assets and U.S. RAC reporting unit, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions and the completeness and accuracy of the underlying data used by the Company in its analyses. We compared the significant assumptions used by management to current industry and economic trends, expected changes to the Company's business model, the Company's historical results, and other relevant factors. We assessed the historical accuracy of management's estimates, including projected financial information, and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the indefinite-lived intangible tradename assets and U.S. RAC reporting unit that would result from hypothetical changes in the assumptions. We also involved valuation specialists to assist in our evaluation of the Company's model, valuation methodologies, and certain significant assumptions, such as royalty rates and weighted average cost of capital. In addition, we inspected the Company's reconciliation of the fair value of all reporting units to the market capitalization of the Company and assessed the results.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.  
Tampa, Florida  
February 26, 2021

**THE HERTZ CORPORATION AND SUBSIDIARIES  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholder and the Board of Directors of The Hertz Corporation

**Opinion on Internal Control Over Financial Reporting**

We have audited The Hertz Corporation and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, The Hertz Corporation and subsidiaries (the Company) have not maintained effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls related to information technology general controls (ITGCs) whereby the Company did not maintain effective ITGCs, specifically logical security controls over financially significant system applications. The ineffective logical security controls included user provisioning and de-provisioning and user and privileged access reviews.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated February 26, 2021 which expressed an unqualified opinion thereon that included an explanatory paragraph regarding the Company's ability to continue as a going concern.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

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assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tampa, Florida  
February 26, 2021



THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTOR-IN-POSSESSION)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of  
The Hertz Corporation

**Opinion on the Financial Statements**

We have audited the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows of The Hertz Corporation and its subsidiaries (the "Company") for the year ended December 31, 2018 including the related notes and schedule of valuation and qualifying accounts for the year ended December 31, 2018 appearing under Item 8 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues in 2018.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida  
February 25, 2019, except for the effects of the changes to segment information disclosed in Note 18, as to which the date is February 25, 2020.

We served as the Company's auditor from 1994 to 2019.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
(DEBTOR-IN-POSSESSION)**

**CONSOLIDATED BALANCE SHEETS  
(In millions, except par value and share data)**

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,096	\$ 865
Restricted cash and cash equivalents:		
Vehicle	50	466
Non-vehicle	361	29
Total restricted cash and cash equivalents	411	495
Total cash, cash equivalents, restricted cash and restricted cash equivalents	1,507	1,360
Receivables:		
Vehicle	164	791
Non-vehicle, net of allowance of \$46 and \$35, respectively	613	1,049
Total receivables, net	777	1,840
Prepaid expenses and other assets	373	689
Revenue earning vehicles:		
Vehicles	7,540	17,085
Less: accumulated depreciation	(1,478)	(3,296)
Total revenue earning vehicles, net	6,062	13,789
Property and equipment, net	666	757
Operating lease right-of-use assets	1,675	1,871
Intangible assets, net	2,992	3,238
Goodwill	1,045	1,083
Assets held for sale	1,811	—
Total assets <sup>(1)</sup>	\$ 16,908	\$ 24,627
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable:		
Vehicle	\$ 29	\$ 289
Non-vehicle	389	654
Total accounts payable	418	943
Accrued liabilities	759	1,032
Accrued taxes, net	121	150
Debt:		
Vehicle	6,024	13,368
Non-vehicle	243	3,721
Total debt	6,267	17,089
Operating lease liabilities	1,636	1,848
Self-insured liabilities	488	553
Deferred income taxes, net	730	1,124
Total liabilities not subject to compromise	10,419	22,739
Liabilities subject to compromise	4,965	—
Liabilities held for sale	1,431	—
Total liabilities <sup>(1)</sup>	16,815	22,739
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 158,235,410 and 144,153,444 shares issued, respectively and 156,206,478 and 142,124,512 shares outstanding, respectively	2	1
Additional paid-in capital	3,047	3,024
Accumulated deficit	(2,681)	(967)
Accumulated other comprehensive income (loss)	(212)	(189)
Treasury stock, at cost, 2,028,932 and 2,028,932 shares, respectively	(100)	(100)
Stockholders' equity attributable to Hertz Global	56	1,769
Noncontrolling interests	37	119
Total stockholders' equity	93	1,888
Total liabilities and stockholders' equity	\$ 16,908	\$ 24,627

(1) Hertz Global Holdings, Inc.'s consolidated total assets as of December 31, 2020 and December 31, 2019 include total assets of VIEs of \$511 million and \$1.3 billion, respectively, which can only be used to settle obligations of the VIEs. Hertz Global Holdings, Inc.'s consolidated total liabilities as of December 31, 2020 and December 31, 2019 include total liabilities of VIEs of \$475 million and \$1.1 billion, respectively, for which the creditors of the VIEs have no recourse to Hertz Global Holdings, Inc. See "Special Purpose Entities" in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 16, "Related Party Transactions," for further information.

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

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
(DEBTOR-IN-POSSESSION)

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share data)

	Years Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
Worldwide vehicle rental	\$ 4,628	\$ 9,107	\$ 8,756
All other operations	630	672	748
Total revenues	<u>5,258</u>	<u>9,779</u>	<u>9,504</u>
<b>Expenses:</b>			
Direct vehicle and operating	3,627	5,486	5,355
Depreciation of revenue earning vehicles and lease charges	2,032	2,565	2,690
Selling, general and administrative	664	969	1,017
<b>Interest expense, net:</b>			
Vehicle	455	494	448
Non-vehicle (excludes contractual interest of \$129 million for the year ended December 31, 2020)	153	311	291
Total interest expense, net	<u>608</u>	<u>805</u>	<u>739</u>
Intangible and other asset impairments	213	—	—
Other (income) expense, net	(9)	(59)	(40)
Reorganization items, net	175	—	—
Total expenses	<u>7,310</u>	<u>9,766</u>	<u>9,761</u>
Income (loss) before income taxes	(2,052)	13	(257)
Income tax (provision) benefit	329	(63)	30
Net income (loss)	<u>(1,723)</u>	<u>(50)</u>	<u>(227)</u>
Net (income) loss attributable to noncontrolling interests	9	(8)	2
Net income (loss) attributable to Hertz Global	<u>\$ (1,714)</u>	<u>\$ (58)</u>	<u>\$ (225)</u>
<b>Weighted-average shares outstanding:</b>			
Basic	150	117	96
Diluted	150	117	96
<b>Earnings (loss) per share:</b>			
Basic earnings (loss) per share	\$ (11.44)	\$ (0.49)	\$ (2.35)
Diluted earnings (loss) per share	\$ (11.44)	\$ (0.49)	\$ (2.35)

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

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (1,723)	\$ (50)	\$ (227)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(19)	6	(34)
Reclassification of foreign currency items to other (income) expense, net	—	—	(1)
Net gain (loss) on pension and postretirement benefit plans	(11)	(11)	(44)
Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial net losses	13	11	5
Total other comprehensive income (loss) before income taxes	(17)	6	(74)
Income tax (provision) benefit related to pension and postretirement benefit plans	(4)	(1)	12
Income tax (provision) benefit related to reclassified amounts of net periodic costs on pension and postretirement benefit plans	(2)	(2)	(1)
Total other comprehensive income (loss)	(23)	3	(63)
Total comprehensive income (loss)	(1,746)	(47)	(290)
Comprehensive (income) loss attributable to noncontrolling interests	9	(8)	2
Comprehensive income (loss) attributable to Hertz Global	\$ (1,737)	\$ (55)	\$ (288)

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

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(In millions)**

	Preferred Stock Shares	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Stockholders' Equity Attributable to Hertz Global	Non- controlling Interests	Total Stockholders' Equity
Balance as of:											
December 31, 2017	—	84	\$ 1	\$ 2,243	\$ (506)	\$ (118)	2	\$ (100)	\$ 1,520	\$ —	\$ 1,520
Change in accounting principle	—	—	—	—	(189)	—	—	—	(189)	—	(189)
January 1, 2018 (as adjusted)	—	84	1	2,243	(695)	(118)	2	(100)	1,331	—	1,331
Net income (loss)	—	—	—	—	(225)	—	—	—	(225)	(2)	(227)
Other comprehensive income (loss)	—	—	—	—	—	(63)	—	—	(63)	—	(63)
Net settlement on vesting of restricted stock	—	—	—	(3)	—	—	—	—	(3)	—	(3)
Stock-based compensation charges	—	—	—	21	—	—	—	—	21	—	21
Reclassification of income tax effects resulting from the Tax Cuts and Jobs Act	—	—	—	—	11	(11)	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	61	61
December 31, 2018	—	84	1	2,261	(909)	(192)	2	(100)	1,061	59	1,120
Net income (loss)	—	—	—	—	(58)	—	—	—	(58)	8	(50)
Other comprehensive income (loss)	—	—	—	—	—	3	—	—	3	—	3
Net settlement on vesting of restricted stock	—	—	—	(3)	—	—	—	—	(3)	—	(3)
Stock-based compensation charges	—	—	—	18	—	—	—	—	18	—	18
Rights Offering, net	—	58	—	748	—	—	—	—	748	—	748
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	52	52
December 31, 2019	—	142	1	3,024	(967)	(189)	2	(100)	1,769	119	1,888
Net income (loss)	—	—	—	—	(1,714)	—	—	—	(1,714)	(9)	(1,723)
Other comprehensive income (loss)	—	—	—	—	—	(23)	—	—	(23)	—	(23)
Net settlement on vesting of restricted stock	—	—	—	(3)	—	—	—	—	(3)	—	(3)
Stock-based compensation charges	—	—	—	(2)	—	—	—	—	(2)	—	(2)
Stock issuance, net	—	14	1	28	—	—	—	—	29	—	29
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	—	—	(73)	(73)
December 31, 2020	—	156	\$ 2	\$ 3,047	\$ (2,681)	\$ (212)	2	\$ (100)	\$ 56	\$ 37	\$ 93

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

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (1,723)	\$ (50)	\$ (227)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation and reserves for revenue earning vehicles	2,259	2,791	2,546
Depreciation and amortization, non-vehicle	225	203	218
Amortization of deferred financing costs and debt discount (premium)	59	52	50
Loss on extinguishment of debt	5	43	22
Stock-based compensation charges	(2)	18	14
Provision for receivables allowance	94	53	35
Deferred income taxes, net	(353)	27	(66)
Intangible and other asset impairments	213	—	—
(Gain) loss on marketable securities	—	(30)	(20)
(Gain) loss on sale of non-vehicle capital assets	(24)	(39)	(1)
Other	13	(9)	7
<b>Changes in assets and liabilities:</b>			
Non-vehicle receivables	195	(88)	(136)
Prepaid expenses and other assets	92	(8)	(23)
Operating lease right-of-use assets	366	402	—
Non-vehicle accounts payable	98	65	70
Accrued liabilities	(61)	(98)	72
Accrued taxes, net	(52)	14	(8)
Operating lease liabilities	(375)	(428)	—
Self-insured liabilities	(76)	(18)	3
Net cash provided by (used in) operating activities	<u>953</u>	<u>2,900</u>	<u>2,556</u>
<b>Cash flows from investing activities:</b>			
Revenue earning vehicles expenditures	(5,542)	(13,714)	(12,493)
Proceeds from disposal of revenue earning vehicles	10,098	9,486	8,452
Non-vehicle capital asset expenditures	(98)	(224)	(177)
Proceeds from non-vehicle capital assets disposed of or to be disposed of	60	27	51
Purchases of marketable securities	—	—	(60)
Sales of marketable securities	74	—	36
Other	(1)	—	(6)
Net cash provided by (used in) investing activities	<u>4,591</u>	<u>(4,425)</u>	<u>(4,197)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of vehicle debt	4,546	13,013	14,009
Repayments of vehicle debt	(10,751)	(11,530)	(12,426)
Proceeds from issuance of non-vehicle debt	1,812	3,016	557
Repayments of non-vehicle debt	(855)	(3,732)	(571)
Payment of financing costs	(75)	(53)	(47)
Early redemption premium payment	—	(34)	(19)
Proceeds from issuance of stock, net	28	—	—
Contributions from (distributions to) noncontrolling interests	(75)	49	60

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**(In millions)**

	Years Ended December 31,		
	2020	2019	2018
Proceeds from Rights Offering, net	—	748	—
Other	(2)	(3)	(2)
Net cash provided by (used in) financing activities	(5,372)	1,474	1,561
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	46	1	(14)
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	218	(50)	(94)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	1,360	1,410	1,504
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period <sup>(1)</sup>	<u>\$ 1,578</u>	<u>\$ 1,360</u>	<u>\$ 1,410</u>
<b>Supplemental disclosures of cash flow information:</b>			
<b>Cash paid during the period for:</b>			
Interest, net of amounts capitalized:			
Vehicle	\$ 335	\$ 431	\$ 379
Non-vehicle	109	272	286
Income taxes, net of refunds	(11)	21	26
Operating lease liabilities	546	575	—
<b>Supplemental disclosures of non-cash information:</b>			
Purchases of revenue earning vehicles included in accounts payable, net of incentives	\$ 9	\$ 165	\$ 169
Sales of revenue earning vehicles included in vehicle receivables	144	667	510
Sales-type capital lease of revenue earning vehicles included in other receivables	—	—	75
Fleet payables included in liabilities subject to compromise	2	—	—
Purchases of non-vehicle capital assets included in accounts payable	7	40	42
Revenue earning vehicles and non-vehicle capital assets acquired through capital leases	32	23	21
Purchases of non-vehicle capital assets included in liabilities subject to compromise	18	—	—
Operating lease right-of-use assets obtained in exchange for lease liabilities	152	680	—

(1) Amounts include cash and cash equivalents and restricted cash and cash equivalents which are held for sale as disclosed in Note 3, "Divestitures."

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

**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except par value and share data)

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,096	\$ 865
Restricted cash and cash equivalents:		
Vehicle	50	466
Non-vehicle	333	29
Total restricted cash and cash equivalents	383	495
Total cash, cash equivalents, restricted cash and restricted cash equivalents	1,479	1,360
Receivables:		
Vehicle	164	791
Non-vehicle, net of allowance of \$46 and \$35, respectively	613	1,049
Total receivables, net	777	1,840
Due from Hertz Holdings	1	—
Prepaid expenses and other assets	372	689
Revenue earning vehicles:		
Vehicles	7,540	17,085
Less: accumulated depreciation	(1,478)	(3,296)
Total revenue earning vehicles, net	6,062	13,789
Property and equipment, net	666	757
Operating lease right-of-use assets	1,675	1,871
Intangible assets, net	2,992	3,238
Goodwill	1,045	1,083
Assets held for sale	1,811	—
Total assets <sup>(1)</sup>	<u>\$ 16,880</u>	<u>\$ 24,627</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)</b>		
Accounts payable:		
Vehicle	\$ 29	\$ 289
Non-vehicle	389	654
Total accounts payable	418	943
Accrued liabilities	759	1,032
Accrued taxes, net	121	150
Debt:		
Vehicle	6,024	13,368
Non-vehicle	243	3,721
Total debt	6,267	17,089
Operating lease liabilities	1,636	1,848
Self-insured liabilities	488	553
Deferred income taxes, net	735	1,128
Total liabilities not subject to compromise	10,424	22,743
Liabilities subject to compromise	5,030	—
Liabilities held for sale	1,431	—
Total liabilities <sup>(1)</sup>	<u>16,885</u>	<u>22,743</u>
Commitments and contingencies		
Stockholder's equity:		
Common stock, \$0.01 par value, 3,000 shares authorized, 100 and 100 shares issued and outstanding, respectively	—	—
Additional paid-in capital	3,953	3,955
Due from affiliate	—	(64)
Accumulated deficit	(3,783)	(1,937)
Accumulated other comprehensive income (loss)	(212)	(189)
Stockholder's equity (deficit) attributable to Hertz	(42)	1,765
Noncontrolling interests	37	119
Total stockholder's equity (deficit)	<u>(5)</u>	<u>1,884</u>
Total liabilities and stockholder's equity (deficit)	<u>\$ 16,880</u>	<u>\$ 24,627</u>

(1) The Hertz Corporation's consolidated total assets as of December 31, 2020 and December 31, 2019 include total assets of VIEs of \$511 million and \$1.3 billion, respectively, which can only be used to settle obligations of the VIEs. The Hertz Corporation's consolidated total liabilities as of December 31, 2020 and December 31, 2019 include total liabilities of VIEs of \$475 million and \$1.1 billion, respectively, for which the creditors of the VIEs have no recourse to The Hertz Corporation. See "Special Purpose Entities" in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 16, "Related Party Transactions," for further information.

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



**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
Worldwide vehicle rental	\$ 4,628	\$ 9,107	\$ 8,756
All other operations	630	672	748
Total revenues	<u>5,258</u>	<u>9,779</u>	<u>9,504</u>
<b>Expenses:</b>			
Direct vehicle and operating	3,627	5,486	5,355
Depreciation of revenue earning vehicles and lease charges	2,032	2,565	2,690
Selling, general and administrative	664	969	1,017
<b>Interest expense, net:</b>			
Vehicle	455	494	448
Non-vehicle (excludes contractual interest of \$129 million for the year ended December 31, 2020)	151	304	284
Total interest expense, net	<u>606</u>	<u>798</u>	<u>732</u>
Intangible and other asset impairments	213	—	—
Write-off of intercompany loan	133	—	—
Other (income) expense, net	(9)	(59)	(40)
Reorganization items, net	175	—	—
Total expenses	<u>7,441</u>	<u>9,759</u>	<u>9,754</u>
Income (loss) before income taxes	(2,183)	20	(250)
Income tax (provision) benefit	328	(65)	28
Net income (loss)	<u>(1,855)</u>	<u>(45)</u>	<u>(222)</u>
Net (income) loss attributable to noncontrolling interests	9	(8)	2
Net income (loss) attributable to Hertz	<u>\$ (1,846)</u>	<u>\$ (53)</u>	<u>\$ (220)</u>

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

**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (1,855)	\$ (45)	\$ (222)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(19)	6	(34)
Reclassification of foreign currency items to other (income) expense, net	—	—	(1)
Net gain (loss) on pension and postretirement benefit plans	(11)	(11)	(44)
Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial net losses	13	11	5
Total other comprehensive income (loss) before income taxes	(17)	6	(74)
Income tax (provision) benefit related to pension and postretirement benefit plans	(4)	(1)	12
Income tax (provision) benefit related to reclassified amounts of net periodic costs on pension and postretirement benefit plans	(2)	(2)	(1)
Total other comprehensive income (loss)	(23)	3	(63)
Total comprehensive income (loss)	(1,878)	(42)	(285)
Comprehensive (income) loss attributable to noncontrolling interests	9	(8)	2
Comprehensive income (loss) attributable to Hertz	\$ (1,869)	\$ (50)	\$ (283)

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

**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In millions)

<u>Balance as of:</u>	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Due From Affiliate	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholder's Equity (Deficit) Attributable to Hertz	Noncontrolling Interests	Total Stockholder's Equity (Deficit)
December 31, 2017	100	\$ —	\$ 3,166	\$ (42)	\$ (1,486)	\$ (118)	\$ 1,520	\$ —	\$ 1,520
Change in accounting principle	—	—	—	—	(189)	—	(189)	—	(189)
January 1, 2018 (as adjusted)	100	—	3,166	(42)	(1,675)	(118)	1,331	—	1,331
Net income (loss)	—	—	—	—	(220)	—	(220)	(2)	(222)
Due from Hertz Holdings	—	—	—	(10)	—	—	(10)	—	(10)
Other comprehensive income (loss)	—	—	—	—	—	(63)	(63)	—	(63)
Reclassification of income tax effects resulting from the Tax Cuts and Jobs Act	—	—	—	—	11	(11)	—	—	—
Stock-based compensation charges	—	—	21	—	—	—	21	—	21
Other	—	—	—	—	—	—	—	61	61
December 31, 2018	100	—	3,187	(52)	(1,884)	(192)	1,059	59	1,118
Net income (loss)	—	—	—	—	(53)	—	(53)	8	(45)
Due from Hertz Holdings	—	—	—	(12)	—	—	(12)	—	(12)
Other comprehensive income (loss)	—	—	—	—	—	3	3	—	3
Stock-based compensation charges	—	—	18	—	—	—	18	—	18
Contributions from noncontrolling interests	—	—	—	—	—	—	—	52	52
Contributions from Hertz Holdings	—	—	750	—	—	—	750	—	750
December 31, 2019	100	—	3,955	(64)	(1,937)	(189)	1,765	119	1,884
Net income (loss)	—	—	—	—	(1,846)	—	(1,846)	(9)	(1,855)
Due from Hertz Holdings	—	—	—	(4)	—	—	(4)	—	(4)
Liabilities subject to compromise <sup>(1)</sup>	—	—	—	(65)	—	—	(65)	—	(65)
Write-off of intercompany loan <sup>(2)</sup>	—	—	—	133	—	—	133	—	133
Other comprehensive income (loss)	—	—	—	—	—	(23)	(23)	—	(23)
Stock-based compensation charges	—	—	(2)	—	—	—	(2)	—	(2)
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	(73)	(73)
December 31, 2020	100	\$ —	\$ 3,953	\$ —	\$ (3,783)	\$ (212)	\$ (42)	\$ 37	\$ (5)

(1) As a result of the Chapter 11 Cases, a Pre-petition loan due to an affiliate was classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. See Note 19, "Liabilities Subject to Compromise."

(2) As a result of the filing of the Chapter 11 Cases, the full amount outstanding under a loan due from affiliate was deemed uncollectible and written off. See Note, 14, "Related Party Transactions."

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

**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (1,855)	\$ (45)	\$ (222)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation and reserves for revenue earning vehicles	2,259	2,791	2,546
Depreciation and amortization, non-vehicle	225	203	218
Amortization of deferred financing costs and debt discount (premium)	59	52	50
Loss on extinguishment of debt	5	43	22
Stock-based compensation charges	(2)	18	14
Provision for receivables allowance	94	53	35
Deferred income taxes, net	(353)	28	(64)
Intangible and other asset impairments	213	—	—
Write-off of intercompany loan	133	—	—
(Gain) loss on marketable securities	—	(30)	(20)
(Gain) loss on sale of non-vehicle capital assets	(24)	(39)	(1)
Other	13	(8)	7
<b>Changes in assets and liabilities:</b>			
Non-vehicle receivables	195	(88)	(136)
Prepaid expenses and other assets	94	(8)	(23)
Operating lease right-of-use assets	366	402	—
Non-vehicle accounts payable	98	65	70
Accrued liabilities	(61)	(98)	72
Accrued taxes, net	(52)	14	(8)
Operating lease liabilities	(375)	(428)	—
Self-insured liabilities	(76)	(18)	3
Net cash provided by (used in) operating activities	956	2,907	2,563
<b>Cash flows from investing activities:</b>			
Revenue earning vehicles expenditures	(5,542)	(13,714)	(12,493)
Proceeds from disposal of revenue earning vehicles	10,098	9,486	8,452
Non-vehicle capital asset expenditures	(98)	(224)	(177)
Proceeds from non-vehicle capital assets disposed of or to be disposed of	60	27	51
Purchases of marketable securities	—	—	(60)
Sales of marketable securities	74	—	36
Other	(1)	—	(6)
Net cash provided by (used in) investing activities	4,591	(4,425)	(4,197)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of vehicle debt	4,546	13,013	14,009
Repayments of vehicle debt	(10,751)	(11,530)	(12,426)

**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTOR-IN-POSSESSION)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**(In millions)**

	Years Ended December 31,		
	2020	2019	2018
Proceeds from issuance of non-vehicle debt	1,812	3,016	557
Repayments of non-vehicle debt	(855)	(3,732)	(571)
Payment of financing costs	(75)	(53)	(47)
Early redemption premium payment	—	(34)	(19)
Advances to Hertz Holdings	(5)	(12)	(9)
Contributions from (distributions to) noncontrolling interests	(75)	49	60
Contributions from Hertz Holdings	—	750	—
Net cash provided by (used in) financing activities	(5,403)	1,467	1,554
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	46	1	(14)
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	190	(50)	(94)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	1,360	1,410	1,504
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period <sup>(1)</sup>	\$ 1,550	\$ 1,360	\$ 1,410
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the period for:			
Interest, net of amounts capitalized:			
Vehicle	\$ 335	\$ 431	\$ 379
Non-vehicle	109	272	286
Income taxes, net of refunds	(11)	21	26
Operating lease liabilities	546	575	—
<b>Supplemental disclosures of non-cash information:</b>			
Purchases of revenue earning vehicles included in accounts payable, net of incentives	\$ 9	\$ 165	\$ 169
Sales of revenue earning vehicles included in vehicle receivables	144	667	510
Sales-type capital lease of revenue earning vehicles included in other receivables	—	—	75
Fleet payables included in liabilities subject to compromise	2	—	—
Purchases of non-vehicle capital assets included in accounts payable	7	40	42
Revenue earning vehicles and non-vehicle capital assets acquired through capital leases	32	23	21
Purchases of non-vehicle capital assets included in liabilities subject to compromise	18	—	—
Operating lease right-of-use assets obtained in exchange for lease liabilities	152	680	—

(1) Amounts include cash and cash equivalents and restricted cash and cash equivalents which are held for sale as disclosed in Note 3, "Divestitures."

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

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1—Background**

Hertz Global Holdings, Inc. was incorporated in Delaware in 2015 to serve as the top-level holding company for Rental Car Intermediate Holdings, LLC, which wholly owns The Hertz Corporation, Hertz Global's primary operating company. Hertz was incorporated in Delaware in 1967 and is a successor to corporations that have been engaged in the vehicle rental and leasing business since 1918. Hertz operates its vehicle rental business globally primarily through the Hertz, Dollar and Thrifty brands from company-owned, licensee and franchisee locations in the U.S., Africa, Asia, Australia, Canada, the Caribbean, Europe, Latin America, the Middle East and New Zealand. Through its Donlen subsidiary, Hertz provides vehicle leasing and fleet management services. As disclosed in Note 3, "Divestitures," in the fourth quarter of 2020, the Company entered into a stock and asset purchase agreement to sell the Donlen Assets. Unless otherwise noted, information disclosed in these notes to the consolidated financial statements exclude the Donlen Assets.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. In response to COVID-19, local and national governments around the world instituted shelter-in-place and similar orders and travel restrictions, and airline and other travel decreased suddenly and dramatically. Despite a strong start to the year, as a result of the impact on travel demand, late in the first quarter, the Company began experiencing a high level of rental cancellations and a significant decline in forward bookings. In response, the Company began adjusting its fleet levels to reflect the reduced level of demand by leveraging its multiple used-vehicle channels and negotiating with suppliers to reduce fleet commitments.

Additionally, the Company began aggressively managing costs, including implementing employee furlough programs affecting approximately 20,000 employees worldwide to align staffing levels with the slowdown in demand. The Company (i) initiated a restructuring program affecting approximately 11,000 employees in its U.S. RAC segment and U.S. corporate operations, the majority of which were previously furloughed; (ii) actively negotiated to abate or defer its airport rent and concession payments; (iii) substantially reduced capital expenditures; (iv) eliminated discretionary marketing spend; and (v) reduced commitments to purchase vehicles by approximately \$4.0 billion from original commitments in its U.S. RAC segment. See Note 11, "Restructuring" for further information regarding the restructuring program disclosed above.

Although the Company had taken aggressive action to eliminate costs, it faced significant ongoing expenses, including monthly payments under its Operating Lease with HVF, pursuant to which Hertz leases from HVF vehicles used in the Company's U.S. rental car operations. HVF II issues asset-backed notes and lends the proceeds thereof to HVF to finance the acquisition of vehicles, which are then leased to Hertz pursuant to the Operating Lease. Monthly payments under the Operating Lease are variable and significant and are subject to volatility depending upon the changes in current market value estimates of the underlying leased vehicles. During April 2020, the Company engaged in discussions with various creditors to obtain relief from its obligations to make full rent payments under its Operating Lease. While such discussions were ongoing, to preserve liquidity, on April 27, 2020, Hertz did not make certain payments, including the full rent payments, in accordance with the Operating Lease.

As a result of the failure to make the full rent payments on April 27, 2020, an amortization event was in effect as of May 5, 2020 for all series of notes issued by HVF II and a liquidation event was in effect with respect to the variable funding notes ("Series 2013-A Notes") issued by HVF II. As a result of the amortization event, and notwithstanding the forbearance agreement described below, proceeds from the sales of vehicles that collateralize the notes issued by HVF II were to be primarily applied to the payment of principal and interest under those notes and were not available to finance new vehicle acquisitions for Hertz. A liquidation event means that, unless the affected noteholders otherwise agree, the affected noteholders can direct the liquidation of vehicles serving as collateral for their notes.

On May 4, 2020, prior to the occurrence of the liquidation event with respect to the Series 2013-A Notes, Hertz, HVF, HVF II and DTG Operations, Inc. entered into a forbearance agreement (the "Forbearance Agreement") with holders (the "VFN Noteholders") of the Series 2013-A Notes representing approximately 77% in aggregate principal amount of the Series 2013-A Notes. Pursuant to the Forbearance Agreement that became effective against all VFN

Noteholders, the VFN Noteholders agreed to forbear from exercising their liquidation remedies. The Forbearance Agreement with the VFN Noteholders expired on May 22, 2020.

Concurrently with entering into the Forbearance Agreement, on May 4, 2020, Hertz entered into limited waiver agreements (collectively, the "Waiver Agreements") with certain of the lenders (the "Lenders") under its (i) Senior RCF/senior term loan facility, (ii) letter of credit facility, (iii) alternative letter of credit facility and (iv) U.S. Vehicle RCF (collectively, the "Facilities"). Pursuant to the Waiver Agreements, the Lenders agreed to (a) waive any default or event of default that could have resulted from the above referenced missed payment under the Operating Lease, (b) waive any default or event of default that had arisen as a result of Hertz's failure to deliver its 2020 operating budget on a timely basis in accordance with the Facilities and (c) extend the grace period to cure a default with respect to Hertz's obligation to reimburse drawings that occurred under certain letters of credit during the waiver period. The Waiver Agreements which were effective across the Facilities expired on May 22, 2020.

In accordance with the Forbearance Agreement and the Waiver Agreements, the Company made a payment of approximately \$30 million reflecting certain variable payment elements of monthly rent under the Operating Lease, including an interest component on May 5, 2020.

#### **Voluntary Petitions for Bankruptcy**

In connection with the expiration of the Forbearance Agreement and the Waiver Agreements described above and the continuing economic impact from COVID-19, on the Petition Date, the Debtors filed Petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered by the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*.

In May 2020, the Bankruptcy Court approved motions filed by the Debtors that were designed primarily to mitigate the impact of the Chapter 11 Cases on the Company's operations, customers and employees. The Debtors are authorized to conduct their business activities in the ordinary course, and pursuant to orders entered by the Bankruptcy Court, the Debtors are authorized to, among other things and subject to the terms and conditions of such orders (i) pay employees' wages and related obligations; (ii) pay certain taxes; (iii) pay critical vendors and certain fees to airport authorities and provide adequate protection; (iv) continue to maintain certain customer programs; (v) maintain insurance programs; (vi) use certain cash collateral on an interim basis; (vii) honor certain obligations to franchisees; and (viii) maintain existing cash management systems.

Per the terms of the Interim Lease Order entered on July 24, 2020, the Debtors were directed to, among other things, (i) make \$650 million of base rent payments under the Operating Lease to the HVF trustee in the amount of six equal monthly payments of approximately \$108 million commencing in July 2020 through December 2020; (ii) dispose of at least 182,521 lease vehicles between June 1, 2020 and December 31, 2020, inclusive, where the proceeds of the dispositions, subject to certain exclusions set forth in the Interim Lease Order, were used to make payments under the Operating Lease; (iii) fund interest payments on the Operating Lease from draws on certain existing letters of credit, which are reimbursable by the Debtors; and (iv) suspended litigation relating to the Operating Lease until January 15, 2021 with all parties reserving all rights with respect to future litigation claims. For the period from June 1, 2020 through December 31, 2020, the Company disposed of approximately 198,000 lease vehicles pursuant to or otherwise in satisfaction of its vehicle disposition obligations under the Interim Lease Order.

In 2020, the Bankruptcy Court entered the Lease Rejection Orders which applied, in the aggregate, to 359 off airport and 66 airport locations in the Company's U.S. RAC segment. See Note 10, "Leases" for further information.

On January 20, 2021, the Bankruptcy Court authorized the Second Lease Order, which extended the forbearance period related to the Operating Lease to September 30, 2021, provided that the Debtors dispose of 121,510 lease vehicles, at least 113,381 of which will be non-program vehicles, and reach a minimum cumulative vehicle disposition proceeds of \$2.0 billion by September 30, 2021. Additionally, the Second Lease Order directed the Debtors to (i) have no more than 157,262 lease vehicles by September 30, 2021 and (ii) make \$756 million of base rent payments under the Operating Lease to the HVF trustee in the amount of nine equal monthly payments of \$84 million commencing in January 2021 through September 2021.

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**Debtors-In-Possession**

The Debtors are currently operating as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. In general, as debtors-in-possession under the Bankruptcy Code, the Debtors are authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

**Automatic Stay**

Subject to certain specific exceptions under the Bankruptcy Code, the Debtors' bankruptcy petitions automatically stayed most judicial or administrative actions against the Debtors and efforts by creditors to collect on or otherwise exercise rights or remedies with respect to obligations of the Debtors incurred prior to the Petition Date. Substantially all of the Debtors' Pre-petition liabilities are subject to resolution as provided in the Bankruptcy Code.

**Potential Claims**

The Debtors have filed with the Bankruptcy Court schedules and statements setting forth, among other things, the assets and liabilities of each of the Debtors, subject to the assumptions filed in connection therewith. These schedules and statements may be subject to further amendment or modification after filing. As part of the Chapter 11 Cases, parties believing that they have claims or causes of action against the Debtors may file proofs of claim evidencing such claims. Certain holders of Pre-petition claims that are not governmental units were required to file proofs of claim by the deadline for general claims, which was on October 21, 2020, the Bar Date.

As of December 31, 2020, the Debtors have received approximately 14,600 proofs of claim in the aggregate asserted amount of approximately \$104.5 billion. Such amount includes duplicate claims across multiple debtor legal entities. These claims are in the process of being reconciled to amounts recorded in the Company's accounting records. Differences in amounts recorded and claims filed by creditors will be investigated and resolved, including through the filing of objections with the Bankruptcy Court, where appropriate. The Company may ask the Bankruptcy Court to disallow claims that the Company believes are duplicative, have been later amended or superseded, are without merit, are overstated or should be disallowed for other reasons. Additional amounts may be included in liabilities subject to compromise in future periods if the Company elects to reject executory contracts, tax claims, unexpired leases and/or other claims asserted as part of the Chapter 11 Cases. Due to the uncertain nature of many of the potential claims, the magnitude of potential claims not reasonably estimable at this time and potential claims not considered to be probable as of the balance sheet date, these claims are not currently included in liabilities subject to compromise in the accompanying consolidated balance sheet. As of the date of the issuance of this 2020 Annual Report, the Company's assessment of the validity of claims received has not been completed. In light of the substantial number of claims filed, and expected to be filed, the claims resolution process may take considerable time to complete and likely will continue after the Debtors emerge from bankruptcy.

**Borrowing Capacity and Availability**

The filing of the Chapter 11 Cases constituted defaults, termination events and/or amortization events with respect to certain of the Company's existing debt obligations. As a result of the filing of the Chapter 11 Cases, the remaining capacity under almost all of the Company's revolving credit facilities was terminated, as disclosed in Note 6, "Debt." Consequently, the proceeds of sales of vehicles which serve as collateral for such vehicle finance facilities must be applied to the payment of the related indebtedness of the Non-Debtor Financing Subsidiaries (as defined in Note 6, "Debt") and are not otherwise available to fund the Company's operations. Additionally, the Company is precluded from accessing any of its subordinated investment in the vehicle collateral until the related defaults are waived or the third party funding under those facilities has been retired, either through the monetization of the underlying collateral or the refinancing of the related indebtedness. Proceeds from vehicle receivables, excluding manufacturer rebates, as of December 31, 2020 and ongoing vehicle sales must be applied to vehicle debt in amortization.

The Company currently has waivers related to the filing of the Chapter 11 Cases under its European ABS and U.K. Fleet Financing facility that were extended to March 5, 2021, as disclosed in Note 6, "Debt."



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On October 12, 2020, the Bankruptcy Court entered an order authorizing Hertz and Donlen to enter into certain agreements in connection with a new asset-based securitization facility with a newly formed non-Debtor special purpose entity, DFLF. On October 16, 2020, DFLF issued the Series 2020-1 Notes in an aggregate principal amount up to \$400 million pursuant to this new facility, as disclosed in Note 6, "Debt."

On October 29, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain certain debtor-in-possession financing. In accordance with the Bankruptcy Court's order, on October 30, 2020, Hertz, as borrower, and Hertz Global and certain of its subsidiaries located in the U.S. and Canada, in each case that are debtors in these Chapter 11 Cases, as guarantors, entered into the DIP Credit Agreement. The DIP Credit Agreement provides for DIP Loans in an aggregate amount of up to \$1.65 billion, of which (i) up to \$1.0 billion can be used as equity for new interim fleet financing, giving the Debtors the ability to replenish their vehicle fleet in the future, and (ii) up to \$800 million can be used for working capital and general corporate purposes. The DIP Loans are available in multiple draws of at least (i) \$250 million each, or (ii) the remaining available commitments if such commitments are less than \$250 million. The DIP Loans bear interest at a rate of LIBOR plus 7.25% (subject to a 1.00% floor), which is reduced to LIBOR plus 6.75% upon a significant repayment of Pre-petition first lien debt. See Note 6, "Debt" for further details. On February 16, 2021, Hertz borrowed an additional \$250 million as per the minimum draw requirement of the DIP Credit Agreement.

On November 24, 2020, the Bankruptcy Court entered an order authorizing the formation of HVIF and for the Debtors to obtain interim fleet financing. In accordance with the Bankruptcy Court's order, on November 25, 2020, HVIF issued the Series 2020-1 Notes in an aggregate principal amount up to \$4.0 billion, as disclosed in Note 6, "Debt."

On January 13, 2021, the Bankruptcy Court entered an order authorizing the Debtors to enter into a Canadian fleet financing facility up to CAD\$400 million. On January 28, 2021, TCL Funding Limited Partnership, a bankruptcy remote, indirect, wholly-owned, special purpose subsidiary of Hertz, entered into the Funding LP Series 2021-A which provides for aggregate maximum borrowings of CAD\$350 million on a revolving basis. Subject to initial availability, the initial draw of CAD\$120 million was used to pay the outstanding obligations under the Funding LP Series 2015-A Notes, including any unpaid default interest.

The Company's inability to retain any proceeds from the sale of vehicles under its U.S. ABS programs means that its sources of liquidity are primarily its unrestricted cash and unrestricted cash equivalents on hand, cash generated from its operations and up to \$800 million from its DIP Credit Agreement. As of December 31, 2020, the Company had \$1.1 billion of unrestricted cash and unrestricted cash equivalents and approximately \$1.1 billion of availability under the DIP Credit Agreement, net of the \$275 million minimum liquidity requirement, for a total liquidity of \$2.2 billion which the Company believes will be sufficient to fund its operations through approximately December 31, 2021, assuming it does not experience any unforeseen liquidity needs before then, which could result in the utilization of the liquidity in advance of December 31, 2021.

### **Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The Company's ability to continue as a going concern is contingent upon its ability to successfully implement a plan of reorganization, among other factors, and the realization of assets and the satisfaction of liabilities are subject to uncertainty. Further, any plan of reorganization could materially change the amounts of assets and liabilities reported in the accompanying consolidated financial statements. The accompanying consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern or as a consequence of the Chapter 11 Cases. As a result of the Company's financial condition, defaults under certain debt agreements as disclosed in Note 6, "Debt," and the risks and uncertainties surrounding the Chapter 11 Cases, substantial doubt exists that the Company will be able to continue as a going concern for one year from the issuance date of this 2020 Annual Report.

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**NYSE Delisting and Transfer to the OTC Market**

On May 26, 2020, the Company received a letter from the staff of NYSE Regulation, Inc. that it had determined to commence proceedings to delist the common stock of Hertz Global from the NYSE in light of the Company's disclosure on May 22, 2020 that it had commenced voluntary petitions for reorganization under Chapter 11. The Company appealed the determination in a timely manner and requested a hearing before the NYSE. On October 15, 2020, the NYSE heard the Company's appeal. On October 29, 2020, the NYSE informed Hertz Global that its common stock was no longer suitable for listing on the NYSE and that the NYSE suspended trading of Hertz Global common stock (NYSE ticker symbol: HTZ) after the market close on October 29, 2020. Hertz Global common stock began trading exclusively on the OTC market on October 30, 2020 under the symbol "HTZGQ." On October 30, 2020, the NYSE applied to the SEC pursuant to Form 25 to remove the common stock of Hertz Global from listing and registration on the NYSE at the opening of business on November 10, 2020. Hertz Global common stock was delisted on November 10, 2020. Upon deregistration of Hertz Global common stock under Section 12(b) of the Exchange Act, Hertz Global common stock remains registered under Section 12(g) of the Exchange Act.

**Note 2—Significant Accounting Policies****Accounting Principles**

The Company's consolidated financial statements have been prepared in accordance with U.S. GAAP.

**Reclassifications**

Certain prior period amounts have been reclassified to conform with current period presentation.

**Principles of Consolidation**

The consolidated financial statements of Hertz Global include the accounts of Hertz Global, its wholly owned and majority owned U.S. and international subsidiaries, and its VIEs, as applicable. The consolidated financial statements of Hertz include the accounts of Hertz, its wholly owned and majority owned U.S. and international subsidiaries, and its VIEs, as applicable. The Company consolidates a VIE when it is deemed the primary beneficiary. The Company accounts for its investment in joint ventures using the equity method when it has significant influence but not control and is not the primary beneficiary. All significant intercompany transactions have been eliminated in consolidation.

**Accounting Standards Codification 852 - Reorganizations**

Effective on the Petition Date, the Company applied accounting standards applicable to reorganizations, Accounting Standards Codification 852 - *Reorganizations*, in preparing the accompanying consolidated financial statements as of and for the year ended December 31, 2020, which requires the financial statements, for periods subsequent to the commencement of the Chapter 11 Cases, to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, Pre-petition obligations of the Debtors that may be impacted by the Chapter 11 Cases have been classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. These liabilities are reported at the amounts the Company anticipates will be allowed by the Bankruptcy Court, even if they may be settled for lesser amounts. See Note 19, "Liabilities Subject to Compromise," for additional information. In addition, certain charges related to the Chapter 11 Cases are recorded as reorganization items, net in the accompanying consolidated statements of operations for the year ended December 31, 2020. See Note 20, "Reorganization Items, Net," for additional information.

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***Use of Estimates and Assumptions***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes. Actual results could differ materially from those estimates.

Significant estimates inherent in the preparation of the consolidated financial statements include depreciation of revenue earning vehicles, reserves for litigation and other contingencies, accounting for income taxes and related uncertain tax positions, pension and postretirement benefit costs, the recoverability of long-lived assets, useful lives and impairment of long-lived tangible and intangible assets including goodwill, valuation of stock-based compensation, self-insured liabilities, allowance for doubtful accounts, the retail value of loyalty points, and fair value of financial instruments, among others.

***Revenue Earning Vehicles***

Revenue earning vehicles are stated at cost, net of related discounts and incentives from manufacturers. Holding periods typically range from six to thirty-six months. Generally, when revenue earning vehicles are acquired outside of a vehicle repurchase program, the Company estimates the period that the Company will hold the asset, primarily based on historical measures of the amount of rental activity (e.g., automobile mileage). The Company also estimates the residual value of the applicable revenue earning vehicles at the expected time of disposal, taking into consideration factors such as make, model and options, age, physical condition, mileage, sale location, time of the year and channel of disposition (e.g., auction, retail, dealer direct) and market conditions. Depreciation is recorded over the estimated holding period. Depreciation rates are reviewed on a quarterly basis based on management's ongoing assessment of present and estimated future market conditions, their effect on residual values at the expected time of disposal and the estimated holding periods. Gains and losses on the sale of vehicles, including the costs associated with disposals, are included in depreciation of revenue earning vehicles and lease charges in the accompanying consolidated statements of operations.

For program vehicles, the manufacturers agree to repurchase program vehicles at a specified price or guarantee the depreciation rate on the vehicles during established repurchase or auction periods, subject to, among other things, certain vehicle condition, mileage and holding period requirements. Guaranteed depreciation programs guarantee on an aggregate basis the residual value of the program vehicle upon sale according to certain parameters which include the holding period, mileage and condition of the vehicles. The Company records a provision in accumulated depreciation for excess mileage and vehicle condition, as necessary, during the holding period.

Donlen's revenue earning vehicles are leased under long term agreements with its customers. These leases contain provisions whereby Donlen has a contracted residual value guaranteed by the lessee, such that it does not bear the risk of any gains or losses on the disposal of these vehicles. Donlen accounts for its lease contracts using the appropriate lease classifications.

The Company continually evaluates revenue earning vehicles to determine whether events or changes in circumstances have occurred that may warrant revision of the residual value or holding period.

***Self-insured Liabilities***

Self-insured liabilities in the accompanying consolidated balance sheets include public liability, property damage, general liability, liability insurance supplement, personal accident insurance, and worker's compensation. These represent an estimate for both reported accident claims not yet paid, and claims incurred but not yet reported and are recorded on an undiscounted basis. Reserve requirements are based on rental volume and actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses and administrative costs. The adequacy of the liability is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If the Company's estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

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**Recoverability of Goodwill and Indefinite-lived Intangible Assets**

The Company tests the recoverability of its goodwill and indefinite-lived intangible assets by performing an impairment analysis on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event.

A goodwill impairment charge is calculated as the amount by which a reporting unit's carrying amount exceeds its fair value. For goodwill, fair value is determined using an income approach based on the discounted cash flows of each reporting unit. A reporting unit is an operating segment or a business one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Components are aggregated into a single reporting unit when they have similar economic characteristics. The Company has four reporting units: U.S. Rental Car, Europe Rental Car, Other International Rental Car and Donlen. The fair values of the reporting units are estimated using the net present value of discounted cash flows generated by each reporting unit and incorporate various assumptions related to discount rates, growth rates, cash flow projections, tax rates and terminal value rates specific to the reporting unit to which they are applied. Discount rates are set by using the Weighted-Average Cost of Capital ("WACC") methodology. The Company's discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the Company's reporting units.

In the impairment analysis for an indefinite-lived intangible asset, the Company compares the carrying value of the asset to its estimated fair value and recognizes an impairment charge whenever the carrying amount of the asset exceeds its estimated fair value. The estimated fair value for a tradename utilizes a relief-from-royalty income approach, which includes the Company's revenue projections for each asset, along with assumptions for royalty rates, tax rates and WACC.

**Subrogation Receivables**

The Company records receivables for vehicle damage caused while a vehicle is on rent with a customer based on billed and unbilled recoveries and represents the amount of damage the Company expects to recover. Amounts recorded are estimated using a combination of actual historical data with respect to damage expense and collections and other facts and circumstances. Subrogation receivables are recorded as a contra-expense (i.e. a credit to direct vehicle and operating expense in the accompanying consolidated statements of operations) in the period in which the expense was incurred. The Company had net subrogation receivables of \$67 million and \$109 million which are included in non-vehicle receivables, net in the accompanying consolidated balance sheets as of December 31, 2020 and 2019, respectively.

**Income Taxes**

The Company recognized the effects of the TCJA enacted on December 22, 2017, which created the global intangible low-tax income ("GILTI") provision that imposes U.S. tax on certain earnings of foreign subsidiaries that are subject to foreign tax below a certain threshold. GILTI taxes are recorded in current income tax expense as incurred. In 2018 and 2019, the Company asserted indefinite reinvestment on certain of its foreign earnings. As of December 31, 2020, the Company no longer asserts permanent reinvestment of foreign earnings, due to the impact from COVID-19, as disclosed in Note 1, "Background." The Company does not anticipate that the change in its assertion will have a material impact on its cash flows during the next twelve months.

Valuation Allowances

The Company's current and future provision for income taxes is impacted by the initial recognition of and changes in valuation allowances in certain jurisdictions. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. The Company's future provision for income taxes will include no tax benefit with respect to losses incurred in these jurisdictions. Accordingly, income taxes are impacted by changes in valuation allowances and the mix of earnings among jurisdictions.

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The Company evaluates the realizability of its deferred tax assets on a quarterly basis. In completing this evaluation, the Company considers all available evidence in order to determine whether, based on the weight of the evidence, a valuation allowance for its deferred tax assets is necessary. Such evidence includes the evaluation of historical cumulative earnings and losses in recent years, future reversals of deferred tax liabilities, the availability of carry forwards and the remaining period of the respective carry forward, future taxable income (exclusive of the reversal of temporary differences and carryforwards), and any applicable tax-planning strategies that are available.

If, based on the weight of the evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized, a valuation allowance is recorded. If operating results improve or decline on a continual basis in a particular jurisdiction, the Company's decision regarding the need for a valuation allowance could change resulting in either the initial recognition or reversal of a valuation allowance in that jurisdiction, which could have a significant impact on income tax expense in the period recognized and subsequent periods. In determining the provision for income taxes for financial statement purposes, the Company makes certain estimates and judgments, which affect its evaluation of the carrying value of its deferred tax assets, as well as its calculation of certain tax liabilities.

#### Uncertain Tax Positions

The calculation of the Company's gross unrecognized tax benefits and liabilities includes uncertainties in the application of, and changes in, complex tax regulations in a multitude of jurisdictions across its global operations. The Company recognizes tax benefits and liabilities based on its estimates of whether, and the extent to which, additional taxes will be due. The Company adjusts these benefits and liabilities based on changing facts and circumstances; however, due to the complexity of these uncertainties and the impact of tax audits, the ultimate resolutions may differ significantly from the Company's estimates.

#### **Revenue Recognition**

In February 2016, the FASB issued guidance that replaced the existing lease guidance in U.S. GAAP and in 2018 and 2019 issued amendments and updates to the new lease standard (collectively "Topic 842"). Upon adoption of Topic 842, on January 1, 2019, the Company accounts for revenue earned from vehicle rentals and rental related activities wherein an identified asset is transferred to the customer and the customer has the ability to control that asset under Topic 842. Prior to the adoption of Topic 842, the Company accounted for such revenue under *Revenue from Contracts with Customers* ("Topic 606"). As such, vehicle rental and rental related revenue is recognized under Topic 842 for the years ended December 31, 2020 and December 31, 2019, and under Topic 606 for the year ended December 31, 2018. The policy that follows herein is applicable under Topics 842 and 606 unless otherwise noted.

The Company recognizes two types of revenue: (i) lease revenue; and (ii) revenue from contracts with customers.

The Company reports revenues for taxes or non-concession fees collected from customers on behalf of governmental authorities on a net basis.

#### Vehicle Rental and Rental Related Revenues

The Company recognizes revenue from its vehicle rental operations when persuasive evidence of a contract exists, the performance obligations have been satisfied, the transaction price is fixed or determinable and collection is reasonably assured. Performance obligations associated with vehicle rental transactions are satisfied over the rental period, except for the portion associated with loyalty points, as further described below. Rental periods are short term in nature. Performance obligations associated with rental related activities, such as charges to the customer for the fueling of vehicles and value-added services such as loss damage waivers, insurance products, navigation units, supplemental equipment and other consumables, are also satisfied over the rental period. Revenue from charges that are charged to the customer, such as gasoline, vehicle licensing and airport concession fees, is recorded on a gross basis with a corresponding charge to direct vehicle and operating expense. Sales commissions paid to third parties are generally expensed when incurred due to the short-term nature of the related transaction on which the commission was earned and are recorded within selling, general and administrative

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expense. Payments are due from customers at the completion of the rental, except for customers with negotiated payment terms, generally net 30 days or less, which are invoiced and remain as accounts receivable until collected.

*Loyalty Programs* - The Company offers loyalty programs, primarily Hertz Gold Plus Rewards, wherein customers are eligible to earn loyalty points that are redeemable for free rental days or can be converted to loyalty points for redemption of products and services under loyalty programs of other companies. Upon adoption of Topic 606, each transaction that generates loyalty points results in the deferral of revenue equivalent to the retail value at the date the points are earned. The associated revenue is recognized when the customer redeems the loyalty points at some point in the future. The retail value of loyalty points is estimated based on the current retail value measured as of the date the loyalty points are earned, less an estimated amount representing loyalty points that are not expected to be redeemed ("breakage"). Breakage is reviewed on a quarterly basis and includes significant assumptions such as historical breakage trends and internal Company forecasts.

*Customer Rebates* - The Company has business customers that rent vehicles based on terms that have been negotiated through contracts with their employers, or other entities with which they are associated ("commercial contracts"), which can differ substantially from the terms on which the Company rents vehicles to the general public. Some of the commercial contracts contain provisions which allow for rebates to the entity based on achieving a specific rental volume threshold. Rebates are treated as lease incentives under Topic 842 and variable consideration under Topic 606, and are recognized as a reduction of revenue at the time of the rental based on the rebate expected to be earned by the entity.

#### Licensee Revenue

The Company has franchise agreements which allow an independent entity to rent their vehicles under the Company's brands, primarily Hertz, Dollar or Thrifty, for a franchise fee. Franchise fees are earned over time for the duration of the franchise agreement and are typically based on the larger of a minimum payment or an amount representing a percentage of net sales of the franchised business. Under Topic 606 franchise fees are recognized as earned and when collectability is reasonably assured. Franchise fees that relate to a future contract term, such as initial fees or renewal fees, are deferred and recognized over the term of the franchise agreement.

#### Ancillary Retail Vehicle Sales Revenue

Ancillary retail vehicle sales represent revenues generated from the sale of warranty contracts, financing and title fees, and other ancillary services associated with vehicles disposed of at the Company's retail outlets. These revenues are recorded at the point in time when the Company sells the product or provides the service to the customer. These revenues exclude the sale price of the vehicle which is a component of the gain or loss on the disposition and is included in depreciation of revenue earning vehicles and lease charges in the accompanying consolidated statements of operations.

#### Fleet Leasing and Fleet Management Revenue

The Company's Donlen subsidiary generates revenue from various fleet leasing and fleet management services. Donlen's operating leases for fleets have lease periods that are typically for twelve months, after which the lease converts to a month-to-month lease, allowing the vehicle to be surrendered any time thereafter. The Company's fleet leases contain a terminal rental adjustment clause ("TRAC") where, upon sale of the vehicle following the termination of the lease, a TRAC adjustment may result through which the lessee is credited or charged with the gain or loss on the vehicle's disposal. Such TRAC adjustments are considered variable charges. Fleet management services are comprised of fuel purchasing and management, preventive vehicle maintenance, repair consultation, toll management and accident management. Fleet management revenue is recognized net of any fees collected from customers on behalf of third-party service providers, as services are rendered.

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**Contract Balances**

The Company recognizes receivables and liabilities resulting from its contracts with customers. Contract receivables primarily consist of receivables from customers for vehicle rentals. Contract liabilities primarily consist of obligations to customers for prepaid vehicle rentals and related to the Company's points-based loyalty programs.

***Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents***

Cash and cash equivalents include cash on hand and highly liquid investments with an original maturity of three months or less. The Company's cash and cash equivalents are invested in various investment grade institutional money market funds, and bank money market and interest bearing accounts.

Restricted cash and restricted cash equivalents includes cash and cash equivalents that are not readily available for use in the Company's operating activities. Restricted cash and restricted cash equivalents are primarily comprised of proceeds from the disposition of vehicles pledged under the terms of vehicle debt financing arrangements and is restricted for the purchase of revenue earning vehicles and other specified uses under the vehicle debt facilities, cash utilized as credit enhancement under those arrangements, and certain cash accounts supporting regulatory reserve requirements related to the Company's self-insurance. As a result of the filing of the Chapter 11 Cases, the Company has multiple segregated bank accounts, some of which can only be accessed upon approval by the Bankruptcy Court, and cash collateral accounts for certain purposes. These funds are primarily held in demand deposit and money market accounts or in highly rated money market funds with investments primarily in government and corporate obligations.

Deposits held at financial institutions may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company limits exposure relating to financial instruments by diversifying the financial instruments among various counterparties, which consist of major financial institutions.

***Receivables, Net of Allowance***

Receivables are stated net of allowances and primarily represent credit extended to vehicle manufacturers, customers that satisfy defined credit criteria, and amounts due from customers resulting from damage to rental vehicles. The estimate of the allowance for doubtful accounts is based on the Company's future expected losses and its judgement as to the likelihood of ultimate payment. Actual receivables are written-off against the allowance for doubtful accounts when the Company determines the balance will not be collected. Estimates for future credit memos are based on historical experience and are reflected as reductions to revenue, while bad debt expense is reflected as a component of direct vehicle and operating expense in the accompanying consolidated statements of operations.

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**Property and Equipment, Net**

The Company's property and equipment, net consists of the following:

(In millions)	December 31, 2020	December 31, 2019
Land, buildings and leasehold improvements	\$ 1,277	\$ 1,271
Service vehicles, equipment and furniture and fixtures	761	798
Less: accumulated depreciation	(1,372)	(1,312)
Total property and equipment, net	<u>\$ 666</u>	<u>\$ 757</u>

Land is stated at cost and reviewed annually for impairment as further disclosed above in "Long-lived Assets, Including Finite-lived Intangible Assets."

Property and equipment are stated at cost and are depreciated utilizing the straight-line method over the estimated useful lives of the related assets. Useful lives are as follows:

Buildings	1 to 50 years
Furniture and fixtures	1 to 5 years
Service vehicles and equipment	1 to 25 years
Leasehold improvements	The lesser of the economic life or the lease term

Depreciation expense for property and equipment, net for the years ended December 31, 2020, 2019 and 2018 was \$129 million, \$122 million and \$129 million, respectively.

The Company follows the practice of charging maintenance and repair costs for service vehicles, furniture and fixtures, and equipment, including the cost of minor replacements, to maintenance expense.

**Long-lived Assets, Including Finite-lived Intangible Assets**

Finite-lived intangible assets include concession agreements, technology, customer relationships and other intangibles. Long-lived assets and intangible assets with finite lives, including technology-related intangibles, are amortized using the straight-line method over the estimated economic lives of the assets, which range from one to fifty years and two to twenty years, respectively. Long-lived assets and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the estimated fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying value or estimated fair value less costs to sell.

**Stock-Based Compensation**

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. That cost is to be recognized over the period during which the employee is required to provide service in exchange for the award. Forfeitures are accounted for when they occur. The Company has estimated the fair value of options issued at the date of grant using a Black-Scholes option-pricing model, which includes assumptions related to volatility, expected term, dividend yield and risk-free interest rate.

The Company accounts for restricted stock unit and performance stock unit awards as equity classified awards. For restricted stock units ("RSUs") the expense is based on the grant-date fair value of the stock and the number of shares that vest, recognized over the service period. For performance stock units ("PSUs") and performance stock awards ("PSAs"), the expense is based on the grant-date fair value of the stock, recognized over a two to four year



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service period depending upon the applicable performance condition. For PSUs and PSAs, the Company re-assesses the probability of achieving the applicable performance condition quarterly and adjusts the recognition of expense accordingly. The Company includes the excess tax benefit within income tax expense in the accompanying consolidated statements of operations when realized.

***Fair Value Measurements***

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). Fair value is a market-based measurement that is determined based upon assumptions that market participants would use in pricing an asset or liability, including consideration of nonperformance risk.

The Company assesses the inputs used to measure fair value using the three-tier hierarchy promulgated under U.S. GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs that reflect quoted prices for identical assets or liabilities in active markets that are observable.

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Inputs that are unobservable to the extent that observable inputs are not available for the asset or liability at the measurement date and include management's judgment about assumptions market participants would use in pricing the asset or liability.

***Financial Instruments***

The Company is exposed to a variety of market risks, including the effects of changes in interest rates, gasoline and diesel fuel prices and foreign currency exchange rates. The Company manages exposure to these market risks through regular operating and financing activities and, when deemed appropriate, through the use of financial instruments. Financial instruments are viewed as risk management tools and have not been used for speculative or trading purposes. In addition, financial instruments are entered into with a diversified group of major financial institutions in order to manage the Company's exposure to counterparty nonperformance on such instruments. The Company measures all financial instruments at their fair value and does not offset the derivative assets and liabilities in its accompanying consolidated balance sheets. As the Company does not have financial instruments that are designated and qualify as hedging instruments, the changes in their fair value are recognized currently in the Company's operating results.

***Foreign Currency Translation and Transactions***

Assets and liabilities of international subsidiaries whose functional currency is the local currency are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the average exchange rates throughout the year. The related translation adjustments are reflected in accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets. Foreign currency exchange rate gains and losses resulting from transactions are included in selling, general and administrative expense in the accompanying consolidated statements of operations.

***Advertising***

Advertising and sales promotion costs are expensed the first time the advertising or sales promotion takes place. Advertising costs are reflected as a component of selling, general and administrative expenses in the accompanying

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consolidated statements of operations and for the years ended December 31, 2020, 2019 and 2018 were \$112 million, \$318 million and \$238 million, respectively.

**Divestitures**

The Company classifies long-lived assets and liabilities to be disposed of as held for sale in the period in which they are available for immediate sale in their present condition and the sale is probable and expected to be completed within one year. The Company initially measures assets and liabilities held for sale at the lower of their carrying value or fair value less costs to sell and assesses their fair value quarterly until disposed. When the divestiture represents a strategic shift that has (or will have) a major effect on the Company's operations and financial results, the disposal is presented as a discontinued operation.

**Recently Issued Accounting Pronouncements**Adopted*Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued guidance that sets forth a current expected credit loss impairment model for financial assets, which replaces the current incurred loss model, and issued amendments and updates to the new standard in 2018 and 2019. This model requires a financial asset (or group of financial assets), including trade receivables, measured at amortized cost to be presented at the net amount expected to be collected with an allowance for credit losses deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The Company adopted this guidance when effective, on January 1, 2020, using a modified retrospective transition method. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

*Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement*

In August 2018, the FASB issued guidance on a customer's accounting for implementation fees paid in a cloud computing service contract arrangement that addresses which implementation costs to capitalize as an asset and which costs to expense. Capitalized implementation fees are to be expensed over the term of the cloud computing arrangement, and the expense is required to be recognized in the same line item in the income statement as the associated hosting service expenses. The entity is also required to present the capitalized implementation fees on the balance sheet in the same line item as the prepayment for hosting service fees associated with the cloud computing arrangement. The Company adopted this guidance when effective, on January 1, 2020, using a prospective transition method. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

The Company has hosting arrangements in connection with its Enterprise Resource Planning systems. Prior to the adoption of this guidance, the Company capitalized certain implementation costs for its hosting arrangements in intangible assets, net, in the accompanying consolidated balance sheet as of December 31, 2019. Subsequent to the adoption of this guidance on January 1, 2020, the Company records implementation fees incurred in connection with its hosting arrangements in prepaid expenses and other assets in the accompanying consolidated balance sheet as of December 31, 2020.

*Simplifying the Accounting for Income Taxes*

In December 2019, the FASB issued guidance that simplifies the accounting for income taxes by removing certain exceptions in existing guidance and improves consistency in application by clarifying and amending existing guidance. This guidance is effective for annual periods beginning after December 15, 2020, and interim periods within those annual periods. On July 1, 2020, the Company adopted this guidance early, as permitted, on a

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prospective basis, where adjustments as of January 1, 2020 were not material; therefore, adoption of this guidance had no material impact on the Company's financial position, results of operations or cash flows.

*Facilitation of the Effects of Reference Rate Reform*

In March 2020, the FASB issued guidance that provides optional expedients and exceptions for contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform initiatives. This guidance is effective beginning March 12, 2020 through December 31, 2022 where the transition method varies depending upon the specific expedient or exception. On December 31, 2020, the Company early adopted on a prospective basis, as permitted, the optional practical expedient for contract modification for all debt and lease agreements under Topics 470 and 842. The Company continues to work with its lenders in identifying reference rate transition options and expected timing for new rates to be implemented into existing agreements. At the time of this filing, the adoption of this guidance had no material impact on the Company's financial position, results of operations or cash flows.

**Note 3—Divestitures**

***Donlen Asset Sale***

In November 2020, the Company entered into a stock and asset purchase agreement (the "Purchase Agreement") with Freedom Acquirer LLC (the "Buyer"), an affiliate of Athene Holding Ltd., to sell substantially all of the assets of its wholly-owned subsidiary Donlen. At the closing, the Buyer will pay approximately \$825 million in cash, subject to adjustments based on the level of assumed indebtedness, working capital and fleet equity. Within three business days of the execution of the Purchase Agreement, the Buyer made a good faith deposit of \$82.5 million into a deposit escrow that will either (i) be credited to the purchase price payable at the closing and released to the Company, (ii) be released to the Company upon termination of the Purchase Agreement in certain circumstances in which the Buyer has breached the Purchase Agreement or (iii) be released to the Buyer if the Purchase Agreement is terminated for other reasons. A hearing is scheduled on March 1, 2021 with the Bankruptcy Court for final approval of the sale.

The assets and liabilities of Donlen, included in the Company's All Other Operations segment, to be included in the sale have been classified as held for sale in the accompanying consolidated balance sheet as of December 31, 2020. Assets and liabilities classified as held for sale are required to be recorded at the lower of the carrying value

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or fair value less any costs to sell. The major classes of assets and liabilities held for sale as of December 31, 2020 are presented below at their carrying value.

<i>(in millions)</i>	<b>December 31, 2020</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$	3
Restricted cash and cash equivalents		68
Receivables, net		207
Prepaid expenses and other assets		28
Revenue earning vehicles, net		1,432
Property and equipment, net		6
Operating lease right-of-use assets		2
Intangible assets, net		29
Goodwill		36
Total assets held for sale	\$	<u>1,811</u>
<b>LIABILITIES</b>		
Accounts payable	\$	76
Accrued liabilities		19
Accrued taxes, net		3
Vehicle debt		1,327
Operating lease liabilities		6
Total liabilities held for sale	\$	<u>1,431</u>

***Sale of Non-vehicle Capital Assets***

In 2019, the Company completed the sale of certain non-vehicle capital assets in its U.S. Rental Car segment (the "Non-Vehicle Asset Sale") and recognized a \$39 million pre-tax gain on the sale which is included in other (income) expense, net in the accompanying consolidated statement of operations for the year ended December 31, 2019. In 2020, the Company received additional cash from the Non-Vehicle Asset Sale and recognized an additional \$20 million pre-tax gain on the sale, which is included in other (income) expense, net in the accompanying consolidated statement of operations for the year ended December 31, 2020.

***Sale of Marketable Securities***

In 2020, the Company sold marketable securities for \$74 million and recognized an immaterial gain on the sale in its corporate operations, which is included in other (income) expense, net in the accompanying consolidated statement of operations for the year ended December 31, 2020.

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**Note 4—Revenue Earning Vehicles**

The components of revenue earning vehicles, net are as follows:

(In millions)	December 31,	
	2020	2019
Revenue earning vehicles	\$ 7,492	\$ 16,626
Less accumulated depreciation	(1,467)	(3,159)
	6,025	13,467
Revenue earning vehicles held for sale, net <sup>(1)</sup>	37	322
Revenue earning vehicles, net	\$ 6,062	\$ 13,789

(1) Represents the carrying amount of vehicles currently placed on the Company's retail lots for sale or actively in the process of being sold through other disposition channels.

**Note 5—Goodwill and Intangible Assets, Net****Technology-related Intangible and Other Assets**

Due to uncertainty surrounding the Company's financial ability to complete certain information technology projects as a result of COVID-19 and the filing of the Chapter 11 Cases, as disclosed in Note 1, "Background," the Company concluded in the second quarter of 2020 that there was an impairment of such technology-related intangible assets and capitalized cloud computing implementation costs. In the second quarter of 2020, the Company recorded an impairment charge of \$193 million in its corporate operations, representing an impairment of the carrying value of the abandoned portion of such assets as of June 30, 2020 of \$124 million and \$69 million of technology-related intangible assets and other assets, respectively.

**Recoverability of Goodwill and Indefinite-lived Intangible Assets**

The Company tests the recoverability of its goodwill and indefinite-lived intangible assets by performing an impairment analysis on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event, as defined by ASC 350. The Company considered factors such as, but not limited to, its expectations of projected revenues, expenses and cash flows, reflecting the expected duration and extent of impact to its business, customers, economy and the travel industry from COVID-19, and the impact of the Chapter 11 Cases.

The Company performed the goodwill impairment analyses using the income approach, a measurement using level 3 inputs under the U.S. GAAP fair value hierarchy. In performing the impairment analyses, the weighted-average cost of capital used in the discounted cash flow model was calculated based upon the fair value of the Company's debt and stock price with a debt to equity ratio comparable to the vehicle rental car industry. This present value model requires management to estimate future cash flows and forecasted earnings before interest, taxes, depreciation and amortization ("EBITDA") margins and capital investments of each reporting unit. The assumptions the Company used to estimate future cash flows and EBITDA margins are consistent with the assumptions that the reporting units use for internal planning purposes, which the Company believes would be generally consistent with that of a market participant. The discount rate used for each reporting unit ranged from 12.5% to 14.0%. All reporting units that have goodwill were noted to have a fair value that exceeded their carrying values. Each of the Company's reporting units had fair values that exceeded their respective carrying values by more than 20%.

The Company performed the intangible impairment analyses for indefinite-lived intangible assets using the relief-from-royalty income approach, a measurement using level 3 inputs under the U.S. GAAP fair value hierarchy. The Company considered consistent factors as described above related to goodwill in addition to royalty rates. The assumptions the Company uses to estimate royalty rates are consistent with the assumptions that the reporting units use for internal planning purposes, which the Company believes would be generally consistent with that of a market participant. The discount rate used for each indefinite-lived intangible ranged from 13% to 14.0%. All

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indefinite-lived intangibles were noted to have a fair value that exceeded their carrying values, except for the Hertz tradename in the Company's International RAC segment where the Company recorded an impairment charge of \$20 million. Each of the Company's other indefinite-lived intangible assets had fair values that exceeded their respective carrying values by more than 10%, except in the Company's U.S. RAC segment which was in excess by 7% of the carrying value of \$934 million.

Further deterioration in the general economic conditions in the travel industry, the Company's cash flows and the Company's ability to obtain future financing to maintain its fleet or the weighted average cost of capital assumptions may result in an impairment charge to earnings in future quarters. The Company will continue to closely monitor actual results versus its expectations as well as any significant changes in market events or conditions, including the impact of COVID-19 on the Company's business and the travel industry, and the resulting impact to its assumptions about future estimated cash flows and the weighted average cost of capital. If the Company's expectations of the operating results, both in magnitude or timing, do not materialize, or if its weighted average cost of capital increases, the Company may be required to record goodwill and indefinite-lived intangible asset impairment charges, which could be material.

**Goodwill**

The following summarizes the changes in the Company's goodwill, by segment:

<u>(In millions)</u>	U.S. Rental Car	International Rental Car	All Other Operations	Total
Balance as of January 1, 2020				
Goodwill	\$ 1,029	\$ 236	\$ 36	\$ 1,301
Accumulated impairment losses	—	(218)	—	(218)
	1,029	18	36	1,083
Goodwill acquired and other changes during the period <sup>(1)</sup>	—	(2)	(36)	(38)
	—	(2)	(36)	(38)
Balance as of December 31, 2020				
Goodwill	1,029	236	—	1,265
Accumulated impairment losses	—	(220)	—	(220)
	<u>\$ 1,029</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 1,045</u>

(1) Goodwill associated with the Company's All Other Operations segment, was classified as held for sale as of December 31, 2020, as disclosed in Note 3, "Divestitures."

<u>(In millions)</u>	U.S. Rental Car	International Rental Car	All Other Operations	Total
Balance as of January 1, 2019				
Goodwill	\$ 1,029	\$ 236	\$ 36	\$ 1,301
Accumulated impairment losses	—	(218)	—	(218)
	1,029	18	36	1,083
Goodwill acquired and other changes during the period	—	—	—	—
	—	—	—	—
Balance as of December 31, 2019				
Goodwill	1,029	236	36	1,301
Accumulated impairment losses	—	(218)	—	(218)
	<u>\$ 1,029</u>	<u>\$ 18</u>	<u>\$ 36</u>	<u>\$ 1,083</u>

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**Intangible Assets, Net**

Intangible assets, net, consisted of the following major classes:

(In millions)	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Amortizable intangible assets:</b>			
Customer-related	\$ 268	\$ (268)	\$ —
Concession rights	414	(371)	43
Technology-related intangibles <sup>(1)</sup>	359	(232)	127
Other <sup>(2)</sup>	60	(56)	4
Total	1,101	(927)	174
<b>Indefinite-lived intangible assets:</b>			
Tradenames	2,794	—	2,794
Other <sup>(3)</sup>	24	—	24
Total	2,818	—	2,818
<b>Total intangible assets, net</b>	<b>\$ 3,919</b>	<b>\$ (927)</b>	<b>\$ 2,992</b>

(In millions)	December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Amortizable intangible assets:</b>			
Customer-related	\$ 333	\$ (313)	\$ 20
Concession rights	414	(324)	90
Technology-related intangibles <sup>(1)</sup>	515	(236)	279
Other <sup>(2)</sup>	74	(64)	10
Total	1,336	(937)	399
<b>Indefinite-lived intangible assets:</b>			
Tradenames	2,814	—	2,814
Other <sup>(3)</sup>	25	—	25
Total	2,839	—	2,839
<b>Total intangible assets, net</b>	<b>\$ 4,175</b>	<b>\$ (937)</b>	<b>\$ 3,238</b>

(1) Technology-related intangibles include software not yet placed into service.

(2) Other amortizable intangible assets primarily include reacquired franchise rights.

(3) Other indefinite-lived intangible assets primarily consist of reacquired franchise rights.

(In millions)	Years Ended December 31,		
	2020	2019	2018
Amortization of intangible assets	\$ 96	\$ 81	\$ 89

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The following table summarizes the Company's expected amortization expense based on its amortizable intangible assets as of December 31, 2020:

(In millions)	
2021	\$ 85
2022	33
2023	24
2024	17
2025	7
After 2025	8
Total expected amortization expense	<u>\$ 174</u>

**Note 6—Debt**

The Company's debt, including its available credit facilities, consists of the following (\$ in millions):

Facility	Weighted-Average Interest Rate as of December 31, 2020	Fixed or Floating Interest Rate	Maturity	December 31, 2020	December 31, 2019
<b>Non-Vehicle Debt</b>					
Senior Term Loan <sup>(1)</sup>		Floating	6/2023	\$ —	\$ 660
Senior RCF <sup>(1)</sup>		Floating	6/2021	—	—
Senior Notes <sup>(1)(2)</sup>		Fixed	10/2022-1/2028	—	2,700
Senior Second Priority Secured Notes <sup>(4)</sup>		Fixed	6/2022	—	350
Senior Secured Superpriority Debtor-in-Possession Credit Agreement	8.53%	Floating	12/2021	250	—
Promissory Notes <sup>(1)</sup>		Fixed	1/2028	—	27
Other Non-Vehicle Debt	7.26%	Fixed	Various	18	18
Unamortized Debt Issuance Costs and Net (Discount) Premium				(25)	(34)
Total Non-Vehicle Debt Not Subject to Compromise				<u>243</u>	<u>3,721</u>
<b>Non-Vehicle Debt Subject to Compromise</b>					
Senior Term Loan	3.50%	Floating	6/2023	656	—
Senior RCF	3.41%	Floating	6/2021	615	—
Senior Notes <sup>(2)</sup>	6.11%	Fixed	10/2022-1/2028	2,700	—
Senior Second Priority Secured Notes	7.63%	Fixed	6/2022	350	—
Promissory Notes	7.00%	Fixed	1/2028	27	—
Alternative Letter of Credit Facility <sup>(6)</sup>	5.25%	Floating	11/2023	114	—
Senior RCF Letter of Credit Facility	5.50%	Floating	6/2021	17	—
Unamortized Debt Issuance Costs and Net (Discount) Premium				(36)	—
Total Non-Vehicle Debt Subject to Compromise				<u>4,443</u>	<u>—</u>
<b>Vehicle Debt</b>					
<i>HVF II U.S. ABS Program</i>					
HVF II U.S. Vehicle Variable Funding Notes					
HVF II Series 2013-A <sup>(3)(6)</sup>	3.39%	Floating	3/2022	1,940	2,644
				<u>1,940</u>	<u>2,644</u>



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Facility	Weighted-Average Interest Rate as of December 31, 2020	Fixed or Floating Interest Rate	Maturity	December 31, 2020	December 31, 2019
<b>HVF II U.S. Vehicle Medium Term Notes</b>					
HVF II Series 2015-1 <sup>(3)</sup>	N/A	N/A	N/A	—	780
HVF II Series 2015-3 <sup>(3)</sup>	3.64%	Fixed	9/2020	163	371
HVF II Series 2016-2 <sup>(3)</sup>	3.98%	Fixed	3/2021	263	595
HVF II Series 2016-4 <sup>(3)</sup>	3.65%	Fixed	7/2021	187	424
HVF II Series 2017-1 <sup>(3)</sup>	3.91%	Fixed	10/2020	199	450
HVF II Series 2017-2 <sup>(3)</sup>	4.31 %	Fixed	10/2022	164	350
HVF II Series 2018-1 <sup>(3)</sup>	3.86 %	Fixed	2/2023	468	1,000
HVF II Series 2018-2 <sup>(3)</sup>	4.31 %	Fixed	6/2021	94	200
HVF II Series 2018-3 <sup>(3)</sup>	4.62 %	Fixed	7/2023	95	200
HVF II Series 2019-1 <sup>(3)</sup>	4.37 %	Fixed	3/2022	330	700
HVF II Series 2019-2 <sup>(3)</sup>	3.98 %	Fixed	5/2024	354	750
HVF II Series 2019-3 <sup>(3)</sup>	3.22 %	Fixed	12/2024	352	800
				<u>2,669</u>	<u>6,620</u>
<b>Donlen U.S. ABS Program</b>					
<b>HFLF U.S. ABS Program</b>					
<b>HFLF Variable Funding Notes</b>					
HFLF Series 2013-2 <sup>(4)(6)</sup>	6.12%	Floating	1/2021-6/2022	—	286
				<u>—</u>	<u>286</u>
<b>HFLF Medium Term Notes</b>					
HFLF Series 2016-1 <sup>(4)</sup>	N/A	N/A	N/A	—	34
HFLF Series 2017-1 <sup>(4)</sup>	2.94 %	Both	1/2021-8/2022	—	229
HFLF Series 2018-1 <sup>(4)</sup>	2.74 %	Both	1/2021-8/2022	—	462
HFLF Series 2019-1 <sup>(4)</sup>	2.31 %	Both	1/2021-8/2022	—	650
				<u>—</u>	<u>1,375</u>
<b>Vehicle Debt - Other</b>					
U.S. Vehicle RCF	N/A	N/A	N/A	—	146
European Vehicle Notes <sup>(5)</sup>	5.07%	Fixed	10/2021-3/2023	888	810
European ABS <sup>(3)</sup>	1.60%	Floating	11/2021	263	766
Hertz Canadian Securitization <sup>(3)(6)</sup>	3.67%	Floating	3/2021	53	241
Donlen Canadian Securitization <sup>(3)</sup>	1.54%	Floating	12/2022	—	24
Australian Securitization <sup>(3)</sup>	1.67%	Floating	6/2021	97	177
New Zealand RCF	2.91%	Floating	6/2021	35	50
U.K. Financing Facility	3.01%	Floating	1/2021-11/2023	105	247
Other Vehicle Debt	3.52%	Floating	1/2021-11/2024	37	29
				<u>1,478</u>	<u>2,490</u>
Unamortized Debt Issuance Costs and Net (Discount) Premium				(63)	(47)
<b>Total Vehicle Debt Not Subject to Compromise</b>				<u>6,024</u>	<u>13,368</u>
<b>Total Debt Not Subject to Compromise</b>				<u>\$ 6,267</u>	<u>\$ 17,089</u>

N/A - Not applicable

(1) As a result of filing the Chapter 11 Cases, certain debt was classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. The weighted-average interest rate for such debt is disclosed in subsequent rows under "non-vehicle debt subject to compromise."

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- (2) References to the "Senior Notes" include the series of Hertz's unsecured senior notes set forth in the table below which are included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. Outstanding principal amounts for each such series of the Senior Notes is also specified below:

(In millions) Senior Notes	Outstanding Principal	
	December 31, 2020	December 31, 2019
6.250% Senior Notes due October 2022	\$ 500	\$ 500
5.500% Senior Notes due October 2024	800	800
7.125% Senior Notes due August 2026	500	500
6.000% Senior Notes due January 2028	900	900
	<u>\$ 2,700</u>	<u>\$ 2,700</u>

- (3) Maturity reference is to the earlier "expected final maturity date" as opposed to the subsequent "legal final maturity date." The expected final maturity date is the date by which Hertz and investors in the relevant indebtedness originally expected the outstanding principal of the relevant indebtedness to be repaid in full. The legal final maturity date is the date on which the outstanding principal of the relevant indebtedness is legally due and payable in full. While HVF II remains in an amortization event, as described below, the expected maturity will deviate from its stated, contractual maturity date during amortization as payoff is based on the sale of the underlying vehicles and the pro-rata application of those proceeds across all outstanding HVF II Series of Notes in accordance with their seniority. During the amortization event, the ultimate maturity of the notes will depend upon the length of time the underlying vehicle collateral is sold or the timing of the refinancing of the notes.
- (4) In the case of the HFLF Medium Term Notes, such notes are repayable from cash flows derived from third-party leases comprising the underlying HFLF collateral pool. As a result of the Chapter 11 Cases and the resulting amortization events, as described below, the revolving period for all series was terminated and are amortizing monthly by an amount equal to the lease collections payable to that series and the maturity date referenced for each series of HFLF Medium Term Notes represents the date by which Hertz expects such series of notes to be repaid in full, which is based upon the contractual amortization of the underlying leases as well as the assumed rate of prepayments of such leases. Such maturity reference is to the "expected final maturity date" as opposed to the subsequent "legal final maturity date." The legal final maturity date is the date on which the relevant indebtedness is legally due and payable. Although the underlying lease cash flows that support the repayment of the HFLF Medium Term Notes may vary, the cash flows generally are expected to approximate a straight-line amortization of the related notes from the initial maturity date through the expected final maturity date.
- (5) References to the "European Vehicle Notes" include the series of Hertz Holdings Netherlands B.V.'s, an indirect wholly-owned subsidiary of Hertz organized under the laws of the Netherlands ("Hertz Netherlands"), unsecured senior notes (converted from Euros to U.S. dollars at a rate of 1.22 to 1 and 1.12 to 1 as of December 31, 2020 and 2019, respectively) set forth in the table below. Outstanding principal amounts for each such series of the European Vehicle Notes is also specified below:

(In millions) European Vehicle Notes	Outstanding Principal	
	December 31, 2020	December 31, 2019
4.125% Senior Notes due October 2021	\$ 276	\$ 251
5.500% Senior Notes due March 2023	612	559
	<u>\$ 888</u>	<u>\$ 810</u>

- (6) Includes default interest which is comprised of an increase in the contractual spread.

**Chapter 11**

As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," and as noted in the table above, the Company reclassified certain of its non-vehicle debt instruments, net of deferred financing costs, discounts and premiums, as applicable, to liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. The Company has suspended accruing and paying interest and amortizing deferred financing costs, discounts and premiums, as applicable, on the Senior Notes, Promissory Notes and Alternative Letter of Credit Facility, as of the Petition Date. The Company is continuing to pay in cash an amount equal to the monthly interest at the non-default rate for the Senior Term Loan and Senior RCF (collectively, "the First Lien Facilities"), and has suspended amortizing the associated deferred financing costs, discounts and premiums for the First Lien Facilities, as applicable, as of the Petition Date. On November 3, 2020, as directed by the Bankruptcy Court in an order dated October 29, 2020, the Company paid in cash an amount equal to the monthly interest that would have accrued on the First Lien Facilities during the period May 1, 2020 through June 30, 2020 upon entry of the DIP Order as defined below. On December 1, 2020, as directed by the Bankruptcy Court in an order dated August 25, 2020, the Company paid in cash an amount equal to half of the interest that would have accrued on the Senior Second Priority Secured Notes during the period July 1, 2020 through November 30, 2020 with the remaining half paid in kind as of December 31, 2020. On February 4, 2021, as directed by the Bankruptcy Court, the Company will continue to pay half of the interest on the Senior Second Priority Secured Notes with the remaining half paid in kind.

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The filing of the Chapter 11 Cases constituted an event of default that accelerated the Debtors' obligations under the Senior Term Loan, the Senior RCF, the U.S. Vehicle RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility. Additionally, the filing triggered defaults, termination events and/or amortization events under certain obligations of (i) Hertz International Limited, Hertz Netherlands and the direct and indirect subsidiary companies located outside of the U.S. and Canada (collectively the "International Subsidiaries") (some of which were waived or amended, subject to certain time limitations, as disclosed further below), and (ii) HVF, HVF II, HFLF and certain other vehicle financing subsidiaries (collectively the "Non-Debtor Financing Subsidiaries").

***Non-Vehicle Debt***

**Senior Secured Superpriority Debtor-in-Possession Credit Agreement**

On October 15, 2020, Hertz entered into a commitment letter for debtor-in-possession financing with the holders of a majority in aggregate outstanding amount of its Pre-petition first-lien debt (collectively, the "Initial Commitment Parties") pursuant to which the Initial Commitment Parties committed to backstop the DIP Credit Agreement in an aggregate amount of \$1.65 billion, subject to the terms and conditions set forth in the initial commitment letter. The initial commitment letter was amended on October 28, 2020 to add certain additional commitment parties.

On October 29, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain certain debtor-in-possession financing (the "DIP Order"). In accordance with the Bankruptcy Court's order, on October 30, 2020, Hertz, as borrower, and Hertz Global and certain of its subsidiaries located in the U.S. and Canada, in each case that are debtors in these Chapter 11 Cases, as guarantors (collectively, the "DIP Debtors"), entered into the DIP Credit Agreement with the financial institutions identified therein as lenders and Barclays Bank PLC as administrative agent. The DIP Credit Agreement provides for DIP Loans, of which (i) up to \$1.0 billion can be used as equity for new interim fleet financing, giving the DIP Debtors the ability to replenish their vehicle fleet in the future, and (ii) up to \$800 million can be used for working capital and general corporate purposes. The DIP Loans are available in multiple draws of at least (i) \$250 million each, or (ii) the remaining available commitments if such commitments are less than \$250 million. The DIP Loans bear interest at a rate of LIBOR plus 7.25% (subject to a 1.00% floor), which is reduced to LIBOR plus 6.75% upon a significant repayment of Pre-petition first lien debt.

The DIP Credit Agreement matures on December 31, 2021 and has limited covenants and events of default, including one milestone requiring the filing of a plan of reorganization by August 1, 2021. The DIP Credit Agreement will be secured by first priority liens on substantially all of the DIP Debtors' assets (subject to certain exclusions) and has the support of the requisite majority of the DIP Debtors' first lien Pre-petition debt to allow for consensual priming of existing liens. The DIP Credit Agreement does not contain a roll-up or cross-collateralization of Pre-petition debt or otherwise dictate how Pre-petition claims will be addressed in a plan of reorganization.

The DIP Credit Agreement includes customary negative covenants for debtor-in-possession loan agreements of this type, including covenants limiting the loan parties and their subsidiaries' ability to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of junior or Pre-petition indebtedness, in each case subject to customary exceptions for debtor-in-possession loan agreements of this type. The DIP Credit Agreement also includes conditions precedent, representations and warranties, mandatory prepayments, affirmative covenants and events of default customary for financings of this type. Certain bankruptcy-related events are also events of default, including, but not limited to, the dismissal by the Bankruptcy Court of any of the Chapter 11 Cases, the conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, the appointment of a trustee pursuant to Chapter 11, and certain other events related to the impairment of the lenders' rights or liens granted under the DIP Credit Agreement.

In November 2020, the Company drew \$250 million from the DIP Credit Agreement and Hertz utilized \$50 million of the draw to make a capital contribution to HVIF in order to pay fees associated with the issuance of the HVIF Series 2020-1 Notes, as defined below. On February 16, 2021, Hertz borrowed an additional \$250 million as per the minimum draw requirements of the DIP Credit Agreement.

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### Senior Notes

In August 2019, Hertz issued \$500 million in aggregate principal amount of 7.125% Senior Notes due August 2026 (the "2026 Notes"). Hertz utilized proceeds from the issuance of the 2026 Notes, together with net proceeds from the Rights Offering, as described in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," to redeem all \$700 million of the outstanding 5.875% Senior Notes due 2020 and all \$500 million of the outstanding 7.375% Senior Notes due 2021.

In November 2019, Hertz issued \$900 million in aggregate principal amount of 6.000% Senior Notes due January 2028 (the "2028 Notes"). Hertz utilized proceeds from the issuance of the 2028 Notes, together with available cash, to redeem \$900 million in aggregate principal amount of its outstanding 7.625% Senior Second Priority Secured Notes due 2022 (the "Senior Second Priority Secured Notes").

### **Vehicle Debt**

The governing documents of certain of the vehicle debt financing arrangements specified below contain covenants that, among other things, significantly limit or restrict (or upon certain circumstances may significantly restrict or prohibit) the ability of the borrowers/issuers, and the guarantors if applicable, to make certain restricted payments (including paying dividends, redeeming stock, making other distributions, loans or advances) to Hertz Holdings and Hertz, whether directly or indirectly. To the extent applicable, aggregate maximum borrowings are subject to borrowing base availability. There is subordination within certain series of vehicle debt based on class. Proceeds from the issuance of vehicle debt is typically used to acquire or refinance vehicles or to repay portions of outstanding principal amounts of vehicle debt with an earlier maturity.

### HVF II U.S. ABS Program

HVF II, a bankruptcy remote, indirect, wholly-owned, special purpose subsidiary of Hertz, is the issuer of variable funding notes and medium term notes under the HVF II U.S. ABS Program. HVF II has entered into a base indenture that permits it to issue term and revolving rental vehicle asset-backed securities, secured by one or more shared or segregated collateral pools consisting primarily of portions of the rental vehicles used in the Company's U.S. vehicle rental operations and contractual rights related to such vehicles that have been allocated as the ultimate indirect collateral for HVF II's financings. Within each series of HVF II U.S. Vehicle Medium Term Notes there is subordination based on class. The assets of HVF II and HVF II GP Corp. are owned by HVF II and HVF II GP Corp., respectively, and are not available to satisfy the claims of Hertz's general creditors.

As a result of the failure to make the full rent payments on April 27, 2020, an amortization event was in effect as of May 5, 2020 for all series of notes issued by HVF II and a liquidation event was in effect with respect to the Series 2013-A Notes issued by HVF II. As a result of the amortization event, proceeds from the sales of vehicles that collateralize the notes issued by HVF II must be primarily applied to the payment of principal and are allocated on what approximates a pro rata basis to the reduction of principal on the basis of seniority by class. As disclosed in Note 1, "Background," per the terms of the Interim Lease Order entered on July 24, 2020, the Debtors, as directed, made \$650 million of base rent payments under the Operating Lease to the HVF trustee in the amount of six equal monthly payments of approximately \$108 million commencing in July 2020 through December 2020. On January 20, 2021, the Bankruptcy Court entered the Second Lease Order, which directed the Debtors, among other things, to make \$756 million of base rent payments under the Operating Lease to the HVF trustee in the amount of nine equal monthly payments of \$84 million commencing in January 2021 through September 2021. The parties have agreed to defer litigation related to the Operating Lease until September 30, 2021. HVF II is accruing default interest on the HVF II Variable Funding Notes and accruing non-default interest on the U.S. Vehicle Medium Term Notes. Non-default interest is being paid on the HVF II Variable Funding Notes and the U.S. Vehicle Medium Term Notes from funds drawn on existing letter of credit facilities, as described below.

### HVF II U.S. Vehicle Variable Funding Notes

*HVF II Series 2013-A Notes:* In February 2019, HVF II extended the maturities of \$3.4 billion of existing commitments under the HVF II Series 2013-A Notes from March 2020 to March 2021, added \$400 million in new

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commitments and terminated the HVF II Series 2013-B Notes, transitioning \$300 million in commitments to the HVF II Series 2013-A Notes. In May 2019, HVF II increased the commitments of the HVF II Series 2013 Notes by \$40 million such that after giving effect to such commitments the maximum principal amount was approximately \$4.1 billion.

In February 2020, HVF II extended the maturity of the Series 2013-A Notes from March 2021 to March 2022 and increased the commitments thereunder by \$750 million. After giving effect to the transactions, the aggregate maximum principal amount of the Series 2013-A Notes was \$4.9 billion, where \$0.2 billion of commitments have a maturity of March 2021.

**HVF II U.S. Vehicle Medium Term Notes**

*HVF II Series 2019-1 Notes:* In February 2019, HVF II issued the Series 2019-1 Rental Car Asset Backed Notes, Class A, Class B, Class C and Class D in an aggregate principal amount of \$745 million.

*HVF II Series 2019-2 Notes:* In May 2019, HVF II issued the Series 2019-2 Rental Car Asset Backed Notes, Class A, Class B, Class C and Class D in an aggregate principal amount of \$799 million.

*HVF II Series 2019-3 Notes:* In November 2019, HVF II issued the Series 2019-3 Rental Car Asset Backed Notes, Class A, Class B, Class C and Class D in an aggregate principal amount of \$800 million. The Class D notes initially were purchased by an affiliate of HVF II and in December 2019, were sold to a third party.

*HVF II Series 2017-2 and Various Series 2018 and 2019 Class D Notes:* In March 2020, HVF II sold the below notes to third parties, which it had acquired at the time of the respective initial offerings and which were previously eliminated in consolidation.

<b>(In millions)</b>	<b>Aggregate Principal Amount</b>	
HVF II Series 2017-2 Class D Notes	\$	20
HVF II Series 2018-1 Class D Notes		58
HVF II Series 2018-2 Class D Notes		13
HVF II Series 2018-3 Class D Notes		13
HVF II Series 2019-1 Class D Notes		45
HVF II Series 2019-2 Class D Notes		49
<b>Total</b>	<b>\$</b>	<b>198</b>

**HVIF U.S. ABS Program**

On November 24, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain interim fleet financing and the formation of HVIF. In accordance with the Bankruptcy Court's order, on November 25, 2020, HVIF issued the Series 2020-1 Rental Car Asset Backed Notes, Class A and Class B (collectively, the "HVIF Series 2020-1 Notes") in an aggregate principal amount of \$4.0 billion to unaffiliated third parties. The HVIF Series 2020-1 Notes are comprised of \$3.5 billion aggregate principal amount of Series 2020-1 3.00% Class A Notes and \$500 million aggregate principal of Series 2020-1 3.75% Class B Notes. The HVIF Series 2020-1 Notes have a maturity date of November 24, 2021. The Class B Notes are subordinated to the Class A Notes. There were no notes issued as of December 31, 2020.

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The HVIF Series 2020-1 Notes are restricted to be drawn upon if the utilization of the vehicles that serve as collateral falls below 55%.

#### Donlen U.S. ABS Program

HFLF, a bankruptcy remote, indirect, wholly-owned, special purpose subsidiary of Donlen is the issuer under the Donlen U.S. ABS Program. HFLF has entered into a base indenture that permits it to issue term and revolving vehicle lease asset-backed securities. Donlen utilizes the HFLF securitization platform to finance its U.S. vehicle leasing operations. The notes issued by HFLF are ultimately backed by a special unit of beneficial interest in a pool of leases and the related vehicles. References to the "Donlen U.S. ABS Program" include HFLF's Variable Funding Notes together with HFLF's Medium Term Notes.

The filing of the Chapter 11 Cases triggered an amortization event under the HFLF Variable Funding Notes and the HFLF Medium Term Notes. As a result, the remaining commitments under the HFLF Series 2013-2 Notes were terminated and, while the amortization events continue, proceeds from lease payments and from the sales of vehicles that collateralize the notes issued by HFLF must be applied to the reduction of principal and payment of interest on the notes. The principal will be allocated on approximately a pro rata basis and distributed to the note holders on the basis of seniority by class. HFLF is accruing default interest on the HFLF Variable Funding Notes, while non-default interest is being paid on the HFLF Variable Funding Notes and the HFLF Medium Term Notes.

#### HFLF Variable Funding Notes

In February 2020, HFLF amended the HFLF Series 2013-2 Notes to extend the end of the revolving period from March 2021 to March 2022 and increased the commitments thereunder by \$100 million, such that the aggregate maximum borrowings of the HFLF Series 2013-2 Notes increased to \$600 million. As a result of the pending sale of the Donlen Assets, the amount outstanding of \$316 million has been classified as liabilities held for sale in the accompanying consolidated balance sheet as of December 31, 2020, as disclosed in Note 3, "Divestitures."

#### HFLF Medium Term Notes

*HFLF Series 2019-1 Notes:* In May 2019, HFLF issued the Series 2019-1 Asset Backed Notes, Class A, Class B, Class C, Class D and Class E in an aggregate principal amount of \$650 million. The HFLF Series 2019-1 Notes are fixed rate, except for the Class A-1 Notes, which are floating rate and carry an interest rate based upon a spread to one-month LIBOR. As a result of the pending sale of the Donlen Assets, the amount outstanding of \$734 million has been classified as liabilities held for sale in the accompanying consolidated balance sheet as of December 31, 2020, as disclosed in Note 3, "Divestitures."

#### DFLF Variable Funding Notes

On October 12, 2020, the Bankruptcy Court entered an order authorizing Hertz and Donlen to enter into certain agreements in connection with DFLF. On October 16, 2020, DFLF issued the Series 2020-1 Notes to offset funding needs created by the amortization of the HFLF Variable Funding Notes, where DFLF will fund lease originations going forward. As of December 31, 2020, DFLF has access to up to \$400 million of available funding, subject to certain conditions, and \$300 million of committed funding available which increases by a minimum of \$50 million per month, subject to the payment of incremental up-front fees. As a result of the pending sale of the Donlen Assets, the amount outstanding of \$250 million has been classified as liabilities held for sale in the accompanying consolidated balance sheet as of December 31, 2020, as disclosed in Note 3, "Divestitures."

#### **Vehicle Debt-Other**

The filing of the Chapter 11 Cases constituted defaults, termination events and/or amortization events with respect to certain of the Company's existing debt obligations, as described below.

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#### U.S. Vehicle Revolving Credit Facility

In August 2020, Hertz terminated the U.S. vehicle revolving credit facility by utilizing available cash to pay in full amounts outstanding of \$93 million.

#### European Vehicle Notes

The European Vehicle Notes are the primary vehicle financing facility for the Company's vehicle rental operations in Italy, Belgium and Luxembourg and finances a portion of its assets in the United Kingdom, France, The Netherlands, Spain and Germany. The agreements governing the European Vehicle Notes contain covenants that apply to the Hertz credit group similar to those for the Senior Notes. The terms of the European Vehicle Notes permit Hertz Netherlands to incur additional indebtedness that would be pari passu with the European Vehicle Notes.

Hertz Netherlands and certain other international subsidiaries entered into a limited forbearance and lock-up agreement (the "Lock-up Agreement"), as extended, in respect of the European Vehicle Notes pursuant to which the majority noteholders agreed not to take action in respect of any default or event of default that could have resulted from the Chapter 11 Cases, in order to support a transaction set forth in the Lock-up Agreement, and to be implemented by a scheme of arrangement (subject to conditions and approvals), subsequent to the waiver expiration on December 31, 2020. The transaction set out in the Lock-up Agreement is intended to be implemented by a UK Scheme of Arrangement and is expected to comprise (i) an issuance of €250.0 million in new notes to certain European Vehicle Notes lenders for cash by Hertz International Limited (the "HIL Notes"); (ii) an on-lending of the proceeds from the HIL Notes to Hertz Netherlands; (iii) a bifurcation of the existing guarantee claims under the European Vehicle Notes, which would then be auctioned, and the amount owing on the European Vehicle Notes would be reduced by the proceeds from the sale of the existing guarantee claims; and (iv) an extension of the maturity and an alteration of the European Vehicle Notes terms which may include a further reduction of amounts owing (amounts and final terms are dependent upon the level of participation of existing European Vehicle Notes holders in the lending for the HIL Notes). The UK Scheme of Arrangement was approved by the requisite majority of European Vehicle Notes creditors. The guarantee bifurcation from Hertz is subject to approval by the Bankruptcy Court and the intention is to have the UK Scheme of Arrangement recognized in the U.S. under Chapter 15 of the Bankruptcy Code. A Bankruptcy Court hearing has been scheduled for March 2021.

#### European ABS

The European ABS is the primary vehicle financing facility for the Company's vehicle rental operations in France, the Netherlands, Germany and Spain. The lenders under the European ABS have been granted a security interest in the owned rental vehicles used in the Company's vehicle rental operations in these countries and certain contractual rights related to such vehicles.

An amortization event, that would have arisen under the European ABS as a result of filing the Chapter 11 Cases, was waived in May 2020 as International Fleet Financing No.2 B.V ("IFF No. 2") entered into a waiver agreement as extended which expires on March 5, 2021 or earlier if certain conditions are not met (the "European Waiver"). Under the European Waiver, aggregate maximum borrowings were not to exceed (i) €201 million from January 29, 2021 to February 11, 2021, (ii) €187 million from February 12, 2021 to February 18, 2021 and (iii) €180 million from and including February 19, 2021.

#### Hertz Canadian Securitization

TCL Funding Limited Partnership, a bankruptcy remote, indirect, wholly-owned, special purpose subsidiary of Hertz ("Funding LP"), is the issuer under the Hertz Canadian Securitization. The Hertz Canadian Securitization was established to facilitate financing activities relating to the vehicles used by the Company in the Canadian daily vehicle rental operations. The lenders under the Hertz Canadian Securitization have been granted a security interest primarily in the owned rental vehicles used in the Company's vehicle rental operations in Canada and certain contractual rights related to such vehicles as well as certain other assets owned by the Hertz entities

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connected to the financing. In connection with the establishment of the Hertz Canadian Securitization, Funding LP issued the Series 2015-A Variable Funding Rental Car Asset Backed Notes (the "Funding LP Series 2015-A Notes") that provided for aggregate maximum borrowings of CAD\$350 million on a revolving basis.

The filing of the Chapter 11 Cases triggered an amortization event under the Hertz Canadian Securitization. As a result, the remaining committed available borrowings were terminated and proceeds from the sales of vehicles and receipt of vehicle receivables that collateralize the Hertz Canadian Securitization must be applied to the payment of principal. On September 23, 2020, Funding LP entered into an interim agreement under the Hertz Canadian Securitization in which default interest will be paid.

On January 13, 2021, the Bankruptcy Court entered an order authorizing the Debtors to enter into a new series under the Hertz Canadian Securitization, Funding LP Series 2021-A Notes. On January 27, 2021, Funding LP entered into aggregate maximum borrowings of CAD\$350 million on a revolving basis, subject to availability under the borrowing base limitation. The initial draw was used, in part, to pay outstanding obligations under the Funding LP Series 2015-A Notes, including any unpaid default interest. As a result of the payoff of the Funding LP Series 2015-A Notes, the Hertz Canadian Securitization amortization event ceased to exist.

Donlen Canadian Securitization

In December 2019, Donlen established a new securitization platform (the "Donlen Canadian Securitization") to finance its Canadian vehicle leasing operations. The Donlen Canadian Securitization provides for aggregate maximum borrowings of CAD\$50 million on a revolving basis and a maturity of December 2022. As a result of the pending sale of the Donlen Assets, the amount outstanding of \$27 million has been classified as liabilities held for sale in the accompanying consolidated balance sheet as of December 31, 2020, as disclosed in Note 3, "Divestitures."

The filing of the Chapter 11 Cases triggered an event of default under the Donlen Canadian Securitization. Donlen entered into a waiver agreement, as extended, under the Donlen Canadian Securitization with an expiration date of the earlier of April 27, 2021 or the closing of the Donlen Asset Sale, in which the aggregate maximum borrowings were reduced from CAD\$50 million to CAD\$37 million.

Australian Securitization

HA Fleet Pty Limited, an indirect wholly-owned subsidiary of Hertz, is the issuer under the Australian Securitization. The Australian Securitization is the primary fleet financing facility for Hertz's vehicle rental operations in Australia. The lender under the Australian Securitization has been granted a security interest primarily in the owned rental vehicles used in its vehicle rental operations in Australia and certain contractual rights related to such vehicles.

An amortization event that would have arisen under the Australian Securitization as a result of filing the Chapter 11 Cases was waived in May 2020 as HA Fleet Pty Limited, an indirect, wholly-owned subsidiary of Hertz, entered into a permanent waiver agreement under the Australian Securitization such that the aggregate maximum borrowing capacity was reduced from AUD\$270 million to AUD\$210 million.

New Zealand Revolving Credit Facility

Hertz New Zealand Holdings Limited, an indirect wholly-owned subsidiary of Hertz, is the borrower under a credit agreement that provides for aggregate maximum borrowings on a revolving basis under an asset-based revolving credit facility (the "New Zealand RCF"). The New Zealand RCF is the primary vehicle financing facility for its vehicle rental operations in New Zealand.

In September 2019, Hertz New Zealand Holdings Limited amended the New Zealand RCF to increase the aggregate maximum borrowings from NZD\$60 million to NZD\$75 million and extended the maturity from March 2020 to June 2021.



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**U.K. Financing Facility**

In May 2019, Hertz U.K. Limited amended its credit agreement ("U.K. Financing Facility") to, among other things, extend the maturity of the aggregate maximum borrowing capacity of £250 million to March 2021.

In April 2020, the aggregate maximum borrowing capacity under the U.K. Financing Facility was reduced from £250 million to £200 million as a result of a downgrade in the credit rating of Hertz. Events of default that would have arisen under the U.K. Financing Facility as a result of filing the Chapter 11 Cases were waived as Hertz U.K. Limited entered into a waiver agreement, as extended, which expires on March 5, 2021, or earlier if certain conditions are not met (the "UK Waiver"). Under the UK Waiver, the aggregate maximum borrowing capacity under the U.K. Financing Facility was reduced to £85 million.

**Loss on Extinguishment of Debt**

The Company incurred losses in the form of early redemption premiums and/or the write-off of deferred financing costs associated with certain redemptions, terminations and waiver agreements. Losses on extinguishment of debt are presented in vehicle and non-vehicle interest expense, net, as applicable in the accompanying statements of operations. The following table reflects the amount of losses for each respective redemption/termination:

Redemption/Termination (in millions)	Years Ended December 31,		
	2020	2019	2018
<b>Non-Vehicle Debt:</b>			
5.875% Senior Notes due 2020	\$ —	\$ 2	\$ —
7.375% Senior Notes due 2021	—	2	—
7.625% Senior Second Priority Secured Notes due 2022	—	39	—
Total Non-Vehicle Debt	—	43	—
<b>Vehicle Debt:</b>			
HVF II Series 2017-A	—	—	2
4.375% European Vehicle Notes due 2019	—	—	20
European ABS	5	—	—
Total Vehicle Debt	5	—	22
Total Loss on Extinguishment of Debt	\$ 5	\$ 43	\$ 22

**Maturities**

As of December 31, 2020, the nominal amounts of maturities of debt, including non-vehicle debt subject to compromise, for each of the years ending December 31 are as follows:

(In millions)	2021	2022	2023	2024	2025	After 2025
Non-Vehicle Debt <sup>(1)</sup>	\$ 1,016	\$ 870	\$ 633	\$ 801	\$ —	\$ 1,427
Vehicle Debt <sup>(2)</sup>	1,732	2,466	1,183	706	—	—
Total	\$ 2,748	\$ 3,336	\$ 1,816	\$ 1,507	\$ —	\$ 1,427

(1) Includes Non-Vehicle Debt of \$4.4 billion included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020, and as the expected maturity date is subject to the outcome of the Chapter 11 Cases, the original, legal maturity dates are reflected in this table.

(2) The stated, contractual maturity dates are reflected in this table except for \$362 million of notes where the maturity date has expired as of December 31, 2020 and as such, is included in the 2021 column in this table. As HVF II is in an amortization event, its expected maturity dates may change as described above.

As of December 31, 2020, \$1.0 billion of non-vehicle debt, of which \$760 million is included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020, and \$1.7 billion of vehicle

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debt is set to mature in 2021 which does not reflect any potential changes to the Company's debt that may result from the Chapter 11 Cases.

**Borrowing Capacity and Availability**

Borrowing capacity and availability comes from the Company's revolving credit facilities. As a result of the filing of the Chapter 11 Cases, almost all of the Company's revolving credit facilities were terminated, as disclosed in the following table. The remaining revolving credit facilities are a combination of cash flow based revolving credit facilities and asset-based revolving credit facilities. Creditors under each such asset-backed securitization facility and asset-based revolving credit facility have a claim on a specific pool of assets as collateral. With respect to each such asset-backed securitization facility and asset-based revolving credit facility, the Company refers to the amount of debt it can borrow given a certain pool of assets as the borrowing base.

The Company refers to "Remaining Capacity" as the maximum principal amount of debt permitted to be outstanding under the respective facility (i.e., with respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the amount of debt the Company could borrow assuming it possessed sufficient assets as collateral) less the principal amount of debt then-outstanding under such facility. With respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the Company refers to "Availability Under Borrowing Base Limitation" as the lower of Remaining Capacity or the borrowing base less the principal amount of debt then-outstanding under such facility (i.e., the amount of debt that can be borrowed given the collateral possessed at such time).

The following facilities were available to the Company as of December 31, 2020 and are presented net of any outstanding letters of credit:

(In millions)	Remaining Capacity	Availability Under Borrowing Base Limitation
<b>Non-Vehicle Debt</b>		
Senior RCF <sup>(1)</sup>	\$ —	\$ —
Senior Secured Superpriority Debtor-in-Possession Credit Agreement Letter of Credit Facility <sup>(1)</sup>	1,400	1,400
Alternative Letter of Credit Facility <sup>(1)</sup>	—	—
Total Non-Vehicle Debt	1,400	1,400
<b>Vehicle Debt</b>		
HVF II U.S. Vehicle Variable Funding Notes <sup>(1)</sup>	—	—
HVIF Series 2020-1	4,000	10
European ABS	471	—
Hertz Canadian Securitization <sup>(1)</sup>	—	—
Australian Securitization	63	2
U.K. Financing Facility	44	1
New Zealand RCF	19	2
Total Vehicle Debt	4,597	15
Total	\$ 5,997	\$ 1,415

(1) As a result of the filing of the Chapter 11 Cases, there is no longer remaining capacity or availability under these facilities, as such unused commitments were terminated.

**Letters of Credit**

The Letter of Credit Facility consists of \$400 million of commitments from the issuing banks party thereto and matures on June 30, 2021. The Alternative Letter of Credit Facility consists of \$250 million of unsecured commitments from the issuing banks party thereto and matures on December 20, 2023.

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As of December 31, 2020, there were outstanding standby letters of credit totaling \$740 million. Such letters of credit have been issued primarily to support the Company's insurance programs, vehicle rental concessions and leaseholds as well as to provide credit enhancement for its asset-backed securitization facilities. Of this amount, \$225 million were issued under the Senior RCF, \$299 million were issued under the Letter of Credit Facility and \$200 million were issued under the Alternative Letter of Credit Facility. As of December 31, 2020, \$17 million and \$114 million of the issued letters of credit have been drawn upon under the Senior RCF and Alternative Letter of Credit Facility, respectively, to fund interest payments due under the HVF II Notes. The draws remain unreimbursed by the Company, and, except as otherwise set forth in orders from the Bankruptcy Court, as a result are accruing interest at the non-default rate.

***Special Purpose Entities***

Substantially all of the Company's revenue earning vehicles and certain related assets are owned by special purpose entities or are encumbered in favor of the lenders under the various credit facilities, other secured financings and asset-backed securities programs. None of the value of such assets (including the assets owned by Hertz Vehicle Financing II LP, HVF II GP Corp., Hertz Vehicle Financing LLC, Rental Car Finance LLC and various international subsidiaries that facilitate the Company's international securitizations) will be available to satisfy the claims of unsecured creditors unless the secured creditors are paid in full.

The Company has a 25% ownership interest in IFF No. 2, whose sole purpose is to provide commitments to lend in various currencies subject to borrowing bases comprised of revenue earning vehicles and related assets of certain of Hertz International, Ltd.'s subsidiaries. IFF No. 2 is a VIE and the Company is the primary beneficiary, therefore, the assets, liabilities and results of operations of IFF No. 2 are included in the accompanying consolidated financial statements. As of December 31, 2020 and 2019, IFF No. 2 had total assets of \$464 million and \$1.1 billion, respectively, primarily comprised of loans receivable, and total liabilities of \$464 million and \$1.1 billion, respectively, primarily comprised of debt.

***Covenant Compliance***

Prior to the filing of the Chapter 11 Cases, Hertz's consolidated first lien net leverage ratio (the "Leverage Ratio"), as defined in the credit agreements governing the Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility, as of the last day of any fiscal quarter may not exceed a ratio of 3.00 to 1.00. As a result of the filing of the Chapter 11 Cases, the Company is currently in default under its Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility, and the Company is in breach of the Leverage Ratio.

The DIP Credit Agreement requires a liquidity maintenance test of \$275 million, as defined in the DIP Credit Agreement, as of each month end period. As of December 31, 2020, Hertz was in compliance with the liquidity maintenance test.

***Accrued Interest***

As of December 31, 2020 and 2019, accrued interest was \$136 million and \$61 million, respectively, which is included in accrued liabilities in the accompanying consolidated balance sheets. There was \$70 million of accrued interest included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020 related to the filing of the Chapter 11 Cases as disclosed above.

***Restricted Net Assets***

As a result of the contractual restrictions on Hertz's or its subsidiaries' ability to pay dividends (directly or indirectly) under various terms of its debt, as of December 31, 2020, the restricted net assets of the subsidiaries of Hertz and Hertz Global exceed 25% of their total consolidated net assets, respectively.

**Note 7 —Revenue from Contracts with Customers**

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In the Revenue Recognition section of Note 2, "Significant Accounting Policies", the Company discloses that revenue earned from vehicle rentals and from other forms of rental related activities wherein an identified asset is transferred to the customer and the customer has the ability to control that asset, are accounted for under Topic 842, which the Company adopted in accordance with the effective date on January 1, 2019. Prior to the adoption of Topic 842, the Company accounted for such revenue under Topic 606 for the year ended December 31, 2018.

The following disclosures are in accordance with Topic 606 for the year ended December 31, 2018. See Note 10, "Leases" for disclosures in accordance with Topic 842 for the years ended December 31, 2020 and 2019.

The Company operates at airport rental locations in the U.S. and internationally ("airport") and at off airport locations also in the U.S. and internationally ("off airport"). The Company's airport rental customers are primarily airline travelers; whereas the Company's off airport rental customers include people who prefer to rent vehicles closer to their home or place of work for business or leisure purposes, as well as those needing to travel to or from airports. The Company's off airport customers also include people who have been referred by, or whose rental costs are being wholly or partially reimbursed by, insurance companies following accidents in which their vehicles were damaged, those expecting to lease vehicles that are not yet available from their leasing companies and replacement renters. In addition, the Company's off airport customers include TNC drivers.

The following table presents revenues from contracts with customers by reportable segment and disaggregated by product/service and type of location and customer for the year ended December 31, 2018:

(In millions)	Year Ended December 31, 2018			
	U.S. Rental Car	International Rental Car	All Other Operations	Consolidated
<b>Vehicle rental and rental related:</b>				
Airport	\$ 4,465	\$ 1,288	\$ —	\$ 5,753
Off airport	1,881	842	—	2,723
<b>Total vehicle rental and rental related</b>	<b>6,346</b>	<b>2,130</b>	<b>—</b>	<b>8,476</b>
<b>Other:</b>				
Licensee revenue	32	145	—	177
Ancillary retail vehicle sales	102	1	—	103
Fleet management	—	—	45	45
<b>Total other</b>	<b>134</b>	<b>146</b>	<b>45</b>	<b>325</b>
<b>Total revenue from contracts with customers</b>	<b>\$ 6,480</b>	<b>\$ 2,276</b>	<b>\$ 45</b>	<b>\$ 8,801</b>

The Company recognizes receivables and liabilities resulting from its contracts with customers. Contract receivables primarily consist of receivables from customers for vehicle rentals. Contract liabilities primarily consist of obligations to customers for prepaid vehicle rentals and related to the Company's points-based loyalty programs.

The contract liability balance as of December 31, 2018 is \$341 million and is included in accrued liabilities in the accompanying consolidated balance sheet. The revenue recognized during the year ended December 31, 2018 for such contract liabilities is \$127 million. Additionally, the Company elected to apply the practical expedient where the value of unsatisfied performance obligations for sales-based royalty fees from franchisees is not disclosed.

During the year ended December 31, 2018, based on the net impact of loyalty points earned and redeemed by customers, the Company recorded a net revenue deferral of \$7 million. As of December 31, 2018, the value of unredeemed loyalty points is \$272 million, which is recorded as a contract liability in accrued liabilities in the accompanying consolidated balance sheet.

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**Note 8—Employee Retirement Benefits**

The Company sponsors multiple domestic and international employee retirement benefit plans. Benefits are based upon years of service and compensation. The Hertz Corporation Account Balance Defined Benefit Pension Plan (the "Hertz Retirement Plan") is a U.S. cash balance plan which was amended in 2014 to permanently discontinue future benefit accruals and participation under the plan for non-union employees. Additionally, the Company sponsors the Hertz Corporation Benefit Equalization Plan ("BEP") and the Hertz Corporation Supplemental Executive Retirement Plans (together with the BEP, the "Supplemental Plans"), where benefit accruals and participation under the Supplemental Plans were discontinued by the Company effective December 31, 2014.

Some of the Company's international subsidiaries have defined benefit retirement plans or participate in various insured or multiemployer plans. In certain countries, when the subsidiaries make the required funding payments, they have no further obligations under such plans. The Company's benefit plans are generally funded, except for certain non-qualified U.S. defined benefit plans and in Germany, France and Italy, where unfunded liabilities are recorded. The Company also sponsors defined contribution plans for certain eligible U.S. and non-U.S. employees, where contributions are matched based on specific guidelines in the plans.

The Company also sponsors postretirement health care and life insurance benefits for a limited number of employees with hire dates prior to January 1, 1990.

Management makes certain assumptions relating to discount rates, salary growth, long-term return on plan assets, retirement rates, mortality rates and other factors when determining amounts to be recognized. These assumptions are reviewed annually by management, assisted by the enrolled actuary, and updated as warranted. The Company uses a December 31 measurement date for all of the plans and utilizes fair value to calculate the market-related value of pension assets for purposes of determining the expected return on plan assets and accounting for asset gains and losses.

Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and, therefore, significant differences in actual experience or significant changes in assumptions would affect the Company's pension costs and obligations. The Company recognizes an asset for each over funded plan and a liability for each underfunded plan in the consolidated balance sheets. Pension plan liabilities are revalued annually based on updated assumptions and information about the individuals covered by the plan. For pension plans, if accumulated actuarial gains and losses are in excess of a 10 percent corridor, the excess is amortized on a straight-line basis over the average remaining service period of active participants. Prior service cost is amortized on a straight-line basis from the date recognized over the average remaining service period of active participants, when applicable.

As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," participants of the Supplemental Plans are no longer entitled to benefit payments and are considered general creditors of the Company. As such, the Company classified \$24 million of its U.S. pension benefit obligation as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020.

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The following tables set forth the funded status and the net periodic pension cost of the Hertz Retirement Plan and other U.S. based retirement plans, other postretirement benefit plans including health care and life insurance plans covering domestic (i.e. U.S.) employees and the retirement plans for international operations ("Non-U.S."), together with amounts included in the accompanying consolidated balance sheets and statements of operations:

(In millions)	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.			
	2020	2019	2020	2019	2020	2019
<b>Change in Benefit Obligation</b>						
Benefit obligation as of January 1	\$ 559	\$ 516	\$ 286	\$ 246	\$ 12	\$ 12
Service cost	—	—	1	1	—	—
Interest cost	15	21	5	6	—	—
Plan curtailments	(2)	—	—	—	—	—
Plan settlements	(88)	(33)	(5)	—	—	—
Benefits paid	(3)	(4)	(6)	(5)	(1)	(1)
Foreign currency exchange rate translation	—	—	17	5	—	—
Actuarial loss (gain)	41	59	42	33	1	1
Benefit obligation as of December 31 <sup>(1)</sup>	<u>\$ 522</u>	<u>\$ 559</u>	<u>\$ 340</u>	<u>\$ 286</u>	<u>\$ 12</u>	<u>\$ 12</u>
<b>Change in Plan Assets</b>						
Fair value of plan assets as of January 1	\$ 503	\$ 452	\$ 228	\$ 192	\$ —	\$ —
Actual return (loss) gain on plan assets	74	84	28	29	—	—
Company contributions	2	4	4	5	1	1
Plan settlements	(88)	(33)	(5)	—	—	—
Benefits paid	(3)	(4)	(6)	(5)	(1)	(1)
Foreign currency exchange rate translation	—	—	9	7	—	—
Fair value of plan assets as of December 31	<u>\$ 488</u>	<u>\$ 503</u>	<u>\$ 258</u>	<u>\$ 228</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Funded Status of the Plan</b>						
Plan assets less than benefit obligation	<u>\$ (34)</u>	<u>\$ (56)</u>	<u>\$ (82)</u>	<u>\$ (58)</u>	<u>\$ (12)</u>	<u>\$ (12)</u>

(1) Participants of the Supplemental Plans are no longer entitled to benefit payments and are considered general creditors of the Company. As such, the Company classified \$24 million of its U.S. pension benefit obligation as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020.

In 2020 and 2019, discount rates decreased, resulting in actuarial losses for the U.S. and Non-U.S. pension and postretirement plans. In addition, an increase in the inflation assumption in 2020 resulted in an actuarial loss in the Non-U.S. pension plans.

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(\$ in millions)	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.		2020	2019
	2020	2019	2020	2019		
<b>Amounts recognized in balance sheets:</b>						
Prepaid expenses and other assets	\$ —	\$ —	\$ 14	\$ 25	\$ —	\$ —
Accrued liabilities	(34)	(56)	(96)	(83)	(12)	(12)
Net obligation recognized in the balance sheets	<u>\$ (34)</u>	<u>\$ (56)</u>	<u>\$ (82)</u>	<u>\$ (58)</u>	<u>\$ (12)</u>	<u>\$ (12)</u>
Prior service credit	\$ —	\$ —	\$ (2)	\$ (2)	\$ —	\$ —
Net gain (loss)	(47)	(73)	(93)	(70)	(1)	1
Accumulated other comprehensive income (loss)	(47)	(73)	(95)	(72)	(1)	1
Funded/(Unfunded) accrued pension or postretirement benefit	13	17	13	14	(11)	(13)
Net obligation recognized in the balance sheets	<u>\$ (34)</u>	<u>\$ (56)</u>	<u>\$ (82)</u>	<u>\$ (58)</u>	<u>\$ (12)</u>	<u>\$ (12)</u>
Total recognized in other comprehensive (income) loss	<u>\$ (26)</u>	<u>\$ (13)</u>	<u>\$ 23</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total recognized in net periodic benefit cost and other comprehensive (income) loss	<u>\$ (20)</u>	<u>\$ (3)</u>	<u>\$ 25</u>	<u>\$ 12</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b>Accumulated Benefit Obligation as of December 31<sup>(1)</sup></b>	<u>\$ 522</u>	<u>\$ 559</u>	<u>\$ 338</u>	<u>\$ 284</u>	<u>N/A</u>	<u>N/A</u>
<b>Weighted-average assumptions as of December 31</b>						
Discount rate	2.3 %	3.1 %	1.4 %	1.9 %	2.3 %	3.2 %
Expected return on assets	4.5 %	4.8 %	3.0 %	3.2 %	N/A	N/A
Average rate of increase in compensation	4.3 %	4.3 %	2.1 %	2.2 %	N/A	N/A
Interest crediting rate	3.8 %	3.8 %	N/A	N/A	N/A	N/A
Initial health care cost trend rate	N/A	N/A	N/A	N/A	5.5 %	5.8 %
Ultimate health care cost trend rate	N/A	N/A	N/A	N/A	4.5 %	4.5 %
Number of years to ultimate trend rate	N/A	N/A	N/A	N/A	18	19

N/A - Not applicable

(1) Participants of the Supplemental Plans are no longer entitled to benefit payments and are considered general creditors of the Company. As such, the Company classified \$24 million of its U.S. pension benefit obligation as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020.

The discount rate used to determine the December 31, 2020 and 2019 benefit obligations for U.S. pension plans is based on the rate from the Mercer Pension Discount Curve-Above Mean Yield that is appropriate for the duration of the Company's plan liabilities. For its plans outside the U.S., the discount rate reflects the market rates for an optimized subset of high-quality corporate bonds currently available. The discount rate in a country was determined based on a yield curve constructed from high quality corporate bonds in that country. The rate selected from the yield curve has a duration that matches its plan.

The expected return on plan assets for each funded plan is based on expected future investment returns considering the target investment mix of plan assets.

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The following table sets forth the net periodic pension and postretirement (including health care, life insurance and auto) expense charged to net income (loss). The components of net periodic pension expense (benefit), other than service cost, are included in other (income) expense, net in the accompanying consolidated statements of operations.

(\$ in millions)	Pension Benefits						Postretirement Benefits (U.S.)		
	U.S.			Non-U.S.					
	Years Ended December 31,								
	2020	2019	2018	2020	2019	2018	2020	2019	2018
<b>Components of Net Periodic Pension and Postretirement Expense (Benefit)</b>									
Service cost	\$ —	\$ —	\$ 1	\$ 1	\$ 1	\$ 1	\$ —	\$ —	\$ —
Interest cost	15	21	19	5	6	7	—	—	1
Expected return on plan assets	(20)	(22)	(28)	(7)	(9)	(11)	—	—	—
Net amortizations	2	6	1	1	1	1	—	—	—
Settlement loss	9	5	3	2	—	—	—	—	—
<b>Net pension and postretirement expense (benefit)</b>	<b>\$ 6</b>	<b>\$ 10</b>	<b>\$ (4)</b>	<b>\$ 2</b>	<b>\$ (1)</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1</b>
Weighted-average discount rate for expense (January 1)	3.1 %	4.2 %	3.6 %	1.9 %	2.7 %	2.4 %	3.2 %	4.2 %	3.5 %
Weighted-average assumed long-term rate of return on assets (January 1)	4.8 %	6.3 %	6.3 %	3.2 %	4.8 %	5.2 %	N/A	N/A	N/A
Weighted-average interest crediting rate for expense	3.8 %	3.8 %	3.8 %	N/A	N/A	N/A	N/A	N/A	N/A
Initial health care cost trend rate	N/A	N/A	N/A	N/A	N/A	N/A	5.8 %	6.1 %	6.4 %
Ultimate health care cost trend rate (rate to which cost trend is expected to decline)	N/A	N/A	N/A	N/A	N/A	N/A	4.5 %	4.5 %	4.5 %
Number of years to ultimate trend rate	N/A	N/A	N/A	N/A	N/A	N/A	18	19	20

N/A - Not applicable

The net of tax loss in accumulated other comprehensive income (loss) as of December 31, 2020 and 2019 relating to pension benefits of the Hertz Retirement Plan was \$122 million and \$118 million, respectively.

The provisions charged to net income (loss) for the years ended December 31, 2020, 2019 and 2018 for all other pension plans were approximately \$6 million, \$11 million and \$10 million, respectively.

The provisions charged to net income (loss) for the years ended December 31, 2020, 2019 and 2018 for the defined contribution plans were approximately \$11 million, \$27 million and \$26 million, respectively.

**Plan Assets**

The Company has a long-term investment outlook for the assets held in the Company sponsored plans, which is consistent with the long-term nature of each plan's respective liabilities. The Company has two major plans which reside in the U.S. and the United Kingdom.



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**The U.S. Plan**

The U.S. Plan (the "Plan") has a target asset allocation mix of 65% in investments intended to hedge the impact of capital market movements ("Immunizing Portfolio Investments"), comprised primarily of fixed income securities, and 35% in investments intended to earn more than the pension liability growth over the long-term ("Growth Portfolio Investments"). The Growth Portfolio Investments are primarily invested in passively managed equity funds, international and emerging market funds that are actively managed and non-investment grade fixed income funds. The overall strategy and the Immunizing Portfolio Investments are managed by professional investment managers. The investments within these asset classes are diversified in order to minimize the risk of large losses. The Plan assumes a 4.5% expected long-term annual weighted-average rate of return on assets.

The fair value measurements of the Company's U.S. pension plan assets are based upon inputs that reflect quoted prices for identical assets or liabilities in active markets that are observable (Level 1) and significant observable inputs (Level 2) that reflect quoted prices for similar assets or liabilities in active markets. The fair value measurements of the U.S. pension plan assets relate to common collective trusts and other pooled investment vehicles consisting of the following asset categories:

(In millions) Asset Category	December 31, 2020			December 31, 2019		
	Level 1	Level 2	Measured at NAV <sup>(1)</sup>	Level 1	Level 2	Measured at NAV <sup>(1)</sup>
Cash	\$ 6	\$ —	\$ —	\$ 10	\$ —	\$ —
Short Term Investments	—	28	—	—	36	—
Equity Funds <sup>(2)</sup> :						
U.S. Large Cap	—	66	—	—	70	—
U.S. Small Cap	—	11	—	—	10	—
International Large Cap	—	36	—	—	38	—
International Small Cap	—	7	—	—	7	—
International Emerging Markets	—	6	9	—	8	8
Fixed Income Securities:						
U.S. Treasuries	—	18	—	—	1	—
Corporate Bonds	—	245	—	—	247	—
Government Bonds	—	9	—	—	24	—
Municipal Bonds	—	10	—	—	11	—
Derivatives - Interest Rate	3	—	—	(3)	—	—
Derivatives - Credit	—	—	—	—	1	—
Non-Investment Grade Fixed Income <sup>(2)</sup>	—	34	—	—	35	—
<b>Total fair value of pension plan assets</b>	<b>\$ 9</b>	<b>\$ 470</b>	<b>\$ 9</b>	<b>\$ 7</b>	<b>\$ 488</b>	<b>\$ 8</b>

(1) Includes certain investments where the fair value measurement utilizes the net asset value (NAV) and as such, are not classified in the fair value levels above.

(2) The Level 2 investments relate to investment funds that publish daily NAV per unit. The daily NAV is available to participants in the funds and redemptions can be made daily at the current NAV. The fair value and units are determined and published, and are the basis for current transactions. The investments are not eligible for the NAV practical expedient. However, they are measured at the published NAV because the quoted NAV per unit represents the price at which the investment would be sold in a transaction between independent market participants.

**The U.K. Plan**

The Company's United Kingdom defined benefit pension plan (the "U.K. Plan") has a target allocation of 30% actively managed diversified growth and multi-asset credit funds, 10% passive equity funds and 60% protection portfolio that consists of liability driven investments, Sterling liquidity fund and United Kingdom corporate bonds. The actively managed diversified growth and multi-asset credit funds are intended to deliver a long-term equity-like

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return but with reduced levels of volatility. The protection portfolio is designed to partially hedge the interest rate and inflation expectation exposure of the liabilities which are measured on a local regulatory basis. The amount that is required to be invested in each fund to maintain target hedge ratios will vary over time as the value of the liabilities change and the allocations within the protection portfolio will be allowed to vary accordingly. All of the invested assets of the U.K. Plan are held via pooled funds managed by professional investment managers. The U.K. Plan assumes a 3.0% expected long-term weighted-average rate of return on assets for the Plan in total.

The Company's U.K. Plan accounts for \$251 million of the \$258 million in fair value of Non-U.S. plan assets as of December 31, 2020 and accounts for \$221 million of the \$228 million in fair value of Non-U.S. plan assets as of December 31, 2019. The fair value measurements of the Company's U.K. Plan assets are based upon inputs that reflect quoted prices for identical assets or liabilities in active markets that are observable (Level 1) and significant observable inputs that reflect quoted prices for similar assets or liabilities in active markets (Level 2). The fair value measurements of the U.K. Plan assets relate to common collective trusts and other pooled investment vehicles consisting of the following asset categories:

(In millions)	December 31, 2020			December 31, 2019		
	Level 1	Level 2	Measured at NAV <sup>(1)</sup>	Level 1	Level 2	Measured at NAV <sup>(1)</sup>
<b>Asset Category:</b>						
<b>Actively Managed Multi-Asset Funds:</b>						
Diversified Growth Funds <sup>(2)</sup>	\$ —	\$ 39	\$ —	\$ —	\$ 42	\$ —
Multi Asset Credit	—	—	37	—	—	36
<b>Passive Equity Funds:</b>						
U.K. Equities <sup>(2)</sup>	—	12	—	—	11	—
Overseas Equities <sup>(2)</sup>	—	14	—	—	14	—
<b>Passive Bond Funds:</b>						
Corporate Bonds	—	27	—	—	24	—
Liability Driven Investments <sup>(2)</sup>	—	98	—	—	48	—
Liquidity Fund	24	—	—	46	—	—
<b>Total fair value of pension plan assets</b>	<b>\$ 24</b>	<b>\$ 190</b>	<b>\$ 37</b>	<b>\$ 46</b>	<b>\$ 139</b>	<b>\$ 36</b>

(1) Includes certain investments where the fair value measurement utilizes the net asset value (NAV) and as such, are not classified in the fair value levels above.

(2) The Level 2 investments relate to investment funds that publish daily NAV per unit. The daily NAV is available to participants in the funds and redemptions can be made daily at the current NAV. The fair value and units are determined and published, and are the basis for current transactions. The investments are not eligible for the NAV practical expedient. However, they are measured at the published NAV because the quoted NAV per unit represents the price at which the investment would be sold in a transaction between independent market participants.

### Contributions

The Company's policy for funded plans is to contribute annually, at a minimum, amounts required by applicable laws, regulations and union agreements. From time to time, the Company makes contributions beyond those legally required. In 2020 and 2019, the Company did not make any cash contributions to its U.S. qualified pension plan.

In 2020 and 2019, the Company made contributions to its U.S. non-qualified pension plans of \$2 million and \$4 million, respectively. The Company made discretionary contributions of \$3 million to its U.K. Plan during the years ended December 31, 2020 and 2019.

The Company does not anticipate contributing to the U.S. qualified pension plan during 2021. For the U.K. Plan the Company anticipates contributing \$3 million during 2021 and does not anticipate contributing any significant amounts to its other international plans. The level of 2021 and future contributions will vary, and is dependent on a number of factors including investment returns, interest rate fluctuations, plan demographics, funding regulations and the results of the final actuarial valuation.

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**Estimated Future Benefit Payments**

The following table presents estimated future benefit payments:

(In millions)	Pension Benefits		Postretirement Benefits (U.S.)
2021	\$	34	\$ 1
2022		33	1
2023		36	1
2024		38	1
2025		40	1
After 2025		217	3
	\$	<u>398</u>	<u>\$ 8</u>

**Multiemployer Pension Plans**

The Company contributes to several multiemployer defined benefit pension plans under collective bargaining agreements that cover certain of its union-represented employees. The risks of participating in such plans are different from the risks of a single-employer plan, in the following respects:

- a) Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b) If a participating employer ceases to contribute to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If the Company ceases to have an obligation to contribute to the multiemployer plan in which the Company had been a contributing employer, the Company may be required to pay to the plan an amount based on the underfunded status of the plan and on the history of its participation in the plan prior to the cessation of its obligation to contribute. The amount that an employer that has ceased to have an obligation to contribute to a multiemployer plan is required to pay to the plan is referred to as a withdrawal liability.

Amounts accrued for benefit payments under the Company's multiemployer pension plans of \$2 million have been classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. The Company's participation in multiemployer plans is outlined in the table below. For plans that are not individually significant to the Company, the total amount of contributions is presented in the aggregate.

Pension Fund	EIN /Pension Plan Number	Pension Protection Act Zone Status		FIP / RP Status Pending /Implemented <sup>(1)</sup>	Contributions by The Hertz Corporation (In millions)			Surcharge Imposed	Expiration Dates of Collective Bargaining Agreements
		2020	2019		2020	2019	2018		
Western Conference of Teamsters	91-6145047	Green	Green	N/A	\$ 5	\$ 8	\$ 7	N/A	9/30/2021
Other Plans <sup>(2)</sup>					2	4	3		
<b>Total Contributions</b>					<u>\$ 7</u>	<u>\$ 12</u>	<u>\$ 10</u>		

N/A Not applicable

- (1) Indicates whether a Funding Improvement Plan, as required under the Code to be adopted by plans in the "yellow" zone, or a Rehabilitation Plan, as required under the Code to be adopted by plans in the "red" zone, is pending or has been implemented as of the end of the plan year that ended in 2020.
- (2) Included in the Other Plans are contributions to the Local 1034 Pension Fund. The amount contributed by Hertz to the Local 1034 Pension Fund was reported as being more than 5% of total contributions to the plan on the fund's Form 5500 for the year ended December 31, 2019.

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**Note 9—Stock-Based Compensation**

The stock-based compensation expense associated with the Hertz Holdings stock-based compensation plans is pushed down from Hertz Global and recorded on the books at the Hertz level.

**Plans**

In May 2016, Old Hertz Holdings board of directors adopted the Hertz Global Holdings, Inc. 2016 Omnibus Incentive Plan (the "Omnibus Plan"), which was amended by its stockholders at the annual meeting of stockholders held on May 24, 2019 to increase the number of shares which can be granted under the plan by 2,490,000 shares. As amended, the Omnibus Plan contains 11,767,723 shares which can be granted pursuant to the terms and conditions of the Omnibus Plan. In connection with the Rights Offering, as disclosed in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global", and pursuant to the Omnibus Plan, the number of shares which can be granted under the plan was increased by an additional 453,741 shares in 2019. The Omnibus Plan provides for grants of both equity and cash awards, including non-qualified stock options, incentive stock options, stock appreciation rights, performance awards (shares and units), restricted stock, restricted stock units and deferred stock units to key executives, employees and non-management directors. The shares of common stock to be delivered under the Omnibus Plan may consist, in whole or in part, of common stock held in treasury or authorized but unissued shares of common stock, not reserved for any other purpose.

As of December 31, 2020, the Company had 2,694,399 shares underlying awards outstanding under the Omnibus Plan.

Shares subject to any award (other than distribution awards) granted under the Omnibus Plan that for any reason are canceled, terminated, forfeited, settled in cash or otherwise settled without the issuance of common stock after the effective date of the Omnibus Plan will generally be available for future grants under the Omnibus Plan.

A summary of the total compensation expense and associated income tax benefits recognized, including the cost of stock options, RSUs, PSUs, and PSAs is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Compensation expense	\$ (2)	\$ 18	\$ 14
Income tax benefit	—	(2)	(3)
Total	\$ (2)	\$ 16	\$ 11

As of December 31, 2020, there was approximately \$8 million of total unrecognized compensation cost related to non-vested stock options, RSUs, PSUs and PSAs granted. The total unrecognized compensation cost is expected to be recognized over the remaining 1.1 years, on a weighted average basis, of the requisite service period that began on the grant dates.

**Stock Options and Stock Appreciation Rights**

All stock options and stock appreciation rights granted under the Omnibus Plan will have a per-share exercise price of not less than the fair market value of one share of Hertz Global's common stock on the grant date. Stock options and stock appreciation rights will vest based on a minimum period of service or the occurrence of events (such as a change in control, as defined in the Omnibus Plan) specified by the Compensation Committee of the Company's Board. No stock options or stock appreciation rights will be exercisable after a maximum of ten years from the grant date.

The Company accounts for options as equity-classified awards and recognizes compensation cost on a straight-line basis over the vesting period. The value of each option award is estimated on the grant date using a Black-Scholes option valuation model that incorporates the assumptions noted in the following table.

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The Company calculates the expected volatility based on the historical movement of its stock price.

Assumption	Grants		
	2020 <sup>(1)</sup>	2019 <sup>(2)</sup>	2018
Expected volatility	— %	68.5 %	56.7 %
Expected dividend yield	— %	— %	— %
Expected term (years)	0	7	5
Risk-free interest rate	— %	1.93 %	2.57 %
Weighted-average grant date fair value	\$ —	\$ 9.19	\$ 8.92

(1) There were no options approved to be granted by the Company's Compensation Committee in 2020.

(2) Options granted in 2019 are solely related to the incremental grants awarded as part of the Rights Offering, as disclosed in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global."

A summary of option activity as of December 31, 2020 is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In millions)
Outstanding as of January 1, 2020	1,055,954	\$ 28.36	4.0	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited or Expired	(956,916)	27.70	—	—
Outstanding as of December 31, 2020	99,038	34.76	2.3	—
Exercisable as of December 31, 2020	98,194	35.35	1.4	—

A summary of non-vested option activity as of December 31, 2020 is presented below:

	Non-vested Shares	Weighted-Average Exercise Price	Weighted-Average Grant-Date Fair Value
Non-vested as of January 1, 2020	477,438	\$ 18.31	\$ 9.35
Granted	—	—	—
Vested	(19,664)	17.97	8.93
Forfeited	(434,525)	18.34	9.39
Non-vested as of December 31, 2020	23,249	18.07	9.06

Additional information pertaining to option activity under the plans is as follows:

(In millions)	Years Ended December 31,		
	2020	2019	2018
Aggregate intrinsic value of stock options exercised	\$ —	\$ —	\$ —
Cash received from the exercise of stock options	—	—	—
Fair value of options that vested	—	5	3
Tax benefit realized on exercise of stock options	—	—	—

**Performance Stock Awards, Performance Stock Units, Restricted Stock and Restricted Stock Units**

PSAs and PSUs granted under the Omnibus Plan will vest based on the achievement of pre-determined performance goals over performance periods determined by the Compensation Committee. Each of the units

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granted represent the right to receive one share of Hertz Global's common stock on a specified future date. In the event of an employee's death or disability, a pro rata portion of the employee's PSAs and PSUs will vest to the extent performance goals are achieved at the end of the performance period. Restricted stock and RSUs granted under the Omnibus Plan will vest based on a minimum period of service or the occurrence of events (such as a change in control, as defined in the Omnibus Plan) specified by the Compensation Committee.

On August 4, 2020, in recognition of the Chapter 11 Cases, all long-term incentive plans were frozen and as such, no shares will be distributed upon vesting (the "Equity Vesting Event"). As a result, none of the 2018, 2019 or 2020 unvested PSA, PSU and RSU equity awards will vest. The 2020 threshold performance achievement set forth in these 2018, 2019 and 2020 PSU awards also failed to be met due to the COVID-19 pandemic impact on our financial results, and as a result, no PSU shares will be distributed upon vesting.

A summary of the PSU and PSA activity as of December 31, 2020 is presented below:

	Shares	Weighted-Average Fair Value	Aggregate Intrinsic Value (In millions)
Outstanding as of January 1, 2020	2,247,643	\$ 19.08	\$ 21
Granted	1,482,197	22.18	—
Vested	(75,288)	20.15	—
Forfeited or Expired	(1,841,247)	22.05	—
Outstanding as of December 31, 2020	<u>1,813,305</u>	<u>16.47</u>	<u>2</u>

A summary of RSU activity as of December 31, 2020 is presented below:

	Shares	Weighted-Average Fair Value	Aggregate Intrinsic Value (In millions)
Outstanding as of January 1, 2020	1,044,269	\$ 18.43	\$ 16
Granted	757,294	12.18	—
Vested	(396,749)	19.07	—
Forfeited or Expired	(622,758)	14.50	—
Outstanding as of December 31, 2020	<u>782,056</u>	<u>15.11</u>	<u>1</u>

Additional information pertaining to RSU activity is as follows:

	Years Ended December 31,		
	2020	2019	2018
Total fair value of awards that vested (In millions)	\$ 8	\$ 12	\$ 5
Weighted-average grant date fair value of awards	12.18	18.66	17.40

Compensation expense for PSUs, PSAs and RSUs is based on the grant date fair value, and is recognized ratably over the vesting period. For grants in 2020, 2019 and 2018, the vesting period is three years. In addition to the service vesting condition, the PSUs and PSAs had an additional vesting condition which called for the number of units that will be awarded being based on achievement of a certain level of Operating Income, Adjusted Corporate EBITDA or other performance measures over the applicable measurement period. As a result of the Equity Vesting Event, none of the 2018, 2019 or 2020 unvested PSA, PSU and RSU shares will be distributed upon vesting.

**Note 10—Leases**

The Company adopted Topic 842 in accordance with the effective date on January 1, 2019. In the Revenue Recognition section of Note 2, "Significant Accounting Policies, the Company discloses that revenue earned from

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vehicle rentals and from other forms of rental related activities wherein an identified asset is transferred to the customer and the customer has the ability to control that asset, is accounted for under Topic 842. Prior to the adoption of Topic 842, the Company accounted for such revenue under Topic 606 for the year ended December 31, 2018.

The Company enters into certain agreements as a lessor under which it rents vehicles and leases fleets to customers. The Company enters into certain agreements as a lessee to rent real estate, vehicles and other equipment and to conduct its vehicle rental operations under concession agreements. If any of the following criteria are met, the Company classifies the lease as a financing lease (as a lessee) or as a direct financing or sales-type lease (both as a lessor):

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the Company is reasonably certain to exercise;
- The lease term is for 75% or more of the remaining economic life of the underlying asset, unless the commencement date falls within the last 25% of the economic life of the underlying asset;
- The present value of the sum of the lease payments equals or exceeds 90% of the fair value of the underlying asset; or
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

Leases that do not meet any of the above criteria are accounted for as operating leases.

The Company combines lease and non-lease components in its contracts under Topic 842, when permissible.

The following further describes the Company's leasing transactions.

**Lessor**

The Company's operating leases for vehicle rentals have rental periods that are typically short term (e.g., daily or weekly) and can generally be extended for up to one month or terminated at the customer's discretion. Rental charges are computed on a limited or unlimited mileage rate, or on a time rate plus a mileage charge. In connection with the vehicle rental, the Company offers supplemental equipment rentals (e.g., child seats and ski racks) which are deemed lease components. The Company also offers value-added services in connection with the vehicle rental, which are deemed non-lease components, such as loss or collision damage waiver, theft protection, liability and personal accident/effects insurance coverage, premium emergency roadside service and satellite radio. Additionally, the Company charges for variable services primarily consisting of tolls and refueling charges incurred during the rental period and for fees associated with the early or late termination of the vehicle lease. The Company mitigates residual value risk of its revenue earning vehicles by utilizing manufacturer repurchase and guaranteed depreciation programs, using sophisticated vehicle diagnostic and repair equipment to maintain the condition of its vehicles and through periodic reviews of vehicle depreciation rates based on management's ongoing assessment of present and estimated future market conditions.

The Company's operating leases for fleets have lease periods that are typically for twelve months, after which the lease converts to a month-to-month lease, allowing the vehicle to be surrendered any time thereafter. The Company's fleet leases contain a terminal rental adjustment clause which are considered variable charges.

The following table summarizes the amount of operating lease income and other income included in total revenues in the accompanying consolidated statements of operations for the years ended December 31, 2020 and 2019:

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(In millions)	2020	2019
Operating lease income from vehicle rentals	\$ 4,320	\$ 8,579
Operating lease income from fleet leasing	639	674
Variable operating lease income	30	164
Revenue accounted for under Topic 842	4,989	9,417
Revenue accounted for under Topic 606	269	362
Total revenues	\$ 5,258	\$ 9,779

**Lessee**

As a lessee, the Company has the following types of operating leases:

- Concession agreements which grant the Company the right to conduct its vehicle rental operations at airports, hotels and train stations and to use building space such as terminal counters and parking garages;
- Real estate leases for its off airport vehicle rental locations and other premises;
- Revenue earning vehicle leases; and
- Other equipment leases.

The Company's lease terms generally range from one month to thirty-five years and a number of agreements contain escalation clauses, which increase the payment obligation based on a fixed or variable rate and renewal options. The length of renewals vary and may result in different payment terms. Payment terms are based on fixed rates explicit in the lease, including guaranteed minimums and/or variable rates based on:

- Operating expenses, such as common area charges, real estate taxes and insurance;
- A percentage of revenues or sales arising at the relevant premises; and/or
- Periodic inflation adjustments.

The Company recognizes a right-of-use asset and lease liability in its accompanying consolidated balance sheets for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the Company's right-of-use asset and lease liability when it is reasonably certain that such options will be exercised. The Company does not recognize right-of-use assets or lease liabilities for short-term leases (i.e., those with a term of twelve months or less) and recognizes lease expense on a straight-line basis over the lease term, as applicable.

To determine the present value of its lease payments, the Company utilizes the interest rate implicit in the lease agreement. If the implicit interest rate cannot be determined in the lease agreement, the Company utilizes the Company's collateralized incremental borrowing rate as of the date of adoption, January 1, 2019, or the commencement date of the lease, whichever is later.

As a result of the impact from COVID-19 as disclosed in Note 1, "Background," the Company received rent concessions in the form of abatement and payment deferrals of fixed and variable rent payments for its airport and off airport locations in the amount of approximately \$300 million during the year ended December 31, 2020, which substantially represents amounts previously due in 2020. The Company elected to apply the accounting relief provided by the FASB and elected to not evaluate whether the concession is a modification. The Company will account for the concession as if it were part of the existing contract.

In 2020, the Bankruptcy Court entered the Lease Rejection Orders which applied, in the aggregate, to 359 off airport and 66 airport locations in the Company's U.S. RAC segment.



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The following table summarizes the amount of lease costs incurred by the Company:

(In millions)	Years ended December 31,		
	2020	2019	2018
Minimum fixed lease costs <sup>(1)</sup> :			
Short-term lease costs	\$ 142	\$ 130	N/A
Operating lease costs	527	545	N/A
Total	669	675	\$ 577
Variable lease costs	23	326	438
Total lease costs	<u>\$ 692</u>	<u>\$ 1,001</u>	<u>\$ 1,015</u>

(1) Topic 842, which was adopted on January 1, 2019, requires the Company to disclose the short-term portion of minimum fixed lease costs. For the year ended December 31, 2018, under the then existing guidance in Topic 840, the Company was only required to disclose minimum fixed costs in total.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the Company's operating leases as a lessee:

	December 31, 2020
Weighted-average remaining lease term (in years)	9.5
Weighted-average discount rate	10.6 %

The following table summarizes the Company's minimum fixed lease obligations under existing agreements as a lessee, excluding variable concession obligations in excess of minimum annual guarantees and short-term leases, as of December 31, 2020:

(In millions)	
2021	\$ 449
2022	386
2023	313
2024	248
2025	193
After 2025	1,061
Total lease payments	<u>2,650</u>
Interest	(1,014)
Operating lease liabilities at December 31, 2020	<u>\$ 1,636</u>

**Note 11—Restructuring**

Due to the impact from COVID-19 as disclosed in Note 1, "Background," the Company initiated a restructuring program beginning in April 2020, affecting approximately 11,000 employees in its U.S. Rental Car segment and corporate operations and incurred approximately \$37 million of charges for termination benefits during the second quarter of 2020, where \$7 million was classified as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020 as disclosed below. This program was substantially completed in the third quarter of 2020.

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The following tables summarize restructuring charges incurred under this program:

(In millions)	Year Ended December 31, 2020
<b>Termination charges:</b>	
Direct vehicle and operating	\$ 25
Selling, general and administrative	12
Total	<u>\$ 37</u>

(In millions)	Year Ended December 31, 2020
<b>Termination charges:</b>	
U.S. Rental Car Segment	\$ 34
Corporate operations	3
Total	<u>\$ 37</u>

The tables above do not include pension-related settlement charges incurred during the year ended December 31, 2020. See Note 8, "Employee Retirement Benefits."

The following table summarizes the activity affecting the restructuring accrual, which is recorded in accrued liabilities or was reclassified to liabilities subject to compromise in the accompanying consolidated balance sheet, during the year ended December 31, 2020.

(In millions)	Termination Benefits
Balance as of December 31, 2019	\$ 1
Charges incurred	37
Cash payments	(29)
Liabilities subject to compromise <sup>(1)</sup>	(7)
Other	(2)
Balance as of December 31, 2020	<u>\$ —</u>

(1) As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," the Company classified \$7 million of restructuring charges as liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. See Note 19, "Liabilities Subject to Compromise."

**Note 12—Income Tax (Provision) Benefit**

On March 27, 2020, the U.S. federal government passed the CARES Act. The Company has considered the income tax provisions of the CARES Act in the tax benefit calculation for the year ended December 31, 2020.

Under the CARES Act, Alternative Minimum Tax ("AMT") credit refunds are accelerated and fully refundable in tax returns through the year 2019. As a result of this provision, the Company recovered its remaining AMT credit as a refund in the amount of \$20 million in the year ended December 31, 2020. The Company also benefited from the provisions of the CARES Act related to the employee retention credit, payroll tax deferral, the increase in the interest expense limitation, and temporary suspension of the NOL percentage utilization limitation.

On December 22, 2017, the U.S. enacted the TCJA, which made substantial changes to corporate income tax laws. Among the key provisions were a U.S. corporate tax rate reduction from 35% to 21% effective for tax years beginning January 1, 2018; an acceleration of expensing for certain business assets; a repeal of the LKE deferral rules as applicable to personal property, including rental vehicles; a one-time transition tax on the deemed

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repatriation of cumulative earnings from foreign subsidiaries; and changes to U.S. taxation of foreign earnings from a worldwide to a territorial tax system effective for tax years beginning January 1, 2018. The Company has reflected the adoption and impact of TCJA in its financial results for all years following enactment.

The components of income (loss) before income taxes for the Company's domestic and foreign operations were as follows:

**Hertz Global**

<b>(In millions)</b>	<b>As of December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Domestic	\$ (1,692)	\$ 28	\$ (293)
Foreign	(360)	(15)	36
<b>Total income (loss) before income taxes</b>	<b>\$ (2,052)</b>	<b>\$ 13</b>	<b>\$ (257)</b>

**Hertz**

<b>(In millions)</b>	<b>As of December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Domestic	\$ (1,823)	\$ 35	\$ (286)
Foreign	(360)	(15)	36
<b>Total income (loss) before income taxes</b>	<b>\$ (2,183)</b>	<b>\$ 20</b>	<b>\$ (250)</b>

The total income tax provision (benefit) consists of the following:

**Hertz Global and Hertz**

<b>(In millions)</b>	<b>As of December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Current:</b>			
Federal	\$ —	\$ —	\$ (3)
Foreign	18	20	32
State and local	4	16	7
<b>Total current</b>	<b>22</b>	<b>36</b>	<b>36</b>
<b>Deferred:</b>			
Federal	(356)	1	(66)
Foreign	35	(1)	11
State and local	(30)	27	(11)
<b>Total deferred</b>	<b>(351)</b>	<b>27</b>	<b>(66)</b>
<b>Total provision (benefit) - Hertz Global</b>	<b>(329)</b>	<b>63</b>	<b>(30)</b>
Federal deferred tax (provision) benefit applicable to Hertz Holdings	1	2	2
<b>Total provision (benefit) - Hertz</b>	<b>\$ (328)</b>	<b>\$ 65</b>	<b>\$ (28)</b>

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The principal items of the U.S. and foreign net deferred tax assets and liabilities are as follows:

*Hertz Global and Hertz*

<b>(In millions)</b>	<b>As of December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Deferred tax assets:</b>		
Employee benefit plans	\$ 44	\$ 44
Net operating loss carry forwards	828	2,386
Federal and state tax credit carry forwards	55	43
Accrued and prepaid expenses	124	127
Operating lease liabilities	390	410
<b>Total deferred tax assets</b>	<b>1,441</b>	<b>3,010</b>
Less: valuation allowance	(651)	(396)
<b>Total net deferred tax assets</b>	<b>790</b>	<b>2,614</b>
<b>Deferred tax liabilities:</b>		
Depreciation on tangible assets	(380)	(2,518)
Intangible assets	(723)	(738)
Operating lease right-of-use assets	(406)	(422)
<b>Total deferred tax liabilities</b>	<b>(1,509)</b>	<b>(3,678)</b>
Net deferred tax liability - Hertz Global	(719)	(1,064)
Deferred tax asset - net operating loss applicable to Hertz Holdings	(5)	(3)
<b>Net deferred tax liability - Hertz</b>	<b>\$ (724)</b>	<b>\$ (1,067)</b>

**Hertz Global and Hertz**

In determining valuation allowances, an assessment of positive and negative evidence was performed regarding realization of the deferred tax assets. This assessment included the evaluation of cumulative earnings and losses in recent years, scheduled reversals of deferred tax liabilities, the availability of carry forwards and the remaining period of the respective carry forward, future taxable income and any applicable tax-planning strategies that are available.

As of December 31, 2020, the Company has U.S. Federal net operating loss carryforwards ("Federal NOLs") of approximately \$1.2 billion, \$252 million tax effected and federal tax credits of approximately \$23 million. Our Federal NOLs are driven by U.S. operational losses and have an indefinite carryforward period, which may offset 80% of taxable income generated in any future year. The federal tax credits begin expiring in 2035. The Company has not recorded a valuation allowance on its Federal NOLs or federal tax credits as there are adequate U.S. deferred tax liabilities that could be realized within the carry forward periods.

As of December 31, 2020, the Company had state net operating loss carry forwards ("State NOLs") of approximately \$4.1 billion of which \$550 million have an indefinite utilization period with remaining State NOLs beginning to expire in 2021. The tax effected State NOLs are recorded as a deferred tax asset in the amount of \$244 million, and are offset, in part, by a valuation allowance totaling \$236 million. In addition, as of December 31, 2020, the Company has approximately \$31 million in state tax credits that are fully offset by a valuation allowance. The state tax credits expire over various years beginning in 2021 depending upon when they were generated and the particular jurisdiction. We evaluated the positive and negative evidence supporting realization of the State NOLs and state tax credits on a tax filing basis. We recorded valuation allowances in those jurisdictions with a history of cumulative losses and no other sources of taxable income, including deferred tax liabilities or tax planning strategies, sufficient to conclude the State NOLs and credits are more-likely-than-not to be realized.

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As of December 31, 2020, the Company had foreign net operating loss carry forwards ("Foreign NOLs") of approximately \$1.3 billion, of which \$1.1 billion have an indefinite utilization period with the remaining Foreign NOLs beginning to expire in 2024. The tax effected Foreign NOLs are recorded as a deferred tax asset of \$332 million, and are offset, in part, by valuation allowances totaling \$303 million. In addition, as of December 31, 2020, the Company has approximately \$1 million of tax credits in foreign jurisdictions and are fully offset by a valuation allowance. The foreign tax credits have an indefinite utilization period. We evaluated the positive and negative evidence supporting realization of the Foreign NOLs and foreign tax credits on a tax filing basis. We recorded valuation allowances in those jurisdictions with a history of cumulative losses and no other sources of taxable income, including deferred tax liabilities or tax planning strategies, sufficient to conclude the Foreign NOLs or foreign credits were more-likely-than-not to be realized.

The Company's Federal, State and Foreign NOLs may be subject to limitations upon an ownership change before or upon emergence from Chapter 11.

The significant items in the reconciliation of the statutory and effective income tax rates consisted of the following items in the table below. Percentages are calculated from the underlying numbers in thousands, and as a result, may not agree to the amount when calculated in millions.

***Hertz Global and Hertz***

	Years Ended December 31,		
	2020	2019	2018
Statutory federal tax rate	21 %	21 %	21 %
Foreign tax rate differential	—	(31)	(1)
State and local income taxes, net of federal income tax benefit	5	(102)	7
Change in state apportionment and statutory rates, net of federal income tax benefit	1	(17)	1
Tax reform	—	—	(9)
Federal and foreign permanent differences	—	(3)	—
Withholding taxes	—	62	(3)
Uncertain tax positions	—	29	(3)
Change in valuation allowance	(11)	591	(5)
Change in foreign statutory rates	—	15	(3)
Tax credits	—	(75)	7
Stock option shortfalls	—	7	(1)
All other items, net	—	3	1
Effective tax rate - Hertz Global	16	500	12
All other items, net rate impact applicable to Hertz Holdings	(1)	(174)	(1)
Effective tax rate - Hertz	15 %	326 %	11 %

The Company recorded a tax benefit in 2020 versus a tax provision in 2019. The change is primarily due to significant losses in 2020 resulting from the effect of COVID-19, offset, in part, by the impact of valuation allowances on net deferred tax assets.

The Company recorded a tax provision in 2019 versus a tax benefit in 2018. The change is primarily due to an increase in the valuation allowance relating to losses in certain U.S. and non-U.S. jurisdictions and an increase in pretax operating results.

As of December 31, 2020, total unrecognized tax benefits were \$53 million and, if settled, \$36 million would favorably impact the effective tax rate in future periods. However, considering correlative adjustments associated

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with some uncertain tax positions, the net impact on the income tax provision would be approximately \$4 million if settled. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

*Hertz Global and Hertz*

(In millions)	Years Ended December 31,					
	2020		2019		2018	
Balance as of January 1	\$	48	\$	49	\$	43
Increase (decrease) attributable to tax positions taken during prior periods		5		5		3
Increase (decrease) attributable to tax positions taken during the current year		1		1		5
Decrease attributable to settlements with taxing authorities		(1)		(7)		(2)
Balance as of December 31	\$	53	\$	48	\$	49

The Company conducts business globally and, as a result, files tax returns in the U.S. and non-U.S. jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The open tax years for these jurisdictions span from 2005 to 2020.

During 2020, the IRS proposed transfer pricing adjustments to the Company's 2014 and 2015 tax years, for which the company is pursuing competent authority relief. The IRS continues to audit the Company's 2016 tax year.

Previously, in 2016, the German Tax Authorities provided us with an assessment which asserted that we underreported our German taxable income for our 2005–2010 tax years. This assertion was based on the German Tax Authorities' belief that certain intercompany charges made by the U.S. to our German entity were overstated. To avoid the double taxation resulting in these tax years from this assessment, the Company pursued U.S. and German competent authority relief. We believe that it is reasonably possible that a decrease of up to \$25 million in unrecognized tax benefits related to the German assessment may be necessary within the coming year.

Additionally, we are under audit in several U.S. states and other non-U.S. jurisdictions, and it is reasonably possible that the amount of unrecognized tax benefits may change as the result of the completion of ongoing examinations, the expiration of the statute of limitations or other unforeseen circumstances. The amount that is reasonably possible to change during the next twelve months is not expected to be significant.

Net, after-tax interest and penalties related to tax liabilities are classified as a component of income tax in the accompanying consolidated statements of operations. Income tax expense of \$1 million and \$0.4 million was recognized for such interest and penalties during the years ended December 31, 2020 and 2019, respectively, and during the year ended December 31, 2018, a benefit of \$1 million was recognized for such interest and penalties. Net, after-tax interest and penalties were accrued as a component of tax in the Company's consolidated balance sheet in the amount of \$9 million and \$8 million as of December 31, 2020 and 2019, respectively.

Hertz Global no longer asserts permanent reinvestment of foreign earnings, due to the impact from COVID-19 as disclosed in Note 1, "Background." This change in assertion did not result in any significant impact to the income tax provision for the period ended December 31, 2020.

**Note 13—Fair Value Measurements**

Under U.S. GAAP, entities are allowed to measure certain financial instruments and other items at fair value. The Company has not elected the fair value measurement option for any of its assets or liabilities that meet the criteria for this option. Irrespective of the fair value option previously described, U.S. GAAP requires certain financial and non-financial assets and liabilities of the Company to be measured on either a recurring basis or on a nonrecurring basis.

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**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The fair value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, to the extent the underlying liability will be settled in cash, approximates the carrying values because of the short-term nature of these instruments. The Company's assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 inputs (earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples and royalty rates) and Level 3 inputs (forecasted cash flows and discount rates). See Note 2, "Significant Accounting Policies — Recoverability of Goodwill and Intangible Assets," for more information on the application of the use of fair value methodology in the Company's assessment.

Cash Equivalents, Restricted Cash Equivalents and Investments

The Company's cash equivalents and restricted cash equivalents primarily consist of investments in money market funds and bank money market and interest-bearing accounts. The Company determines the fair value of cash equivalents using a market approach based on quoted prices in active markets (i.e., Level 1 inputs).

Investments in equity securities that are measured at fair value on a recurring basis consisted of marketable securities which the Company divested of in 2020. See Note 3, "Divestitures," for further information.

The following table summarizes the ending balances of the Company's cash equivalents, restricted cash equivalents and investments:

(In millions)	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 723	\$ —	\$ —	\$ 723	\$ 531	\$ —	\$ —	\$ 531
Marketable securities	—	—	—	—	74	—	—	74

Debt Obligations

The fair value of debt is estimated based on quoted market rates as well as borrowing rates currently available to the Company for loans with similar terms and average maturities (i.e., Level 2 inputs).

(In millions)	As of December 31, 2020		As of December 31, 2019	
	Nominal Unpaid Principal Balance	Aggregate Fair Value <sup>(1)</sup>	Nominal Unpaid Principal Balance	Aggregate Fair Value
Non-Vehicle Debt <sup>(2)</sup>	\$ 4,747	\$ 3,382	\$ 3,755	\$ 3,840
Vehicle Debt	6,087	6,021	13,415	13,529
<b>Total</b>	<b>\$ 10,834</b>	<b>\$ 9,403</b>	<b>\$ 17,170</b>	<b>\$ 17,369</b>

(1) The decrease in the aggregate fair value of the Company's debt is due to the impact from COVID-19 and the filing of the Chapter 11 Cases, as disclosed in Note 1, "Background."

(2) Includes Non-Vehicle Debt included in liabilities subject to compromise in the accompanying consolidated balance sheet as of December 31, 2020. See Note 6, "Debt."

**Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis**

Donlen Asset Sale

As a result of the impending sale of the Donlen Assets, the associated assets and liabilities have been classified as assets held for sale and liabilities held for sale, respectively as of December 31, 2020. Additionally, the assets and liabilities classified as held for sale were required to be recorded at the lower of carrying value or fair value less any costs to sell. See Note 3, "Divestitures," for additional information.

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**Note 14—Accumulated Other Comprehensive Income (Loss)**

Changes in the accumulated other comprehensive income (loss) balance by component (net of tax) are as follows:

(In millions)	Pension and Other Post- Employment Benefits	Foreign Currency Items	Unrealized Losses from Currency Translation Adjustments on Terminated Net Investment Hedges	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2020	\$ (118)	\$ (52)	\$ (19)	\$ (189)
Other comprehensive income (loss) before reclassification	(15)	(19)	—	(34)
Amounts reclassified from accumulated other comprehensive income (loss)	11	—	—	11
Balance as of December 31, 2020	<u>\$ (122)</u>	<u>\$ (71)</u>	<u>\$ (19)</u>	<u>\$ (212)</u>

(In millions)	Pension and Other Post- Employment Benefits	Foreign Currency Items	Unrealized Losses from Currency Translation Adjustments on Terminated Net Investment Hedges	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2019	\$ (115)	\$ (58)	\$ (19)	\$ (192)
Other comprehensive income (loss) before reclassification	(12)	6	—	(6)
Amounts reclassified from accumulated other comprehensive income (loss)	9	—	—	9
Balance as of December 31, 2019	<u>\$ (118)</u>	<u>\$ (52)</u>	<u>\$ (19)</u>	<u>\$ (189)</u>

**Note 15—Contingencies and Off-Balance Sheet Commitments**
**Legal Proceedings**
Public Liability and Property Damage

The Company is currently a defendant in numerous actions and has received numerous claims on which actions have not yet commenced for public liability and property damage arising from the operation of motor vehicles rented from the Company. The obligation for public liability and property damage on self-insured U.S. and international vehicles, as stated in the accompanying consolidated balance sheets, represents an estimate for both reported accident claims not yet paid and claims incurred but not yet reported. The related liabilities are recorded on an undiscounted basis and are based on rental volume and actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses, premiums and administrative costs. As of December 31, 2020 and 2019, the Company's liability recorded for public liability and property damage matters is \$488 million and \$553 million, respectively. The Company believes that its analysis is based on the most relevant information available, combined with reasonable assumptions. The liability is subject to significant uncertainties. The adequacy of the liability is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If the Company's estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

Loss Contingencies

From time to time the Company is a party to various legal proceedings, typically involving operational issues common to the vehicle rental business, including claims by employees and former employees and governmental



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investigations. The Company has summarized below the most significant legal proceedings to which the Company was and/or is a party during 2020 or the period after December 31, 2020, but before the filing of this 2020 Annual Report.

*Governmental Investigations* - The Company previously identified certain activities in Brazil that raised issues under the Foreign Corrupt Practices Act (the "FCPA") and other federal and local laws, which the Company self-reported to appropriate government entities. The matters associated with the FCPA and other federal matters were previously resolved without further action by the applicable U.S. government entities. The Company entered into a leniency agreement in August 2020 with the Brazilian authorities for a monetary sanction against a Hertz non-Debtor subsidiary and the matters under local Brazilian laws are now closed.

*In re Hertz Global Holdings, Inc. Securities Litigation* - In November 2013, a purported shareholder class action, Pedro Ramirez, Jr. v. Hertz Global Holdings, Inc., et al., was commenced in the U.S. District Court for the District of New Jersey naming Old Hertz Holdings and certain of its officers as defendants and alleging violations of the federal securities laws. The complaint alleged that Old Hertz Holdings made material misrepresentations and/or omissions of material fact in certain of its public disclosures in violation of Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The complaint sought an unspecified amount of monetary damages on behalf of the purported class and an award of costs and expenses, including counsel fees and expert fees. The complaint, as amended, was dismissed with prejudice on April 27, 2017 and on September 20, 2018, the Third Circuit affirmed the dismissal of the complaint with prejudice. On February 5, 2019, the plaintiffs filed a motion asking the federal district court to exercise its discretion and allow the plaintiffs to reinstate their claims to include additional allegations from the administrative order agreed to by the SEC and the Company in December 2018, which was supplemented by reference to the Company's subsequently filed litigation against former executives (disclosed below). On September 30, 2019, the federal district court of New Jersey denied the plaintiffs' motion for relief from the April 27, 2017 judgment and a related motion to allow the filing of a proposed fifth amended complaint. On October 30, 2019, the plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Third Circuit. The parties fully briefed the appeal and oral argument had been scheduled for June 19, 2020. As a result of the Company's bankruptcy, the appeal was stayed as to the Company, but the plaintiffs advocated that the appeal could proceed against the individual defendants. On October 13, 2020, the Third Circuit affirmed the District Court's dismissal of the plaintiffs' motion for relief against the individual defendants since the motion was not timely filed.

In addition to the matters described above, the Company maintains an internal compliance program through which it from time to time identifies other potential violations of laws and regulations applicable to the Company. When the Company identifies such matters, the Company conducts an internal investigation and otherwise cooperates with governmental authorities, as appropriate.

The Company has established reserves for matters where the Company believes that losses are probable and can be reasonably estimated. Other than the aggregate reserve established for claims for public liability and property damage, none of those reserves are material. For matters, including certain of those described above, where the Company has not established a reserve, the ultimate outcome or resolution cannot be predicted at this time, or the amount of ultimate loss, if any, cannot be reasonably estimated. These matters are subject to many uncertainties and the outcome of the individual litigated matters is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings, including those disclosed above, could be decided unfavorably to the Company or any of its subsidiaries involved. Accordingly, it is possible that an adverse outcome from such a proceeding could exceed the amount accrued in an amount that could be material to the accompanying consolidated financial condition, results of operations or cash flows in any particular reporting period.

#### Other Proceedings

*Litigation Against Former Executives* - The Company filed litigation in federal court in New Jersey against Mark Frissora, Elyse Douglas and John Jeffrey Zimmerman on March 25, 2019, and in state court in Florida against Scott Sider on March 28, 2019, all of whom were former executive officers of Old Hertz Holdings. The complaints predominantly allege breach of contract and seek repayment of incentive-based compensation received by the

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defendants in connection with restatements included in the Old Hertz Holdings Form 10-K for the year ended December 31, 2014 and related accounting for prior periods. The Company is also seeking recovery for the costs of the SEC investigation that resulted in an administrative order on December 31, 2018 with respect to events generally involving the restatements included in Old Hertz Holdings Form 10-K for the year ended December 31, 2014 and other damages resulting from the necessity of the restatements. The Company is pursuing these legal proceedings in accordance with its clawback policy and contractual rights. The parties are currently involved in motion practice in the New Jersey action and discovery and depositions have commenced in the Florida action. In October 2019, the Company entered into a confidential Settlement Agreement with Elyse Douglas. In September and October 2020, the judge in the New Jersey action entered orders requiring the parties and applicable insurers to attend and participate in mediation. The attorneys in the Florida action voluntarily agreed to participate in the same mediation which was held on November 30, 2020. The mediation was unsuccessful, but settlement discussions have continued. Pursuant to the agreements governing the separation of Herc Holdings from Hertz Global that occurred on June 30, 2016, Herc Holdings is entitled to 15% of the net proceeds of any repayment or recovery.

***Indemnification Obligations***

In the ordinary course of business, the Company has executed contracts involving indemnification obligations customary in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnification obligations might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships and financial matters. Specifically, the Company has indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which the Company may be held responsible could be substantial. In addition, Hertz entered into customary indemnification agreements with Hertz Holdings and certain of the Company's stockholders and their affiliates pursuant to which Hertz Holdings and Hertz will indemnify those entities and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of performance of a consulting agreement with Hertz Holdings and each of such entities and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. The Company has entered into customary indemnification agreements with each of its directors and certain of its officers. Performance under these indemnification obligations would generally be triggered by a breach of terms of the contract or by a third-party claim. In connection with the Spin-Off, the Company executed an agreement with Herc Holdings that contains mutual indemnification clauses and a customary indemnification provision with respect to liability arising out of or resulting from assumed legal matters. The Company regularly evaluates the probability of having to incur costs associated with these indemnification obligations and has accrued for expected losses that are probable and estimable.

**Note 16—Related Party Transactions**

***Transactions and Agreements between Hertz Holdings and Hertz***

In June 2018, Hertz entered into a master loan agreement with Hertz Holdings for a facility size of \$425 million with an expiration in June 2019 at an interest rate based on the U.S. Dollar LIBOR rate plus a margin (the "2018 Master Loan"). In June 2019, upon expiration of the 2018 Master Loan, Hertz entered into a new master loan agreement with Hertz Holdings for a facility size of \$425 million with an expiration in June 2020 (the "2019 Master Loan") where amounts outstanding under the 2018 Master Loan were transferred to the 2019 Master Loan. The interest rate was based on the U.S. Dollar LIBOR rate plus a margin. As of December 31, 2019, the amount outstanding under the 2019 Master loan was \$129 million, representing advances and any accrued but unpaid interest. Additionally, Hertz had a loan due to an affiliate in the amount of \$65 million as of December 31, 2019, representing a tax-related liability to Hertz Holdings. The net impact of the above amounts is included in stockholder's equity in the accompanying consolidated balance sheet of Hertz as of December 31, 2019.

As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," the full amount outstanding under the 2019 Master Loan was deemed uncollectible, resulting in a charge of \$133 million during the second quarter of

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2020, which is included in the accompanying consolidated statement of operations for Hertz for the year ended December 31, 2020. Additionally, the loan due to an affiliate, which represents a tax-related liability from Hertz to Hertz Holdings, in the amount of \$65 million was classified as liabilities subject to compromise in the accompanying consolidated balance sheet of Hertz as of December 31, 2020. See Note 19, "Liabilities Subject to Compromise."

On May 23, 2020, Hertz entered into a new master loan agreement with Hertz Holdings for a facility size of \$25 million with an expiration in May 2021 (the "New Loan"). The interest rate is based on the U.S. Dollar LIBOR rate plus a margin. As of December 31, 2020, there is \$1 million outstanding under the New Loan representing additional charges incurred during 2020 largely associated with the ATM Program, as disclosed in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," paid by Hertz on behalf of Hertz Holdings.

**Agreements with the Icahn Group**

In May 2020, Carl C. Icahn, High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Enterprises G.P. Inc., Icahn Enterprises Holdings L.P., IPH GP LLC, Icahn Capital LP, Icahn Onshore LP, Icahn Offshore LP, Beckton Corp., Vincent J. Intrieri, Samuel J. Merksamer and Daniel A. Ninivaggi (collectively, the "Icahn Group") divested all owned shares of Hertz Global common stock (the "Icahn Divestiture"). As a result of the Icahn Divestiture, the Icahn Group is no longer a related party of the Company. Subsequent to the Icahn Divestiture, there continue to be arms-length transactions between the Company and the Icahn Group.

In the normal course of business, the Company purchases goods and services and leases property from entities controlled by Carl C. Icahn and his affiliates, including The Pep Boys - Manny, Moe & Jack. During the five months ended May 31, 2020, the Company purchased approximately \$23 million worth of goods and services from these related parties. During the years ended December 31, 2019 and 2018, the Company purchased approximately \$57 million and \$39 million, respectively, worth of goods and services from these related parties.

In May 2018, the Company sold approximately \$36 million of marketable securities to the Icahn Group at the then current market price of such securities.

**Other Relationships**

In connection with its vehicle rental businesses, the Company enters into millions of rental transactions every year involving millions of customers. In order to conduct those businesses, the Company also procures goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with members of the Company's Board. The Company believes that all such rental and procurement transactions involved terms no less favorable to the Company than those that it believes would have been obtained in the absence of such affiliation. The Company's Nominating and Governance Committee oversees compliance through our Standards of Business Conduct, reviews conflicts of interest involving directors and determines whether to approve each transaction that involves the Company or any of its affiliates, on one hand, and (directly or indirectly) a director or member of his or her family or any entity managed by any such person, on the other hand.

**767 Auto Leasing LLC**

In January 2018, Hertz entered into a Master Motor Vehicle Lease and Management Agreement (the "767 Lease Agreement") pursuant to which Hertz granted 767 Auto Leasing LLC ("767"), an entity affiliated with the Icahn Group, the option to acquire certain vehicles from Hertz at rates aligned with the rates at which Hertz sells vehicles to third parties. As disclosed above, due to the Icahn Divestiture, the Icahn Group is no longer a related party of the Company. Hertz leases the vehicles purchased by 767 under the 767 Lease Agreement or from third parties, under a mutually developed fleet plan and Hertz manages, services, repairs, sells and maintains those leased vehicles on behalf of 767. Hertz currently rents the leased vehicles to drivers of TNCs from rental counters within locations leased or owned by affiliates of 767 ("Icahn Locations"), including locations operated under a master lease agreement with The Pep Boys - Manny, Joe & Jack. The 767 Lease Agreement had an initial term, as extended, of

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approximately 22 months, and is subject to automatic six month renewals thereafter, unless terminated by either party (with or without cause) prior to the start of any such six month renewal.

767's payment obligations under the 767 Lease Agreement are guaranteed by American Entertainment Properties Corp. ("AEPC"), an entity affiliated with the Icahn Group. During 2020, 767 distributed \$75 million to AEPC and there were no cash contributions from AEPC to 767, except for certain services. During 2019, AEPC contributed \$49 million to 767 along with certain services.

The Company is entitled to 25% of the profit from the rental of the leased vehicles, as specified in the 767 Lease Agreement, which is variable and based primarily on the rental revenue, less certain vehicle-related costs, such as depreciation, licensing and maintenance expenses. The Company has determined that it is the primary beneficiary of 767 due to its power to direct the activities of 767 that most significantly impact 767's economic performance and the Company's obligation to absorb 25% of 767's gains/losses. Accordingly, 767 is consolidated by the Company as a VIE.

In October 2019, the 767 Lease Agreement was amended such that, among other changes, 767 vehicles will be available for rent from Hertz locations that are opened in replacement of closed Icahn Locations and the 767 vehicles may be available for rent to traditional off airport customers in addition to TNC drivers, when certain conditions apply.

**Note 17—Equity and Earnings (Loss) Per Share - Hertz Global**

***Equity of Hertz Global Holdings, Inc.***

As of December 31, 2020 and 2019, there were 40 million shares of Hertz Holdings preferred stock authorized, par value \$0.01 per share, 400 million shares of Hertz Holdings common stock authorized, par value \$0.01 per share, and two million shares of treasury stock.

***Share Repurchase Program***

Hertz Holdings has a Board-approved share repurchase program that authorizes it to repurchase shares of its common stock through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. It does not obligate Hertz Holdings to make any repurchases at any specific time or situation. There were no shares repurchased under this program in 2020 or 2019. As of December 31, 2020, Hertz Holdings has repurchased two million shares for \$100 million under this program. This amount is included in treasury stock in the accompanying Hertz Global consolidated balance sheets as of December 31, 2020 and 2019, respectively. The timing and extent to which Hertz Holdings repurchases its shares will depend upon, among other things, market conditions, share price, liquidity targets and other factors. Share repurchases may be commenced or suspended at any time or from time to time without prior notice. Since Hertz Holdings does not conduct business itself, it primarily funds repurchases of its common stock using dividends from Hertz or amounts borrowed under the master loan agreement. The credit agreements governing Hertz's Senior Facilities, Letter of Credit Facility, Alternative Letter of Credit Facility and DIP Credit Agreement restrict its ability to make dividends and certain payments, including payments to Hertz Holdings for share repurchases.

***Earnings (Loss) Per Share***

Basic earnings (loss) per share has been computed based upon the weighted-average number of common shares outstanding. Diluted earnings (loss) per share has been computed based upon the weighted-average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents, except when the effect would be anti-dilutive.

**Rights Offering**

In June 2019, Hertz Global filed a prospectus supplement to its Registration Statement on Form S-3 declared effective by the SEC on June 12, 2019 for a rights offering to raise gross proceeds of approximately \$750 million

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and providing for the issuance of up to an aggregate of 57,915,055 new shares of Hertz Global common stock. Upon closing in July 2019, the Rights Offering was fully subscribed resulting in Hertz Global selling 57,915,055 shares of its common stock for gross proceeds of \$750 million.

Basic weighted-average shares outstanding and weighted-average shares used to calculate diluted earnings (loss) per share for 2018 have been adjusted retrospectively to give effect to the Rights Offering.

Open Market Sale Agreement

In June 2020, subsequent to approval from the Bankruptcy Court and pursuant to a prospectus supplement to the Registration Statement, Hertz Global entered into an open market sale agreement under which it may offer and sell, from time to time, shares of its common stock, par value \$0.01 per share, having an aggregate offering price of up to \$500 million. Prior to its suspension on June 15, 2020 and ultimate termination on June 18, 2020, Hertz Global issued 13,912,368 shares under the ATM Program for net proceeds of approximately \$28 million, which is included in non-vehicle restricted cash in the accompanying consolidated balance sheet as of December 31, 2020.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

<u>(In millions, except per share data)</u>	Years Ended December 31,		
	2020	2019	2018
<b>Numerator:</b>			
Net income (loss) attributable to Hertz Global	\$ (1,714)	\$ (58)	\$ (225)
<b>Denominator:</b>			
Basic weighted-average shares outstanding (excluding the impact of the Rights Offering)	150	84	84
Rights Offering adjustment <sup>(1)</sup>	—	33	12
Basic weighted-average shares outstanding	150	117	96
Dilutive stock options, RSUs and PSUs	—	—	—
Diluted weighted-average shares outstanding	150	117	96
Antidilutive stock options, RSUs, PSUs and PSAs	2	2	1
<b>Earnings (loss) per share:</b>			
Basic earnings (loss) per share	\$ (11.44)	\$ (0.49)	\$ (2.35)
Diluted earnings (loss) per share	\$ (11.44)	\$ (0.49)	\$ (2.35)

(1) Reflects the impact of the Rights Offering subscription period and the weighted-average impact of the issuance of 57,915,055 shares from the Rights Offering on July 18, 2019.

**Note 18—Segment Information**

The Company's chief operating decision maker assesses performance and allocates resources based upon the financial information for the Company's operating segments. The Company aggregates certain of its operating segments into its reportable segments. The Company has identified three reportable segments, which are organized based on the products and services provided by its operating segments and the geographic areas in which its operating segments conduct business, as follows:

- U.S. RAC - rental of vehicles (cars, crossovers and light trucks), as well as sales of value-added services, in the U.S. and consists of the Company's U.S. operating segment;
- International RAC - rental and leasing of vehicles (cars, vans, crossovers and light trucks), as well as sales of value-added services, internationally and consists of the Company's Europe and Other International operating segments, which are aggregated into a reportable segment based primarily upon similar economic characteristics, products and services, customers, delivery methods and general regulatory environments; and

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- All Other Operations - primarily consists of the Company's Donlen business, which provides vehicle leasing and fleet management services, together with other business activities which represent less than 1% of revenues and expenses of the segment. In the fourth quarter of 2020, we entered into a stock and asset purchase agreement to sell substantially all the Donlen Assets. See Note 3, "Divestitures," for further information.

In addition to the above reportable segments, the Company has Corporate operations which includes general corporate assets and expenses and certain interest expense (including net interest on non-vehicle debt). Corporate includes other items necessary to reconcile the reportable segments to the Company's total amounts.

Effective during the three months ended June 30, 2019, the Company changed its segment measure of profitability for its reportable segments to Adjusted EBITDA, as shown in the Adjusted EBITDA reconciliation tables below. This measure better aligns with the way the Company reviews its overall vehicle rental and leasing business and determines management incentive compensation. Prior to the three months ended June 30, 2019, the Company's segment measure of profitability was Adjusted Pre-tax Income (Loss) which included non-vehicle depreciation and amortization, non-vehicle debt interest, net and certain other items. For comparability purposes, the Company has adjusted retrospectively the 2018 segment results to reflect the new segment measure of profitability.

The following tables provide significant statements of operations, balance sheets and statements of cash flow information by reportable segment for each of Hertz Global and Hertz, as well as Adjusted EBITDA, the measure used to determine segment profitability.

(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Revenues</b>			
U.S. Rental Car	\$ 3,656	\$ 6,938	\$ 6,480
International Rental Car	972	2,169	2,276
All Other Operations	630	672	748
Total Hertz Global and Hertz	\$ 5,258	\$ 9,779	\$ 9,504
<b>Depreciation of revenue earning vehicles and lease charges</b>			
U.S. Rental Car	\$ 1,323	\$ 1,656	\$ 1,678
International Rental Car	274	440	448
All Other Operations	435	469	564
Total Hertz Global and Hertz	\$ 2,032	\$ 2,565	\$ 2,690
<b>Depreciation and amortization, non-vehicle assets</b>			
U.S. Rental Car	\$ 179	\$ 156	\$ 159
International Rental Car	22	23	32
All Other Operations	10	10	10
Corporate	14	14	17
Total Hertz Global and Hertz	\$ 225	\$ 203	\$ 218

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(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Interest expense, net</b>			
U.S. Rental Car	\$ 253	\$ 157	\$ 144
International Rental Car	86	93	113
All Other Operations	40	31	27
Corporate	229	524	455
Total Hertz Global	608	805	739
Hertz interest income from loan to Hertz Global	(2)	(7)	(7)
Total - Hertz	\$ 606	\$ 798	\$ 732
<b>Adjusted EBITDA</b>			
U.S. Rental Car	\$ (791)	\$ 480	\$ 226
International Rental Car	(248)	147	231
All Other Operations	93	100	82
Corporate	(49)	(78)	(106)
Total Hertz Global and Hertz	\$ (995)	\$ 649	\$ 433

(In millions)	As of December 31,	
	2020	2019
<b>Revenue earning vehicles, net</b>		
U.S. Rental Car	\$ 4,974	\$ 9,820
International Rental Car	1,088	2,319
All Other Operations <sup>(1)</sup>	1,432	1,650
Total Hertz Global and Hertz	\$ 7,494	\$ 13,789
<b>Property and equipment, net</b>		
U.S. Rental Car	\$ 472	\$ 541
International Rental Car	96	99
All Other Operations <sup>(2)</sup>	6	7
Corporate	98	110
Total Hertz Global and Hertz	\$ 672	\$ 757
<b>Total assets</b>		
U.S. Rental Car	\$ 11,042	\$ 16,459
International Rental Car	2,956	4,563
All Other Operations <sup>(3)</sup>	1,818	2,115
Corporate	1,092	1,490
Total Hertz Global <sup>(4)</sup>	16,908	24,627
Corporate - Hertz <sup>(5)</sup>	(28)	—
Total Hertz <sup>(4)</sup>	\$ 16,880	\$ 24,627

(1) Includes \$1.4 billion of revenue earning vehicles, net classified as held for sale as of December 31, 2020 as disclosed in Note 3, "Divestitures."

(2) Includes \$6 million of property and equipment, net classified as held for sale as of December 31, 2020 as disclosed in Note 3, "Divestitures."

(3) Includes \$1.8 billion of assets classified as held for sale as of December 31, 2020 as disclosed in Note 3, "Divestitures."

(4) The consolidated total assets of Hertz Global and Hertz as of December 31, 2020 and 2019 include total assets of VIEs of \$511 million and \$1.3 billion, respectively, which can only be used to settle obligations of the VIEs. See "Special Purpose Entities" in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 16, "Related Party Transactions," for further information.

(5) Excludes net proceeds from the ATM Program of \$28 million as disclosed in Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global."

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(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Revenue earning vehicles and non-vehicle capital assets</b>			
U.S. Rental Car:			
Expenditures	\$ (3,957)	\$ (9,384)	\$ (8,597)
Proceeds from disposals	7,752	6,306	5,570
Net expenditures - Hertz Global and Hertz	\$ 3,795	\$ (3,078)	\$ (3,027)
International Rental Car:			
Expenditures	\$ (1,032)	\$ (3,401)	\$ (3,191)
Proceeds from disposals	2,068	2,854	2,755
Net expenditures - Hertz Global and Hertz	\$ 1,036	\$ (547)	\$ (436)
All Other Operations:			
Expenditures	\$ (615)	\$ (1,043)	\$ (807)
Proceeds from disposals	335	352	176
Net expenditures - Hertz Global and Hertz	\$ (280)	\$ (691)	\$ (631)
Corporate:			
Expenditures	\$ (36)	\$ (110)	\$ (75)
Proceeds from disposals	3	1	2
Net expenditures - Hertz Global and Hertz	\$ (33)	\$ (109)	\$ (73)

The Company operates in the U.S. and in international countries. International operations are substantially in Europe. The operations within major geographic areas for each of Hertz Global and Hertz are summarized below:

(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Revenues</b>			
U.S.	\$ 4,271	\$ 7,596	\$ 7,211
International	987	2,183	2,293
Total Hertz Global and Hertz	\$ 5,258	\$ 9,779	\$ 9,504

(In millions)	As of December 31,	
	2020	2019
<b>Revenue earning vehicles, net</b>		
U.S.	\$ 4,974	\$ 11,424
International	1,088	2,365
Total Hertz Global and Hertz	\$ 6,062	\$ 13,789
<b>Property and equipment, net</b>		
U.S.	\$ 570	\$ 658
International	96	99
Total Hertz Global and Hertz	\$ 666	\$ 757



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(In millions)	As of December 31,	
	2020	2019
<b>Total assets</b>		
U.S. <sup>(1)</sup>	\$ 13,732	\$ 19,876
International <sup>(2)</sup>	3,176	4,751
Total Hertz Global	16,908	24,627
U.S. - Hertz	(28)	—
Total Hertz	<u>\$ 16,880</u>	<u>\$ 24,627</u>

(1) Includes \$1.8 billion of assets classified as held for sale as of December 31, 2020 as disclosed in Note 3, "Divestitures."

(2) Includes \$48 million of assets classified as held for sale as of December 31, 2020 as disclosed in Note 3, "Divestitures."

Reconciliations of Adjusted EBITDA by segment to consolidated amounts are summarized below:

**Hertz Global**

(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Adjusted EBITDA:</b>			
U.S. Rental Car	\$ (791)	\$ 480	\$ 226
International Rental Car	(248)	147	231
All Other Operations	93	100	82
Total reportable segments	(946)	727	539
Corporate <sup>(1)</sup>	(49)	(78)	(106)
Total Hertz Global	(995)	649	433
<b>Adjustments:</b>			
Non-vehicle depreciation and amortization	(225)	(203)	(218)
Non-vehicle debt interest, net	(153)	(311)	(291)
Vehicle debt-related charges <sup>(2)</sup>	(50)	(38)	(36)
Loss on extinguishment of vehicle debt <sup>(3)</sup>	(5)	—	(22)
Restructuring and restructuring related charges <sup>(4)</sup>	(64)	(14)	(32)
Intangible and other asset impairments <sup>(5)</sup>	(213)	—	—
Information technology and finance transformation costs <sup>(6)</sup>	(42)	(114)	(98)
Reorganization items, net <sup>(7)</sup>	(175)	—	—
Pre-reorganization charges and non-debtor financing charges <sup>(8)</sup>	(109)	—	—
Other items <sup>(9)</sup>	(21)	44	7
Income (loss) before income taxes	<u>\$ (2,052)</u>	<u>\$ 13</u>	<u>\$ (257)</u>

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*Hertz*

(In millions)	Years Ended December 31,		
	2020	2019	2018
<b>Adjusted EBITDA:</b>			
U.S. Rental Car	\$ (791)	\$ 480	\$ 226
International Rental Car	(248)	147	231
All Other Operations	93	100	82
Total reportable segments	(946)	727	539
Corporate <sup>(1)</sup>	(49)	(78)	(106)
Total Hertz	(995)	649	433
<b>Adjustments:</b>			
Non-vehicle depreciation and amortization	(225)	(203)	(218)
Non-vehicle debt interest, net	(151)	(304)	(284)
Vehicle debt-related charges <sup>(2)</sup>	(50)	(38)	(36)
Loss on extinguishment of vehicle debt <sup>(3)</sup>	(5)	—	(22)
Restructuring and restructuring related charges <sup>(4)</sup>	(64)	(14)	(32)
Intangible and other asset impairments <sup>(5)</sup>	(213)	—	—
Write-off of intercompany loan <sup>(10)</sup>	(133)	—	—
Information technology and finance transformation costs <sup>(6)</sup>	(42)	(114)	(98)
Reorganization items, net <sup>(7)</sup>	(175)	—	—
Pre-reorganization charges and non-debtor financing charges <sup>(8)</sup>	(109)	—	—
Other items <sup>(9)</sup>	(21)	44	7
Income (loss) before income taxes	<u>\$ (2,183)</u>	<u>\$ 20</u>	<u>\$ (250)</u>

(1) Represents other reconciling items primarily consisting of general corporate expenses, non-vehicle interest expense, as well as other business activities.

(2) Represents vehicle debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.

(3) In 2020, represents a \$5 million write-off of deferred financing costs resulting from the European ABS waiver agreements. In 2018, primarily represents \$20 million of early redemption premium and write-off of deferred financing costs associated with the full redemption of the 4.375% European Vehicle Senior Notes due January 2019.

(4) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs. See Note 11, "Restructuring," for further information. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives. In 2018, also includes consulting costs, legal fees and other expenses related to the previously disclosed accounting review and investigation.

(5) In 2020, represents a \$193 million impairment of technology-related intangible and other assets and a \$20 million impairment of the Hertz tradename, as disclosed in Note 5, "Goodwill and Intangible Assets, Net."

(6) Represents costs associated with the Company's information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and modernize the Company's systems and processes.

(7) In 2020, represents charges incurred associated with the filing of the Chapter 11 Cases, as disclosed in Note 20, "Reorganization Items, Net."

(8) In 2020, represents charges incurred prior to the filing of the Chapter 11 Cases, as disclosed in Note 1, "Background," which are comprised of preparation charges for the reorganization, such as professional fees. Also, includes certain non-debtor financing and professional fee charges.

(9) Represents miscellaneous items, including non-cash stock-based compensation charges, and amounts attributable to noncontrolling interests. In 2020, also includes \$16 million associated with the Donlen Asset Sale, partially offset by \$18 million for losses associated with certain vehicle damages. In 2019, also includes a \$30 million gain on marketable securities and a \$39 million gain on the sale of non-vehicle capital assets. In 2018, also includes a \$20 million gain on marketable securities, and a \$6 million legal settlement received related to an oil spill in the Gulf of Mexico in 2010.

(10) In 2020, represents the write-off of the 2019 Master Loan between Hertz and Hertz Holdings, as disclosed in Note 16, "Related Party Transactions."

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**Note 19—Liabilities Subject to Compromise**

The accompanying consolidated balance sheet as of December 31, 2020 includes amounts classified as liabilities subject to compromise, which represent Pre-petition liabilities the Company anticipates will be allowed as claims in the Chapter 11 Cases. These amounts represent the Debtors' current estimate of known or potential obligations to be resolved in connection with the Chapter 11 Cases and may differ from actual future settlement amounts. The Company will continue to evaluate these liabilities throughout the Chapter 11 process and adjust amounts as necessary. Such adjustments could be material and will be recorded in reorganization items, net in the accompanying consolidated statements of operations.

The following table summarizes liabilities subject to compromise:

(In millions)	December 31, 2020	
Accounts payable	\$	267
Accrued liabilities		166
Accrued taxes, net		19
Accrued interest on debt subject to compromise		70
Debt subject to compromise <sup>(1)</sup>		4,443
Liabilities subject to compromise - Hertz Global		4,965
Due from Affiliate - Hertz <sup>(2)</sup>		65
Liabilities subject to compromise - Hertz	\$	5,030

(1) See Note 6, "Debt" for details of Pre-petition, non-vehicle debt reported as liabilities subject to compromise as of December 31, 2020.

(2) See Note 16, "Related Party Transactions" for details of a Pre-petition intercompany loan due to an affiliate reported as liabilities subject to compromise as of December 31, 2020.

**Note 20—Reorganization Items, Net**

The Debtors have incurred and will continue to incur costs associated with the reorganization, including professional and consulting fees. Charges associated with the Chapter 11 Cases have been recorded as reorganization items, net in the accompanying consolidated statements of operations for the year ended December 31, 2020.

For the year ended December 31, 2020, the Company incurred \$175 million of charges comprised primarily of professional fees, of which \$102 million were paid as of December 31, 2020, and \$46 million and \$19 million were recorded in accrued liabilities and accounts payable, respectively, in the accompanying consolidated balance sheet as of December 31, 2020.

**Note 21—Condensed Combined Debtor-in-Possession Financial Information**

The following financial statements represent the audited condensed combined financial statements of the Debtors. The results of the non-debtor entities are not included in these financial statements. Intercompany transactions among Debtors have been eliminated in the following financial statements. Intercompany transactions among Debtors and non-debtor entities have not been eliminated in the following financial statements.

Amounts reported for Hertz Global and Hertz are substantially the same, with the exception of that related to interest expense (income) and tax provision (benefit), as well as activity associated with the master loan agreement between Hertz and Hertz Global and proceeds from the issuance of stock under the ATM Program as disclosed in the Notes to our consolidated financial statements under the caption Item 8, "Financial Statements and Supplementary Data" included in this 2020 Annual Report Note 16, "Related Party Transactions," and Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global," respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

THE DEBTORS  
CONDENSED COMBINED BALANCE SHEET  
(in millions)

	December 31, 2020
<b>ASSETS</b>	
Cash and cash equivalents	\$ 492
Restricted cash and cash equivalents	305
Total cash, cash equivalents, restricted cash and restricted cash equivalents	797
Receivables, net	388
Due from non-debtor affiliates	51,638
Prepaid expenses and other assets	183
Revenue earning vehicles, net	37
Property and equipment, net	549
Operating lease right-of-use assets	1,424
Investment in subsidiaries, net	4,527
Intangible assets, net	2,988
Goodwill	488
Assets held for sale <sup>(1)</sup>	173
<b>Total assets</b>	<b>\$ 63,192</b>
<b>LIABILITIES AND EQUITY</b>	
Accounts payable	\$ 200
Accrued liabilities	412
Accrued taxes, net	48
Debt	242
Operating lease liabilities	1,385
Self-insured liabilities	251
Deferred income taxes, net	887
Total liabilities not subject to compromise	3,425
Liabilities subject to compromise	59,637
Liabilities held for sale <sup>(1)</sup>	74
Total liabilities	63,136
Total equity attributable to the Debtors	56
<b>Total liabilities and equity</b>	<b>\$ 63,192</b>

(1) The assets and liabilities of Donlen as of December 31, 2020, have been classified as assets held for sale and liabilities held for sale, respectively. See Note 3, "Divestitures," for additional information.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

THE DEBTORS  
CONDENSED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)  
(in millions)

	Year Ended December 31, 2020
Total revenues	\$ 3,593
Expenses:	
Direct vehicle and operating	2,896
Depreciation of revenue earning vehicles and lease charges	2,970
Selling, general and administrative	492
Interest (income) expense, net	122
Intangible and other asset impairments	213
Other (income) expense, net	(35)
Reorganization items, net	175
Total expenses	<u>6,833</u>
Income (loss) before income taxes and equity in earnings (losses) of non-debtor entities	(3,240)
Income tax (provision) benefit	710
Equity in earnings (losses) of non-debtor entities	<u>816</u>
Net income (loss)	(1,714)
Total other comprehensive income (loss), net of tax	(23)
Comprehensive income (loss) attributable to the Debtors	<u>\$ (1,737)</u>

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**THE DEBTORS**  
**CONDENSED COMBINED STATEMENT OF CASH FLOWS**  
**(in millions)**

	<u>Year Ended December 31, 2020</u>
Net cash provided by (used in) operating activities	<u>\$ (738)</u>
Cash flows from investing activities:	
Revenue earning vehicles expenditures	(478)
Proceeds from disposal of revenue earning vehicles	594
Non-vehicle capital asset expenditures	(79)
Proceeds from non-vehicle capital assets disposed of	48
Sales of marketable securities	74
Capital contributions to non-debtor entities	(835)
Return of capital from non-debtor entities	838
Loan to non-debtor entity	(180)
Loan repayment from non-debtor entity	189
Net cash provided by (used in) investing activities	<u>171</u>
Cash flows from financing activities:	
Proceeds from issuance of vehicle debt	321
Repayments of vehicle debt	(467)
Proceeds from issuance of non-vehicle debt	1,812
Repayments of non-vehicle debt	(855)
Proceeds from the issuance of stock, net	28
Other	(2)
Net cash provided by (used in) financing activities	<u>837</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	<u>1</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	271
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	<u>526</u>
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	<u>\$ 797</u>

**SCHEDULE I**  
**CONDENSED FINANCIAL INFORMATION OF REGISTRANT**  
**HERTZ GLOBAL HOLDINGS, INC.**  
**(DEBTOR-IN-POSSESSION)**

**PARENT COMPANY BALANCE SHEETS**  
(In millions, except par value)

	December 31,	
	2020	2019
<b>ASSETS</b>		
Restricted cash and restricted cash equivalents	\$ 28	\$ —
Prepaid expenses and other assets	1	—
Investments in subsidiaries, net	—	1,765
Deferred income taxes, net	5	4
Due from Hertz	65	—
<b>Total assets</b>	<b>\$ 99</b>	<b>\$ 1,769</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Due to Hertz	\$ 1	\$ —
Investments in subsidiaries, net	42	—
<b>Total liabilities</b>	<b>43</b>	<b>—</b>
Preferred stock, \$0.01 par value, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 158,235,410 and 144,153,444 shares issued, respectively and 156,206,478 and 142,124,512 shares outstanding, respectively	2	1
Additional paid-in capital	3,047	3,024
Accumulated deficit	(2,681)	(967)
Accumulated other comprehensive income (loss)	(212)	(189)
Equity before treasury stock	156	1,869
Treasury stock, at cost, 2,028,932 shares and 2,028,932 shares, respectively	(100)	(100)
<b>Total stockholders' equity</b>	<b>56</b>	<b>1,769</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 99</b>	<b>\$ 1,769</b>

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

**PARENT COMPANY STATEMENTS OF OPERATIONS**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
Total Revenues	\$ —	\$ —	\$ —
Expenses:			
Interest expense, net	2	7	7
Write-off of intercompany loan	(133)	—	—
<b>Total expenses</b>	<b>(131)</b>	<b>7</b>	<b>7</b>
Income (loss) before income taxes and equity in earnings (losses) of subsidiaries	131	(7)	(7)
Income tax (provision) benefit	1	2	2
Equity in earnings (losses) of subsidiaries, net of tax	(1,846)	(53)	(220)
<b>Net income (loss)</b>	<b>\$ (1,714)</b>	<b>\$ (58)</b>	<b>\$ (225)</b>

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

**SCHEDULE I (Continued)**  
**CONDENSED FINANCIAL INFORMATION OF REGISTRANT**  
**HERTZ GLOBAL HOLDINGS, INC.**  
**(DEBTOR-IN-POSSESSION)**

**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (1,714)	\$ (58)	\$ (225)
Total other comprehensive income (loss)	(23)	3	(63)
Total comprehensive income (loss)	<u>\$ (1,737)</u>	<u>\$ (55)</u>	<u>\$ (288)</u>

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

**PARENT COMPANY STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended December 31,		
	2020	2019	2018
Net cash provided by (used in) operating activities	\$ (3)	\$ (7)	\$ (7)
Cash flows from financing activities:			
Proceeds from loans with Hertz	5	12	9
Proceeds from Rights Offering, net	—	748	—
Contributions to Hertz	—	(750)	—
Proceeds from issuance of stock, net	28	—	—
Other	(2)	(3)	(2)
Net cash provided by (used in) financing activities	<u>31</u>	<u>7</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents during the period	28	—	—
Cash and cash equivalents at beginning of period	—	—	—
Cash and cash equivalents at end of period	<u>\$ 28</u>	<u>\$ —</u>	<u>\$ —</u>

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



**SCHEDULE I (Continued)**  
**HERTZ GLOBAL HOLDINGS, INC.**  
**(DEBTOR-IN-POSSESSION)**  
**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

**Note 1—Background and Basis of Presentation**

Hertz Global Holdings, Inc. ("Hertz Global" when including its subsidiaries and variable interest entities ("VIEs") and "Hertz Holdings" excluding its subsidiaries and VIEs) was incorporated in Delaware in 2015 and wholly owns Rental Car Intermediate Holdings, LLC which wholly owns The Hertz Corporation ("Hertz"), Hertz Global's primary operating company.

On May 22, 2020, Hertz Global, Hertz and certain of their direct and indirect subsidiaries in the U.S. and Canada filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. The Chapter 11 Cases are being jointly administered by the Bankruptcy Court under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFV)*. Refer to Note 1, "Background," to its Notes to the consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data," for further information.

In November 2020, Hertz Global entered into a stock and asset purchase agreement to sell substantially all of the assets and certain liabilities of Donlen. See Note 3, "Divestitures," to the Notes to its consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data," for additional information.

These condensed parent company financial statements reflect the activity of Hertz Holdings as the parent company to Hertz and have been prepared in accordance with Rule 12-04, Schedule 1 of Regulation S-X, as the restricted net assets of Hertz exceed 25% of the consolidated net assets of Hertz Holdings. This information should be read in conjunction with the consolidated financial statements of Hertz Global included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

**Note 2—Contingencies**

For a discussion of the commitments and contingencies of Hertz Holdings, refer to the sections below included in Note 15, "Contingencies and Off-Balance Sheet Commitments," to the Notes to its consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

- In re Hertz Global Holdings, Inc. Securities Litigation
- Litigation Against Former Executives

The remaining sections of Note 15, "Contingencies and Off-Balance Sheet Commitments," and Note 10, "Leases," to the Notes to its consolidated financial statements included in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data," describe the commitments and contingencies of Hertz Holdings, including its subsidiaries.

**Note 3—Dividends**

There were no non-cash dividends paid by Hertz in 2020, 2019, or 2018.

**Note 4—Share Repurchase**

For a discussion of the share repurchase program of Hertz Holdings, refer to Note 17, "Equity and Earnings (Loss) Per Share - Hertz Global" to the Notes to its consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." As of December 31, 2020, Hertz Holdings repurchased two million shares for \$100 million under this program. This amount is included in treasury stock in the accompanying parent-only balance sheets of Hertz Holdings as of December 31, 2020 and 2019.

**SCHEDULE I (Continued)**

**HERTZ GLOBAL HOLDINGS, INC.  
(DEBTOR-IN-POSSESSION)**

**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS (continued)**

**Note 5—Transactions with Affiliates and Investments in Subsidiaries**

For a discussion of Hertz Holdings transactions with Hertz under the master loan, refer to Note 16, "Related Party Transactions," to the Notes to its consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data." The amounts related to the master loan transactions are included in investments in subsidiaries in the accompanying parent-only balance sheet of Hertz Holdings for the year ended December 31, 2019.

For the year ended December 31, 2020, the negative balance in investments in subsidiaries, net in the accompanying parent-only balance sheet of Hertz Holdings reflects the \$42 million stockholder's deficit attributable to Hertz.

**SCHEDULE II**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**

(In millions)

	Balance at Beginning of Period	Additions			Deductions	Balance at End of Period
		Charged to Expense	Translation Adjustments			
<b>Receivables allowances:</b>						
Year Ended December 31, 2020	\$ 35	\$ 94 <sup>(1)</sup>	\$ —	\$ (83) <sup>(1)(2)</sup>	\$ 46	
Year Ended December 31, 2019	27	53	—	(45) <sup>(2)</sup>	35	
Year Ended December 31, 2018	33	35	(1)	(40) <sup>(2)</sup>	27	
<b>Tax valuation allowances:</b>						
Year Ended December 31, 2020	\$ 396	\$ 218	\$ 37	\$ —	\$ 651	
Year Ended December 31, 2019	318	75	3	—	396	
Year Ended December 31, 2018	305	21	1	(9) <sup>(3)</sup>	318	

(1) Activity includes allowances associated with Donlen which have been classified as held for sale as of December 31, 2020, as disclosed in Note 3, "Divestitures," to the notes to the Company's consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data."

(2) Amounts written off, net of recoveries.

(3) The release of the valuation allowance during 2018 was due to the sales or anticipated sales of properties which would generate capital gain.

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES  
THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)**

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES*****HERTZ GLOBAL HOLDINGS, INC.*****Evaluation of Disclosure Controls and Procedures**

Our senior management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this 2020 Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2020, due to the identification of a material weakness in our internal control over financial reporting, as further described below, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this inherent risk.

Management, including our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework* (2013). Based on this assessment, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2020 due to the identification of an information technology general controls ("ITGCs") material weakness in our internal control over financial reporting as discussed below.

**Material Weakness**

We did not maintain effective ITGCs, specifically logical security controls over financially significant system applications. The ineffective logical security controls included user provisioning and de-provisioning and user and privileged access reviews.

Due to the impact from COVID-19, the Company initiated a restructuring program in April 2020, affecting approximately 11,000 employees in the U.S. Additionally, personnel levels in our international operations were reduced to align with reduced vehicle rental demands as a result of COVID-19. As a result of the large number of employees leaving the Company in a condensed time period, we did not maintain an effective ITGC risk assessment, control activities or monitoring in the following areas:

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
**(DEBTORS-IN-POSSESSION)**

**ITEM 9A. CONTROLS AND PROCEDURES (Continued)**

- Management did not have a sufficient complement of personnel with an appropriate level of knowledge, experience and training commensurate with our ITGC internal controls over financial reporting requirements as a result of the headcount reductions.
- Management did not maintain effective monitoring to ensure the operating effectiveness of our ITGCs, to escalate potential issues for resolution or to provide visibility to where resources were insufficient.
- Management did not effectively design or execute a plan to timely de-provision system application access for employees impacted by these significant headcount reductions.

These control deficiencies did not result in a misstatement to the consolidated financial statements, however, the deficiencies when aggregated, could result in misstatements potentially impacting financial statement accounts and disclosures that would not be prevented or detected in a timely manner. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

**Remediation**

Our management has been implementing and continues to implement measures designed to ensure that the material weakness is remediated. The remediation actions include, but are not limited to, the following:

- Performing an assessment of the IT organization to determine the sufficiency of resources with the appropriate level of knowledge, experience and training commensurate with our ITGC internal controls and executing any recommendations arising from the assessment.
- Clarifying and communicating roles for ITGC control owners and SOX project management team.
- Re-training ITGC control owners regarding risks, controls and maintaining adequate evidence.
- Improved existing de-provisioning controls for timely execution of removal of terminated user access.
- Enhancing quarterly reporting on ITGC design and operational effectiveness to the Chief Information Officer and Audit Committee of the Board of Directors.

After identification of the material weakness, management performed further analysis and completed additional procedures to confirm that the material weakness did not result in any identified misstatements in the financial statements, and there were no changes to previously issued financial results. Based on these procedures and analysis, and notwithstanding the material weakness in our internal control over financial reporting, management has concluded that our consolidated financial statements and related notes included in this annual report have been prepared in accordance with GAAP. Our Chief Executive Officer and Chief Financial Officer have certified that, based on each officer's knowledge, the financial statements, as well as the other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report. In addition, Ernst & Young LLP has issued an unqualified opinion on our consolidated financial statements, which is included in Item 8 of this Annual Report.

***HERTZ CORPORATION*****Evaluation of Disclosure Controls and Procedures**

Our senior management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this 2020 Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2020, due to the identification of a material weakness in our internal control over financial reporting, as further described below, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

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**ITEM 9A. CONTROLS AND PROCEDURES (Continued)****Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this inherent risk.

Management, including our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework* (2013). Based on this assessment, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2020 due to the identification of an information technology general controls ("ITGCs") material weakness in our internal control over financial reporting as discussed below.

**Material Weakness**

We did not maintain effective ITGCs, specifically logical security controls over financially significant system applications. The ineffective logical security controls included user provisioning and de-provisioning and user and privileged access reviews.

Due to the impact from COVID-19, the Company initiated a restructuring program in April 2020, affecting approximately 11,000 employees in the U.S. Additionally, personnel levels in our international operations were reduced to align with reduced vehicle rental demands as a result of COVID-19. As a result of the large number of employees leaving the Company in a condensed time period, we did not maintain an effective ITGC risk assessment, control activities or monitoring in the following areas:

- Management did not have a sufficient complement of personnel with an appropriate level of knowledge, experience and training commensurate with our ITGC internal controls over financial reporting requirements as a result of the headcount reductions.
- Management did not maintain effective monitoring to ensure the operating effectiveness of our ITGCs, to escalate potential issues for resolution or to provide visibility to where resources were insufficient.
- Management did not effectively design or execute a plan to timely de-provision system application access for employees impact by these significant headcount reductions.

These control deficiencies did not result in a misstatement to the consolidated financial statements, however, the deficiencies when aggregated, could result in misstatements potentially impacting financial statement accounts and disclosures that would not be prevented or detected in a timely manner. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

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THE HERTZ CORPORATION AND SUBSIDIARIES  
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**ITEM 9A. CONTROLS AND PROCEDURES (Continued)**

**Remediation**

Our management has been implementing and continues to implement measures designed to ensure that the material weakness is remediated. The remediation actions include, but are not limited to, the following:

- Performing an assessment of the IT organization to determine the sufficiency of resources with the appropriate level of knowledge, experience and training commensurate with our ITGC internal controls and executing any recommendations arising from the assessment.
- Clarifying and communicating roles for ITGC control owners and SOX project management team.
- Re-training ITGC control owners regarding risks, controls and maintaining adequate evidence.
- Improved existing de-provisioning controls for timely execution of removal of terminated user access.
- Enhancing quarterly reporting on ITGC design and operational effectiveness to the Chief Information Officer and Audit Committee of the Board of Directors.

After identification of the material weakness, management performed further analysis and completed additional procedures to confirm that the material weakness did not result in any identified misstatements in the financial statements, and there were no changes to previously issued financial results. Based on these procedures and analysis, and notwithstanding the material weakness in our internal control over financial reporting, management has concluded that our consolidated financial statements and related notes included in this annual report have been prepared in accordance with GAAP. Our Chief Executive Officer and Chief Financial Officer have certified that, based on each officer's knowledge, the financial statements, as well as the other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report. In addition, Ernst & Young LLP has issued an unqualified opinion on our consolidated financial statements, which is included in Item 8 of this Annual Report.

**ITEM 9B. OTHER INFORMATION**

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

**Directors**

Set forth below is information regarding our directors as of February 22, 2021.

**Henry R. Keizer** has served as a director of the Company since June 2016 and Hertz since October 2015. Mr. Keizer is 64 years old and has served as Independent Non-Executive Chair ("Chair") of the Boards of the Company and Hertz since January 2017.

*Business Experience.* Mr. Keizer formerly served as Deputy Chairman and Chief Operating Officer of KPMG LLP ("KPMG"), the U.S.-based and largest individual member firm of KPMG International ("KPMGI"), a role from which he retired in December 2012. KPMGI is an international professional services organization that provides audit, tax and advisory services throughout the world. Prior to serving as Deputy Chairman and Chief Operating Officer, Mr. Keizer held several key leadership positions throughout his 35 years at KPMG, including Global Head of Audit from 2006 to 2010 and U.S. Vice Chairman of Audit from 2005 to 2010.

*Directorships.* Mr. Keizer currently serves as a trustee of the BlackRock Multi-Asset Funds Complex, an investment company. He is also a member of the boards of directors of Sealed Air Corporation., a leading provider of packaging solutions, where he chairs the audit committee, and Park Indemnity Ltd., a privately-held Bermuda captive insurer affiliated with KPMGI. He previously served as a director and audit committee chair of WABCO Holdings, Inc., a global innovator and manufacturer of technologies for commercial vehicles, a director and audit committee chair of MUFG Americas Holdings, Inc. and MUFG Union Bank, each a financial and bank holding company, from 2014 to 2016, and as a director and audit committee chair of Montpelier Re Holdings, Ltd., a global property and casualty reinsurance company, until it merged with Endurance Specialty Holdings Ltd. in July 2015. Mr. Keizer was formerly a director of the American Institute of Certified Public Accountants from 2008 to 2011.

*Executive Officer and Leadership Experience.* Mr. Keizer has significant management, operating and leadership skills gained as Deputy Chairman and Chief Operating Officer of KPMG and as a director of multiple public and private companies.

*Accounting, Financial Reporting and General Industry Experience.* As a certified public accountant, Mr. Keizer, has extensive knowledge and understanding of financial accounting, internal control over financial reporting and auditing standards from his many years of experience and key leadership positions held with KPMGI. Mr. Keizer also has over four decades of diverse industry perspective gained through advising companies engaged in manufacturing, banking, insurance, consumer products, retail, technology and energy, providing him with perspective on the issues facing major companies and the evolving business environment.

*Risk Management Expertise.* Mr. Keizer's extensive leadership experience at KPMG provides the Board with expertise in risk management and oversight of our domestic and international operations.

**David A. Barnes** has served as a director of the Company since June 2016 and Hertz since May 2016. Mr. Barnes is 65 years old.

*Business Experience.* Mr. Barnes has served as Senior Advisor for Bridge Growth Partners LLC ("Bridge Growth"), a private equity fund, since 2016 and in this capacity serves as a member of the board of directors for several privately-held companies in Bridge Growth's technology investment portfolio. Mr. Barnes is the former Senior Vice President, Chief Information and Global Business Services Officer of United Parcel Service, Inc. ("UPS") a role he served in from 2011 to 2016. From 2005 to 2011, Mr. Barnes served as Senior Vice President and Chief Information Officer for UPS. UPS is one of the world's largest package delivery company, a leader in the U.S. less-than-truckload industry, a provider of global supply chain management and advanced logistic solutions and an operator of one of the world's largest airlines. In his role as Chief Information Officer of UPS and a member of the UPS



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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

Management Committee, Mr. Barnes was responsible for all aspects of UPS technology utilized in over 220 countries and territories. He also chaired the UPS Information Technology Governance Committee responsible for global technology strategy, architecture, mobility, hardware design and research and development. In addition, he was responsible for information security, served as Co-Chair of the enterprise risk committee and was a member of the UPS Corporate Strategy and the Finance Committees. Prior to serving as a member of the UPS Management Committee, he held a number of key leadership positions throughout his 39-year career at UPS in areas including technology development, operations, UPS airline, international custom house brokerage, mergers and acquisitions and finance.

*Directorships.* Mr. Barnes was previously a director at Ingram Micro Inc., a global technology and supply chain service provider, from June 2014 to December 2016, where he was a member of the audit committee and chair of the technology committee. Mr. Barnes is a director at DXC Technology Company, an enterprise technology company, since 2020 and also serves as a director for Solace Systems, Inc., a software company, since 2016 where he serves on the audit committee and Back Office Associates, a software company, since 2017 where he serves on the audit and technology committees.

*Executive Officer Experience.* Mr. Barnes has significant management and leadership skills gained as Chief Information Officer of UPS and as a member of the UPS Management Committee.

*Operations Expertise.* Mr. Barnes' role as a former Chief Information Officer of a company with worldwide operations and transactions provides our Board with critical experience regarding our domestic and international operations, including experience with automotive fleet management, in-vehicle telematics, transportation network systems and transportation equipment leasing.

*Strategy, Cybersecurity and Technology Experience.* Mr. Barnes provides our Board with valuable insights on incorporating technology into our ongoing operations and utilizing technology-based solutions to streamline our business and improve the customer experience. In addition, he provides significant experience managing cybersecurity and information privacy.

**SungHwan Cho** has served as a director of the Company and Hertz since May 2017. Mr. Cho is 46 years old.

*Business Experience.* Mr. Cho has served as Chief Financial Officer of Icahn Enterprises L.P. ("Icahn Enterprises"), a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, food packaging, metals, real estate and home fashion, since March 2012. Prior to that time, he was Senior Vice President and previously Portfolio Company Associate at Icahn Enterprises since October 2006.

*Directorships.* Mr. Cho has been a director of Icahn Enterprises since September 2012 and CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, since May 2012 (and has been chairman of the board since June 2018). Mr. Cho was previously a director of Tenneco, Inc, a manufacturer of products for light vehicles, commercial trucks, and off-highway applications, from April 2019 to June 2020, a director (and chairman of the board beginning June 2018) of CVR Refining, LP, an independent downstream energy limited partnership, from January 2013 to January 2019, a director (and chairman of the board beginning July 2014) of American Railcar Industries, Inc., a railcar manufacturing company, from June 2011 to December 2018, a director of CVR Partners LP, a nitrogen fertilizer company, from May 2012 to April 2017, a director of Viskase Companies, Inc., a meat casing company, from November 2006 to April 2017, and a director of Take-Two Interactive Software Inc., a publisher of interactive entertainment products, from April 2010 to November 2013.

*Finance and Strategic Experience.* Mr. Cho provides our Board with significant financial and strategic experience gained through his experience as Chief Financial Officer of Icahn Enterprises as well as his multiple directorships.

*Operating and Corporate Governance Experience.* Mr. Cho's service in other director roles provides our Board extensive operating and governance experience, as well as perspective on the strategy and direction of our Company.

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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

*Capital Markets Experience.* Mr. Cho's financial experience provides our Board with important expertise in capital markets and finance matters.

**Vincent J. Intrieri** has served as a director of the Company since June 2016 and Hertz since September 2014. Mr. Intrieri is 63 years old.

*Business Experience.* Mr. Intrieri is the Chief Executive Officer and founder of VDA Capital Management LLC, a private investment fund, and was formerly employed by entities affiliated with Icahn Enterprises LP from October 1998 to December 2016 in various investment-related capacities. From January 2008 until December 2016, Mr. Intrieri served as Senior Managing Director of Icahn Capital LP. In addition, from November 2004 to December 2016, Mr. Intrieri served as a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP. From 1992 to 1995, Mr. Intrieri was a partner at Arthur Andersen LLP, a professional services organization.

*Directorships.* Mr. Intrieri has been a director of Transocean Ltd., a provider of offshore contract drilling services for oil and gas wells, since May 2014. Mr. Intrieri has also been a director of Navistar International Corporation, a truck and engine manufacturer, since October 2012, where he serves as co-lead director, co-chair of the finance committee and a member of the nominating and governance committee. Mr. Intrieri previously served as a director of Energen Corporation, an independent oil and gas exploration and production company, from March 2018 to December 2018, Conduent Incorporated, a provider of diversified business process services, from January 2017 to May 2018, Chesapeake Energy Corporation, an oil and gas exploration and production company, from June 2012 to September 2016, CVR Refining, LP, an independent downstream energy limited partnership, from September 2012 to September 2014, Forest Laboratories, Inc., a supplier of pharmaceutical products, from June 2013 to June 2014, CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2012 to May 2014, and Federal-Mogul Corporation ("Federal-Mogul"), a global supplier of products and services related to vehicles and equipment, from December 2007 to June 2013. Mr. Intrieri was also chairman of the board of PSC Metals Inc., a processor and recycler of metals, from 2007 to 2012 and has served as chairman of audit, finance, corporate governance and compensation committees of various public companies throughout his career and was previously a certified public accountant.

*Accounting and Finance Experience.* Mr. Intrieri's significant financial and accounting experience through his directorships and former employment makes him an important advisor to our Board. Mr. Intrieri was also previously a certified public accountant and partner at a major international accounting firm.

*Corporate Governance Experience.* Mr. Intrieri's multiple directorships give him a deep understanding of board responsibilities and provides our Board with strategic oversight capabilities.

*Strategic and Risk Management Knowledge.* Mr. Intrieri's experience and his multiple directorships provide our Board important strategic experience and knowledge of appropriate risks to execute our business strategies.

**Anindita Mukherjee** has served as a director of the Company and Hertz since May 2018. Ms. Mukherjee is 55 years old.

*Business Experience.* Ms. Mukherjee is the Chairwoman and Chief Executive Officer of Pernod Ricard USA ("Pernod"), an alcoholic beverage company, since November 2019. Ms. Mukherjee was previously the Global Chief Commercial Officer and the Global Chief Marketing Officer, of S.C. Johnson & Son, Inc. ("SC Johnson"), a multinational consumer product manufacturer, from October 2015 to November 2019. Ms. Mukherjee previously held several senior positions with PepsiCo, Inc. ("PepsiCo"), a multinational food and beverage corporation, from 2005 until October 2015. These positions include President, Global Snacks Group and Global Insights, in 2015, Senior Vice President and Chief Marketing Officer, Frito-Lay, Inc., a subsidiary of PepsiCo, from 2009 to 2015, Group Vice President, Marketing, Frito-Lay, Inc., from 2007 to 2009 and Vice President, Consumer Strategy and Insights, Frito-Lay, Inc., from 2005 to 2007. From 1994 to 2005, Ms. Mukherjee served in a variety of roles with Kraft Foods, Inc., a food and beverage manufacturing and processing company.

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THE HERTZ CORPORATION AND SUBSIDIARIES  
(DEBTORS-IN-POSSESSION)**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

*Directorships.* Ms. Mukherjee served as a member of the board of directors of Calbee, Inc., a Japanese snack food maker, from June 2015 to October 2015 as a designee of PepsiCo.

*Marketing and Strategy Experience.* Ms. Mukherjee provides our Board with extensive experience and understanding of marketing and brand strategies through her roles at Pernod, SC Johnson and PepsiCo, which are key areas for our Company's growth.

*Branding, Marketing and Media Expertise.* Ms. Mukherjee brings expertise in branding, marketing and global media developed from her roles at three large retail consumer companies to support our continued efforts to develop and communicate our brand and product offerings.

*International Business and Leadership Experience.* Ms. Mukherjee provides our Board with leadership skills and significant management, operational and strategic experience through her role as Chief Executive Officer of Pernod. Ms. Mukherjee's experience in managing global branding and marketing efforts for retail consumer companies and her leadership experience provide our Board with specialized perspective and knowledge.

**Daniel A. Ninivaggi** has served as a director of the Company since June 2016 and Hertz since September 2014. Mr. Ninivaggi is 56 years old.

*Business Experience.* Mr. Ninivaggi currently serves as the Managing Member of Protean Services, LLC, an investment research and consulting firm, since December 2019. Mr. Ninivaggi previously served as Chief Executive Officer of Icahn Automotive Group LLC, a provider of automotive parts distribution, repair and service, and as Managing Director of the automotive segment of Icahn Enterprises, positions he held from March 2017 to August 2019. Mr. Ninivaggi served as a director of the Federal-Mogul from March 2010 until March 2017, as Co-Chairman from May 2015 until March 2017 and as Co-Chief Executive Officer and Chief Executive Officer of Federal-Mogul's Motorparts segment from February 2014 to March 2017. Mr. Ninivaggi was President of Icahn Enterprises from April 2010 to February 2014, and its Chief Executive Officer from August 2010 to February 2014. From January 2011 to May 2012, Mr. Ninivaggi also served as the Interim President and Interim Chief Executive Officer of Tropicana Entertainment Inc., a company primarily engaged in the business of owning and operating casinos and resorts. From 2003 until 2009, Mr. Ninivaggi held a variety of executive positions at Lear Corporation, a global tier one supplier of automotive seating and electrical and electronic power management systems and components.

*Directorships.* Mr. Ninivaggi has been a director of numerous public and private companies, including Navistar International Corporation, a manufacturer of commercial and military trucks, buses and engines, from August 2017 to October 2018, Icahn Enterprises G.P. Inc., which is the general partner of Icahn Enterprises, from March 2012 until May 2015, CVR Energy, Inc., an independent petroleum refiner and marketer of high value transportation fuels, from May 2012 to February 2014, CVR GP, LLC, the general partner of CVR Partners LP, a nitrogen fertilizer company, from May 2012 to February 2014, Viskase Companies, Inc., a food packaging company, from June 2011 to February 2014, XO Holdings, a competitive provider of telecom services, from August 2010 to February 2014, Tropicana Entertainment Inc., a hotel and casino operator, from January 2011 to December 2015, CIT Group Inc. from December 2009 to May 2011 and Motorola Mobility Holdings Inc. from December 2010 to May 2011.

*Executive Officer and Leadership Experience.* Mr. Ninivaggi provides the Board with leadership skills, significant management, strategic and operational experience through his positions as Chief Executive Officer of Icahn Enterprises, Chief Executive Officer of Tropicana Entertainment Inc., Chief Executive Officer of Icahn Automotive Group LLC, Co-Chief Executive Officer and Co-Chairman of Federal-Mogul and as a director and officer of multiple public and private companies.

*Strategic and Risk Management Knowledge.* Mr. Ninivaggi provides the Board with significant experience in the evaluation of strategic opportunities and offers our Board perspectives on risk management with respect to our operations.

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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

*Extensive Knowledge of the Company's Business and Industry.* Mr. Ninivaggi provides the Board with specialized expertise on matters related to the automotive industry through his roles at Icahn Automotive Group LLC, Federal-Mogul, Lear Corporation and other directorships.

**Kevin M. Sheehan** has served as a director of the Company and Hertz since August 2018. Mr. Sheehan is 67 years old.

*Business Experience.* From August 2016 to May 2018, Mr. Sheehan served as the President and Chief Executive Officer of Scientific Games Corporation, an international gaming and lottery company. Mr. Sheehan served as Chief Executive Officer of Norwegian Cruise Line Holdings Ltd., a global cruise line operator ("Norwegian Cruise Line"), from November 2008 through January 2015 and as President of Norwegian Cruise Line from August 2010 through January 2015 (and previously from August 2008 through March 2009). Mr. Sheehan also served as Chief Financial Officer of Norwegian Cruise Line from November 2007 until September 2010. Before joining Norwegian Cruise Line, Mr. Sheehan served as a consultant to private equity firms, including Cerberus Capital Management LP and Clayton Dubilier & Rice LLC. From 2001 to 2005, Mr. Sheehan held various senior executive roles at Cendant Corporation, including Chairman and Chief Executive Officer of the corporation's Vehicle Services Division (which included Avis Rent A Car, Budget Rent A Car, Budget Truck, PHH Vehicle Management, First Fleet and Wright Express businesses) from January 2003 through May 2005 and Chief Financial Officer from March 2001 through May 2003.

*Directorships.* Mr. Sheehan currently serves on the boards of directors of Gannet Co, Inc., a diversified portfolio of local media assets and digital marketing services businesses, including USA Today, where he has served as lead director since 2006 and is a member of the audit committee, Dave & Buster's Entertainment, Inc., operator of venues that combine entertainment and dining in North America for adults and families, where he has served since 2011 and is a member of the audit committee, and Navistar International Corporation, a manufacturer of commercial and military trucks, where he has served since October 2018 and is a member of the audit and compensation committees. Mr. Sheehan previously served on the boards of directors of Scientific Games Corporation from August 2016 to September 2018 and Bob Evans Farms, Inc. from 2014 to August 2017. Mr. Sheehan was previously a certified public accountant.

*Executive Officer and Leadership Experience.* Mr. Sheehan provides the Board with extensive experience as both principal executive and principal financial officer for several public and private entities. Through his experience as chief financial officer of several large corporations he has gained significant financial experience as well as an understanding of the complexities of our current economic environment.

*Extensive Knowledge of the Company's Business and Industry.* Mr. Sheehan provides the Board with in-depth knowledge of the travel, tourism and vehicle rental businesses through his roles as Chief Executive Officer, President and Chief Financial Officer of Norwegian Cruise Line, Chairman and Chief Executive Officer of Cendant Corporation's Vehicle Services Division and a director of several public companies.

*Financial and Investment Knowledge.* Mr. Sheehan provides the Board significant experience in the evaluation of investment opportunities as well as significant financial and business knowledge relevant to the Company's operating and financial plans.

**Paul E. Stone** Mr. Stone has served as President and Chief Executive Officer and as a director of the Company and Hertz since May 2020. Mr. Stone is 50 years old.

*Business Experience.* Mr. Stone previously served as Executive Vice President and Chief Retail Operations Officer North America of Hertz from March 2018 to May 2020. From November 2015 to December 2017, Mr. Stone served as the Chief Retail Officer at Cabela's Inc., an outdoor outfitter retail company. Prior to joining Cabela's Inc., Mr. Stone spent 28 years growing his career with Sam's Club, a retail warehouse subsidiary of Walmart Inc., a multinational retail corporation. His most-recent position with Sam's Club was as Senior Vice President - West Division from 2007 to 2015, where he led operations upwards of 200 locations with more than 30,000 employees.

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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

*Executive Officer and Leadership Experience.* Mr. Stone has significant expertise as an executive officer through his senior executive roles in retail operations in different industries. His experience as an officer of large companies has demonstrated excellent financial and operational expertise and management skills.

**Code of Ethics**

Our Standards of Business Conduct applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer. Our Standards of Business Conduct constitutes a “code of ethics” as defined by Item 406(b) of Regulation S-K. The Standards of Business Conduct is publicly available without charge on the “Investor Relations — About Hertz—Governance Documents” portion of our website, [www.hertz.com](http://www.hertz.com).

**Committees of the Board**

The following table sets forth the members of our Board, the standing committees of the Board on which they served in 2020, the chairs of the committees, the members of the Audit Committee designated by the Board as “financial experts” as defined in Item 407 of Regulation S-K, the non-independent member of the Board and our CEO.

Director	Audit Committee	Compensation Committee	Finance Committee	Nominating and Governance Committee	Technology Committee
Henry R. Keizer*	C		I	I	
David A. Barnes		I		I	C
SungHwan Cho		I		I	I
Vincent J. Intrieri*	I		C	C	
Anindita Mukherjee	I	I			I
Daniel A. Ninivaggi		C	I		I
Kevin M. Sheehan*	I		I		I
Paul E. Stone**					

I Member    C Chair    \* Financial Expert    \*\* Non-Independent Director

The Board also has a temporary Operating Committee, which is currently composed of Daniel A. Ninivaggi and SungHwan Cho. The purpose of the Operating Committee is to provide additional support in response to the COVID-19 pandemic, oversee certain elements of the restructuring process and such other responsibilities and duties as may be established by the Board from time to time.

**Roles and Responsibilities of the Board Committees**

Our Board has five standing Committees: Audit Committee; Compensation Committee; Finance Committee, Nominating and Governance Committee; and Technology Committee. Each Committee has a written charter and each charter is available on the “Investor Relations — About Hertz—Committee Charters” portion of our website, [www.hertz.com](http://www.hertz.com).

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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)**

<b>Audit Committee</b>	
<b>Qualifications:</b> <ul style="list-style-type: none"><li>• Each member of the Audit Committee is required to meet all independence requirements of the NYSE Corporate Governance Standards, Rule 10A-3(b)(1) of the Exchange Act and applicable law.</li><li>• Our Board has determined that each member of the Audit Committee is “financially literate” as defined under the NYSE Corporate Governance Standards.</li><li>• The Board has determined that each of Mr. Keizer, Mr. Intriери and Mr. Sheehan is an “audit committee financial expert” under the applicable SEC rules based on their experience and qualifications.</li><li>• No member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, including that of the Company.</li></ul>	<b>Primary Responsibilities:</b> <ul style="list-style-type: none"><li>• Oversees our accounting, financial and external reporting policies and practices, as well as the integrity of our financial statements.</li><li>• Monitors the independence, qualifications and performance of our independent certified registered public accounting firm.</li><li>• Oversees the performance of our internal audit function, the management information systems and operational policies and practices that affect our internal controls.</li><li>• Monitors our compliance with legal and regulatory requirements.</li><li>• Reviews our guidelines and policies as they relate to risk management and the preparation of our Audit Committee’s report included in our proxy statement.</li></ul>
<b>Compensation Committee</b>	
<b>Qualifications:</b> <ul style="list-style-type: none"><li>• Each member of the Compensation Committee is required to meet all independence requirements of the NYSE Corporate Governance Standards and applicable law.</li><li>• Each member of the Compensation Committee is required to be a “non-employee director” for purposes of Rule 16b-3 of the Exchange Act.</li></ul>	<b>Primary Responsibilities:</b> <ul style="list-style-type: none"><li>• Oversees our compensation and benefit policies, generally.</li><li>• Evaluates the performance of our CEO as related to all elements of his or her compensation, as well as the performance of our senior management group.</li><li>• Reviews compliance with our Stock Ownership Guidelines applicable to senior management and non-employee directors.</li><li>• Reviews our policies and procedures related to collective bargaining agreements and labor policy.</li><li>• Approves and recommends to our Board all compensation plans and arrangements for our senior management group.</li><li>• Reviews and approves or recommends to our Board the short-term compensation and equity award grants to certain members of our senior management group under our incentive plans.</li><li>• Prepares reports on executive compensation required for inclusion in our proxy statement.</li><li>• Reviews our management succession plan.</li><li>• Reviews and recommends to our Board the compensation paid to our directors.</li></ul>

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ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)

**Finance Committee**

**Qualifications:**

- A majority of the members of the Finance Committee are required to meet all independence requirements of the NYSE Corporate Governance Standards and applicable law.
- Each member of the Finance Committee is required to be a “non-employee director” for purposes of Rule 16b-3 of the Exchange Act.

**Primary Responsibilities:**

- Reviews and approves our capital markets and financing plans consistent with the prior approvals of the Board, including our debt, equity or other financing arrangements (including refinancing activity).
- Reviews the material terms and conditions of our long-term debt and equity financings and issuances consistent with the prior approvals of the Board, including with respect to bank loans, letter of credit facilities, securitization facilities, collateral security or pledge agreements, promissory notes, commercial paper and guarantees.
- Reviews our dividend policy and share repurchase strategy and recommends to the Board the amount and frequency of any dividends or share repurchases (if any).
- Reviews and approves entering into swap and other derivative transactions consistent with the prior approvals of the Board.
- Reviews with management the financial considerations relating to pension and retirement plans.

**Nominating and Governance Committee**

**Qualifications:**

- Each member of the Nominating and Governance Committee is required to meet all independence requirements of the NYSE Corporate Governance Standards and applicable law.

**Primary Responsibilities:**

- Assists our Board in determining the skills, qualities and eligibility of individuals recommended for membership on our Board.
- Reviews the composition of our Board and its committees to determine whether it may be appropriate to add or remove individuals.
- Reviews and evaluates directors for re-nomination and re-appointment to committees.
- Reviews and assesses the adequacy of our Corporate Governance Guidelines, Standards of Business Conduct and Directors’ Code of Business Conduct and Ethics.
- Reviews and oversees corporate social responsibility strategy and performance, director orientation and Board continuing education.
- Leads our Board in a self-evaluation to determine whether it and its committees are functioning effectively.

**Technology Committee**

**Qualifications:**

- Each member of the Technology Committee is required to meet all independence requirements of the NYSE Corporate Governance Standards and applicable law.

**Primary Responsibilities:**

- Evaluates technology-related systems architecture for consistency with our organizational structure, strategy and business objectives.
- Evaluates the progress of technology projects and systems architecture alternatives.
- Evaluates the capacity, performance, reliability and competitiveness of our technology-related systems.
- Reviews the technology budget for alignment with our strategy and goals and makes recommendations to the Board for technology-related investments.
- Evaluates the effectiveness of technology systems relative to customer service capabilities and performance.
- Monitors the quality and effectiveness of our cybersecurity initiatives.

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**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (continued)****Nomination of Directors**

Directors may be nominated by the Board or by stockholders of the Company in accordance with the Company's By-Laws. The Nominating and Governance Committee recommends to the Board criteria for Board membership, which includes the criteria in our Corporate Governance Guidelines, and when requested by the Board, recommends candidates for membership on the Board. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate. Nominees for director are selected on the basis of their business experience, qualifications, attributes and skills, such as relevant industry knowledge, specific experience with technology, accounting, finance, leadership, strategic planning, international markets, independence, judgment, integrity, diversity of backgrounds, the absence of potential conflicts with our interests and such other criteria as may be established by the Board from time to time. In addition, the Board considers, in light of our business, each director nominee's experience, qualifications, attributes and skills that are identified in the biographical information described above.

The Corporate Governance Guidelines and the Nominating and Governance Committee charter specify that the Nominating and Governance Committee considers several factors, including diversity, when evaluating or conducting searches for directors. The Nominating and Governance Committee interprets diversity broadly to include a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as international and multicultural experience and understanding, as well as other differentiating characteristics, including race, ethnicity and gender.

There have been no material changes to the procedures by which stockholders may recommend nominees to the Company's Board as set forth in the Company's Proxy Statement on Schedule 14A filed with the SEC on March 27, 2020.

**ITEM 11. EXECUTIVE COMPENSATION****COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis describes our compensation objectives, policies and decisions for 2020 regarding our Named Executive Officers ("NEOs"), who are listed below.

<b>Name</b>	<b>Title</b>
Paul E. Stone	President and Chief Executive Officer
Kenny Cheung	Executive Vice President and Chief Financial Officer
Angela Brav	President International
M. David Galainena	Executive Vice President and General Counsel
Opal Perry	Executive Vice President and Chief Information Officer
Kathryn V. Marinello	Former President and Chief Executive Officer (resigned effective May 16, 2020)
Jamere Jackson	Former Executive Vice President and Chief Financial Officer (resigned effective August 14, 2020)
Richard Eric Esper	Former Executive Vice President and Chief Financial Officer (resigned effective September 22, 2020)

**Executive Summary**

Our executive compensation programs are designed to create long-term value by aligning the interests of our executive officers with those of the Company. In order to accomplish this objective, we provide competitive executive compensation programs that enable us to attract and retain highly talented individuals, and we link the vast majority of their pay directly to the achievement of performance goals designed to foster the creation of sustainable long-term value.



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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

We have structured our compensation programs to provide our NEOs and other senior executives with levels of compensation that we believe are necessary to retain their services and to avoid the disruption and expense associated with unintended departures, while also motivating and rewarding leadership for our success in dynamic and competitive markets and aligning their interests with those of the Company.

**Impact of COVID-19 and Restructuring on Compensation Program**

Our compensation philosophy for 2020 started the year with the objective to reward our senior level executives for performance through short- and long-term incentive programs. The incentive programs approved in early March 2020 established linkage to performance measured against established goals that are relevant to our business and the creation of stockholder value and to align our senior executives' interests with those of our stockholders.

Our initial 2020 performance measures were designed to

- Align our compensation practices with our "pay-for-performance" compensation philosophy;
- Adapt to reasonable potential changes to the Company's economic and strategic environment; and
- Reward positive operational and financial performance that we believe enhances value over time.

When the COVID-19 pandemic started impacting global travel in March of 2020, the Company experienced an unprecedented decrease in vehicle rentals and related revenue. In an effort to reduce costs on March 23, 2020, the Board approved voluntary executive officer base salary reductions of 20%, except for Mr. Jackson who requested a 25% reduction in his base salary and Ms. Marinello who requested elimination of her annual salary (except for the nominal amount needed to pay for her health and welfare benefit contributions) commencing on April 1, 2020. On May 3, 2020, the Board met again to review executive salaries taking into consideration the executives' efforts that had already been undertaken and would continue to be necessary in order for the executive officers to operate with reduced resources. Effective May 11, 2020, the Board restored to pre-reduction levels the base salaries of those executive officers who had voluntarily reduced their salaries, except that Ms. Marinello, who had previously voluntarily forgone substantially all of her base salary, voluntarily agreed to a 10% salary reduction going forward. Ms. Marinello resigned as CEO on May 16, and Mr. Stone was appointed as CEO at that time.

As the travel industry continued to deteriorate the Board considered the risk of losing key remaining employees, and as a result, approved the 2020 Key Employee Retention Plan which covered over 300 employees at the director level and above. For more information please see "2020 Key Employee Retention Plan" below.

On May 22, 2020, Hertz and its affiliated Debtors filed petitions for relief under Chapter 11 of the U.S. Bankruptcy Code. As a result of the extraordinary spectrum of events, the Compensation Committee and the Board determined that the compensation design should be adjusted to focus on the more immediate need of retention of key executive officers to help us navigate the extreme challenges to our business, the complex restructuring, and the assumption of additional responsibilities as a result of reduced staff levels and increased workload. Specifically, following the May 22, 2020, filing for bankruptcy and restructuring Mr. Jackson resigned as CFO on August 14, 2020, and his replacement as CFO, Mr. Esper, resigned on September 22, 2020, and was replaced by Mr. Cheung at that time.

**Summary of Annual Compensation Decision-Making Process**

**Compensation Committee Oversight.** The Compensation Committee reviews and establishes the compensation program for our NEOs. The Compensation Committee is committed to creating incentives for our NEOs that reward them for the performance of the Company.

The Compensation Committee considers market median data for similar positions when setting executive compensation but adjusts based on individual performance and responsibilities as well as recruitment and retention considerations.

Performance measures are defined at the beginning of a performance period and approved by the Compensation Committee.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

**Role of the Compensation Consultant.** The Compensation Committee has the authority to retain outside advisors as it deems appropriate. Effective August 2, 2019, the Compensation Committee selected the firm Pay Governance as its independent compensation consultant. The responsibilities of our compensation consultant include:

- Reviewing and advising on total executive compensation, including salaries, short- and long-term incentive programs and relevant performance goals;
- Advising on industry trends, important legislation and best practices in executive compensation;
- Advising on effectively aligning pay with performance and with our business needs; and
- Assisting the Compensation Committee with any other matters related to executive compensation arrangements, including executive employment and award arrangements.

When making compensation determinations for 2020 the Compensation Committee reviewed and considered recommendations from Pay Governance. Our compensation consultant does not perform any services for the Company other than in its role as independent advisor to the Compensation Committee. Before engaging any compensation consultant, it is the Compensation Committee's practice to determine the compensation consultant's independence and whether any conflicts of interest would be raised by the engagement of the compensation consultant. The Compensation Committee believes that Pay Governance is independent and the work they have performed does not raise any conflicts of interest. The Compensation Consultant also reviewed the Peer Group at the direction of the Compensation Committee. The Compensation Committee discussed the Peer Group analysis and approved a revised Peer Group for 2020, which is discussed more fully below. When the COVID-19 travel restrictions and related Company economic downturn occurred, the compensation consultant also served as advisor to the Compensation Committee with regard to the 2020 Key Employee Retention Plan and further compensation related considerations resulting from the restructuring. The compensation consultant also advised on the 2020 Executive Incentive Plan ("EIP") which was formally approved by the Bankruptcy Court on October 20, 2020, for employees below the executive vice president level. The compensation consultant also reviewed and recommended compensation for newly appointed executive officers occurring as a result of voluntary and involuntary executive terminations. The compensation consultant will continue to advise the Compensation Committee regarding 2021 executive compensation and related restructuring compensation considerations.

**Peer Group.** In late 2019, the Compensation Committee selected our Peer Group for 2020 in consultation with the compensation consultant, Pay Governance. Because the number of our direct industry competitors in the global market is limited, we did not limit the Peer Group to our direct competitors, but also included similarly-sized companies that bear substantial similarities to our business model and with which we compete for talent, including travel and travel-related companies. The companies in the 2020 Peer Group had median annual revenues for 2018 of approximately \$624 million to \$22.8 billion and median annual revenues of approximately \$9.1 billion, as compared to our 2018 revenue of \$9.5 billion (based on data compiled by Pay Governance from publicly-available financial reports). Changes to our Peer Group from 2019 to 2020 included the removal of six companies and the addition of two. These changes were made to more closely align the Peer Group to our industry and business model.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

The following are the companies that comprised our Peer Group for 2020:

Alaska Air Group, Inc.	Norwegian Cruise Line Holdings Ltd.
AutoNation, Inc.	Penske Automotive Group, Inc.
Avis Budget Group, Inc.	Royal Caribbean Cruises Ltd.
CarMax Inc.	Ryder System, Inc.
Element Fleet Management	Sonic Automotive, Inc.
Group 1 Automotive, Inc.	Southwest Airlines Co.
Hilton Worldwide Holdings, Inc.	United Rentals, Inc.
JetBlue Airways Corp.	Wyndham Destinations, Inc.
Lithia Motors, Inc.	

When making compensation decisions for our senior executives, our management and the Compensation Committee consider the compensation levels of the Peer Group, as well as industry factors, general business developments, corporate, business unit and individual performance, the roles within our organization, their experience in the travel and transportation industry, compensation at their previous employers with respect to new hires and our overall compensation philosophy. The Compensation Committee does not apply Peer Group data in a formulaic manner to determine the compensation of our NEOs. Rather, the Peer Group data represent one of several factors that the Compensation Committee considers in a holistic assessment of compensation decisions.

**Role of the CEO.** In determining the appropriate levels of our compensation programs, our CEO traditionally provides his or her input to the Compensation Committee on topics that influence business performance. As part of this process, our CEO obtains data from and has discussions with our Chief Human Resources Officer or other appropriate executives. Our CEO reviews and makes observations regarding performance and provides additional data for the Compensation Committee to consider regarding our overall compensation program. Although the Compensation Committee may consider our CEO's input, in all cases, the final recommendations regarding compensation for our NEOs resides with the Compensation Committee and, the final determination resides with the Board.

**2020 Say-on-Pay Advisory Vote on Executive Compensation**

We provide stockholders with an annual "say-on-pay" advisory vote on our executive compensation program. At our 2020 Annual Meeting, approximately 96% of the votes cast for the say-on-pay proposal were in favor of our executive compensation program and policies. The Compensation Committee and the Board consider the results of our "say-on-pay" advisory vote when considering our compensation program and policies.

**Compensation Committee Determination of Targeted Compensation**

The Compensation Committee reviews and establishes the compensation program for our NEOs. The Compensation Committee is committed to creating incentives for our NEOs that reward them for the performance of the Company. As part of determining our compensation programs, we compared the compensation for our NEOs to the compensation of comparable positions at a group of companies (the "Peer Group"). For more information about selection of our Peer Group see "Compensation Discussion and Analysis - Peer Group" above.

The Compensation Committee considers market median data for similar positions when setting executive compensation but adjusts based on individual performance and responsibilities as well as recruitment and retention considerations. Performance measures are defined at the beginning of a performance period and approved by the Compensation Committee.

**Components of Our Executive Compensation Program**

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

**Components of Our Executive Compensation Program**

The principal components of our 2020 executive compensation program, their objectives and the factors influencing the amount ultimately provided to our NEOs are as follows:

Element		Description	Objective	Factors Influencing Amount
Base Salary		Fixed compensation delivered in cash; reviewed annually and adjusted if appropriate	Provides stable base amount of market competitive pay	Experience, market data, individual role and responsibilities, recruitment and retention considerations and individual performance
Annual Incentive Bonus (EICP Awards) <sup>(1)</sup>		Variable cash or equity compensation based on performance of the Company, business unit and individual	Motivates and rewards achievement of key strategic initiatives and financial results, and encourages individual performance	Annual target bonus opportunity determined annually based on market data, individual role and responsibilities and individual performance; payout based on Company performance and individual performance
Long-Term Incentives (LTIP Awards)	PSUs	70% of LTI award: Performance Share Units: Variable compensation with payout in shares of common stock based on • 75% weighting of cumulative GAAP Operating income and • 25% weighting on return on vehicles	Aligns interests of executives with long-term stockholder value creation by linking potential payouts to financial stock performance and promotes retention	Intended target value of all LTIP Awards is based on individual role and responsibilities and market data; payout based on Company performance and stock price
	RSUs	30% of LTI award: Variable compensation with three-year ratable vesting	Aligns interests of executives with long-term stockholder value creation and promotes retention	
Key Employee Retention Plan (KERP) Awards		Retention program which provided a payment to executives subject to clawback prior to voluntary departure or before March 31, 2021.	To retain key executives during unprecedented time commitment as a result of restructuring while working with fewer staff	Executives were being recruited to leave the organization at unprecedented levels while over 56% of the US workforce had been terminated because of cost-reduction efforts and attrition.

(1) We also occasionally provide non-recurring cash bonuses to reflect superior individual performance, new responsibilities or to compensate new hires for amounts forfeited from their previous employer.

Other elements of our 2020 executive compensation program, including our retirement benefits, perquisites, health, welfare and other personal benefits and post-employment compensation arrangements, are described below.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**
**2020 Target Pay Mix for NEOs**

The 2020 Target Pay as of December 31, 2020, or final date of employment for each NEO is set forth below.

Name	Annual Base Salary (\$)	Target Annual Incentive Bonus (\$)	Target Value of Annual Equity (\$)	Target Pay (\$)	Actual 2020 Annual Incentive Bonus Paid (\$)
Paul E. Stone	1,000,000	1,400,000	1,000,000	3,400,000	0
Kenny Cheung*	600,000	480,000	250,000	1,330,000	0
Angela Brav	650,000	650,000	1,000,000	2,300,000	0
M. David Galainena	550,000	440,000	650,000	1,640,000	0
Opal Perry	500,000	400,000	600,000	1,500,000	0
Kathryn Marinello	1,300,000	1,950,000	5,175,000	8,425,000	0
Jamere Jackson	775,000	852,500	2,000,000	3,627,500	0
Richard Eric Esper*	510,000	382,500	400,000	1,292,500	0

\*Mr. Cheung and Mr. Esper received LTIP awards prior to promotion to CFO position

**Annual Base Salary**

**2020 Base Salaries.** The Compensation Committee determines the annual base salaries for the NEOs after reviewing individual performance, conducting internal compensation comparisons and reviewing compensation relative to our Peer Group. The Compensation Committee also considers other factors such as an individual's prior experience, total mix of job responsibilities versus market comparisons and internal equity. The Compensation Committee consults with our CEO (except related to the CEO's own compensation) regarding salary decisions for senior executives and takes into consideration any contractual obligations we have with such senior executives. We review salaries upon promotion or other changes in job responsibility.

The annual base salaries of our NEOs for 2020 and 2019 are set forth in the table below. Amounts are as of December 31, 2020 and 2019 or final date of employment for each NEO is set forth below.

Name	2020 Base Salary (\$)	2019 Base Salary (\$)
Paul E. Stone <sup>(1)</sup>	1,000,000	550,000
Kenny Cheung <sup>(2)</sup>	600,000	328,010
Angela Brav <sup>(3)</sup>	650,000	650,000
M. David Galainena <sup>(4)</sup>	550,000	475,000
Opal Perry <sup>(5)</sup>	500,000	450,000
Kathryn Marinello <sup>(6)</sup>	1,300,000	1,450,000
Jamere Jackson <sup>(7)</sup>	775,000	775,000
Richard Eric Esper <sup>(8)</sup>	510,000	375,000

\*Promoted to new positions in 2020

- Mr. Stone became our President and CEO on May 16, 2020. His base salary increased effective that date to reflect his promotion to the new role. As CEO Mr. Stone assumed global enterprise-wide responsibilities. Mr. Stone had previously received a salary adjustment to \$575,000 effective March 2, 2020 in recognition of his 2019 achievements while considering external market compensation data. From April 1 through May 10, 2020, his base salary had been reduced to \$460,000 when all executives reduced their salary by 20% in an effort to lower Company expenses.
- Mr. Cheung became our Executive Vice President, Finance and Chief Financial Officer on September 28, 2020. His salary was adjusted effective that date to reflect his promotion to the new role. Mr. Cheung had previously received three salary increases during 2020: April 1 to \$336,261 to reflect his increased responsibilities as Senior Vice President, Finance, reduced to \$326,349 when all executives reduced their salary by 20% in an effort to lower Company expenses, then restored to \$336,261 effective May 11, 2020 when salaries were generally reinstated; June 22 to his salary was increased to \$400,000 to reflect additional responsibilities he assumed as other vice presidents resigned from the Company; August 14 to \$510,000 when he took on new responsibilities and when we was promoted to Executive Vice President, Chief Operational Finance and Restructuring Officer.
- Ms. Brav's salary was adjusted to \$520,000 effective April 1, 2020 when all executives reduced their salary by 20% in an effort to lower Company expenses, then restored to \$650,000 effective May 11, 2020, when salaries were generally reinstated.
- Mr. Galainena received the following adjustments during 2020: Effective March 2, 2020, his base salary was increased to \$515,000 to align his base salary more closely to market median; From April 1 through May 10, 2020, his annualized base salary was reduced to \$412,000

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when all executives reduced their salary by 20% in an effort to lower Company expenses then restored to \$515,000 on May 11, 2020, when salaries were generally reinstated. Effective September 28, 2020, his base salary was increased to \$550,000 to reflect the additional workload as a result of restructuring activities.

- (5) Ms. Perry received an adjustment of \$50,000 reflecting her efforts regarding the technology upgrade related to Project One, effective March 2, 2020. From April 1 through May 11, 2020, her annualized base salary was reduced to \$400,000 when all executives reduced their salary by 20% in an effort to lower Company expense, then restored to \$500,000 on May 11, 2020, when salaries were generally reinstated.
- (6) Ms. Marinello's salary was adjusted to an amount sufficient to cover her health and welfare employee contributions from April 1 through May 10, 2020 when all executives reduced their salary in an effort to lower Company expenses. Her annualized base salary was then increased to \$1,300,000 on May 11 until she resigned from the Company.
- (7) Mr. Jackson's salary was lowered by 25% to \$581,250 effective April 1, 2020, when all executives reduced their salary by in an effort to lower Company expenses, then restored to \$775,000 effective May 11, 2020, when salaries were generally reinstated.
- (8) Mr. Esper received an adjustment effective March 2, 2020 that increased his base annual salary to \$400,000 in recognition of his increased responsibilities as Chief Accounting Officer; From April 1 through May 10, 2020, his annualized base salary was reduced to \$320,000, then restored to \$400,000 effective May 11. On August 17, 2020, his annualized base salary was increased to \$510,000 when he was appointed as CFO.

**Annual Incentive Cash Compensation**

*Annual Incentive Bonus.* Annual incentive bonus payments are made under the Hertz Global Holdings, Inc. Senior Executive Bonus Plan (the "Senior Executive Bonus Plan"). The Senior Executive Bonus Plan was established as an "umbrella" formula governing maximum annual incentive bonus payments in order for annual incentive bonus payments to qualify as deductible under Section 162(m) of the Code. However, as a result of tax reform legislation enacted in 2017, which repealed the performance-based exception to the \$1 million per executive annual deduction limit under Section 162(m) of the Code, bonuses under the Senior Executive Bonus Plan with respect to calendar year 2020 will no longer be deductible to the extent the executive's annual compensation exceeds \$1 million. Under this formula, the Compensation Committee has negative discretion to pay bonuses for 2020 of up to (i) 1% of our Gross EBITDA for 2020 for our CEO and (ii) 0.5% of our EBITDA for 2020 for each of the other NEOs. Annual incentive bonus awards under the Senior Executive Bonus Plan may be paid in cash or settled in shares of the Company's common stock, as determined by the Compensation Committee. Despite the changes made to Code Section 162(m), the Compensation Committee and Board have chosen to continue to award performance-based compensation to our executives eligible to participate in the Senior Executive Bonus Plan. In fact, our Company's philosophy is to continue to drive Company performance by incenting eligible executives to achieve results through performance-based compensation. As a result, even though not required by law, many of the procedural requirements previously in effect under the Senior Executive Bonus Plan's terms, mandated by Section 162(m), including but not limited to the goal setting process, and Compensation Committee certification of Company performance against goals, continue to be integral parts of the Senior Executive Bonus Plan.

Under the provisions of the Senior Executive Bonus Plan, on March 2, 2020, the Committee adopted the 2020 Executive Incentive Compensation Plan ("EICP"), which defines all performance measures for the annual incentive bonus payouts to our NEOs. In determining actual annual incentive bonus payouts to our NEOs, the Compensation Committee examines the Company's performance under our EICP for 2020, which was designed by the Compensation Committee to drive Company, business unit and individual performance. The Compensation Committee determined each NEO's 2020 bonus under the Senior Executive Bonus Plan by multiplying the NEO's salary by a percentage (determined by the Compensation Committee) to establish a target award amount (the "Target Award"), which was further multiplied by the modifiers set forth and described below. In order for any bonus to be paid under the EICP, the Company had to achieve at least 85% of the overall Hertz GAAP operating income business plan.

$$\text{Target Award} \quad \times \left( \begin{array}{c} 75\% \text{ of GAAP Operating Income} \\ \text{Payout Percentage} \end{array} \right) + 25\% \text{ of MBO Payout Percentage} \quad \times \text{Individual Performance Modifier} = \text{Annual Incentive Bonus Payment}$$

*Target Awards for 2020.* The 2020 Target Award for each NEO was a percentage of the NEO's 2020 base salary. The NEOs were eligible to earn an award ranging from 0% to 150% of their respective Target Awards based on GAAP Operating Income and MBO goals as well as their individual performance. The Compensation Committee

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generally considers the experience, responsibilities, title and historical performance of each NEO when determining Target Awards. The Compensation Committee also considered the provisions of each NEO's employment agreement, offer letter or term sheet, if any, in setting Target Awards. When the global COVID-19 pandemic caused dramatic reduction of travel beginning in late March 2020, the 2020 EICP goals became unattainable and the Company failed to achieve the required 85% of the Hertz GAAP operating income plan threshold goal of \$354 million to be eligible to receive a payment. As a result, no EICP was paid to the NEOs for 2020.

The 2020 Target Awards and 2020 EICP payments for the NEOs are set forth below. Amounts are as of December 31, 2020, or final date of employment for each NEO is set forth below.

Name	2020 Base Salary (\$)	Target Award as a % of Salary (%)	2020 Target Award (\$)	2020 Annual Incentive Bonus Payment (\$)
Paul E. Stone*	1,000,000	140	1,400,000	0
Kenny Cheung*	600,000	80	480,000	0
Angela Brav	650,000	100	650,000	0
M. David Galainena	550,000	80	440,000	0
Opal Perry	500,000	80	400,000	0
Kathryn Marinello	1,300,000	150	1,950,000	0
Jamere Jackson	775,000	110	852,500	0
Richard Eric Esper	510,000	75	382,500	0

**2020 Key Employee Retention Plan**

On May 16, 2020, the Compensation Committee, after discussion and review of reports received from its compensation consultant, Pay Governance, approved a Key Employee Retention Plan ("KERP") for certain executives in light of the Company's worsening financial situation following the onset of the global COVID-19 pandemic. The KERP was designed to prepare for the challenges of retaining and motivating high performing executives and other key employees. The Compensation Committee and Board considered the following circumstances facing the eligible employees:

- existing short-term incentive compensation and long-term equity compensation were likely to have little or no actual value;
- uncertainty regarding Company performance during the global COVID-19 pandemic and disruption the travel industry may create a lack of confidence in employees' ability to earn an annual bonus or to retain their jobs;
- lack of knowledge regarding the restructuring process and the future of the Company may decrease the retentive power of existing compensation programs due to uncertainty surrounding the Company's ability to provide and/or pay compensation;
- officers of the Company were no longer eligible to receive severance payments upon the filing of the bankruptcy and restructuring on May 22, 2020;
- amount of additional work required to restructure the Company with fewer people to strategize and support the effort would be daunting;
- difficulty in projecting how long the restructuring will take; and
- key employees may find other employment opportunities more attractive.

Over 300 key employees at the director level and above, including NEOs and other executives, executed a retention agreement whereby the employee could receive the KERP award payment (substantially equal to his/her 2019 Annual Incentive Bonus Payment) on May 21, 2020. Any employee receiving a KERP award was required to (a) repay the KERP award if the employee voluntarily terminated employment or was terminated for cause prior to March 31, 2021; and (b) agree to forfeit all rights to 2020 EICP participation. Mr. Jackson and Mr. Esper both resigned between May 21, 2020 and December 31, 2020, and therefore repaid their KERP award. The KERP award amounts for the NEOs are below.

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Name	KERP Award Payment (\$)	KERP Re-Payment Made by Executives who Resigned
Paul E. Stone	700,000	
Kenny Cheung	136,944	
Angela Brav	401,375	
M. David Galainena	280,000	
Opal Perry	240,000	
Kathryn Marinello <sup>(1)</sup>	-	Not Applicable
Jamere Jackson <sup>(2)</sup>	600,000	Repaid in 2020
Richard Eric Esper <sup>(3)</sup>	132,000	Repaid in 2020

(1) Ms. Marinello resigned May 16, 2020, prior to receipt of KERP awards.

(2) Mr. Jackson resigned August 14, 2020, and repaid his KERP award in 2020.

(3) Mr. Esper resigned September 22, 2020, and repaid his KERP award in 2020.

**Long-Term Incentives**

*2020 Long-Term Incentive Award Design ("LTIP").* Our LTIP for executives is designed to align equity compensation with our business objectives and to align the interests of our executives with the interests of stockholders. Awards granted to our NEOs in 2020 included

- Performance Share Units ("PSUs") with vesting and the number of shares of common stock ultimately earned subject to the satisfaction of two metrics of (a) 75% weighting of three-year cumulative GAAP Operating Income and (b) 25% weighting of three-year average return on vehicles, subject to a Total Shareholder Return Modifier based upon key competitors and S&P 500 with a capped maximum payout of 125%, and threshold of 50% and
- Restricted Share Units with three-year ratable vesting.

*2020 LTIP Value Awarded*

Name	2020 Total LTIP Value Awarded (\$)	PSU (\$)	RSU (\$)
Paul E. Stone	1,000,000	700,000	300,000
Kenny Cheung*	250,000	175,000	75,000
Angela Brav	1,000,000	700,000	300,000
M. David Galainena	650,000	455,000	195,000
Opal Perry	600,000	420,000	180,000
Kathryn Marinello	5,175,000	3,622,500	1,552,500
Jamere Jackson	2,000,000	1,400,000	600,000
Richard Eric Esper*	400,000	280,000	120,000

\*Mr. Cheung and Mr. Esper received LTIP awards prior to promotion to CFO position

For further information about the 2020 LTIP awards, please refer to the Table entitled "2020 Grants of Plan Based Awards."

On August 4, 2020, in recognition of the Company's bankruptcy and restructuring, all Long-Term Incentive Plan equity was frozen and as such, no shares will be distributed upon vesting (the "Equity Vesting Event"). As a result, none of the 2018, 2019 or 2020 unvested Performance Stock Award ("PSA"), Performance Share Unit ("PSU") and Restricted Stock Unit ("RSU") equity awards will vest. The 2020 threshold performance achievement set forth in these 2018, 2019 and 2020 PSU awards also failed to be met due to the COVID-19 pandemic impact on our financial results, and as a result, no PSU shares will be distributed upon vesting.



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**Pledging and Hedging Policy.** Our Insider Trading Policy prohibits employees and directors from entering into any type of arrangement, contract or transaction that has the effect of pledging shares or hedging against the decrease in the market value of our common stock.

**Policies on Timing of Equity Awards**

It is the Company's general practice to not issue equity awards with a grant date that occurs during regularly scheduled blackout periods. However, we have, as a general practice granted equity awards in the first business day of each quarter in connection with new hires, promotions, special recognition or other special circumstances, which may be during blackout periods. It is also the Company's general practice to not determine the number of equity awards based on market conditions prior to the date on which the equity award is approved. The exercise price of our options ("Options") is determined by the Compensation Committee, provided, that the per share exercise price is not less than the fair market value of one share on the option grant date. We generally grant equity awards to our senior executives in the first quarter of the fiscal year following the release of earnings for the prior year. No Stock Options have been granted since 2018.

**Executive Benefits and Perquisites**

**Retirement Benefits.** We maintain a qualified defined contribution plan (in which substantially all of our U.S.-based employees can participate), as described under "Pension Benefits" below. Effective December 31, 2018, the Company ceased accepting contributions under the Savings Plan, a non-qualified deferred compensation program in which our NEOs were previously eligible to participate, as described under "Pension Benefits" below.

**Severance Plan for Senior Executives.** On May 22, 2020, the Board also adopted a revised Severance Plan for Senior Executives which replaced the prior severance plan in its entirety and reduced severance otherwise payable under the prior plan. The revised Severance Plan provided for senior executives including current NEOs to be eligible to receive severance if the participant's employment was terminated for a reason other than cause, due to death or permanent disability, or retirement. The reduced severance benefit payable to executive vice presidents, including the NEOs, was equal to a pro rata portion of any performance bonus that would have been payment, and a cash payment equal to one times the sum of the executive's base salary and bonus, payable over a year. This severance plan was reduced from the previous 1.5 times the sum of the executive's base and bonus, payable over eighteen months. While the Company is in restructuring, no officers are permitted to receive any severance payment.

**Perquisite Policy.** We provide perquisites and other personal benefits to our NEOs that we and the Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. Each of the NEOs was provided with relocation assistance in connection with joining the Company, including reimbursement for reasonable and customary expenses related to the sale and purchase of a primary home, temporary housing and moving expenses. In addition, certain NEOs are eligible for reimbursement of up to \$8,000 over a two-year period for financial planning services pursuant to their employment arrangements with the Company. We use corporate aircraft for the purpose of encouraging and facilitating business travel by our senior executives (primarily our CEO) and directors, generally for travel within the United States and, less frequently, internationally. In addition, our CEO uses corporate aircraft for limited personal air travel.

In 2020, in an effort to keep our employees and our Company safe, during the early stages of the pandemic when little information around the danger of the virus and travel was understood, Ms. Marinello, Mr. Jackson, and Mr. Stone were allowed to utilize Company aircraft in order to visit their immediate families living in other states. . The Compensation Committee regularly reviews aircraft usage by the NEOs and the expenses associated with such usage. The cost of our NEOs' personal use of aircraft for 2020 was \$7,189, which amount is included in the "All Other Compensation" column of the Summary Compensation Table. Personal usage of Company aircraft has been eliminated after December 31, 2020. The Compensation Committee periodically reviews our perquisite policies to ensure they are reasonable.

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**Tax and Accounting Considerations**

Section 162(m) of the Code disallows public companies from taking a federal tax deduction for compensation in excess of \$1 million paid to certain of their executive officers. The Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) when making compensation decisions. Historically, Section 162(m) included an exemption for certain performance-based compensation that met certain requirements. Performance-based awards granted under the Prior Plan and bonuses paid under the Senior Executive Bonus Plan generally were intended to qualify as tax-deductible under Section 162(m).

Federal legislation passed on December 22, 2017, repealed Section 162(m)'s performance-based compensation exemption and the limitation on deductibility generally, was expanded to include all individuals who are considered NEOs in any year beginning after December 31, 2016, regardless of whether the officer is serving at the end of the taxable year. As a result, compensation paid to our NEOs in excess of \$1 million may not be deductible for taxable years commencing after December 31, 2017, subject to limited transition relief for arrangements in place as of November 2, 2017, the scope of which is uncertain. Performance-based awards granted under the Prior Plan after November 2, 2017 will not be deductible to the extent compensation paid to our covered employees exceeds \$1 million. Further, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Despite the change in law, the Compensation Committee intends to continue to implement compensation programs that it believes are competitive and in the best interests of the Company and its stockholders.

Under U.S. GAAP, the Company accounts for stock-based payments, including awards under the Amended and Restated Hertz Global Holdings, Inc. 2016 Omnibus Incentive plan in accordance with the requirements of FASB ASC 718.

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**SUMMARY COMPENSATION TABLE**

The following table, or the "Summary Compensation Table", summarizes the compensation paid or accrued in each of the fiscal years noted by our NEOs.

Name and Principal Position	Year	Salary	Bonus <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Option Awards <sup>(2)</sup>	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation <sup>(3)</sup>	Total
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Paul Stone</b>									
President and CEO	2020	849,635	700,000	1,000,000	—	—	—	30,414	2,580,049
	2019	550,000	—	660,418	9,566	383,900	—	22,870	1,626,754
	2018	442,115	200,000	479,993	105,828	484,000	—	146,139	1,858,075
<b>Kenny Cheung</b>									
Executive Vice President and Chief Financial Officer	2020	450,540	149,973	250,000	—	—	—	10,772	861,285
<b>Angela Brav</b>									
President International	2020	661,000	401,375	1,000,000	—	—	—	332,004	2,394,379
<b>M. David Galainena</b>									
Executive Vice President and General Counsel	2020	525,446	280,000	650,000	—	—	—	8,491	1,463,937
<b>Opal Perry</b>									
Executive Vice President and Chief Information Officer	2020	498,846	240,000	600,000	—	—	—	29,622	1,368,468
<b>Kathryn Marinello</b>									
Former President and CEO	2020	461,752	—	5,175,000	—	—	—	38,470	5,675,222
	2019	1,450,000	—	5,635,758	567,663	1,405,050	—	79,891	9,138,362
	2018	1,450,000	—	2,069,994	2,723,238	1,613,502	—	148,386	8,005,120
<b>Jamere Jackson</b>									
Former Executive Vice President and Chief Financial Officer	2020	545,481	600,000	2,000,000	—	—	—	26,845	3,172,326
	2019	775,000	250,000	2,302,004	—	—	—	57,295	3,384,299
	2018	223,558	1,029,000	2,627,987	—	232,254	—	41,567	4,154,366
<b>Richard Eric Esper</b>									
Former Executive Vice President and Chief Financial Officer	2020	380,587	132,000	400,000	—	—	—	10,343	922,930

(1) The 2020 payments reflect the KERP payment made on May 21, 2020, described previously at "2020 Key Employee Retention Plan." Mr. Cheung's 2020 amount also includes an additional cash bonus award of \$13,029 made to him in May 2020. Mr. Jackson and Mr. Esper repaid their KERP awards prior to December 31, 2020.

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(2) The dollar amounts for 2020 represent the aggregate grant date fair value of the applicable equity award. These amounts were computed pursuant to FASB Topic 718. Assumptions used in the calculation of these amounts are included in the note entitled "Stock-Based Compensation" in the notes to our Company's consolidated financial statements in our 2020 Annual Report. The "Stock Awards" column above reflects the grant date fair values of the target number of PSUs and RSUs that were eligible to vest based on our financial performance goals over multi-year periods, which for accounting purposes is based on the probable outcome (determined as of the grant date) of the performance-based condition applicable to the grant. Given the Company's current state of restructuring and failure to meet performance metrics set out in the previous PSU awards, no payment is expected for these awards. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.

(3) Includes the following for 2020:

Name	Personal Use of Aircraft <sup>(a)</sup>	Personal Use of Car <sup>(b)</sup>	Travel <sup>(c)</sup>	Financial Assistance and Legal Fees <sup>(d)</sup>	Perquisites Subtotal	Life Insurance Premiums	Company Match on Plans <sup>(e)</sup>	Relocation <sup>(f)</sup>	Other <sup>(g)</sup>	Total Perquisites and Other Compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Mr. Stone	1,364	16,510	—	—	17,874	1,140	11,400	—	—	30,414
Mr. Cheung	—	543	—	—	543	684	9,545	—	—	10,772
Ms. Brav	—	13,750	—	—	13,750	741	—	—	317,513	332,004
Mr. Galainena	—	1,505	—	6,359	7,864	627	—	—	—	8,491
Ms. Perry	—	11,640	—	6,012	17,652	570	11,400	—	—	29,622
Ms. Marinello	3,553	8,435	25,000	—	36,988	1,482	—	—	—	38,470
Mr. Jackson	2,272	12,289	—	—	14,561	884	11,400	—	—	26,845
Mr. Esper	—	285	—	—	285	581	9,477	—	—	10,343

(a) Based on the direct costs of aircraft for each hour of personal use, which is based on the incremental cost of fuel, crew expenses, on-board catering and other, small variable costs. We exclude fixed costs that do not change based on usage from this calculation.

(b) Reflects the annual lease value of company-provided vehicles per IRS Publication 15-B.

(c) For Ms. Marinello, represents the annual travel allowance per the terms of her employment agreement.

(d) Reflects the reimbursement of financial planning assistance provided to executive staff.

(e) Amounts represent Company match on the 401(k) Plan and the Savings Plan. None of the amounts earned under the Savings Plan in 2020 were above market or otherwise preferential.

(f) Amounts represent the incremental costs to the Company for relocation assistance.

(g) Ms. Brav received a foreign allowance of \$313,088 including housing and travel and tax equalization of \$4,425.

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**2020 GRANTS OF PLAN-BASED AWARDS**

The following table sets forth, for each NEO, possible payouts under all non-equity incentive plan awards granted in 2020 all grants of Performance Stock Units, Performance Options, Options and Restricted Stock Units in 2020 and the grant date fair value of all such awards. All of the equity awards granted in 2020 were granted under the Existing Plan. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.

		Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock Awards <sup>(2)</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
<b>Paul Stone</b>												
	Annual Cash Incentive	3/2/2020	287,500	575,000	862,500							
	PSUs <sup>(3)</sup>	3/2/2020				27,933	55,866	69,833			700,001	
	RSUs <sup>(3)</sup>	3/2/2020					23,942				299,993	
<b>Kenny Cheung</b>												
	Annual Cash Incentive	3/2/2020	82,003	164,005	246,008							
	PSUs <sup>(3)</sup>	3/3/2020				7,422	14,843	18,554			174,999	
	RSUs <sup>(4)</sup>	3/3/2020					6,361				74,996	
<b>Angela Brav</b>												
	Annual Cash Incentive	3/2/2020	325,000	650,000	975,000							
	PSUs <sup>(3)</sup>	3/2/2020				27,933	55,866	69,833			700,001	
	RSUs <sup>(4)</sup>	3/2/2020					23,942				299,993	
<b>M. David Galainena</b>												
	Annual Cash Incentive	3/2/2020	154,500	309,000	463,500							
	PSUs <sup>(3)</sup>	3/2/2020				18,157	36,313	45,391			455,002	
	RSUs <sup>(4)</sup>	3/2/2020					15,562				194,992	
<b>Opal Perry</b>												
	Annual Cash Incentive	3/2/2020	200,000	400,000	600,000							
	PSUs <sup>(3)</sup>	3/2/2020				16,760	33,520	41,900			420,006	
	RSUs <sup>(4)</sup>	3/2/2020					14,365				179,993	
<b>Kathryn Marinello<sup>(5)</sup></b>												
	Annual Cash Incentive	3/2/2020	1,087,500	2,175,000	3,262,500							
	PSUs <sup>(3)</sup>	3/2/2020				144,554	289,107	361,384			3,622,511	
	RSUs <sup>(4)</sup>	3/2/2020					123,901				1,552,480	
<b>Jamere Jackson<sup>(6)</sup></b>												

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		Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock Awards <sup>(2)</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Annual Cash Incentive		3/2/2020	426,250	852,500	1,278,750							
PSUs <sup>(3)</sup>		3/2/2020				55,866	111,732	139,665			1,400,002	
RSUs <sup>(4)</sup>		3/2/2020					47,884				599,987	
<b>Richard Eric Esper<sup>(5)</sup></b>												
Annual Cash Incentive		3/2/2020	110,000	220,000	330,000							
PSUs <sup>(3)</sup>		3/2/2020				11,174	22,347	27,934			280,008	
RSUs <sup>(4)</sup>		3/2/2020					9,576				119,987	

- (1) The amounts in these columns include the "Target" amount for each NEO eligible to receive an award under the EICP at 100% of the target award, the "Threshold" amount for each eligible NEO at 50% of the "Target" and the "Maximum" amount at 150% of "Target" for the maximum amount payable to each NEO. Due to global pandemic adversely impacting Company revenue, no annual bonus payout under the EICP was earned for 2020.
- (2) Represents the aggregate grant date fair value, computed pursuant to FASB ASC Topic 718. Please see the note entitled "Stock-Based Compensation" in the notes to the Company's consolidated financial statements in Item 8 of this 2020 Annual Report on Form 10-K for a discussion of the assumptions underlying these calculations.
- (3) Represents the Performance Stock Units (PSUs) granted to our NEOs. The PSUs will be earned based on our financial performance over a multi-year period. We discuss these awards under the heading "Compensation Discussion and Analysis - Long-Term Incentives." The amounts disclosed in the "Estimated Future Payouts Under Equity Incentive Plan Awards" columns represent the number of shares issuable assuming achievement of the specific Threshold, Target or Maximum levels of performance established by the Compensation Committee for these PSUs over the performance period. Given the Company's status in bankruptcy and restructuring, none of the targets for these awards will be met.
- (4) Represents the Restricted Stock Units (RSUs) granted to our NEOs. We discuss these awards under the heading "Compensation Discussion and Analysis - Long-Term Incentives." As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
- (5) Ms. Marinello, Mr. Jackson and Mr. Esper voluntarily terminated employment before December 31, 2020. As a result, they have forfeited their non-equity incentive plan and equity plan awards upon termination of employment.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2020**

The following table sets forth, for each NEO, details of all equity awards outstanding on December 31, 2020. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.

Name	Grant Date	Option Awards					Stock Awards			
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested <sup>(1)</sup> (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)</sup> (\$)
<b>Paul Stone</b>										
	3/2/2020						23,942 <sup>(2)</sup>	30,646		
	3/2/2020								55,866 <sup>(3)</sup>	71,509
	3/4/2019						6,453 <sup>(4)</sup>	8,260		
	3/4/2019								22,587 <sup>(5)</sup>	28,911
	4/2/2018	—	5,750 <sup>(6)</sup>		\$18.47	4/2/2025				
	4/2/2018						2,167 <sup>(6)</sup>	2,774		
	4/2/2018								19,496 <sup>(7)</sup>	18,555
<b>Kenny Cheung<sup>(9)</sup></b>										
	3/3/2020						6,361 <sup>(2)</sup>	8,142		
	3/3/2020								14,843 <sup>(3)</sup>	18,999
<b>Angela Bray<sup>(9)</sup></b>										
	3/2/2020						23,942 <sup>(2)</sup>	30,646		
	3/2/2020								55,866 <sup>(3)</sup>	81,509
	1/2/2020						4,667	5,974		
	1/2/2020								10,890	13,939
<b>M. David Galainena<sup>(9)</sup></b>										
	3/2/2020						15,562 <sup>(2)</sup>	19,919		
	3/2/2020								36,313 <sup>(3)</sup>	46,481
<b>Opal Perry<sup>(9)</sup></b>										
	3/2/2020						14,365 <sup>(2)</sup>	18,387		
	3/2/2020								33,520 <sup>(3)</sup>	42,906
<b>Kathryn Marinello<sup>(1)</sup></b>										
<b>Jamere Jackson<sup>(1)</sup></b>										
<b>Richard Eric Esper<sup>(1)</sup></b>										

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

	(1) The closing market price of the Company's common stock on December 31, 2020 was \$1.28 per share. However, with the company's bankruptcy and restructuring status, the vesting of all unvested equity awards ceased on August 4, 2020 and all unvested awards are not expected vest. As a result, the value for each is \$0. Ms. Marinello, Mr. Jackson and Mr. Esper have all resigned from the company and any unvested shares were cancelled at the time of their termination.
	(2) These RSUs were awarded in 2020. The RSUs vest one-third on each anniversary date of March 2 in 2021, 2022 and 2023. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(3) These PSUs were awarded in 2020. The PSUs are earned and vest contingent upon meeting two performance metrics of (a) 3-year cumulative 75% GAAP Operating Income and (b) 3- year average return on vehicles, subject to continued employment. These awards are reported at zero due to the cessation of vesting on August 4, 2020 for all unvested awards.
	(4) These RSUs were awarded in 2019. The RSUs earned based on achieving a revenue goal for 2019. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(5) These PSUs were awarded in 2019. The PSUs are earned and vest based on our Adjusted Corporate EBITDA performance over a multi-year period, subject to continued employment. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(6) These RSUs were awarded in 2018. The RSUs are earned based on achieving a revenue goal for 2018. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(7) These PSUs were awarded in 2018. The PSUs are earned and vest based on our Adjusted Corporate EBITDA performance over a multi-year period, subject to continued employment. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(8) These Options were granted in 2018 and vest 25% on each anniversary of the date of grant. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.
	(9) Was not an NEO or executive officer prior to 2020.

**2020 OPTION EXERCISES AND STOCK VESTED**

The following table sets forth, for each NEO, details of any awarded stock options that were exercised and any stock awards that vested in 2020.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Paul Stone	5,392	47,811
Kenny Cheung	5,729	83,786
Angela Brav	-	-
M. David Galainena	4,006	21,913
Opal Perry	3,226	36,938
Kathryn Marinello	38,289	449,705
Jamere Jackson	10,755	123,145
Richard Eric Esper	5,084	38,485

(1) Value is based on the closing market price of the Company's common stock on the date of vesting multiplied by the number of vested shares.



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**ITEM 11. EXECUTIVE COMPENSATION (continued)**
**PENSION BENEFITS**

Effective as of December 31, 2014, we stopped providing future benefit accruals under the following plans (collectively, the "Previous Plans"):

- The Hertz Corporation Account Balance Defined Benefit Pension Plan;
- The Hertz Corporation Benefit Equalization Plan; and
- The Hertz Corporation Supplemental Executive Retirement Plan.

To replace the Previous Plans, we offered our employees, including certain of our NEOs, participation in a revised defined contribution plan. Beginning January 1, 2015 the Company increased employer contributions under the Company's qualified 401(k) savings plan (the "401(k) Plan") to provide that eligible participants under the 401(k) Plan are eligible to receive a matching employer contribution to their 401(k) Plan account equal to (i) 100% of employee contributions (up to 3% of compensation) made by such participant and (ii) 50% of employee contributions (up to the next 2% of compensation), with the total amount of such matching employer contribution to be completely vested, subject to applicable limits under the Code on compensation that may be taken into account. For a transition period, certain eligible participants under the 401(k) Plan received additional employer contribution amounts to their 401(k) Plan account depending on their years of service and age. Effective April 22, 2020, the Company stopped employer matching contributions to the 401(k) Plan. The employer matching contributions have recommenced effective January 1, 2021.

Effective December 31, 2018, no further employee contributions or company matching contributions were permitted to the Savings Plan. The Savings Plan, a deferred compensation plan, was adopted in connection with the replacement of the Previous Plans and the revision of the 401(k) Plan and provided eligible employees, including certain of the NEOs, the opportunity to defer part of their compensation. The Savings Plan provided benefits that could not be provided in the 401(k) Plan due to Code limitations on compensation. For any deferral elections, the Company matched an amount generally equal to (i) 100% of employee contributions (up to 3% of the compensation that could not be taken into account under the 401(k) Plan) made by such participant and (ii) 50% of employee contributions (up to the next 2% of compensation that could not be taken into account under the 401(k) Plan). For a transition period, certain eligible participants under the Savings Plan received additional employer contribution amounts to their Savings Plan account depending on their years of service and age. The match under the Savings Plan was in addition to the match under the 401(k) Plan. The total match that any participant received under the 401(k) Plan and the Savings Plan (other than with respect to transition credits) did not exceed the maximum 4% match.

**2020 NON-QUALIFIED DEFERRED COMPENSATION BENEFITS**

The following table sets forth for the only NEOs who participated in the Savings Plan in 2020, the aggregate withdrawals and distributions in 2020 and the aggregate balance on such plans as of December 31, 2020.

Name	Executive Contributions	Registrant Contributions	Aggregate Earnings	Aggregate Withdrawals/Distributions	Aggregate Balance as of
	2020	2020	2020	in 2020	December 31,
	(\$)	(\$)	(\$)	(\$)	2020 <sup>(1)</sup>
					(\$)
Kathryn Marinello	—	—	40,418	—	297,279

(1) The listed amount reflects the balance credited to the account as of December 31, 2020. This amount would have been eligible for withdrawal following termination except for the filing of Chapter 11 bankruptcy and restructuring. All Savings Plan Participants have become general creditors in the restructuring.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

**POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL**

Ms. Marinello, Mr. Jackson, and Mr. Esper all voluntarily resigned from the Company during 2020. Upon their termination, they were paid remaining base salary and unused vacation days. Upon termination of employment Ms. Marinello received \$20,000 for unused vacation pay; Mr. Jackson received no additional payment; and Mr. Esper received \$23,048 for unused vacation pay. Their benefit coverage terminated the date of the employment termination.

As a result of the Chapter 11 bankruptcy filing and related restructuring, no NEO is permitted to receive severance benefits and payments. Upon termination or CIC, none of our NEOs would receive any compensation or benefit from the Company.

**SEVERANCE PLAN AND EMPLOYMENT, SEPARATION AND CHANGE IN CONTROL AGREEMENTS**

The NEOs have employment arrangements with the Company. Effective May 22, 2020, the Company amended and restated its severance plan for senior executives (the "Severance Plan for Senior Executives"). In amending these arrangements, it was the intention of the Company to provide security to our senior executives in the event of a loss of employment that was generally consistent with the terms of arrangements provided by our peer companies.

The Severance Plan for Senior Executives provides payments and benefits to the covered executives in the event of certain qualifying terminations of their employment (other than in connection with certain change in control events of the Company).

**Severance Plan for Senior Executives.** The Severance Plan for Senior Executives, as amended, provides benefits to covered senior executives whose employment is terminated by the Company for any reason other than Cause, Permanent Disability or Retirement (as such terms are defined in the Severance Plan for Senior Executives). All NEOs were designated as participants in the Severance Plan for Senior Executives. While the Company remains in restructuring, no NEO or other executive is permitted to receive any severance payment.

Termination Event	Benefits under Severance Plan for Senior Executives
Cause <sup>(1)</sup> , Permanent Disability <sup>(1)</sup> , Retirement <sup>(1)</sup> , Death or Voluntary Termination	None
Involuntary Termination without Cause	<p><b>Unpaid Performance Bonus.</b> Pro rata portion of the annual incentive bonus that would have been payable to the participant if his or her employment were not terminated, at the discretion of the Compensation Committee, payable at the same time bonuses are paid to other executives.</p> <p><b>Severance Multiple.</b> Cash payments in the aggregate equal to a multiple of 1.0 (the "severance multiple") of the executive's annual base salary and the average annual bonus paid in respect of the three calendar years preceding the year in which the termination occurs; or, for executives with a one-year or two-year bonus history, by reference to the average annual bonus amounts for such year or years; or, if an executive has not had an opportunity to earn or be awarded one full year's bonus as of his or her termination of employment, the executive's target bonus for the year of termination; payable in equal installments over a period of whole and/or partial years equal to the severance multiple.</p> <p><b>Health and Welfare Benefits.</b> Continuation of all medical, health and accident plans (other than disability plans) until the earlier of (i) the end of a number of years following the executive's termination of employment equal to the severance multiple or (ii) the date on which the executive becomes eligible to participate in welfare plans of another employer.</p> <p><b>Outplacement.</b> Within the period of time from the date of executive's termination through the end of the year following the date of termination, outplacement assistance up to a maximum of \$25,000</p>

(1) As those terms are defined in the Amended and Restated Severance Plan for Senior Executives.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

**Treatment of EICP Payments and Equity Compensation upon a Termination or a Change in Control.** The following chart generally summarizes the treatment of EICP payments and equity compensation for each of our NEOs under the Senior Executive Bonus Plan. No EICP awards were payable under the Existing Plan as of December 31, 2020.

Award	Death or Disability <sup>(1)</sup>	Voluntary	Retirement <sup>(1)</sup>	For Cause <sup>(1)</sup>	Without Cause <sup>(1)</sup>	Change In Control If Not Assumed/ Substituted <sup>(1)(2)</sup>
EICP	Forfeit	Forfeit	Forfeit	Forfeit	Pro-rata <sup>(3)</sup>	Pro-rata
Options	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit
PSUs and Performance Shares	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit
RSUs and Restricted Shares	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit	Forfeit

(1) As those terms are defined in the Amended Plan.

(2) The terms of the Existing Plan contain "double-trigger" provisions in the event of a change in control. If equity awards are exchanged for or replaced by a substitute award, then the awards will not automatically vest upon a change in control. However, if a change in control occurs and the awards are not exchanged or replaced, all options shall immediately become exercisable, the restriction period on all Restricted Shares and RSUs shall lapse immediately prior to such change in control and outstanding Performance Shares and PSUs issued to our NEOs generally vest. As a result of the Equity Vesting Event, no shares will be distributed upon vesting.

(3) The Compensation Committee has the discretion to authorize that the participant retains a pro-rata share of unvested equity awards.

**CEO Pay Ratio**

To determine the median 2020 annual total compensation of all of our employees other than our CEO (the "Median 2020 Employee Compensation"), we determined median employee and used annual taxable income as our compensation measure.

We used the median 2020 employee's annual total compensation as the Median 2020 Employee Compensation. We calculated the Median 2020 Employee Compensation using the same methodology used for calculating the annual total compensation of our NEOs described in the Summary Compensation Table above.

2020 annual total compensation of our CEO ("2020 CEO Compensation") was \$ 2,580,049. Median 2020 Employee Compensation was \$33,187 and the ratio of 2020 CEO Compensation to Median 2020 Employee Compensation is 78 to 1.

**2020 Director Compensation**

Our Nominating and Governance Committee recommended, and our Board determined, that non-employee directors are to be compensated for their service on the Board as described below. Directors who are also employees of the Company receive no additional compensation for serving as directors.

*Determination of Non-Employee Director Compensation*

On an annual basis when determining compensation, our Compensation Committee considers (i) market data for our Peer Group, which is defined above and is the group of companies used for our executive compensation review and (ii) input from its compensation consultant regarding market practices for director compensation. The Compensation Committee intends to set director compensation levels at or near the market median relative to directors at companies of comparable size, industry and scope of operations in order to ensure directors are paid competitively for their time commitment and responsibilities. Providing a competitive compensation package is

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

important because it enables us to attract and retain highly qualified directors who are critical to our long-term success.

*Annual Non-Employee Director Compensation*

Each non-employee director receives an annual retainer of \$210,000 for serving as a member of our Board, which is payable \$85,000 in cash and \$125,000 in Restricted Stock Units ("RSUs"). Our payments for directors are paid at the end of the quarter in which it is earned. Effective February 25, 2020, the Board determined to pay the \$125,000 RSU annual retainer in cash until otherwise determined by the Board. Each non-employee director is entitled to the following additional annual fees for serving as Chair of the Board, chair of a committee or a member of a committee.

<b>Chair</b>	The Chair of the Board received an additional \$150,000 in 2020 payable 50% in cash and 50% in shares of our common stock.
<b>Audit Committee</b>	The Chair of the Audit Committee receives an additional \$35,000 in cash and each other member of the Audit Committee receives an additional \$17,500 in cash.
<b>Compensation Committee</b>	The Chair of the Compensation Committee receives an additional \$30,000 in cash and each other member of the Compensation Committee receives an additional \$15,000 in cash.
<b>Nominating and Governance Committee</b>	The Chair of the Nominating and Governance Committee receives an additional \$25,000 in cash and each other member of the Nominating and Governance Committee receives an additional \$12,500 in cash.
<b>Finance Committee</b>	The Chair of the Finance Committee receives an additional \$25,000 in cash and each other member of the Finance Committee receives an additional \$12,500 in cash.
<b>Technology Committee</b>	The Chair of the Technology Committee receives an additional \$25,000 in cash and each other member of the Technology Committee receives an additional \$12,500 in cash.
<b>Operating Committee</b>	The Operating Committee was established to provide additional support in response to the COVID-19 pandemic and oversee certain elements of the restructuring process. The Chair of the Operating Committee receives an additional \$25,000 in cash per month for the time period approved by the Board.

The maximum annual compensation (i.e., cash and equity awards) that may be paid by the Company to any non-employee director is \$750,000. Under the Director Compensation Policy, if a Lead Director is appointed, then he or she is entitled to receive an annual cash retainer of \$100,000 in addition to the fees listed above. Because the Board has appointed an independent Chair, the Company has not appointed a Lead Director.

Cash fees or fees paid in shares of our common stock for Board and committee service are payable quarterly in arrears. A director may elect, annually in advance, to receive shares of our common stock having the same fair market value in lieu of such cash fees. A director may elect to receive shares of phantom stock rather than receiving cash fees if the requirements for such deferral are satisfied under applicable tax law. A director may elect to defer settlement and payout of the portion of the annual retainer provided in the form of stock or stock-based awards if the requirements for such deferral are satisfied under applicable tax law. Any director electing to receive phantom shares would receive actual shares of our common stock on the earlier of separation from service or a change in control of the Company, and deferred RSUs (or deferred shares of common stock) would be settled within 30 days following such date. Notwithstanding the foregoing, the Board has determined to pay all annual equity director fees in cash until otherwise determined by the Board.

We also reimburse our directors for reasonable and necessary expenses they incur in performing their duties as directors, and our directors are entitled to free worldwide car rentals through Hertz. Any non-employee director who serves for at least five years will, after retirement from such service as a director, be eligible for Hertz #1 Club Platinum Card status and free worldwide car rentals up to a maximum of 90 days each year for fifteen years after his or her retirement.

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**ITEM 11. EXECUTIVE COMPENSATION (continued)**

The table below summarizes the compensation paid to our non-employee directors for fiscal year 2020.

Name	Fees Earned or Paid in Cash <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total (\$)
Henry R. Keizer	344,656	23,762	410	368,828
David A. Barnes	209,289	—	126	209,415
SungHwan Cho	188,014	—	—	188,014
Vincent J. Intrieri	215,570	—	—	215,570
Anindita Mukherjee	176,789	16,235	—	193,024
Daniel A. Ninivaggi	403,045 <sup>(4)</sup>	—	1,197	404,242
Kevin M. Sheehan	181,769	—	—	181,769

- (1) All compensation is for services rendered as directors for service on the Company's Board, including annual retainer fees and committee and chair fees (whether payable in cash or in shares of common stock) as set forth above.
- (2) The values disclosed are the aggregate grant date fair values of 1,228 common shares for Mr. Keizer and 839 common shares for Ms. Mukherjee on February 24, 2020, at a grant price of \$19.35. Effective beginning February 25, 2020, the Board determined to pay all equity Director fees in cash.
- (3) Value of free car rentals under the Company's Director Car Rental Program.
- (4) Mr. Ninivaggi serves as the Chair of the Operating Committee since May 6, 2020, and he received \$200,000 in 2020 for that additional service.

**Compensation Committee Interlocks and Insider Participation**

During 2020, Messrs. Barnes, Cho and Ninivaggi and Ms. Mukherjee served as members of our Compensation Committee. None of these individuals (i) served as an officer or employee of the Company during 2020 or (ii) was formerly an officer of the Company.

During the year 2020 (i) none of our executive officers served as a member of a compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served on our Compensation Committee; (ii) none of our executive officers served as a director of another entity, any of whose executive officers served on our Compensation Committee and (iii) none of our executive officers served as a member of the compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served as one of our directors.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with members of management the Compensation Discussion and Analysis included in this Item 11 of the Company's Annual Report on Form 10-K. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

The Compensation Committee,  
Daniel A. Ninivaggi, *Chair*  
David A. Barnes  
SungHwan Cho  
Anindita Mukherjee

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**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Equity Compensation Information**

The following table summarizes the securities authorized for issuance pursuant to our equity compensation plans as of December 31, 2020:

Equity compensation plans approved by security holders	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (excluding RSUs / PSUs) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Omnibus Plan	2,694,399	\$ 34.76	—

**Security Beneficial Ownership Table**

The following table sets forth information as of February 22, 2021, unless another date is specified below, with respect to the ownership of the Company's common stock by:

- Each person known to own beneficially more than 5% of the Company's common stock;
- Each of the directors of the Company;
- Each of the executive officers named in the Summary Compensation Table; and
- All of the Company's executive officers and directors as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. As of February 22, 2021, we had 156,206,478 shares of our common stock outstanding.

Except as otherwise indicated in the footnotes to this table, each of the beneficial owners listed has, to the knowledge of the Company, sole voting and investment power with respect to the indicated shares of common stock. Unless otherwise indicated, the address for each individual listed below is c/o Hertz Global Holdings, Inc., 8501 Williams Road, Estero, FL 33928.

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**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS (continued)**

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number <sup>(7)</sup>	Percent
David Barnes	29,729	**
SungHwan Cho	10,178	**
Vincent Intrieri <sup>(1)</sup>	57,585	**
Henry Keizer <sup>(2)</sup>	60,000	**
Anindita Mukherjee	14,274	**
Daniel Ninivaggi <sup>(1)(3)</sup>	36,157	**
Kevin Sheehan	41,756	**
Paul Stone	11,203	**
Kenny Cheung	—	—
Angela Brav	—	—
M. David Galainena	—	—
Opal Perry	5,799	**
Kathryn Marinello <sup>(4)</sup>	—	—
Jamere Jackson <sup>(5)</sup>	1	**
R. Eric Esper <sup>(6)</sup>	—	—
All directors and executive officers as a group	270,287	**

- \*\*Less than 1%.
- (1) Includes the following phantom shares issued under the Director Compensation Policy: (i) 38,664 for Mr. Intrieri and (ii) 8,825 for Mr. Ninivaggi.
- (2) All of Mr. Keizer's shares are jointly held with his wife.
- (3) 844 of Mr. Ninivaggi's shares are jointly held with his wife.
- (4) Ms. Marinello's address is c/o PODS Enterprises, LLC, 13535 Feather Sound Drive, Clearwater, Florida 33762.
- (5) Mr. Jackson's address is c/o AutoZone, Inc., 123 South Front St., Memphis, TN 38103.
- (6) Mr. Esper's address is c/o United Natural Foods, Inc., 313 Iron Horse Way, Providence, RI 02908.
- (7) Includes employee and/or director stock options held directly by the beneficial owner that are currently exercisable or that will become exercisable within sixty days; and phantom shares issued under the Director Compensation Policy.

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**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

**Certain Relationships and Transactions with Related Persons**

The Board has adopted the Related Person Transaction Policy and Procedures (the "RPT Policy") to assist it in reviewing, approving and ratifying related person transactions and to assist the Company in the preparation of related disclosures required by the SEC. The RPT Policy supplements, and does not supersede, the Company's other policies that may be applicable to transactions with related persons, such as its Corporate Governance Guidelines, Directors' Code of Conduct and Standards of Business Conduct.

All potential related person transactions must be reported to the General Counsel who consults with the Chair of the Audit Committee to determine if the related person transaction is a transaction subject to the RPT Policy. If the General Counsel in consultation with the Chair of the Audit Committee so determines, then the Audit Committee shall consider the related person transaction for approval or ratification in accordance with the RPT Policy. The Audit Committee may determine to refer the review and approval or ratification of a related person transaction to another committee of directors established by the Board and consisting solely of independent directors who are disinterested in the related person transaction.

In reviewing a related person transaction for approval or ratification, the Audit Committee will consider all of the relevant facts and circumstances. If the related person transaction involves a non-employee director or nominee, the Audit Committee will consider whether such transaction would compromise such director's status as (i) an independent director under the NYSE Listing Standards and any categorical independence standards included in our Corporate Governance Guidelines, (ii) a "non-employee director" under Rule 16b-3 of the Exchange Act, if such non-employee director serves on the Compensation Committee or (iii) an independent director under Rule 10A-3 of the Exchange Act.

Generally, the RPT Policy applies to any current or proposed transaction in which:

- the Company was or is to be a participant;
- the amount involved is reasonably likely to exceed \$120,000; and
- any related person had or will have a direct or indirect material interest.

The Audit Committee will not approve or ratify a related person transaction unless, after considering all relevant information, it has determined in good faith that the transaction is in, or is not inconsistent with, the best interests of the Company.

The Directors' Code of Conduct is applicable to all Board members and provides guidance for handling unforeseen situations that may arise, including conflicts of interest. Pursuant to the Directors' Code of Conduct, a conflict of interest may arise when a Board member's private interest interferes in any way — or even appears to interfere — with the interests of the Company as a whole. The Directors' Code of Conduct specifies that a conflict of interest may include, among other things, the following:

- When a Board member or a member of his or her family takes actions or has interests that may make it difficult for the Board member to make decisions on behalf of the Company objectively and effectively;
- Where a Board member or a member of his or her family has a financial interest in, or is engaged, directly or indirectly, in the management of an organization that deals with the Company as a supplier, contractor, purchaser or distributor of the Company's products or services, or is a competitor; and
- Where a Board member renders services to another organization or individual as an employee, agent, consultant or director if the organization or individual is doing or seeking to do business with the Company or is a competitor.

Pursuant to the Directors' Code of Conduct, any member of our Board who believes he or she has an actual or potential conflict of interest with us is obligated to notify the Chair of the Nominating and Governance Committee as promptly as practicable. That member should not participate in any decision by our Board, or any committee of our



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**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE (Continued)**

Board, that in any way relates to the matter that gives rise to the conflict or potential conflict of interest until the issue has been resolved to the satisfaction of the Chair of the Nominating and Governance Committee or the Board.

The Standards of Business Conduct are applicable to all employees, officers and directors of the Company and its subsidiaries. The Standards of Business Conduct generally prohibit employees from maintaining outside business or financial interests or engaging in outside business or financial activity that conflicts with the interests of the Company.

See Note 16, "Related Party Transactions," to the notes to the Company's consolidated financial statements in this 2020 Annual Report under the caption Item 8, "Financial Statements and Supplementary Data" for additional description of certain relationships and transactions that existed or that we have entered into with our directors and certain other related persons in 2020.

**Director Independence**

The Company's Corporate Governance Guidelines require that the Board be composed of a majority of "independent" directors. No director will be deemed independent unless the Board affirmatively determines that the director has no material relationship with the Company, directly or as an officer, stockholder or partner of an organization that has a relationship with the Company. The Board has established standards to assist it in making independence determinations, which are set forth in Annex A to the Corporate Governance Guidelines. Although the Company is no longer listed on the NYSE and the NYSE Corporate Governance Standards are no longer applicable, the Company has continued to satisfy the NYSE Corporate Governance Standards as a best practice.

In accordance with the NYSE Corporate Governance Standards and the Company's Corporate Governance Guidelines, the Board conducted its review of all relationships between the Company and each director and director nominee and has affirmatively determined that, with the exception of Mr. Stone, none of them has a material relationship with the Company or any other relationship that would preclude his or her independence under the NYSE Corporate Governance Standards. Accordingly, the Board has determined that each of the Company's current directors, other than Mr. Stone, is an independent director under the NYSE Corporate Governance Standards and the Company's Corporate Governance Guidelines.

Any director whose affiliation or position of principal employment changes substantially after election to the Board or any independent director who ceases to qualify as independent after election to the Board will be expected to offer to submit a resignation as a director promptly for consideration by the Board of the effect of such change upon the interests of the Company.

Additionally, the Board has affirmatively determined that each member of the Audit Committee meets the independence and financial literacy requirements for audit committee membership under the NYSE Corporate Governance Standards and Rule 10A-3(b)(1) under the Exchange Act, and each member of the Compensation Committee and Nominating and Governance Committee meets the independence and other requirements for compensation committee and governance committee membership, respectively, as set forth in the NYSE Corporate Governance Standards, the Company's Corporate Governance Guidelines and the rules of the SEC applicable to boards of directors in general and compensation committees and governance committees in particular, respectively.

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**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

On March 1, 2019, Ernst & Young LLP was appointed as the Company's principal accounting firm. Fees for services performed by Ernst & Young LLP, during fiscal year 2020 and the period March 1, 2019 through December 31, 2019, were as follows:

<u>(In millions)</u>	<u>2020</u>		<u>2019</u>	
Audit fees <sup>(1)</sup>	\$	12	\$	9
Audit-related fees <sup>(2)</sup>		2		—
Tax fees <sup>(3)</sup>		—		—
Total	\$	<u>14</u>	\$	<u>9</u>

(1) Audit fees were for services rendered in connection with (i) the audit of the financial statements included in the Hertz Global and Hertz Annual Reports, (ii) reviews of the financial statements included in the Hertz Global and Hertz Quarterly Reports on Form 10-Q, (iii) attestation of the effectiveness of internal controls over financial reporting for Hertz Global and Hertz, (iv) statutory audits and (v) providing comfort letters in connection with our financing transactions.

(2) Audit-related fees were for services rendered in connection with due diligence and assurance services and employee benefit plan audits. For 2019, there was an immaterial amount of audit-related fees for services performed.

(3) Tax fees related to our LKE program and tax audit assistance.

Our Audit Committee's charter requires the Audit Committee to pre-approve all audit and permitted non-audit services to be performed by our independent registered public accounting firm; however, the Audit Committee is permitted to delegate pre-approval authority to the Chair of the Audit Committee, who must then provide a report to the full Audit Committee at its next scheduled meeting. All audit and non-audit fees were pre-approved by the Audit Committee.

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**PART IV**

**ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this 2020 Annual Report:

		<b>Page</b>
(a)	<b>1. Financial Statements:</b>	
	Our financial statements filed herewith are set forth in Part II, Item 8 of this 2020 Annual Report as follows:	
	<u>(A) Hertz Global Holdings, Inc. and Subsidiaries—</u>	
	Reports of Independent Registered Public Accounting Firms	<a href="#">87</a>
	Consolidated Balance Sheets	<a href="#">101</a>
	Consolidated Statements of Operations	<a href="#">102</a>
	Consolidated Statements of Comprehensive Income (Loss)	<a href="#">103</a>
	Consolidated Statements of Changes in Equity	<a href="#">104</a>
	Consolidated Statements of Cash Flows	<a href="#">105</a>
	Notes to Consolidated Financial Statements	<a href="#">113</a>
	<u>(B) The Hertz Corporation and Subsidiaries—</u>	
	Reports of Independent Registered Public Accounting Firms	<a href="#">94</a>
	Consolidated Balance Sheets	<a href="#">107</a>
	Consolidated Statements of Operations	<a href="#">108</a>
	Consolidated Statements of Comprehensive Income (Loss)	<a href="#">109</a>
	Consolidated Statements of Changes in Equity	<a href="#">110</a>
	Consolidated Statements of Cash Flows	<a href="#">111</a>
	Notes to Consolidated Financial Statements	<a href="#">113</a>
	<b>2. Financial Statement Schedules:</b>	
	Our financial statement schedules filed herewith are set forth in Part II, Item 8 of this 2020 Annual Report as follows:	
	(A) Hertz Global Holdings, Inc.—Schedule I—Condensed Financial Information of Registrant	<a href="#">178</a>
	(B) Hertz Global Holdings, Inc. and Subsidiaries and The Hertz Corporation and Subsidiaries—Schedule II—Valuation and Qualifying Accounts	<a href="#">182</a>
	<b>3. Exhibits:</b>	
	The attached list of exhibits in the “Exhibit Index” immediately following the signature page to this 2020 Annual Report is filed as part of this 2020 Annual Report and is incorporated herein by reference in response to this item.	

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Lee County, Florida on the 26th day of February, 2021.

HERTZ GLOBAL HOLDINGS, INC.  
THE HERTZ CORPORATION  
(Registrants)

By:           /s/ KENNY CHEUNG            
Name: Kenny Cheung  
Title: *Executive Vice President and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities indicated on February 26, 2021:

<u>Signature</u>	<u>Title</u>
<u>          /s/ HENRY R. KEIZER          </u> Henry R. Keizer	<i>Independent Non-Executive Chairman of the Board of Directors</i>
<u>          /s/ PAUL E. STONE          </u> Paul E. Stone	<i>President and Chief Executive Officer, Director</i>
<u>          /s/ KENNY CHEUNG          </u> Kenny Cheung	<i>Executive Vice President and Chief Financial Officer</i>
<u>          /s/ ALEXANDRA BROOKS          </u> Alexandra Brooks	<i>Senior Vice President and Chief Accounting Officer</i>
<u>          /s/ DAVID A. BARNES          </u> David A. Barnes	<i>Director</i>
<u>          /s/ SUNGHWAN CHO          </u> SungHwan Cho	<i>Director</i>
<u>          /s/ VINCENT J. INTRIERI          </u> Vincent J. Intrieri	<i>Director</i>
<u>          /s/ ANINDITA MUKHERJEE          </u> Anindita Mukherjee	<i>Director</i>
<u>          /s/ DANIEL A. NINIVAGGI          </u> Daniel A. Ninivaggi	<i>Director</i>
<u>          /s/ KEVIN M. SHEEHAN          </u> Kevin M. Sheehan	<i>Director</i>

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**EXHIBIT INDEX**

Exhibit Number		Description
2	Hertz Holdings Hertz	<a href="#">Separation and Distribution Agreement, dated June 30, 2016, by and between Hertz Global Holdings, Inc. and Herc Holdings, Inc. (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
3.1.1	Hertz Holdings	<a href="#">Amended and Restated Certificate of Incorporation of Hertz Global Holdings, Inc., effective June 30, 2016 (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
3.1.2	Hertz	<a href="#">Restated Certificate of Incorporation, dated April 30, 1997, of The Hertz Corporation (Incorporated by reference to Exhibit 3(a) to the Current Report on Form 8-K of The Hertz Corporation (File No. 001-07541), as filed on May 1, 1997).</a>
3.1.3	Hertz	<a href="#">Certificate of Amendment, dated May 2, 2001, of Restated Certificate of Incorporation of The Hertz Corporation (Incorporated by reference to Exhibit 3(i) to the Quarterly Report on Form 10-Q of The Hertz Corporation (File No. 001-07541), as filed on August 7, 2001).</a>
3.1.4	Hertz	<a href="#">Certificate of Amendment, dated November 20, 2006, of Restated Certificate of Incorporation of The Hertz Corporation (Incorporated by reference to Exhibit 3.1.1 to Amendment No. 3 to the Registration Statement on Form S-4 of The Hertz Corporation (File No. 333-138493), as filed on December 4, 2006).</a>
3.2.1	Hertz Holdings	<a href="#">Amended and Restated By-laws of Hertz Global Holdings, Inc., effective June 30, 2016 (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
3.2.2	Hertz	<a href="#">Amended and Restated By-Laws of The Hertz Corporation, effective May 15, 2013 (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of The Hertz Corporation (File No. 001-07541), as filed on May 17, 2013).</a>
4.0.0	Hertz Holdings	<a href="#">Description of securities registered under Section 12 of the Securities Exchange Act of 1934.*</a>
4.1.1	Hertz Holdings Hertz	<a href="#">Indenture, dated as of October 16, 2012, between The Hertz Corporation (as successor-in-interest to HDTFS, Inc.), as Issuer, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of notes in series (Incorporated by reference to Exhibit 4.6.1 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on November 2, 2012).</a>
4.1.2	Hertz Holdings Hertz	<a href="#">Second Supplemental Indenture, dated as of October 16, 2012, between The Hertz Corporation (as successor-in-interest to HDTFS, Inc.), as Issuer, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.6.3 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on November 2, 2012).</a>
4.1.3	Hertz Holdings Hertz	<a href="#">Third Supplemental Indenture, dated as of November 19, 2012, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.4.4 of the Registration Statement on Form S-4 of The Hertz Corporation (File No. 333-186328), as filed on January 31, 2013).</a>
4.1.4	Hertz Holdings Hertz	<a href="#">Fourth Supplemental Indenture, dated as of March 8, 2013, among Dollar Thrifty Automotive Group, Inc., DTG Operations, Inc., Dollar Rent A Car, Inc., Thrifty, Inc., DTG Supply, Inc., Thrifty Car Sales, Inc., Thrifty Rent-A-Car System, Inc., TRAC Asia Pacific, Inc., Thrifty Insurance Agency, Inc., The Hertz Corporation, as Issuer, the Existing Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.4.6 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on May 2, 2013).</a>
4.1.5	Hertz Holdings Hertz	<a href="#">Sixth Supplemental Indenture, dated as of February 5, 2014, among Firefly Rent A Car LLC, The Hertz Corporation, as Issuer, the Existing Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.4.9 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 19, 2014).</a>

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**EXHIBIT INDEX (Continued)**

Exhibit Number	Description	Description
4.1.6	Hertz Holdings Hertz	<a href="#"><u>Seventh Supplemental Indenture, dated as of May 28, 2015, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.4.10 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on August 10, 2015, as amended by Amendment No. 1 filed on November 9, 2015).</u></a>
4.1.7	Hertz Holdings Hertz	<a href="#"><u>Eighth Supplemental Indenture, dated as of December 29, 2015, among Rental Car Group Company, LLC, The Hertz Corporation, as Issuer, the Existing Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 6.250% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.4.9 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on February 29, 2016).</u></a>
4.2	Hertz Holdings Hertz	<a href="#"><u>Fourth Amended and Restated Base Indenture, dated as of November 25, 2013, between Hertz Vehicle Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Rental Car Asset Backed Notes (Issuable in Series) (Incorporated by reference to Exhibit 4.5.1 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 19, 2014).</u></a>
4.3.1	Hertz Holdings Hertz	<a href="#"><u>Second Amended and Restated Participation, Purchase and Sale Agreement, dated as of September 18, 2009, among Hertz General Interest LLC, Hertz Vehicle Financing LLC and The Hertz Corporation, as Lessee and Servicer (Incorporated by reference to Exhibit 4.9.8 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on November 6, 2009).</u></a>
4.3.2	Hertz Holdings Hertz	<a href="#"><u>Amendment No. 1 to the Second Amended and Restated Purchase and Sale Agreement, dated as of December 21, 2010, among The Hertz Corporation, Hertz Vehicle Financing LLC and Hertz General Interest LLC (Incorporated by reference to Exhibit 4.6.6 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on February 25, 2011).</u></a>
4.4	Hertz Holdings Hertz	<a href="#"><u>Fourth Amended and Restated Collateral Agency Agreement, dated as of November 25, 2013, among Hertz Vehicle Financing LLC, as a Grantor, Hertz General Interest LLC, as a Grantor, DTG Operations, Inc., as a Grantor, The Hertz Corporation, as a Grantor and as Collateral Servicer, The Bank of New York Mellon Trust Company, N.A., as Collateral Agent, and the various financing sources, beneficiaries and grantors party thereto from time to time (Incorporated by reference to Exhibit 4.5.7 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 19, 2014).</u></a>
4.5	Hertz Holdings Hertz	<a href="#"><u>Second Amended and Restated Administration Agreement, dated as of September 18, 2009, among The Hertz Corporation, as Administrator, Hertz Vehicle Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.9.12 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on November 6, 2009).</u></a>
4.6	Hertz Holdings Hertz	<a href="#"><u>Fourth Amended and Restated Master Exchange Agreement, dated as of June 30, 2016, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Sales LLC, Hertz Car Exchange Inc., and DB Services Americas, Inc. (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</u></a>
4.7	Hertz Holdings Hertz	<a href="#"><u>Fourth Amended and Restated Escrow Agreement, dated as of June 30, 2016, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Sales LLC, Hertz Car Exchange Inc., and Deutsche Bank Trust Company Americas, (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</u></a>

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Exhibit Number	Description	Description
4.8.1	Hertz Holdings Hertz	<a href="#">Amended and Restated Master Motor Vehicle Operating Lease and Servicing Agreement (Series 2013-G1), dated as of October 31, 2014, among The Hertz Corporation, as Lessee, Servicer, and Guarantor, DTG Operations, Inc., as a Lessee, Hertz Vehicle Financing LLC, as Lessor, and those permitted lessees from time to time becoming lessees thereunder (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a>
4.8.2	Hertz Holdings Hertz	<a href="#">Amendment No. 1 to the Amended and Restated Master Motor Vehicle Operating Lease and Servicing Agreement (Series 2013-G1), dated as of February 22 2017, among The Hertz Corporation, as Lessee, Servicer, and Guarantor, DTG Operations, Inc., as a Lessee, Hertz Vehicle Financing LLC, as Lessor, and those permitted lessees from time to time becoming lessees thereunder (Incorporated by reference to Exhibit 4.9.6 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 6, 2017).</a>
4.9.1	Hertz Holdings Hertz	<a href="#">Amended and Restated Series 2013-G1 Supplement, dated as of October 31, 2014, among Hertz Vehicle Financing LLC, as Issuer, Hertz Vehicle Financing II LP, as Series 2013-G1 Noteholder, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Fourth Amended and Restated Base Indenture, dated as of November 25, 2013, between Hertz Vehicle Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a>
4.9.2	Hertz Holdings Hertz	<a href="#">Amended and Restated Series 2013-G1 Administration Agreement, dated as of October 31, 2014, among The Hertz Corporation, Hertz Vehicle Financing LLC, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a>
4.9.3	Hertz Holdings Hertz	<a href="#">Amendment No. 1 to the Amended and Restated Series 2013-G1 Supplement, dated as of June 17, 2015, among Hertz Vehicle Financing LLC, as Issuer, Hertz Vehicle Financing II LP, as Series 2013-G1 Noteholder, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Fourth Amended and Restated Base Indenture, dated as of November 25, 2013, between Hertz Vehicle Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.12.5 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on August 10, 2015, as amended by Amendment No. 1 filed on November 9, 2015).</a>
4.9.4	Hertz Holdings Hertz	<a href="#">Amendment No. 2 to the Amended and Restated Series 2013-G1 Supplement, dated as of February 22, 2017, among Hertz Vehicle Financing LLC, as Issuer, Hertz Vehicle Financing II LP, as Series 2013-G1 Noteholder, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Fourth Amended and Restated Base Indenture, dated as of November 25, 2013, between Hertz Vehicle Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.9.5 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 6, 2017).</a>
4.10	Hertz Holdings Hertz	<a href="#">Master Purchase and Sale Agreement, dated as of November 25, 2013, among The Hertz Corporation, as Transferor, Hertz General Interest LLC, as Transferor, Hertz Vehicle Financing LLC, as Transferor, and the new transferors party thereto from time to time (Incorporated by reference to Exhibit 4.17 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 19, 2014).</a>
4.11	Hertz Holdings Hertz	<a href="#">Amended and Restated Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Rental Car Asset Backed Notes (Issuable in Series) (Incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a>

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**EXHIBIT INDEX (Continued)**

Exhibit Number	Description
4.12	<p>Hertz Holdings Hertz</p> <p><a href="#">Amended and Restated Group I Supplement, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a></p>
4.13.1	<p>Hertz Holdings Hertz</p> <p><a href="#">Fifth Amended and Restated Series 2013-A Supplement, dated as of February 22, 2019, among Hertz Vehicle Financing II LP, as Issuer, The Hertz Corporation, as Group I Administrator, Deutsche Bank AG, New York Branch, as Administrative Agent, certain Committed Note Purchasers, certain Conduit Investors, certain Funding Agents, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Group I Supplement, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.9.3 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on February 25, 2019).</a></p>
4.13.2	<p>Hertz Holdings Hertz</p> <p><a href="#">Sixth Amended and Restated Series 2013-A Supplement, dated as of February 21, 2020, among Hertz Vehicle Financing II LP, as Issuer, The Hertz Corporation, as Group I Administrator, Deutsche Bank AG, New York Branch, as Administrative Agent, certain Committed Note Purchasers, certain Conduit Investors, certain Funding Agents, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Group I Supplement, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.13.2 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on February 25, 2020).*</a></p>
4.14.1	<p>Hertz Holdings Hertz</p> <p><a href="#">Amended and Restated Group I Administration Agreement, dated as of October 31, 2014, among The Hertz Corporation, Hertz Vehicle Financing II LP, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.16 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on November 4, 2014).</a></p>
4.14.2	<p>Hertz Holdings Hertz</p> <p><a href="#">Amendment No. 1 to the Amended and Restated Group I Supplement, dated as of June 17, 2015, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.14.13 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on August 10, 2015, as amended by Amendment No. 1 filed on November 9, 2015).</a></p>
4.15	<p>Hertz Holdings Hertz</p> <p><a href="#">Series 2018-1 Supplement, dated as of January 24, 2018, among Hertz Vehicle Financing II LP, as Issuer, The Hertz Corporation, as Group I Administrator, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Group I Supplement, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.11.11 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on January 26, 2018).</a></p>



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Exhibit Number	Description	Description
4.16	Hertz Holdings Hertz	<a href="#">Revised Schedules II, IV and V to the Fourth Amended and Restated Series 2013-A Supplement, dated as of November 2, 2017, among Hertz Vehicle Financing II LP, as Issuer, The Hertz Corporation, as Group I Administrator, Deutsche Bank AG, New York Branch, as Administrative Agent, certain Committed Note Purchasers, certain Conduit Investors, certain Funding Agents, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Amended and Restated Group I Supplement, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Securities Intermediary, to the Base Indenture, dated as of October 31, 2014, between Hertz Vehicle Financing II LP, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.11.12 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 7, 2018).</a>
4.17.1	Hertz Holdings Hertz	<a href="#">Indenture, dated as of September 22, 2016, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of notes in series (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on September 27, 2016).</a>
4.17.2	Hertz Holdings Hertz	<a href="#">First Supplemental Indenture, dated as of September 22, 2016, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, relating to the 5.50% Senior Notes due 2024 (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on September 27, 2016).</a>
4.18.1	Hertz Holdings Hertz	<a href="#">Indenture, dated as of June 6, 2017, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee and Note Collateral Agent, providing for the issuance of senior secured second priority notes in series (Incorporated by reference to Exhibit 4.16.1 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 8, 2017).</a>
4.18.2	Hertz Holdings Hertz	<a href="#">First Supplemental Indenture, dated as of June 6, 2017, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, relating to the 7.625% Senior Secured Second Priority Notes due 2022 (Incorporated by reference to Exhibit 4.16.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 8, 2017).</a>
4.19	Hertz Holdings Hertz	<a href="#">Collateral Agreement, dated as of June 6, 2017, made by The Hertz Corporation and certain of its subsidiaries from time to time party thereto, in favor of Wells Fargo Bank, National Association, as note collateral agent (Incorporated by reference to Exhibit 4.16.3 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 8, 2017).</a>
4.20.1	Hertz Holdings Hertz	<a href="#">Indenture, dated as of August 1, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of notes in series (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 2, 2019).</a>
4.20.2	Hertz Holdings Hertz	<a href="#">First Supplemental Indenture, dated as of August 1, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, relating to the 7.125% Senior Notes due 2026 (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 2, 2019).</a>

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Exhibit Number	Description	Description
4.21.1	Hertz Holdings Hertz	<a href="#"><u>Indenture, dated as of November 25, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of notes in series (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 26, 2019).</u></a>
4.21.2	Hertz Holdings Hertz	<a href="#"><u>First Supplemental Indenture, dated as of November 25, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee relating to the 6.000% Senior Notes due 2028 (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 26, 2019).</u></a>
4.22.1	Hertz Holdings Hertz	<a href="#"><u>Issuer Facility Agreement, dated September 25, 2018, by and among International Fleet Financing No. 2 B.V., Hertz Europe Limited, Credit Agricole Corporate and Investment Bank, certain committed note purchasers, conduit investors and funding agents named therein, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.1 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</u></a>
4.22.2	Hertz Holdings Hertz	<a href="#"><u>Amendment No. 1 to Issuer Facility Agreement, dated November 8, 2019 by and among International Fleet Financing No. 2 B.V., Hertz Europe Limited, Credit Agricole Corporate and Investment Bank, certain committed note purchasers, conduit investors and funding agents named therein, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.22.2 of the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on February 25, 2020)*.</u></a>
4.23	Hertz Holdings Hertz	<a href="#"><u>Master Definitions and Constructions Agreement, dated September 25, 2018, by and among International Fleet Financing No. 2 B.V., Hertz Automobielen Nederland B.V., Stuurgroep Fleet (Netherlands) B.V., Hertz France S.A.S., RAC Finance S.A.S., Hertz De Espana SL, Hertz Autovermietung GMBH, Hertz Fleet Limited, Eurotitrisation S.A., BNP Paribas Securities Services, BNP Paribas S.A., Credit Agricole Corporate and Investment Bank, Hertz Europe Limited, BNP Paribas Securities Services, Luxembourg Branch, The Hertz Corporation, TMF SFS Management BV, KPMG LLP, BNP Paribas Trust Corporation U.K. Limited, BNP Paribas S.A., Dublin Branch, BNP Paribas S.A., Netherlands Branch, Sanne Trustee Services Limited, Hertz Holdings Netherlands B.V., and certain committed note purchasers, conduit investors and funding agents named therein (Incorporated by reference to Exhibit 4.17.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</u></a>
4.24	Hertz Holdings Hertz	<a href="#"><u>THC Guaranty and Indemnity, dated September 25, 2018, by and among The Hertz Corporation, Stuurgroep Fleet (Netherlands) B.V., RAC Finance S.A.S., Hertz Fleet Limited, Stuurgroep Fleet (Netherlands) B.V. Spanish Branch, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.3 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</u></a>
4.25	Hertz Holdings Hertz	<a href="#"><u>French Master Lease and Servicing Agreement, dated September 25, 2018, by and among RAC Finance S.A.S., Hertz France S.A.S., those Permitted Lessees from time to time becoming Lessees thereunder, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.4 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</u></a>
4.26	Hertz Holdings Hertz	<a href="#"><u>Dutch Master Lease and Servicing Agreement, dated September 25, 2018, by and among Stuurgroep Fleet (Netherlands) B.V., Hertz Automobielen Nederland B.V., those Permitted Lessees from time to time becoming Lessees thereunder, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.5 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</u></a>

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Exhibit Number	Description	Description
4.27	Hertz Holdings Hertz	<a href="#">German Master Lease and Servicing Agreement, dated September 25, 2018, by and among Hertz Fleet Limited, Hertz Autovermietung GMBH, those Permitted Lessees from time to time becoming Lessees thereunder, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.6 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</a>
4.28	Hertz Holdings Hertz	<a href="#">Spanish Master Lease and Agreement, dated September 25, 2018, by and among Stuurgroep Fleet (Netherlands) B.V., Stuurgroep Fleet (Netherlands) B.V., Sucursal en Espana, Hertz de Espana, S.L.U., those Permitted Lessees from time to time becoming Lessees thereunder, and BNP Paribas Trust Corporation U.K. Limited (Incorporated by reference to Exhibit 4.17.7 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 8, 2018).</a>
4.29	Hertz Holdings Hertz	<a href="#">Base Indenture, dated as of November 25, 2020, between Hertz Vehicle Interim Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A. as Trustee (Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 30, 2020).</a>
4.30	Hertz Holdings Hertz	<a href="#">Series 2020-1 Supplement, dated as of November 25, 2020, among Hertz Vehicle Interim Financing LLC, as Issuer, The Hertz Corporation as HVIF Administrator, Deutsche Bank AG, New York Branch, as Administrative Agent, Apollo Capital Management, L.P., as Controlling Party, the certain noteholders from time to time party thereto and The Bank of New York Mellon Trust Company, N.A. as Trustee, to the Base Indenture, dated as of November 25, 2013, between Hertz Vehicle Interim Financing LLC, as Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 30, 2020).</a>
4.31	Hertz Holdings Hertz	<a href="#">Master Motor Vehicle Operating Lease and Servicing Agreement (HVIF), dated as of November 25, 2020, among Hertz Vehicle Interim Financing LLC, as Lessor, The Hertz Corporation, as Lessee, Servicer and Guarantor, DTG Operations, Inc., as Lessee, and the Permitted Lessees from time to time party thereto (Incorporated by reference to Exhibit 4.3 of the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 30, 2020).</a>
4.32	Hertz Holdings Hertz	<a href="#">HVIF Administration Agreement, dated as of November 25, 2020, among The Hertz Corporation, as HVIF Administrator, Hertz Vehicle Interim Financing LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 30, 2020).</a>
10.1.1	Hertz Holdings Hertz	<a href="#">Credit Agreement, dated as of June 30, 2016, among The Hertz Corporation, the subsidiary borrowers from time to time party thereto, the several banks and other financial institutions from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
10.1.2	Hertz Holdings Hertz	<a href="#">Amended and Restated Guarantee and Collateral Agreement, dated as of November 2, 2017, made by Rental Car Intermediate Holdings, LLC, The Hertz Corporation and certain of its subsidiaries from time to time party thereto, in favor of Barclays Bank PLC, as collateral agent and administrative agent (Incorporated by reference to Exhibit 10.1.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 9, 2017).</a>

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Exhibit Number	Description
10.1.3	Hertz Holdings Hertz <a href="#">First Amendment, dated as of February 3, 2017, to the Credit Agreement, dated as of June 30, 2016, among The Hertz Corporation, the subsidiary borrowers from time to time party thereto, the several banks and other financial institutions from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on February 6, 2017).</a>
10.1.4	Hertz Holdings Hertz <a href="#">Second Amendment, dated as of February 15, 2017, to the Credit Agreement, dated as of June 30, 2016, among The Hertz Corporation, the subsidiary borrowers from time to time party thereto, the several banks and other financial institutions from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 6, 2017).</a>
10.1.5	Hertz Holdings Hertz <a href="#">Third Amendment, dated as of November 2, 2017, to the Credit Agreement, dated as of June 30, 2016, among The Hertz Corporation, the subsidiary borrowers from time to time party thereto, the several banks and other financial institutions from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 2, 2017).</a>
10.1.6	Hertz Holdings Hertz <a href="#">Letter of Credit Agreement, dated as of November 2, 2017, among The Hertz Corporation, the several banks and other financial institutions from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1.6 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 9, 2017).</a>
10.2.1	Hertz Holdings Hertz <a href="#">Form of Employee Stock Option Agreement under the 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 7, 2017). †</a>
10.2.2	Hertz Holdings Hertz <a href="#">Form of Restricted Stock Agreement under the 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K/A of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 7, 2017). †</a>
10.2.3	Hertz Holdings Hertz <a href="#">Form of Performance Stock Agreement under the 2016 Omnibus Incentive Plan (EBITDA) (Incorporated by reference to Exhibit 10.2.14 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 6, 2018). †</a>
10.2.4	Hertz Holdings Hertz <a href="#">Form of Director Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.2.15 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 6, 2018). †</a>
10.2.5	Hertz Holdings Hertz <a href="#">Form of Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (Pro Rata) (Incorporated by reference to Exhibit 10.2.16 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 6, 2018). †</a>
10.2.6	Hertz Holdings Hertz <a href="#">Form of Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (Revenue) (Incorporated by reference to Exhibit 10.2.17 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 6, 2018). †</a>
10.2.7	Hertz Holdings Hertz <a href="#">Form of Employee Stock Option Agreement under the 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.2.18 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 6, 2018). †</a>
10.2.8	Hertz Holdings Hertz <a href="#">Form of Performance Stock Unit Agreement under the 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 7, 2019). †</a>

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<b>Exhibit Number</b>		<b>Description</b>
10.2.9	Hertz Holdings Hertz	<a href="#">Form of Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (3-Year Pro Rata Vesting)</a> , (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 7, 2019).†
10.2.10	Hertz Holdings Hertz	<a href="#">Form of Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (3-Year Pro Rata Vesting, 1 Year Revenue)</a> , (Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 7, 2019).†
10.2.11	Hertz Holdings Hertz	<a href="#">Amended and Restated Hertz Global Holdings, Inc. 2016 Omnibus Incentive Plan</a> (Incorporated by reference to Annex B to the Proxy Statement on Form DEF14A of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on April 5, 2019).†
10.2.12	Hertz Holdings Hertz	<a href="#">Form of Director Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan</a> (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 7, 2019).†
10.2.13	Hertz Holdings Hertz	<a href="#">2020 Form of Restricted Stock Unit Agreement under the 2016 Omnibus Incentive Plan (3-Year Pro Rata Vesting)</a> , (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on May 11, 2020).†
10.2.14	Hertz Holdings Hertz	<a href="#">2020 Form of Performance Stock Unit Agreement under the 2016 Omnibus Incentive Plan</a> (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on May 11, 2020).†
10.3	Hertz Holdings Hertz	<a href="#">The Hertz Corporation Supplemental Retirement and Savings Plan (as amended and restated, effective December 19, 2014)</a> (Incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on July 16, 2015).†
10.4	Hertz Holdings Hertz	<a href="#">The Hertz Corporation Supplemental Executive Retirement Plan (as amended and restated, effective October 22, 2014)</a> (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on October 22, 2014).†
10.5	Hertz Holdings Hertz	<a href="#">The Hertz Corporation Benefit Equalization Plan (as amended and restated, effective October 22, 2014)</a> (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on October 22, 2014).†
10.6.1	Hertz Holdings Hertz	<a href="#">Hertz Global Holdings, Inc. Severance Plan for Senior Executives</a> , (Incorporated by reference to Exhibit 10.39 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on November 7, 2008).†
10.6.2	Hertz Holdings Hertz	<a href="#">Amendment to the Hertz Global Holdings, Inc. Severance Plan for Senior Executives, effective as of November 14, 2012</a> (Incorporated by reference to Exhibit 10.11.2 of the Registration Statement on Form S-4 of The Hertz Corporation (File No. 333-186328), as filed on January 31, 2013).†
10.6.3	Hertz Holdings Hertz	<a href="#">Amendment to the Hertz Global Holdings, Inc. Severance Plan for Senior Executives, effective as of February 11, 2013</a> (Incorporated by reference to Exhibit 10.11.3 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on May 2, 2013).†
10.6.4	Hertz Holdings Hertz	<a href="#">Amendment to the Hertz Global Holdings, Inc. Severance Plan for Senior Executives, effective as of February 25, 2016</a> (Incorporated by reference to Exhibit 10.10.4 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on February 29, 2016). †
10.6.5	Hertz Holdings Hertz	<a href="#">Amendment to the Hertz Global Holdings, Inc. Severance Plan for Senior Executives, effective as of February 2, 2017</a> (Incorporated by reference to Exhibit 10.7.5 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 6, 2017).†

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**EXHIBIT INDEX (Continued)**

Exhibit Number	Description
10.6.6	Hertz Holdings Hertz <a href="#">Amended and Restated Hertz Global Holdings, Inc. Severance Plan for Senior Executives (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 26, 2020).</a> †
10.7	Hertz Holdings Hertz <a href="#">Form of Change in Control Severance Agreement with executive officers of the Registrant (Incorporated by reference to Exhibit 10.8 to Amendment No. 3 of the Registration Statement on Form 10 of Hertz Rental Car Holding Company, Inc. (File No. 001-37665), as filed on May 20, 2016).</a> †
10.8	Hertz Holdings Hertz <a href="#">The Hertz Corporation Key Officer Postretirement Assigned Car Benefit Plan (Incorporated by reference to Exhibit 10.11 to Amendment No. 1 to the Registration Statement on Form S-1 of The Hertz Corporation (File No. 333-125764), as filed on August 30, 2005).</a> †
10.9	Hertz Holdings Hertz <a href="#">The Hertz Corporation Account Balance Defined Benefit Pension Plan (Incorporated by reference to Exhibit 10.12 to Amendment No. 1 to the Registration Statement on Form S-1 of The Hertz Corporation (File No. 333-125764), as filed on August 30, 2005).</a> †
10.10	Hertz Holdings Hertz <a href="#">The Hertz Corporation (U.K.) 1972 Pension Plan (Incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-125764), as filed on August 30, 2005).</a> †
10.11	Hertz Holdings Hertz <a href="#">The Hertz Corporation (U.K.) Supplementary Unapproved Pension Scheme (Incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registration Statement on Form S-1 of The Hertz Corporation (File No. 333-125764), as filed on August 30, 2005).</a> †
10.12	Hertz Holdings Hertz <a href="#">Form of Director Indemnification Agreement (Incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on March 6, 2017).</a>
10.13	Hertz Holdings Hertz <a href="#">Second Amended and Restated Indemnification Agreement, dated as of September 18, 2009, among The Hertz Corporation, Hertz Vehicles LLC, Hertz Funding Corp., Hertz General Interest LLC, and Hertz Vehicle Financing LLC (Incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 19, 2014).</a>
10.14	Hertz Holdings Hertz <a href="#">Tax Matters Agreement, dated June 30, 2016, by among Herc Holdings Inc., The Hertz Corporation, Herc Rentals Inc. and Hertz Global Holdings, Inc. (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
10.15	Hertz Holdings Hertz <a href="#">Employee Matters Agreement, dated June 30, 2016, by and between Hertz Global Holdings, Inc. and Herc Holdings Inc. (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
10.16	Hertz Holdings Hertz <a href="#">Intellectual Property Agreement, dated June 30, 2016, by among The Hertz Corporation, Hertz System, Inc. and Herc Rentals Inc. (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on July 7, 2016).</a>
10.17.1	Hertz Holdings Hertz <a href="#">Offer Letter, signed on August 15, 2018 between Jamere Jackson and The Hertz Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 20, 2018).</a> †
10.17.2	Hertz Holdings Hertz <a href="#">Amendment to the Offer Letter between Jamere Jackson and The Hertz Corporation (Incorporated by reference to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on August 31, 2018).</a> †
10.18.1	Hertz Holdings Hertz <a href="#">Offer Letter, signed on February 28, 2018, between Paul E. Stone and The Hertz Corporation (Incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 7, 2019).</a> †

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**EXHIBIT INDEX (Continued)**

Exhibit Number	Description
10.18.2	Hertz Holdings Hertz <a href="#">Amendment to Offer Letter, dated May 16, 2020, between Paul E. Stone and The Hertz Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 18, 2020).</a> †
10.19	Hertz Holdings Hertz <a href="#">Amended and Restated Employment Agreement, dated as of November 22, 2019, between Hertz Global Holdings, Inc. and Kathryn V. Marinello (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 27, 2019).</a> †
10.20	Hertz Holdings Hertz <a href="#">Forbearance Agreement, dated as of May 4, 2020, by and among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz Financing II LP, DTG Operations, Inc., Deutsche Bank AG, New York Branch, and certain other parties (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 5, 2020).</a>
10.21	Hertz Holdings Hertz <a href="#">Limited Waiver, Forbearance and Fourth Amendment, dated as of May 4, 2020, in connection with that certain Credit Agreement, dated as of June 30, 2016 (as amended), by and among The Hertz Corporation and other loan parties party thereto, the several banks and other financial institutions parties thereto as lenders and administrative agent (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 5, 2020).</a>
10.22	Hertz Holdings Hertz <a href="#">Limited Waiver, Forbearance and First Amendment, dated as of May 4, 2020, in connection with that certain Credit Agreement, dated as of December 13, 2019, by and among The Hertz Corporation, the other loan parties party thereto, the several banks and other financial institutions parties thereto as lenders, the issuing lender and administrative agent (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 5, 2020).</a>
10.23	Hertz Holdings Hertz <a href="#">Limited Waiver, Forbearance and First Amendment, dated as of May 4, 2020, in connection with that certain Credit Agreement, dated as of November 2, 2017, by and among The Hertz Corporation, the other loan parties party thereto, the several banks and other financial institutions parties thereto as lenders and administrative agent (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 5, 2020).</a>
10.24	Hertz Holdings Hertz <a href="#">Limited Waiver and First Amendment, dated as of May 4, 2020, in connection with that certain Credit Agreement, dated as of June 30, 2016, by and among The Hertz Corporation, the other loan parties party thereto, the several banks and other financial institutions parties thereto as lenders and administrative agent (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 5, 2020).</a>
10.25	Hertz Holdings Hertz <a href="#">Limited Waiver Agreement dated May 22, 2020 by and among others International Fleet Financing No. 2 B.V. as issuer, Hertz Europe Limited as issuer administrator, Hertz Holdings Netherlands, Credit Agricole Corporate and Investment Bank as administrative agent, BNP Paribas Trust Corporation UK Limited as security trustee and the several, committed note purchasers, commercial paper conduits, and certain funding agents for the investor groups, in each case, party thereto (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 26, 2020).</a>
10.26	Hertz Holdings Hertz <a href="#">Form of Retention Program Letter Agreement (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on May 26, 2020).</a> †

**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
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**EXHIBIT INDEX (Continued)**

<b>Exhibit Number</b>		<b>Description</b>
10.27	Hertz Holdings Hertz	<a href="#">Stock and Asset Purchase Agreement by and between Hertz Global Holdings, Inc. Donlen Corporation, certain subsidiaries of Donlen Corporation and Freedom Acquirer LLC, dated November 25, 2020 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665) and The Hertz Corporation (File No. 001-07541), as filed on November 30, 2020).</a>
10.28	Hertz Holdings Hertz	<a href="#">Senior Secured Superpriority Debtor-In-Possession Credit Agreement, dated as of October 30, 2020, among The Hertz Corporation, the several lenders from time to time parties thereto and Barclays Bank PLC, as administrative agent and joint bookrunner.</a> †*
10.29.1	Hertz Holdings Hertz	<a href="#">Offer Letter, signed on December 3, 2018, between Kenny K. Cheung and The Hertz Corporation.</a> †*
10.29.2	Hertz Holdings Hertz	<a href="#">Offer Letter, signed on September 25, 2020, between Kenny K. Cheung and The Hertz Corporation.</a> †*
10.30	Hertz Holdings Hertz	<a href="#">Offer Letter, signed on October 16, 2019, between Angela Brav and The Hertz Corporation.</a> †*
10.31.1	Hertz Holdings Hertz	<a href="#">Offer Letter, dated February 27, 2019, between M. David Galainena and The Hertz Corporation.</a> †*
10.31.2	Hertz Holdings Hertz	<a href="#">Offer Letter, signed on September 25, 2020, between M. David Galainena and The Hertz Corporation.</a> †*
10.32	Hertz Holdings Hertz	<a href="#">Offer Letter, dated July 16, 2018, between Opal G. Perry and The Hertz Corporation.</a> †*
10.33.1	Hertz Holdings Hertz	<a href="#">Offer Letter, dated February 21, 2018, between R. Eric Esper and The Hertz Corporation.</a> †*
10.33.2	Hertz Holdings Hertz	<a href="#">Offer Letter, dated August 14, 2020, between R. Eric Esper and The Hertz Corporation.</a> †*
21.1	Hertz Holdings Hertz	<a href="#">The List of Subsidiaries of Hertz Global Holdings, Inc. and The Hertz Corporation.</a> *
23.1	Hertz Holdings	<a href="#">Consent of Independent Registered Public Accounting Firm.</a> *
23.2	Hertz Holdings	<a href="#">Consent of Independent Registered Public Accounting Firm.</a> *
31.1	Hertz Holdings	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).</a> *
31.2	Hertz Holdings	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).</a> *
31.3	Hertz	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).</a> *
31.4	Hertz	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).</a> **
32.1	Hertz Holdings	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</a> **
32.2	Hertz Holdings	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</a> **
32.3	Hertz	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</a> **
32.4	Hertz	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</a> **



**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**  
**THE HERTZ CORPORATION AND SUBSIDIARIES**  
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**EXHIBIT INDEX (Continued)**

<b>Exhibit Number</b>		<b>Description</b>
101.INS	Hertz Holdings Hertz	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Hertz Holdings Hertz	XBRL Taxonomy Extension Schema Document.*
101.CAL	Hertz Holdings Hertz	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Hertz Holdings Hertz	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Hertz Holdings Hertz	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Hertz Holdings Hertz	XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Hertz Holdings Hertz	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).*

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† Indicates management contract or compensatory plan or arrangement.

\* Filed herewith

\*\*Furnished herewith

As of December 31, 2020, we had various additional obligations which could be considered long-term debt, none of which exceeded 10% of our total assets on a consolidated basis. We agree to furnish to the SEC upon request a copy of any such instrument defining the rights of the holders of such long-term debt.

Schedules and exhibits not included above have been omitted because the information required has been included in the financial statements or notes thereto or are not applicable or not required.

## DESCRIPTION OF COMMON STOCK

The following is a description of the common stock, par value \$0.01 per share, of Hertz Global Holdings, Inc. (the "Company," "we" or "us") registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The common stock, par value \$0.01 per share, of The Hertz Corporation is not registered under Section 12 of the Exchange Act, and, as a result, is not described in this exhibit. This description is a summary and is qualified in its entirety by reference to our amended and restated certificate of incorporation and amended and restated by-laws, copies of which are filed as Exhibit 3.1.1 and 3.2.1, respectively, to the Annual Report on Form 10-K of the Company and The Hertz Corporation.

### Overview

As of December 31, 2020, our amended and restated certificate of incorporation authorizes 400,000,000 shares of common stock, par value \$0.01 per share. In addition, our amended and restated certificate of incorporation authorizes 40,000,000 shares of preferred stock, par value \$0.01 per share, issuable in one or more series. Our common stock trades exclusively on the over-the-counter market under the symbol "HTZGQ."

As of December 31, 2020, 158,235,410 shares of our common stock were issued, 156,206,478 shares of our common stock were outstanding, and no shares of our preferred stock were issued or outstanding.

### Common Stock

*Voting Rights.* Each holder of our common stock is entitled to one vote per share on all matters to be voted on by stockholders. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. For other matters, except as otherwise required by law or any other rule or regulation applicable to us, action shall be taken by a vote of a majority of the shares entitled to vote at a meeting of stockholders on the subject matter in question represented in person or by proxy, assuming a quorum is present.

*Dividend Rights and Liquidation Rights.* The holders of our common stock are entitled to receive any dividends and other distributions that may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to receive proportionately any of our assets remaining after the payment of liabilities and subject to the prior rights of any outstanding preferred stock. Our ability to pay dividends on our common stock is subject to our subsidiaries' ability to pay dividends to us, which is in turn subject to the restrictions set forth in the instruments governing our indebtedness.

*Other Rights and Preferences.* Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of our common stock are fully paid and non-assessable. The rights and privileges of holders of our common stock are subject to any series of preferred stock that we may issue, as described below.

### Preferred Stock

Under our amended and restated certificate of incorporation, our board of directors has the authority, without further vote or action by the stockholders, to issue up to 40,000,000 shares of preferred stock in one or more series and to fix the number of shares of any class or series of preferred stock and to determine its voting powers, designations, preferences or other rights and restrictions. The issuance of

preferred stock could adversely affect the rights of holders of common stock or impede the completion of a merger, tender offer or other takeover attempt.

#### **Exclusive Forum**

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee to us or our stockholders, (iii) any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL") or the amended and restated certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against us or any director or officer or other employee governed by the internal affairs doctrine, in each case, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

#### **Special Stockholder Meetings**

The amended and restated certificate of incorporation provides that special meetings of the stockholders may be called by (i) the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors, (ii) the chairman of the board, (iii) the chief executive officer, or (iv) subject to certain procedures and conditions set forth therein, by the corporate secretary at the request of one or more stockholders who have held beneficial ownership of at least a thirty-five percent (35%) "net long position" of the outstanding common stock for at least thirty (30) days prior to the delivery of such request.

#### **Rights Plan Limitations**

The amended and restated certificate of incorporation provides that any rights plan adopted by our board of directors shall have a triggering "acquiring person" ownership threshold of 20% or higher. If our board of directors adopts a rights plan, such rights plan will be put to a vote of stockholders within 135 days of the date of adoption of such rights plan. If we fail to hold a stockholder vote on or prior to the 135th day deadline, then the rights plan shall automatically terminate on the 135th day deadline. If a stockholder vote is held on the rights plan and it is not approved by the holders of a majority of shares voted, then the rights plan shall expire on a date not later than the 135th day deadline.

#### **Change of Control Related Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law**

A number of provisions in our amended and restated certificate of incorporation and amended and restated by-laws and under the DGCL may make it more difficult to acquire control of us. These provisions may have the effect of discouraging a future takeover attempt not approved by our board of directors but which individual stockholders may deem to be in their best interests or in which stockholders may receive a substantial premium for their shares over then current market prices. As a result, stockholders who might desire to participate in such a transaction may not have an opportunity to do so. In addition, these provisions may adversely affect the prevailing market price of our common stock. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of our board of directors;
- discourage some types of transactions that may involve an actual or threatened change in control of us;
- discourage certain tactics that may be used in proxy fights;

- ensure that our board of directors will have sufficient time to act in what the board believes to be in the best interests of us and our stockholders; and
- encourage persons seeking to acquire control of us to consult first with our board to negotiate the terms of any proposed business combination or offer.

### **Unissued Shares of Capital Stock**

#### *Common Stock*

The remaining shares of our authorized and unissued common stock will be available for future issuance without additional stockholder approval, subject to the rules of the exchange in which the shares are listed. While the additional shares are not designated to deter or prevent a change of control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our board of directors in opposing an unsolicited takeover bid.

#### *Preferred Stock*

Our amended and restated certificate of incorporation provides our board of directors with the authority, without any further vote or action by our stockholders, to issue preferred stock in one or more series and to fix the number of shares constituting any such series and the preferences, limitations and relative rights, including dividend rights, dividend rate, voting rights, terms of redemption, redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series. The existence of authorized but unissued preferred stock could reduce our attractiveness as a target for an unsolicited takeover bid since we could, for example, issue shares of preferred stock to parties who might oppose such a takeover bid or shares that contain terms the potential acquiror may find unattractive. This may have the effect of delaying or preventing a change of control, may discourage bids for the common stock at a premium over the market price of the common stock, and may adversely affect the market price of, and the voting and other rights of the holders of, common stock.

### **Vacancies**

Vacancies in our board of directors will only be able to be filled by our board of directors (even if less than a quorum, or by a sole remaining director), except that a vacancy that results from the removal of a director by the stockholders may be filled by the stockholders at a special meeting of the stockholders. Any director elected to fill a vacancy will hold office until such director's successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors will shorten the term of any incumbent director. Our amended and restated by-laws provides that the number of directors shall be fixed and increased or decreased from time to time by resolution of the board of directors.

### **Advance Notice Requirements for Nomination of Directors and Presentation of New Business at Meetings of Stockholders; Stockholder Action by Written Consent**

Our amended and restated by-laws require advance notice for stockholder proposals and nominations for director. To be timely, notice must be delivered to our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. However, if the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date of the preceding year's annual meeting, the notice must be delivered not earlier than 120 days prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth day prior to the date of such annual meeting or the tenth day following the day on

which public announcement of the date of such meeting is first made by the Company. If we call a special meeting for the purpose of electing one or more directors, stockholder nominations must be delivered to our principal executive offices (i) not less than 90 days prior to the date of such special meeting or 10 days after the date on which public announcement of the date of such meeting and of the nominees proposed by us is first made or (ii) not more than 120 days prior to the date of such meeting. All nominations must contain the applicable information set forth in our amended and restated by-laws.

In addition, our amended and restated certificate of incorporation and amended and restated by-laws provide that action may not be taken by written consent of stockholders. Thus, any action taken by the stockholders will have to be effected at a duly called annual or special meeting.

These and other provisions will make it procedurally more difficult for a stockholder to place a proposal or nomination on the meeting agenda or to take action without a meeting, and therefore may reduce the likelihood that a stockholder will seek to take independent action to replace directors or seek a stockholder vote with respect to other matters that are not supported by management.

***No Cumulative Voting***

The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

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SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

among

THE HERTZ CORPORATION,  
as Borrower,

THE SEVERAL LENDERS  
FROM TIME TO TIME PARTIES HERETO,

and

BARCLAYS BANK PLC,  
as Administrative Agent

BARCLAYS BANK PLC,

as

Joint Bookrunner

Dated as of October 30, 2020

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B	Form of Assignment and Acceptance
C	Form of Guarantee Agreement
D	Form of Notice of Borrowing
E	Indicative, Non-Binding, Funding Schedule

SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT, dated as of October 30, 2020, among THE HERTZ CORPORATION, a Delaware corporation (together with its successors and assigns, the “Borrower”), the lenders from time to time parties to this Agreement (as further defined in Section 1.1, the “Lenders”) and BARCLAYS BANK PLC (“Barclays”), as administrative agent for the Lenders hereunder (in such capacity, and as further defined in Section 1.1, the “Administrative Agent”). Capitalized terms are used herein as defined in Section 1.1.

The parties hereto hereby agree as follows:

WHEREAS, on May 22, 2020 (the “Petition Date”), each of the Borrower, certain subsidiaries of the Borrower (the “Subsidiary Guarantors”), Hertz Global Holdings, a Delaware corporation (“HGH”) and Rental Car Intermediate Holdings, LLC, a Delaware limited liability company (“Holdings”, and together with the Borrower, HGH and the Subsidiary Guarantors, the “Debtors”), filed voluntary proceedings (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (as amended, the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), and such Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, the Borrower has requested that the Lenders provide to the Borrower a multiple draw debtor-in-possession term loan facility in an aggregate principal amount of up to \$1,650,000,000 (the “DIP Facility”), of which (i) up to \$800,000,000 can be used for working capital and general corporate purposes of the Debtors, as more fully described herein,(ii) up to \$1,000,000,000 can be used to provide equity directly or indirectly (including through capital contributions to special purpose vehicles) for the acquisition and financing of vehicles in the U.S. and Canada used in the operations of any Loan Party and (iii) an amount determined by the Borrower can be used to pay debt service in respect of the DIP Facility and to pay fees, costs, expenses, services and similar items related to the DIP Facility;

WHEREAS, the Guarantors have agreed to guarantee the DIP Obligations of the Borrower hereunder;

WHEREAS, the Borrower and the Guarantors have agreed to secure the DIP Obligations by granting to the Administrative Agent, for the benefit of Lenders, the Liens described herein and in the DIP Order;

WHEREAS, the Lenders have agreed to provide the DIP Facility on the terms and subject to the conditions set forth herein and in the DIP Order; and

WHEREAS, the Borrower and each Guarantor acknowledge that they each will receive substantial direct and indirect benefits by reason of the making of loans to the Borrower as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

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## SECTION 1. DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“ABR”: for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Eurocurrency Rate for an Interest Period of one month commencing on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) plus 1%. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate, respectively. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate or the Eurocurrency Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the ABR shall be determined without regard to clause (b) or (c) above, as the case may be, of the first sentence hereof until the circumstances giving rise to such inability no longer exist.

“ABR Loans”: Loans the rate of interest applicable to which is based upon the ABR.

“ABS Settlement”: the *Order Temporarily Resolving Certain Matters Related to the Master Lease Agreement, Setting a Schedule for Further Litigation Related Thereto in 2021 and Adjourning Hearing on the Debtors’ Motion for Order Rejecting Certain Unexpired Vehicle Leases Effective Nunc Pro Tunc to June 11, 2020 pursuant to Sections 105 and 365(a) of the Bankruptcy Code [Docket No. 390] Sine Die [D.I. 805]*, or any extension or replacement thereof, in each case, subject to the conditions set forth in the definition of Casualty Superpriority Claims.

“Acceleration”: as defined in Section 9(e).

“Accounts”: as defined in the UCC; and, with respect to any Person, all such Accounts of such Person, whether now existing or existing in the future, including (a) all accounts receivable of such Person (whether or not specifically listed on schedules furnished to the Administrative Agent), including all accounts created by or arising from all of such Person’s sales of goods or rendition of services made under any of its trade names, or through any of its divisions, (b) all unpaid rights of such Person (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom, (c) all rights to any goods represented by any of the foregoing, including returned or repossessed goods, (d) all reserves and credit balances held by such Person with respect to any such accounts receivable of any Obligors, (e) all guarantees or collateral for any of the foregoing and (f) all rights relating to any of the foregoing.

“Additional Incremental L/C Lender”: as defined in Section 2.6(b).

“Adequate Protection Liens”: as defined in the Third Interim Adequate Protection Order.

“Administrative Agent”: as defined in the Preamble hereto and shall include any successor to the Administrative Agent appointed pursuant to Section 10.9.

“Affected Financial Institution”: (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affected Loans”: as defined in Section 4.9.

“Affiliate”: with respect to any specified Person, any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Transaction”: as defined in Section 8.6(a).

“Agreement”: this Credit Agreement, as amended, supplemented, waived or otherwise modified from time to time.

“Anti-Corruption Laws”: the Foreign Corrupt Practices Act of 1977, as amended, and all laws, rules and regulations of the European Union and United Kingdom applicable to the Borrower or the other Loan Parties from time to time concerning or relating to bribery or corruption.

“Applicable Law”: as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Margin”: (x) with respect to ABR Loans, 6.25% per annum and (y) with respect to Eurocurrency Loans, 7.25% per annum; provided, that if the aggregate purchase price for a sale of all or substantially all of the assets or equity interests of Donlen is at least \$950,000,000 and the Prepetition First Lien Secured Parties shall have been paid, in accordance with the procedures set forth in Section 7.8, at least \$900,000,000 in cash from the Net Cash Proceeds of such Asset Disposition, then the foregoing “Applicable Margins” shall be 5.75% for ABR Loans and 6.75% for Eurocurrency Loans (the foregoing change in rates resulting from such Asset Disposition shall be effective from and including the Business Day when such Net Cash Proceeds are disbursed to the Prepetition First Lien Secured Parties); provided, further, that solely in the event that a challenge to the allocation of the distribution of the Net Cash Proceeds of such Asset Disposition provided for in Section 7.8 results in an amount less than \$900,000,000 being paid in cash to the Prepetition First Lien Obligations in accordance with the procedures set forth in Section 7.8, then the Loan Parties may use Net Cash Proceeds from other Asset Dispositions or the proceeds from the sale of other assets to meet the \$900,000,000 threshold for the interest rate reduction described herein.

“Applicable Percentage”: as to any Lender at any time, a percentage equal to a fraction, the numerator of which is the sum of such Lender’s outstanding principal amount of Loans and Commitments at such time and the denominator of which is the sum of the aggregate outstanding principal of all Loans and Commitments of all Lenders at such time. The initial Applicable Percentages of each Lender in respect of the DIP Facility is set forth opposite the name of such Lender on Schedule A or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Approved Fund”: as defined in Section 11.6(b).

“Arnold & Porter”: Arnold Porter Kaye Scholer, LLP.

“Asset Disposition”: any sale, lease, transfer or other disposition of DIP Collateral, other than (i) a disposition to the Borrower or another Loan Party, (ii) a disposition in the ordinary course of business, (iii) a disposition of Cash Equivalents, Investment Grade Securities or Temporary Cash Investments, (iv) the sale or discount (with or without recourse, and on customary or commercially reasonable terms, as determined by the Borrower in good faith) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable, (v) any Restricted Payment Transaction, (vi) a disposition that is governed by Section 8.3, (vii) any “fee in lieu” or other disposition of assets to any Governmental Authority that continue in use by the Borrower or any Subsidiary, so long as the Borrower or any Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee, (viii) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the good faith determination of the Borrower, no longer economically practicable to maintain or useful in the conduct of the business of the Borrower and its Subsidiaries taken as a whole, (ix) any license, sublicense or other grant of rights in or to any trademark, copyright, patent or other intellectual property, (x) any lease or sublease of real or other property, (xi) any financing transaction with respect to any real property owned, built or acquired by the Borrower or any other Loan Party, including any sale/leaseback transaction not to exceed \$200,000,000 in the aggregate (provided, that the Borrower may elect, upon notice to the Administrative Agent, to have any transaction of the type described in this clause (xi) treated as an Asset Disposition that gives rise to a Mandatory Payment Event (in which case, the provisions of Section 7.8 shall apply to such transaction)), (xii) recoupments from retail sales, (xiii) transfers of Vehicles into or out of, or on behalf of, any financing facility, (xiv) the sale of receivables for any securitization facility, (xv) the receipt of proceeds from casualty or condemnation events (provided, that, from and after such time as the aggregate Net Cash Proceeds from casualty and condemnation events exceed \$20,000,000, casualty and condemnation events shall constitute “Asset Dispositions” for purposes of the requirements of Section 7.8) , or (xvi) any sale or other disposition of worn-out, uneconomic or obsolete assets.

“Assignee”: as defined in Section 11.6(b).

“Assignment and Acceptance”: an Assignment and Acceptance, substantially in the form of Exhibit B.

“ATM Proceeds”: the proceeds of the at-the-market offering of HGH that was suspended in June 2020, held in the JPMorgan account ending \*1281.

“Avoidance Actions”: claims and causes of action under Chapter 5 of the Bankruptcy Code and other similar laws for preferences, fraudulent conveyances and other avoidance power claims.

“Backstop Premium”: as defined in the Commitment Letter.

“Bail-In Action”: the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation”: (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank Products Obligations”: any agreement pursuant to which a bank or other financial institution or other Person agrees to provide (a) treasury services, (b) credit card, debit card, merchant card, purchasing card, stored value card, non-card electronic payable or other similar services (including the processing of payments and other administrative services with respect thereto), (c) cash management or related services (including controlled disbursements, automated clearinghouse transactions, return items, netting, overdrafts, depository, lockbox, stop payment, electronic funds transfer, information reporting, wire transfer and interstate depository network services) and (d) other banking, financial or treasury products or services as may be requested by the Borrower or any other Loan Party (other than letters of credit and loans and advances except indebtedness arising from services described in clauses (a) through (c) of this definition).

“Bankruptcy Code”: as defined provided in the recitals to this Agreement.

“Bankruptcy Court”: as defined in the recitals to this Agreement.

“Bankruptcy Rules”: as defined in Section 7.12(a).

“Barclays”: as defined in the Preamble hereto, and any successor in interest thereto.

“Benchmark Replacement”: the sum of: (a) the alternate benchmark rate (which may be a SOFR Based Rate) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBO Rate for U.S. Dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than 1%, the Benchmark Replacement will be deemed to be 1%.

“Benchmark Replacement Adjustment”: with respect to any replacement of LIBO Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes”: with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “ABR,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date”: the earlier to occur of the following events with respect to LIBO Rate:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBO Rate permanently or indefinitely ceases to provide LIBO Rate; or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event”: the occurrence of one or more of the following events with respect to LIBO Rate:

- (1) a public statement or publication of information by or on behalf of the administrator of LIBO Rate announcing that such administrator has ceased or will cease to provide LIBO Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBO Rate;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of LIBO Rate, the U.S. Federal Reserve System, an



insolvency official with jurisdiction over the administrator for LIBO Rate, a resolution authority with jurisdiction over the administrator for LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for LIBO Rate, which states that the administrator of LIBO Rate has ceased or will cease to provide LIBO Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBO Rate; or

- (3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBO Rate announcing that LIBO Rate is no longer representative.

“Benchmark Transition Start Date”: (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period”: if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBO Rate and solely to the extent that LIBO Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBO Rate for all purposes hereunder in accordance with Section 4.7 and (y) ending at the time that a Benchmark Replacement has replaced LIBO Rate for all purposes hereunder pursuant to the Section 4.7.

“Benefit Plan”: any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Benefited Lender”: as defined in Section 11.7(a).

“Board”: the Board of Governors of the Federal Reserve System.

“Board of Directors”: for any Person, the board of directors or other governing body of such Person or, if such Person is owned or managed by a single entity, the board of directors or other governing body of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such board or other governing body. Unless otherwise provided, “Board of Directors” means the Board of Directors of the Borrower.

“Borrower”: as defined in the Preamble hereto, and any successor in interest thereto.

**“Borrowing”**: a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurocurrency Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.1(a).

**“Borrowing Date”**: any Business Day specified in a notice pursuant to Section 2.3 as a date on which the Borrower requests the Lenders to make Loans hereunder.

**“Business Day”**: a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close, except that, when used in connection with a Eurocurrency Loan, “Business Day” shall mean any Business Day on which dealings in Dollars between banks may be carried on in London, England and New York, New York.

**“Canadian Indenture”**: that certain Base Indenture, dated as of September 14, 2015, among TCL Funding Limited Partnership, Hertz Canada Vehicles Partnership, Hertz Canada Limited Partnership, Dollar Thrifty Automotive Group Canada Inc. and BNY Trust Company of Canada, as Indenture Trustee.

**“Canadian Loan Parties”**: Donlen Fleet Leasing, Ltd, CMGC Canada Acquisition ULC, Hertz Canada Limited, Dollar Thrifty Automotive Group Canada Inc., DTG Canada Corp. and any Canadian Subsidiary that becomes a debtor in the Chapter 11 Cases and becomes a Guarantor in accordance with, and to the extent required by, the provisions of Section 7.7.

**“Canadian Required Standstill Provisions”**: the “Required Standstill Provisions”, as defined in the Canadian Indenture and set forth on Schedule 1.1(h) and any “Required Standstill Provisions” (or term of similar import) in any refinancing of the Canadian Indenture.

**“Canadian Securitization Entity”**: TCL Funding Limited Partnership, Hertz Canada Limited Partnership, Hertz Canada Vehicles Partnership and DTGC Car Rental Limited Partnership.

**“Canadian SPV Issuer Equity”**: the partnership interests in each Canadian Securitization Entity and the shares in Dollar Thrifty Automotive Group Canada Inc., and Hertz Canada (N.S.) Company.

**“Canadian Subsidiary”**: any Subsidiary that is organized under the laws of Canada or any province or territory thereof.

**“Capital Stock”**: of any Person, any and all shares of, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

**“Capitalized Lease Obligation”**: an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The Stated Maturity of any Capitalized Lease Obligation shall be the date of the last payment of rent or any other amount due under the related lease.

“Captive Insurance Subsidiary”: any Subsidiary of the Borrower that is subject to regulation as an insurance company (and any Subsidiary thereof).

“Carve-Out”: as defined in the DIP Order.

“Cash Equivalents”: (1) money and (2)(a) securities issued or fully guaranteed or insured by the United States of America, Canada or a member state of the European Union or any agency or instrumentality of any thereof, (b) time deposits, certificates of deposit or bankers’ acceptances of (i) any Lender or Affiliate thereof or (ii) any commercial bank having capital and surplus in excess of \$500,000,000 (or the foreign currency equivalent thereof as of the date of such investment) and the commercial paper of the holding company of which is rated at least A-2 or the equivalent thereof by Standard & Poor’s Ratings Group (a division of The McGraw Hill Companies Inc.) or any successor rating agency (“S&P”) or at least P-2 or the equivalent thereof by Moody’s Investors Service, Inc. or any successor rating agency (“Moody’s”) (or if at such time neither is issuing ratings, then a comparable rating of such other nationally recognized rating agency), (c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b)(i) or (b)(ii) above, (d) money market instruments, commercial paper or other short term obligations rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody’s (or if at such time neither is issuing ratings, then a comparable rating of such other nationally recognized rating agency), (e) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (f) investment funds investing at least 95% of their assets in cash equivalents of the types described in clauses (1) and (2)(a) through (e) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (g) investments similar to any of the foregoing denominated in foreign currencies approved by the Board of Directors, and (h) solely with respect to any Captive Insurance Subsidiary, any investment that such Person is permitted to make in accordance with applicable law.

“Cash Management Order”: that certain *Final Order (I) Authorizing, but not Directing, Debtors to (A) Continue Use of Their Existing Cash Management System, Bank Accounts, Checks and Business Forms, (B) Pay Related Prepetition Obligations, (C) Continue Performance of Intercompany Transactions, and (D) Continue Hedging Practices; (II) Waiving the Section 345(b) Deposit Requirements; and (III) Granting Related Relief [Dkt. No. 586]*.

“Casualty Superpriority Claims”: as defined in the ABS Settlement, and any additional casualty superpriority claims granted under the ABS Settlement or any extension or replacement thereof, so long as the claims granted under any such extension or replacement are substantially similar to those granted under the ABS Settlement as in effect on the Closing Date.

“Chapter 11 Cases”: as defined in the recitals to this Agreement.

“Chapter 11 Plan”: a plan of reorganization filed in any of the Chapter 11 Cases under Section 1121 of the Bankruptcy Code.

“Class RR Notes”: the “Class RR Notes” issued by HVF II, HFLF or Donlen Fleet Lease Funding LLC.

“Closing Date”: the date on which all the conditions precedent set forth in Section 6.1 shall be satisfied or waived.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commitment”: with respect to each Lender, the amount specified as such Lender’s “Commitment” set forth opposite such Lender’s name in Schedule A or in the Assignment and Acceptance, in each case, pursuant to which such Lender acquired a portion of the Commitment, as the case may be (as the same may be adjusted from time to time pursuant to the terms of this Agreement); collectively as to all of the Lenders, the “Commitments.” The aggregate amount of the Commitments on the Closing Date is \$1,650,000,000.

“Commitment Letter”: that certain \$1,650,000,000 Debtor-in-Possession Delayed Draw Term Loan Facility Amended and Restated Commitment Letter, dated October 28, 2020, by and among the Commitment Parties and the Borrower.

“Commitment Parties”: as defined in the Commitment Letter.

“Commitment Period”: the period commencing on the Closing Date and ending on the Commitment Termination Date.

“Commitment Re-allocation”: the primary syndication of the Commitments and the assignment of the Commitments related thereto in connection with the offering of the right to participate in a portion of the Commitments to the Prepetition First Lien Lenders (other than the Commitment Parties, the “Other Prepetition Secured Parties”) as provided in, and subject to the limitations set forth in, the Commitment Letter; provided that, notwithstanding the provisions set forth in the Commitment Letter, the allocation of the Commitments pursuant to the Commitment Re-Allocation to the Prepetition First Lien Lenders that are members of the Ad Hoc First Lien Group (as defined in the Commitment Letter) shall be based on each Prepetition First Lien Lender’s respective *pro rata* shares of the Prepetition First Lien Secured Debt as set forth in the Verified Statement of Ad Hoc First Lien Group Pursuant to Rule of Bankruptcy Procedure 2019 [Docket No. 1520], or as may be agreed upon by the Required Commitment Parties.

“Commitment Termination Date”: the earliest to occur of (i) the date on which the Commitments are permanently reduced to zero in accordance with Section 4.4(c), (ii) the date on which the Borrower voluntarily terminates in full the Commitments pursuant to Section 4.4(b), (iii) the date on which the Commitments are terminated pursuant to Section 9, (iv) the Maturity Date and (v) the Consummation Date.

“Commodities Agreement”: in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

“Commonly Controlled Entity”: an entity, whether or not incorporated, which (a) is under “common control” (within the meaning of Section 4001 of ERISA) with the Borrower or

(b) is part of a group of entities (whether or not incorporated), which includes the Borrower, which (i) is treated as a “single employer” under Section 414(b) or (c) of the Code or (ii) solely for the purpose of Section 302 or 303 of ERISA or Section 412 or 430 of the Code, is treated as a “single employer” under Sections 414(b), (c), (m) or (o) of the Code.

“Competitor”: as defined in the definition of “Disqualified Institution”.

“Compounded SOFR”: the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which may include compounding in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Administrative Agent in accordance with:

(a) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; or

(b) if, and to the extent that, the Administrative Agent determines that Compounded SOFR cannot be determined in accordance with clause (a) above, then the rate, or methodology for this rate, and conventions for this rate that the Administrative Agent determines in its reasonable discretion are substantially consistent with any evolving or then-prevailing market convention for determining compounded SOFR for U.S. dollar-denominated syndicated credit facilities at such time;

provided that if the Administrative Agent decides that any such rate, methodology or convention determined in accordance with clause (a) or clause (b) above is not administratively feasible for the Administrative Agent, then Compounded SOFR will be deemed unable to be determined for purposes of the definition of “Benchmark Replacement”.

“Conduit Lender”: any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument delivered to the Administrative Agent (a copy of which shall be provided by the Administrative Agent to the Borrower on request); provided that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations under this Agreement, including its obligation to fund a Loan if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to any provision of this Agreement, including Section 4.10, 4.11, 4.12 or 11.5, than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender if such designating Lender had not designated such Conduit Lender hereunder, (b) be deemed to have any Commitment or (c) be designated if such designation would otherwise increase the costs of the DIP Facility to the Borrower.

“Confirmation Order”: an order of the Bankruptcy Court confirming a Chapter 11

Plan.

“Connection Income Taxes”: Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consummation Date”: the date of the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of a Chapter 11 Plan that is confirmed pursuant to a Confirmation Order.

“Contractual Obligation”: as to any Person, any provision of any material security issued by such Person or of any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Corresponding Tenor”: with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the applicable LIBOR Interest Period.

“Covered Liability”: as defined in Section 1.3.

“Creditors’ Committee”: the official committee of unsecured creditors in the Chapter 11 Cases.

“Currency Agreement”: in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

“Debtors”: as defined in the recitals to this Agreement.

“Default”: any of the events specified in Section 9, whether or not any requirement for the giving of notice (other than, in the case of Section 9(e), a Default Notice), the lapse of time, or both, or any other condition specified in Section 9, has been satisfied.

“Default Notice”: as defined in Section 9(e).

“Defaulting Lender”: any Lender or Administrative Agent whose acts or failure to act, whether directly or indirectly, cause it to meet any part of the definition of “Lender Default”.

“Deferred Fee”: as defined in the Houlihan Engagement Letter.

“DIP Adequate Protection Liens”: as defined in the DIP Order.

“DIP Budget”: as defined in Section 7.1(d).

“DIP Collateral”: all now owned or hereafter acquired assets and property in which the Debtors and their estates have an interest, whether real or personal, tangible or intangible, whenever acquired, including, without limitation, all assets and property pledged under the Loan Documents and all cash, any investment of such cash, inventory, accounts receivable, including

intercompany accounts and loans (and all rights associated therewith), capital contributions (whether or not a security is issued therefor), other rights to payment whether arising before or after the Petition Date, contracts, contract rights, chattel paper, goods, investment property, inventory, deposit accounts, “core concentration accounts,” “cash collateral accounts,” and in each case all amounts on deposit therein from time to time, equity interests in wholly-owned subsidiaries, securities accounts, securities entitlements, securities, commercial tort claims, books, records, plants, equipment, general intangibles, documents, instruments, interests in leases and leaseholds, interests in real property, fixtures, payment intangibles, tax or other refunds, insurance proceeds, letters of credit, letter of credit rights, supporting obligations, machinery and equipment, the Capital Stock and equity interests in any Subsidiary (other than HIRE (Bermuda) Limited), any risk retention or other over-collateralization interest in any HVF 2.5 ABS Facility, any HVF 3 ABS Facility, the Postpetition Donlen ABS Facility or any other asset-backed securitization facility entered into by any Loan Party or Subsidiary thereof (subject to customary standstill provisions as may be required by such securitization documents), patents, copyrights, trademarks, tradenames, other intellectual property, all licenses therefor, and all proceeds, rents, profits, products and substitutions, if any, of any of the foregoing. Notwithstanding the foregoing, DIP Collateral shall not include (i) Excluded Assets, (ii) Avoidance Actions, (iii) non-residential real property leases unless liens thereon would be expressly permitted by the applicable lease, (iv) any vehicles that are not owned by the Debtors, (v) charges collected from customers that the Debtors are required to hold in trust for the benefit of the authorities that operate airports and airport rental car facilities, pursuant to the terms of the applicable concession agreement, local ordinance, or state law, and (vi) funds in the J.P. Morgan Chase Bank N.A. Lockbox Account (ending \*4979) that have been allocated to a syndication investor. For the avoidance of doubt, DIP Collateral shall include (i) proceeds of any and all Avoidance Actions, (ii) the proceeds of non-residential real property leases, and (iii) the proceeds from the sales of vehicles that are owned by the Borrower or any other Loan Party (but not direct proceeds from the sales of vehicles owned by a Subsidiary that is not a Loan Party).

“DIP Facility”: as defined in the recitals to this Agreement.

“DIP Lien”: as defined in the DIP Order.

“DIP Obligations”: as defined in the DIP Order.

“DIP Order”: an order of the Bankruptcy Court entered in the Chapter 11 Cases, after a final hearing under Rule 4001(c)(2) of the Federal Rules of Bankruptcy Procedure, authorizing and approving the DIP Facility and the terms of this Agreement and the other Loan Documents, (a) in form and substance reasonably acceptable to the Required Commitment Parties (it being understood that the proposed order attached as Exhibit A to the *Debtors’ Motion Seeking Entry of an Order (I) Authorizing the Debtors to Obtain Debtor-in-Possession Financing and Granting Liens and Superpriority Administrative Claims, and (II) Granting Related Relief* [D.I. 1523] is acceptable to the Required Commitment Parties), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time with the consent of the Required Lenders or, (b) with respect to matters described hereunder that require consent from or shall be acceptable or satisfactory to each Lender or each Lender directly and adversely affected thereby pursuant to Section 11.1, each Lender or each Lender directly and adversely affected thereby, pursuant to Section 11.1, as applicable.

“DIP Proceeds”: as defined in the DIP Order.

“DIP Secured Parties”: collectively, the Administrative Agent and the Lenders.

“DIP Superpriority Claims”: as defined in Section 2.4(a).

“DIP Transaction Costs”: all interest, fees, premiums, costs, expenses, reimbursements, taxes, indemnities, withholdings and similar obligations, in each case, incurred or payable by the Borrower or any other Loan Party to the Administrative Agent, the Lenders and any other Indemnitee as provided under the Loan Documents and the DIP Order, including, but not limited to, Section 11.5.

“Disinterested Directors”: with respect to any Affiliate Transaction, one or more members of the Board of Directors of the Borrower, or one or more members of the Board of Directors of a Parent, having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member’s holding Capital Stock of the Borrower or any Parent or any options, warrants or other rights in respect of such Capital Stock or by reason of such member receiving any compensation in respect of such member’s role as director.

“Disqualified Institution”: a Person that is a direct competitor of the Borrower or any of its Subsidiaries that is in the same or a similar line of business as the Borrower or any of its Subsidiaries or any controlled or controlling Affiliate of such competitor (each such Person, a “Competitor”) who has been designated in writing (including by e-mail) by the Borrower to the Administrative Agent and the Commitment Parties prior to the Closing Date, with respect to the Administrative Agent, at the address of the Administrative Agent set forth in this Agreement and, with respect to the Commitment Parties, at the address(es) set forth under the Commitment Parties’ names on the signature pages of the Commitment Letter; provided, that the Borrower may supplement in writing to the Administrative Agent after the Closing Date at the Administrative Agent’s address set forth in this Agreement, the list of Persons that are Disqualified Institutions to include any additional Person that is or becomes a Competitor; provided, that (i) no designation of any Person as a “Disqualified Institution” shall apply retroactively to disqualify a Person that has previously acquired an assignment or participation interest in the Loans to the extent such Person (or its Affiliates) was not a Disqualified Institution at the time of the applicable assignment or participation, as the case may be; (ii) Disqualified Institutions shall not include any bona fide debt fund, investment vehicle, regulated bank entity or unregulated lending entity that is engaged in making, purchasing, holding or otherwise investing in commercial loans or similar extensions of credit in the ordinary course of business; and (iii) in no event shall any Other Prepetition First Lien Secured Party (or any Affiliate thereof) that participates in the Commitment Re-allocation be a Disqualified Institution.

“Dollars” and “\$”: dollars in lawful currency of the United States of America.

“Domestic Subsidiary”: any Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia.

“Donlen”: Donlen Corporation, a Delaware corporation.



“Early Opt-in Election”: the occurrence of:

- (1) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. Dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 4.7 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBO Rate, and
- (2) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution”: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country”: any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority”: any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

“EU Bail-In Legislation Schedule”: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Euro/ABS Material Adverse Effect”: an event that has had, or could reasonably be expected to have, a material adverse effect on: (i) the ability of the Loan Parties (taken as a whole) to perform their payment obligations under any Loan Documents, (ii) the ability of the Guarantors (taken as a whole) to perform under their obligations under the Guarantee Agreement, or (iii) the enforceability of the Liens on the DIP Collateral.

“Eurocurrency Base Rate”: with respect to each day during each Interest Period pertaining to a Eurocurrency Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page for deposits in Dollars) (the “LIBO Rate”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in

Dollars determined as of approximately 11:00 A.M. (London, England time), two Business Days prior to the commencement of such Interest Period, or (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits for the applicable currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 A.M. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if LIBO Rates are quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, the LIBO Rate shall be equal to the Interpolated Rate; and provided, further, that if any such rate determined pursuant to the preceding clauses (i) or (ii) is below zero, the Eurocurrency Rate will be deemed to be zero.

“Eurocurrency Loans”: Loans the rate of interest applicable to which is based upon the Eurocurrency Rate.

“Eurocurrency Rate”: with respect to each day during each Interest Period pertaining to a Eurocurrency Loan, the higher of (x) 1.00% per annum and (y) a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurocurrency Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

“Eurocurrency Reserve Requirements”: for any day as applied to a Eurocurrency Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board) maintained by a member bank of the Federal Reserve System in New York City.

“European Funding Transactions”: as defined in Section 8.9(b).

“European Transaction Cap”: \$50,000,000 in the aggregate for all European Funding Transactions at any time outstanding.

“Event of Default”: any of the events specified in Section 9, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Exchange Act”: the Securities Exchange Act of 1934, as amended from time to time.

“Excluded Assets”: (i) any lease, license, permit, property or agreement to the extent that a grant of a security interest therein is prohibited by applicable Law (including restrictions in respect of financial assistance, fraudulent conveyance, preference, thin capitalization

or other similar laws or regulations), or any governmental licenses or state or local franchises, charters and authorizations to the extent that a security interest in such licenses, franchises, charters or authorizations is not perfected by the entry of DIP Order and/or to the extent that such security interest (or the perfection thereof) would result in material adverse business consequences to the Loan Parties, but excluding the proceeds and receivables thereof, the assignment of which is expressly deemed effective under applicable Law, or requires governmental or third party consents required pursuant to applicable Law or the applicable lease or license agreement that has not been obtained (except to the extent such term would be rendered ineffective pursuant to the Bankruptcy Code, the DIP Order, the UCC, the PPSA or any other applicable Law), (ii) margin stock, (iii) to the extent not permitted by the terms of such Person's organizational or joint venture documents, Capital Stock in any Person other than wholly-owned Subsidiaries, to the extent any such term would be rendered ineffective pursuant to the Bankruptcy Code, the DIP Order, the UCC, the PPSA or any other applicable Law, including principles of equity, but excluding the proceeds and receivables thereof, the assignment of which is expressly deemed effective under applicable Law notwithstanding such prohibition, (iv) particular assets if and for so long as, if reasonably agreed by the Administrative Agent and the Borrower in writing, such assets cannot be perfected by the entry of the DIP Order and the cost of creating or perfecting such pledges or security interests in such assets or obtaining title insurance, surveys, abstracts or appraisals in respect of such assets is excessive in relation to the practical benefits to be obtained by the Lenders therefrom, (v) the Capital Stock and other equity interests in HIRE (Bermuda) Limited, and (vi) to the extent used exclusively to hold funds in trust for the benefit of third parties, (A) payroll, healthcare and other employee wage and benefit accounts, (B) tax accounts, including, without limitation, sales tax accounts and other funds designated to pay taxing authorities, (C) escrow, defeasance and redemption accounts, (D) fiduciary or trust accounts and (E) deposit accounts in which surety providers have first priority liens and, in the case of clauses (A) through (E), the funds or other property held in or maintained in any such account; provided, however, that Excluded Assets shall not include any proceeds, substitutions or replacements of any Excluded Assets referred to in preceding clauses (i) through (vi) (unless such proceeds, substitutions or replacements would independently constitute Excluded Assets referred to in preceding clauses (i) through (vi)).

"Excluded Liability": any liability that is excluded under the Bail-In Legislation from the scope of any Bail-In Action including, without limitation, any liability excluded pursuant to Article 44 of the Directive 2014/59/EU of the European Parliament and of the Council of the European Union.

"Excluded Taxes": any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 4.13(d)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.11, amounts with respect to such Taxes were payable either to such

Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.11(g) and (d) any withholding Taxes imposed under FATCA.

"Fair Market Value": with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Borrower.

"FATCA": Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate": for any day, the rate calculated by the New York Fed based on such day's federal funds transactions by depository institutions (as determined in such manner as the New York Fed shall set forth on its public website from time to time) and published on the next succeeding Business Day by the New York Fed as the federal funds effective rate, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter": the fee letter entered into by the Borrower and the Administrative Agent in respect of fees to be paid by the Borrower to the Administrative Agent in connection with the DIP Facility.

"Financing Disposition": any sale, transfer, conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets by the Borrower or any Subsidiary thereof to or in favor of any Special Purpose Entity, or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets.

"first priority": with respect to any Lien purported to be created in any DIP Collateral pursuant to the DIP Order, that such Lien is the most senior Lien to which such DIP Collateral is subject (subject to Permitted Liens).

"Fixed GAAP Date": December 31, 2019, provided that at any time after the Closing Date, the Borrower may by written notice to the Administrative Agent elect to change the Fixed GAAP Date to be the date specified in such notice, and upon such notice, the Fixed GAAP Date shall be such date for all periods beginning on and after the date specified in such notice.

"Fixed GAAP Terms": (a) the definitions of the terms "Capitalized Lease Obligation" (but otherwise subject to Section 1.2(b)), "Inventory" and "Receivable," (b) all defined terms in this Agreement to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions, and (c) any other term

or provision of this Agreement or any other Loan Document that, at the Borrower's election, may be specified by the Borrower by written notice to the Administrative Agent from time to time.

"Foreign Lender": any Lender who is not a U.S. Person.

"Franchisee": any Person that is a franchisee or licensee of the Borrower or any of its Subsidiaries (or of any other Franchisee), or any Affiliate of such Person.

"GAAP": generally accepted accounting principles in the United States of America as in effect on the Fixed GAAP Date (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of this Agreement), as set forth in the Financial Accounting Standards Board Accounting Standards Codification and subject to the following: If at any time the SEC permits or requires U.S.-domiciled companies subject to the reporting requirements of the Exchange Act to use IFRS in lieu of GAAP for financial reporting purposes, the Borrower may elect by written notice to the Administrative Agent to so use IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean (a) for periods beginning on and after the date specified in such notice, IFRS as in effect on the date specified in such notice (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of this Agreement) and (b) for prior periods, GAAP as defined in the first sentence of this definition.

"Governmental Authority": the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee": any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantee Agreement": the Guarantee Agreement delivered by the Guarantors to the Administrative Agent as of the Closing Date, substantially in the form of Exhibit C, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Guarantors": the collective reference to HGH, Holdings and each Subsidiary Guarantor.

"Hedging Obligations": of any Person, the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"HFLF": Hertz Fleet Lease Funding LP, a Delaware limited partnership.

"HFLF Series Specific Limited Partnership Interests": the limited partnership interests in HFLF issued by HFLF to Donlen in connection with the Series 2017-1 Notes, the Series 2018-1 Notes and the Series 2019-1 Notes.

“HGH”: as set forth in the recitals to this Agreement.

“HHN Notes”: collectively, those 4.125% Senior Notes due 2021 issued by Hertz Holdings Netherlands B.V. and those 5.500% Senior Notes due 2023 issued by Hertz Holdings Netherlands B.V.

“HIL”: Hertz International Ltd., a Delaware corporation.

“Holdings”: as set forth in the recitals to this Agreement.

“Houlihan”: as defined in Section 11.5.

“Houlihan Engagement Letter”: that certain Letter Agreement, effective as of May 2, 2020, and any reasonable amendments thereto, between Houlihan and Arnold & Porter, solely in its capacity as counsel to, on behalf of, and with the consent and authorization of, certain Lenders.

“HVF II”: Hertz Vehicle Financing II LP, a Delaware limited partnership.

“HVF II Indenture”: that certain Amended and Restated Base Indenture, dated as of October 31, 2014, among HVF II and the Bank of New York Mellon Trust Company, N.A., as Indenture Trustee, as amended, restated, modified or supplemented from time to time, exclusive of Indenture Supplements (as defined therein) creating new Series of Notes (as defined therein).

“HVF II Required Standstill Provisions”: the “Required Standstill Provisions”, as defined in the HVF II Indenture and set forth on Schedule 1.1(j) and any “Required Standstill Provisions” (or term of similar import) in any refinancing of the HVF II Indenture.

“HVF II SPV Issuer Equity”: the limited partnership interests in HVF II and the shares of HVF II GP Corp.

“HVF 2.5 ABS Facility”: one or more asset-backed facilities that: (i) as of the Closing Date, have not been entered into; (ii) have been informally referred to by the Borrower and its professionals as “HVF 2.5” or “HVIF”; and (iii) in September 2020, were described by the Borrower’s professionals as intended to provide bridge financing for the acquisition of fleet vehicles, before any HVF 3 ABS Facility is entered into.

“HVF 3 ABS Facility”: one or more asset-backed facilities that: (i) as of the Closing Date, have not been entered into; (ii) have been informally referred to by the Borrower and its professionals as “HVF 3”; and (iii) in September 2020, were described by the Borrower’s professionals as intended to serve as the long-term replacement for the asset-backed securitization facility issued by HVF II.

“HVF LLC”: Hertz Vehicle Financing LLC, a Delaware limited liability company.

“HVF Required Standstill Provisions”: the “Required Standstill Provisions”, as defined in the HVF Series 2013-G1 Indenture Supplement and set forth on Schedule 1.1(i) and

any “Required Standstill Provisions” (or term of similar import) in any refinancing of the HVF Series 2013-G1 Indenture Supplement.

“HVF Series 2013-G1 Indenture Supplement”: that certain Amended and Restated Series 2013-G1, dated as of November 25, 2013, among HVF LLC, as Issuer, the Bank of New York Mellon Trust Company, N.A., as Indenture Trustee and HVF II, as Series 2013-G1 Noteholder, to the Fourth Amended and Restated Base Indenture, dated as of November 25, 2013, between HVF LLC and The Bank of New York Mellon Trust Company, N.A., as Indenture Trustee, as amended, restated, modified or supplemented from time to time.

“HVF SPV Issuer Equity”: the limited liability company interests in HVF LLC.

“IFRS”: International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto (or the Financial Accounting Standards Board, the Accounting Principles Board of the American Institute of Certified Public Accountants, or any successor to either such Board, or the SEC, as the case may be), as in effect from time to time.

“Incremental Amendment”: as defined in Section 2.6(c).

“Incremental L/C Facilities”: as defined in Section 2.6(a).

“Incremental L/C Lenders”: as defined in Section 2.6(b).

“Incur”: issue, assume, enter into any Guarantee of, incur or otherwise become liable for; and the terms “Incurs,” “Incurred” and “Incurrence” shall have a correlative meaning; provided, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, will be deemed not to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

“Indebtedness”: with respect to any Person on any date of determination (without duplication):

- (i) the principal of indebtedness of such Person for borrowed money,
- (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- (iii) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers’ acceptances or other instruments plus the aggregate amount of drawings

thereunder that have not then been reimbursed) (except to the extent such reimbursement obligations relate to Trade Payables and such obligations are expected to be satisfied within 30 days of becoming due and payable),

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property, which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto (in each case, except (x) Trade Payables and (y) any earn-out obligations until such obligation is reflected as a liability on the balance sheet of such Person in accordance with GAAP and if not expected to be paid within 60 days after becoming due and payable),

(v) all Capitalized Lease Obligations of such Person,

(vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of Indebtedness of such Person shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons,

(vii) all Guarantees by such Person of Indebtedness of other Persons, to the extent so Guaranteed by such Person, and

(viii) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time);

provided that (a) Indebtedness shall (x) exclude any Indebtedness of any Person appearing on the balance sheet of the Borrower solely by reason of push-down accounting under GAAP and (y) any obligations or claims which do not otherwise constitute debt for borrowed money the payment or repayment of which is authorized pursuant to an order entered by the Bankruptcy Court in the Chapter 11 Cases prior to the Closing Date and (b) for the avoidance of doubt, Vehicle Lease Obligations shall not constitute Indebtedness.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or as otherwise provided for in this Agreement, or otherwise shall equal the amount thereof that would appear as a liability on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with GAAP.

“Indemnified Liabilities”: as defined in Section 11.5.

“Indemnified Taxes”: (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in preceding clause (a), Other Taxes.

“Indemnitee”: as defined in Section 11.5.



**“Insurance Order”**: that certain *Final Order (A) Authorizing, but not Directing, the Debtors to (I) Maintain Existing Insurance Policies and Pay All Insurance Obligations Arising Thereunder, (II) Continue Insurance Premium Financing and (III) Renew, Revise, Extend, Supplement, Change or Enter into New Insurance Policies and Insurance Premium Financing Agreements and (B) Modifying Automatic Stay with respect to Workers’ Compensation Programs* [Dkt. No. 26].

**“Interest Payment Date”**: (a) as to any ABR Loan, the last day of each month and the final maturity date of such Loan, and (b) as to any Eurocurrency Loan having an Interest Period longer than one month, (i) each day that is one month, or a whole multiple thereof, after the first day of such Interest Period and (ii) the last day of such Interest Period.

**“Interest Period”**: with respect to any Eurocurrency Loan:

(a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurocurrency Loan and ending one, two, three or six months (or, if agreed by each Lender, one week, two weeks, nine months, twelve months or a shorter period) thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurocurrency Loan and ending one, two, three or six months (or, if agreed by each affected Lender, one week, two weeks, nine months, twelve months or a shorter period ) thereafter, as selected by the Borrower by notice to the Administrative Agent not less than three Business Days (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion) prior to the last day of the then current interest period with respect thereto;

provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(B) any Interest Period that would otherwise extend beyond the Maturity Date shall (for all purposes other than Section 4.12) end on such Maturity Date; and

(C) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

**“Interest Rate Agreement”**: with respect to any Person, any interest rate protection agreement, future agreement, option agreement, swap agreement, cap agreement, collar

agreement, hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

“Interpolated Rate”: in relation to the LIBO Rate, the rate which results from interpolating on a linear basis between:

(a) the applicable LIBO Rate for the longest period (for which that LIBO Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable LIBO Rate for the shortest period (for which that LIBO Rate is available) which exceeds the Interest Period of that Loan,

each as of approximately 11:00 A.M. (London, England time) two Business Days prior to the commencement of such Interest Period of that Loan.

“Intralinks Data Room”: that certain virtual data room hosted by Intralinks, Inc. entitled “Project Driver’s Seat,” bearing identification number 9124755, which was created and subsequently updated from time to time by the Borrower and/or its professionals to share documents after the filing of the Chapter 11 Cases with Arnold & Porter and other professionals and stakeholders.

“Inventory”: goods held for sale, lease or use by a Person in the ordinary course of business, net of any reserve for goods that have been segregated by such Person to be returned to the applicable vendor for credit, as determined in accordance with GAAP.

“Investment”: in any Person by any other Person, any direct or indirect advance, loan or other extension of credit (other than to customers (including, for the avoidance of doubt, accounts receivable), dealers, licensees, franchisees, suppliers, consultants, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“Investment Company Act”: the Investment Company Act of 1940, as amended from time to time.

“Investment Grade Rating”: a rating equal to or higher than Baa3 (or, in the case of short-term obligations, P-3) (or the equivalent) by Moody’s and BBB- (or, in the case of short-term obligations, A-3) (or the equivalent) by S&P, or any equivalent rating by any other rating agency recognized internationally or in the United States of America.

“Investment Grade Securities”: (i) securities issued or directly and fully guaranteed or insured by the United States of America government or any agency or instrumentality thereof (other than Cash Equivalents); (ii) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the

Borrower and its Subsidiaries; (iii) investments in any fund that invests substantially all of its assets in investments of the type described in clauses (i) and (ii) above, which fund may also hold immaterial amounts of cash pending investment or distribution; and (iv) corresponding instruments in countries other than the United States of America customarily utilized for high quality investments.

“Joint Bookrunner”: Barclays Bank PLC.

“Judgment Conversion Date”: as defined in Section 11.8(a).

“Judgment Currency”: as defined in Section 11.8(a).

“Laws”: collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lender Advisors”: Arnold & Porter, Troutman Pepper and Houlihan.

“Lender Default”: (a) the refusal (which may be given verbally or in writing and has not been retracted) or failure of any Lender (including the Administrative Agent in its capacity as Lender) to fund any portion of the Loans required to be funded by it hereunder, which refusal or failure is not cured within two Business Days after the date of such refusal or failure, (b) the failure of any Lender (including the Administrative Agent in its capacity as Lender) to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one business day of the date when due, unless the subject of a good faith dispute, (c) a Lender (including the Administrative Agent in its capacity as Lender) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations hereunder, (d) a Lender (including the Administrative Agent in its capacity as Lender) has failed, within five Business Days after request by the Borrower or the Administrative Agent, to confirm that it will comply with its funding obligations hereunder (provided that such Lender Default pursuant to this clause (d) shall cease to be a Lender Default upon receipt of such confirmation by the Borrower and the Administrative Agent), or (e) the Administrative Agent or a Lender has admitted in writing that it is insolvent or the Administrative Agent or Lender becomes subject to a Lender-Related Distress Event.

“Lender-Related Distress Event”: with respect to the Administrative Agent or Lender or any person that directly or indirectly controls the Administrative Agent or Lender (each, a “Distressed Person”), as the case may be, a voluntary or involuntary case with respect to such Distressed Person under any debtor relief law, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person’s assets, or such Distressed Person or any person that directly or indirectly controls such Distressed Person is subject to a forced liquidation, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental

Authority having regulatory authority over such Distressed Person or its assets to be, insolvent or bankrupt, or such Distressed Person has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action; provided that a Lender-Related Distress Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interest in the Administrative Agent or Lender or any Person that directly or indirectly controls the Administrative Agent or Lender by a Governmental Authority or an instrumentality thereof.

“Lenders”: each Person listed on Schedule A hereto and any other Person (other than a natural Person) that becomes a party hereto pursuant to an Assignment and Acceptance (in accordance with the provisions of Section 11.6(b)), other than any such Person that ceases to be a Lender hereunder pursuant to an Assignment and Acceptance, together with, in each case, any affiliate of any such Person through which such Person elects, by notice to the Administrative Agent and the Borrower, to make any Loans available to the Borrower, provided that for all purposes of voting or consenting with respect to (a) any amendment, supplementation or modification of any Loan Document, (b) any waiver of any of the requirements of any Loan Document or any Default or Event of Default and its consequences or (c) any other matter as to which a Lender may vote or consent pursuant to Section 11.1, the Person making such election shall be deemed the “Lender” rather than such affiliate, which shall not be entitled to so vote or consent.

“Letter of Credit Agreement”: as defined in the definition of “Prepetition First Lien Secured Debt”.

“LIBO Rate”: as defined in the definition of “Eurocurrency Base Rate” in this Section 1.1.

“Lien”: any mortgage, pledge, hypothecation, security deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capitalized Lease Obligation having substantially the same economic effect as any of the foregoing).

“Liquidity”: all U.S. cash and Cash Equivalents of the Borrower and the other Loan Parties (including, without limitation, proceeds of the Loans), excluding, however: (i) cash held in the JPMorgan account ending \*2206 (i.e., the Segregated Undisputed Corporate Cash Collateral Account); (ii) cash held in the JPMorgan account ending \*2198 (i.e., the Segregated Lenders Account); (iii) cash held in accounts for benefit of surety providers; (iv) cash held in an account for the benefit of utility providers; (v) ATM Proceeds; (vi) interest from the Class RR Notes issued by HVF II and HFLF; (vii) any cash held in the Net Proceeds Account; and (viii) cash held in any account set forth in clauses (vi)(C) and (vi)(D) of the definition of “Excluded Assets”.

“Loan”: as defined in Section 2.1(a).

“Loan Documents”: this Agreement, the Guarantee Agreement, each Security Document, any separate credit documentation in respect of Incremental L/C Facilities entered pursuant to Section 2.6, and each other document delivered to the Administrative Agent and the Lenders in connection with this Agreement and/or the credit extended hereunder, including,

without limitation, the Fee Letter, the Commitment Letter (other than, in the case of the Fee Letter and the Commitment Letter, for purposes of Section 11.1), and any exhibits, schedules, annexes or other supplements thereto, in each case, as amended, amended and restated, supplemented or otherwise modified from time to time, but excluding each DIP Budget and each Variance Report.

“Loan Parties”: HGH, Holdings, the Borrower and each Subsidiary Guarantor; individually, a “Loan Party”.

“Mandatory Payment Event”: any of the following:

(i) any sale, transfer, monetization, financing or other disposition of any of the Capital Stock in, or all or substantially all of the assets of: (A) Donlen; (B) HVF LLC; (C) HVF II; (D) HFLF; (E) DNRS II LLC; (F) Donlen Trust; (G) Hertz Fleet Lease Funding Corp.; or (H) Donlen Fleet Lease Funding LLC;

(ii) interest and principal payments, refinancing proceeds or other distributions from, or monetization of, any Class RR Note issued by HVF II or HFLF;

(iii) interest and principal payments, refinancing proceeds or other distributions from, or monetization of, from the limited partnership interests in HFLF issued by HFLF to Donlen in connection with the Series 2017-1 Notes, the Series 2018-1 Notes and the Series 2019-1 Notes; or

(iv) one or more Asset Dispositions of DIP Collateral (other than DIP Collateral described in the foregoing clauses (i) through (iii)) to the extent that the Net Cash Proceeds of such Asset Dispositions exceed, the aggregate: (A) with respect to DIP Collateral that is Prepetition Collateral, \$50,000,000; and (B) with respect to DIP Collateral that is not Prepetition Collateral, \$50,000,000.

For the avoidance of doubt (and notwithstanding anything to the contrary contained herein), none of the following shall constitute a Mandatory Payment Event: (i) recoupments from retail sales; (ii) transfers of Vehicles into or out of any financing; (iii) the sale of receivables for any securitization facility; and (iv) proceeds from casualty or condemnation events.

“Mandatory Payments Notice”: as defined in Section 7.8(a).

“Mandatory Payments Objection Period”: as defined in Section 7.8(a).

“Material Adverse Effect”: a material adverse effect on (a) the business, operations or financial condition of the Borrower and its Subsidiaries taken as a whole (other than in connection with the events leading up to and following the commencement of a proceeding under Chapter 11 of the Bankruptcy Code and the commencement and continuation of the Chapter 11 Cases) or (b) the validity or enforceability as to the Loan Parties (taken as a whole) thereto of this Agreement and the other Loan Documents taken as a whole or the rights or remedies of the Administrative Agent and the Lenders under the Loan Documents taken as a whole.

“Maturity Date”: earliest to occur of: (a) December 31, 2021, (b) the effective date of a Chapter 11 Plan confirmed pursuant to an order entered by the Bankruptcy Court; (c) the

consummation of a sale of all or substantially all of the assets of the Loan Parties (taken as a whole) under Section 363 of the Bankruptcy Code or otherwise, it being understood and agreed that, for the avoidance of doubt, the sale of all or substantially all of the assets of Donlen or the Capital Stock of Donlen shall not constitute a sale of all or substantially all of the assets of the Loan Parties (taken as a whole); (d) the acceleration of the Loans and the termination of the Commitments in accordance with the Loan Documents and the DIP Order, in each case, by the Administrative Agent at the written direction of the Required Lenders in accordance with Section 9 and the DIP Order; (e) the date of the entry of an order converting of any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code; and (f) the date of the acceleration of, or commencement of creditor liquidation of, any HVF 2.5 ABS Facility or any HVF 3 ABS Facility.

“Monthly Fee”: as defined in the Houlihan Engagement Letter.

“Moody’s”: as defined in the definition of “Cash Equivalents” in this Section 1.1.

“Multiemployer Plan”: a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Cash Proceeds”: in the case of an Mandatory Payment Event, 100% of the cash proceeds received by the Borrower or any other Loan Party (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise (but excluding casualty insurance settlements and condemnation awards), but in each case only as and when received) from such Mandatory Payment Event, net of (i) reasonable and documented attorneys’ fees and expenses, accountants’ fees and expenses, investment banking fees and expenses, survey costs, title insurance premiums, and related search and recording charges, transfer taxes and expenses, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees and expenses actually incurred in connection therewith, (ii) Taxes paid or reasonably estimated to be payable as a result thereof, (iii) payment of all amounts under any Indebtedness (other than (x) the Loans, (y) the Prepetition First Lien Secured Debt and (z) Indebtedness under the Prepetition Second Lien Notes Documents) that is secured by a Senior Third-Party Lien or other Permitted Liens that are senior in priority to the DIP Liens on the Capital Stock or assets in question and that is not assumed and is required to be repaid under the terms thereof as a result of such Mandatory Payment Event, (iv) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) related to any of the applicable assets and (y) retained by the Borrower or any of its Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations (provided however, that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such Mandatory Payment Event and (v) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition (provided that to the extent that any amounts are released from such escrow to the Borrower or any other Loan Party, such amounts, net of any related reasonable and documented expenses, shall constitute Net Cash Proceeds), in the case of each of clauses (i) through (v) above, to the extent approved by the Bankruptcy Court if such approval is necessary pursuant to the Bankruptcy Code.

“Net Cash Proceeds Account”: as defined in Section 7.8(c).

“New Fleet Sublimit”: an amount equal to \$1,000,000,000.

“New York Fed”: the Federal Reserve Bank of New York.

“Non-Consenting Lender”: as defined in Section 11.1(f).

“Non-Defaulting Lender”: any Lender other than a Defaulting Lender.

“Non-Loan Party”: any Subsidiary of HGH, Holdings or the Borrower that is not a Loan Party.

“Non-Loan Party Transaction”: lending, capital contribution or other similar transactions between any Loan Party, on the one hand, and any Non-Loan Party, on the other hand, including European Funding Transactions.

“Obligation Currency”: as defined in Section 11.8(a).

“Obligations”: with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or any Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, Guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

“Obligor”: any purchaser of goods or services or other Person obligated to make payment to the Borrower or any of its Subsidiaries (other than any Subsidiary that is not a Loan Party) in respect of a purchase of such goods or services.

“Other Connection Taxes”: with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes”: all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 4.13(d)).

“Other Prepetition Secured Parties”: as defined in the definition of “Commitment Re-allocation.”

“Parent”: any of HGH, Holdings or any Parent Entity.

“Parent Entity”: any of HGH, any Other Parent Entity, and any other Person that becomes a direct or indirect Subsidiary of HGH or any Other Parent Entity after the Closing Date and of which Holdings is a direct or indirect Subsidiary that is designated by Holdings as a “Parent Entity”. As used herein, “Other Parent Entity” means a Person of which the then Relevant Parent Entity becomes a direct or indirect Subsidiary after the Closing Date.

“Parent Expenses”: (i) costs (including all professional fees and expenses) incurred by any Parent in connection with maintaining its existence or in connection with its reporting obligations under, or in connection with compliance with, applicable laws or applicable rules of any governmental, regulatory or self-regulatory body or stock exchange, this Agreement, the Prepetition Debt Documents or any other agreement or instrument relating to Indebtedness of the Borrower or any Subsidiary, including in respect of any reports filed with respect to the Chapter 11 Cases, the Securities Act, the Exchange Act or the respective rules and regulations promulgated thereunder, (ii) expenses incurred by any Parent in connection with the acquisition, development, maintenance, ownership, prosecution, protection and defense of its intellectual property and associated rights (including trademarks, service marks, trade names, trade dress, domain names, social media identifiers and accounts, patents, copyrights and similar rights, including registrations, renewals, and applications for registration or renewal in respect thereof; inventions, processes, designs, formulae, trade secrets, know-how, confidential information, computer software, data, databases and documentation, and any other intellectual property rights; and licenses of any of the foregoing) to the extent such intellectual property and associated rights relate to the business or businesses of the Borrower or any Subsidiary thereof, (iii) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with or for the benefit of any such Person, or obligations in respect of director and officer insurance (including premiums therefor), and (iv) other administrative and operational expenses of any Parent incurred in the ordinary course of business.

“Participant”: as defined in Section 11.6(c).

“Participant Register”: as defined in Section 11.6(c).

“Patriot Act”: as defined in Section 11.17.

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

“Permitted Investment”: an Investment by the Borrower or any other Loan Party in, or consisting of, any of the following:

- (i) to the extent constituting a Permitted Non-Loan Party Transaction and, in the case of European Funding Transactions, subject to the European Transaction Cap, (x) HGH, Holdings, the Borrower, another Loan Party, a Subsidiary or a Person that will, upon the making of such Investment, become a Subsidiary of the Borrower (and any Investment held by such Person that was not acquired by such Person in contemplation of so becoming a Subsidiary) and (y) without limiting the generality of preceding clause (x), (I) pursuant to, or as permitted by, the Cash Management Order and (II) direct or indirect Investments



in any Subsidiary (A) for the purpose of making vehicle lease payments for Vehicles in the U.S. and Canada used in the operations of any Loan Party and (B) for the purpose of purchasing of Vehicles in the U.S. and Canada used in the operations of any Loan Party;

(ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Borrower or another Loan Party (and, in each case, any Investment held by such other Person that was not acquired by such Person in contemplation of such merger, consolidation or transfer);

(iii) Temporary Cash Investments, Investment Grade Securities or Cash Equivalents;

(iv) receivables owing to the Borrower or any Subsidiary, if created or acquired in the ordinary course of business;

(v) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets;

(vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or of other claims asserted by, the Borrower or any Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(vii) Investments in existence or made pursuant to legally binding written commitments in existence on the Closing Date;

(viii) Interest Rate Agreements, Currency Agreements, Commodities Agreements and related Hedging Obligations;

(ix) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in, or made in connection with Liens permitted under, Section 8.2;

(x) subject to the limitations on Non-Loan Party Transactions set forth in Section 8.5(b)(iii), Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by, to, in or in favor of any Special Purpose Entity, including (1) Investments of funds held in accounts permitted or required by the arrangements governing such Financing Disposition or any related Indebtedness, (2) Investments made in order to comply with any foreign or domestic risk retention rules or regulations or (3) any promissory note issued by the Borrower or any Parent, provided that in the case of clause (3), if such Parent receives cash from the relevant Special Purpose Entity in exchange for such promissory note, an equal cash amount is contributed by any Parent to the Borrower;

(xi) bonds secured by assets leased to and operated by the Borrower or any Subsidiary that were issued in connection with the financing of such assets so long as the

Borrower or any Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;

(xii) any Investment to the extent made using Capital Stock of the Borrower, or Capital Stock of any Parent, as consideration;

(xiii) loans or advances made to directors, officers, employees or consultants of any Parent, the Borrower or any Subsidiary (x) in respect of travel, entertainment or moving-related expenses incurred in the ordinary course of business, (y) in respect of moving-related expenses incurred in connection with any closing or consolidation of any facility, or (z) in the ordinary course of business and (in the case of this clause (z)) not exceeding \$15,000,000 in the aggregate outstanding at any time;

(xiv) Investments consisting of, or arising out of or related to, Vehicle Rental Concession Rights, including any Investments referred to in the definition of "Vehicle Rental Concession Rights", and any Investments in Franchisees, in each case, in the ordinary course of business consistent with past practices: (a) arising as a result of the Borrower or any Subsidiary being party to or participating in any vehicle purchase participation agreement or any related agreement jointly with any Franchisee, (b) arising as a result of leasing or subleasing any part of a Public Facility or other property to any Franchisee or (c) otherwise attributable to the acquisition, sale or leasing of Franchise Vehicles and/or related rights and/or assets in the ordinary course of business (including payment processing);

(xv) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of Section 8.6(b) (except transactions described in clauses (i), (iv), (v) and (vi) of Section 8.6(b)), including any Investment pursuant to any transaction described in Section 8.6(b)(ii) (whether or not any Person party thereto is at any time an Affiliate of the Borrower);

(xvi) any Prepetition Debt Documents, to the extent constituting an Investment;

(xvii) Investments between or among the Borrower and the other Loan Parties;

(xiii) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Borrower or any of its Subsidiaries, which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(xix) any Investment pursuant to an agreement entered into in connection with any securities lending or other securities financing transaction to the extent such securities lending or other securities financing transaction is otherwise permitted by the provisions of Section 8.4;

(xx) Investments in an aggregate amount not to exceed \$25,000,000 at any one time outstanding for all Investments made pursuant to this clause (xx);

(xxi) Investments (i) constituting deposits, prepayments and other credits to suppliers, and/or (ii) in the form of advances made to distributors, suppliers, licensors and licensees, in each case, made in the ordinary course of business and consistent with the past practices of the Loan Parties and, in the case of preceding clause (ii), to the extent necessary to maintain the ordinary course of supplies;

(xxii) other Investments constituting a Permitted Non-Loan Party Transaction (and, in the case of European Funding Transactions, subject to the European Transaction Cap);

(xxiii) Investments in Subsidiaries for the purpose of purchasing Vehicles in the U.S. and Canada used in the operations of any Loan Party so long as the Lenders have a Lien on the Capital Stock of such Subsidiary; provided that to the extent funded with the proceeds of Loans, such Investment shall be considered a use of the New Fleet Sublimit; and

(xxiv) Investments in the form of an equity investment or intercompany loan to Hertz General Interest LLC for the purpose of temporarily funding the purchase of Vehicles in the U.S. and Canada used in the operations of any Loan Party in an aggregate outstanding amount invested or loaned at any point in time not to exceed \$250,000,000; provided that to the extent funded with the proceeds of Loans, such Investment shall be considered a use of the New Fleet Sublimit.

"Permitted Lien": any Lien permitted pursuant to the Loan Documents, including those permitted to exist pursuant to Section 8.2 or described in any of the clauses of such Section 8.2.

"Permitted Non-Loan Party Transactions": as defined in Section 8.5(b)(iii); provided that, for the avoidance of doubt, no Non-Loan Party Transaction may be made, directly or indirectly, to any Non-Loan Party that, as of the date of the funding of any Non-Loan Party Transaction, has commenced, or is subject to, any proceeding under any applicable Law relating to insolvency or bankruptcy, or that is subject to any enforcement action by a Governmental Authority against such entity, in each case, in any non-U.S. jurisdiction (other than proceedings in connection with consensual restructuring arrangements and schemes).

"Permitted Payment": as defined in Section 8.5(b).

"Permitted Priority Liens": valid, perfected and unavoidable Liens that were in existence immediately prior to the Petition Date or that are perfected as permitted by Section 546(b) of the Bankruptcy Code.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Petition Date": as defined in the recitals to this Agreement.

“Plan”: at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is an “employer” as defined in Section 3(5) of ERISA.

“Postpetition Donlen ABS Facility”: as defined in the *Motion of Debtors for Entry of an Order (I) Authorizing Certain Debtors to Enter into Securitization Documents, (II) Modifying the Automatic Stay, and (III) Granting Related Relief* [D.I. 1349].

“Postpetition Letters of Credit”: letters of credit, surety bonds, insurance bonds and any other similar instruments issued for the account of any Loan Party in the ordinary course of business after the date such Loan Party commenced its respective Chapter 11 Case, as amended, restated, modified, supplemented, extended, renewed, replaced or refinanced from time to time. Postpetition Letters of Credit issued prior to the Closing Date and outstanding on such date are set forth on Schedule 1.1(g).

“PPSA”: the Personal Property Security Act (Ontario); provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any DIP Collateral is governed by the Personal Property Security Act as in effect in a Canadian jurisdiction other than the Province of Ontario, or the Civil Code of Quebec, “PPSA” means the Personal Property Security Act as in effect from time to time in such other jurisdiction or the Civil Code of Quebec, as applicable, for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“Prepetition Collateral”: as defined in the DIP Order.

“Prepetition Debt Documents”: the documents evidencing the Prepetition Indebtedness.

“Prepetition First Lien Loan Documents”: the collective reference to the “Loan Documents” as defined in each of the RAC Agreement and the Letter of Credit Agreement.

“Prepetition First Lien Obligations”: as defined in the Third Adequate Protection Order.

“Prepetition First Lien Secured Debt”: the obligations under: (i) that certain Credit Agreement, dated as of June 30, 2016 (as amended by the First Amendment, dated as of February 3, 2017, the Second Amendment, dated as of February 15, 2017, the Third Amendment, dated as of November 2, 2017, the Limited Waiver, Forbearance and Fourth Amendment, dated as of May 4, 2020, and as further amended, restated, supplemented or otherwise modified as of the date hereof (the “RAC Credit Agreement”)) among The Hertz Corporation, the several banks and other financial institutions from time to time parties thereto, as lenders, and Barclays Bank PLC, as administrative agent and as collateral agent; and (ii) that certain Letter of Credit Agreement, dated as of November 2, 2017 (as amended by the limited waiver, forbearance and first amendment, dated as of May 4, 2020, and as further amended and restated, supplemented or otherwise modified as of the date hereof, the “Letter of Credit Agreement”).

“Prepetition First Lien Secured Parties”: as defined in the Third Interim Adequate Protection Order.

“Prepetition Indebtedness”: certain Indebtedness of each of the Loan Parties existing on the Petition Date, as set forth in Schedule 1.1(e).

“Prepetition Letters of Credit”: those letters of credit, surety bonds, insurance bonds and other similar instruments, issued for the account of a Loan Party prior to the date such Loan Party commenced its respective Chapter 11 Case as set forth on Schedule 1.1(f) and any amendments, renewals, extensions, replacements or refinancings thereof from time to time.

“Prepetition Liens”: as defined in Section 2.4.

“Prepetition Second Lien Notes Documents”: as defined in the Third Interim Adequate Protection Order.

“Prepetition Secured Parties”: as defined in the Third Interim Adequate Protection Order.

“Prepetition Secured Parties’ 507(b) Claim”: as defined in the Third Interim Adequate Protection Order.

“Preferred Stock”: as applied to the Capital Stock of any corporation or company, Capital Stock of any class or classes (however designated) that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation or company, over shares of Capital Stock of any other class of such corporation or company.

“Prime Rate”: the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as reasonably determined by the Administrative Agent).

“Proceedings” as defined in Section 11.5.

“Professional Fees”: as defined in the DIP Order.

“PTE”: a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Facility”: (i) any airport; marine port; rail, subway, bus or other transit stop, station or terminal; stadium; convention center; or military camp, fort, post or base; or (ii) any other facility owned or operated by any nation or government or political subdivision thereof, or agency, authority or other instrumentality of any thereof, or other entity exercising regulatory, administrative or other functions of or pertaining to government, or any organization of nations (including the United Nations, the European Union and the North Atlantic Treaty Organization).

“Public Facility Operator”: a Person that grants or has the power to grant a Vehicle Rental Concession.

“Purchase Money Obligations”: any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“RAC Credit Agreement”: as defined in the definition of “Prepetition First Lien Secured Debt”.

“Receivable”: a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

“Recipient”: the Administrative Agent or any Lender.

“refinance”: refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in this Agreement shall have a correlative meaning.

“Refinancing Indebtedness”: Indebtedness that is Incurred to refinance any Indebtedness (or unutilized commitment in respect of Indebtedness) existing on the Closing Date or Incurred (or established) in compliance with this Agreement (including Indebtedness of the Borrower that refinances Indebtedness of any Loan Party and Indebtedness of any Loan Party that refinances Indebtedness of another Loan Party) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; provided, that (1) the Refinancing Indebtedness has (x) a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, the Maturity Date) and (y) a weighted average life to maturity no earlier than the remaining weighted average life to maturity of the Loans, (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under the financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with this Agreement immediately prior to such refinancing plus (z) fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred in connection with such Refinancing Indebtedness and (3) no Refinancing Indebtedness shall have additional obligors, or greater Guarantees or security, than the Indebtedness being refinanced.

“Register”: as defined in Section 11.6(b).

“Related Business”: those businesses in which the Borrower or any of its Subsidiaries is engaged on the Closing Date, or that are related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

“Related Party”: as defined in Section 11.5.

“Related Taxes”: (x) any taxes, charges or assessments, including sales, use, transfer, rental, ad valorem, value-added, stamp, property, consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar taxes, charges or assessments (other than federal, state or local taxes measured by income and federal, state or local withholding imposed by any government or other taxing authority on payments made by HGH, Holdings or any Parent Entity other than to HGH, Holdings or another Parent Entity), required to be paid by Holdings or any Parent Entity by virtue of its being incorporated or organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Borrower, any of its Subsidiaries, HGH, Holdings or any Parent Entity), or being a holding company parent of the Borrower, any of its Subsidiaries, HGH, Holdings or any Parent Entity or receiving dividends from or other distributions in respect of the Capital Stock of the Borrower, any of its Subsidiaries, HGH, Holdings or any Parent Entity, or having guaranteed any obligations of the Borrower or any Subsidiary thereof, or having made any payment in respect of any of the items for which the Borrower or any of its Subsidiaries is permitted to make payments to HGH, Holdings or any Parent Entity pursuant to Section 8.5, or acquiring, developing, maintaining, owning, prosecuting, protecting or defending its intellectual property and associated rights (including receiving or paying royalties for the use thereof) relating to the business or businesses of the Borrower or any Subsidiary thereof or (y) any other federal, state, foreign, provincial, territorial or local taxes measured by income for which HGH, Holdings or any Parent Entity is liable up to an amount not to exceed, with respect to federal, provincial, territorial and foreign taxes, the amount of any such taxes that the Borrower and its Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis as if the Borrower had filed a consolidated return on behalf of an affiliated group (as defined in Section 1504 of the Code or an analogous provision of federal, provincial, territorial or foreign law) of which it were the common parent, or with respect to state and local taxes, the amount of any such taxes that the Borrower and its Subsidiaries would have been required to pay on a separate company basis, or on a consolidated, combined, unitary or affiliated basis as if the Borrower had filed a consolidated, combined, unitary or affiliated return on behalf of an affiliated group (as defined in the applicable state or local tax laws for filing such return) consisting only of the Borrower and its Subsidiaries; provided that payments for such taxes shall be reduced by any portion of such taxes attributable to such income for each period directly paid to the proper Governmental Authority.

“Relevant Governmental Body”: the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Relevant Parent Entity”: (i) Holdings, so long as Holdings is not a Subsidiary of a Parent Entity and (ii) any Parent Entity, so long as Holdings is a Subsidiary thereof and such Parent Entity is not a Subsidiary of any other Parent Entity.

“Remedies Hearing”: as defined in Section 9.

“Rental Car Vehicles”: all Vehicles owned by or leased to the Borrower or a Subsidiary that are or have been offered for lease or rental by any of the Borrower and its Subsidiaries in their vehicle rental operations, including any such Vehicles being held for sale.

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived under subsections .21, .22, .23, .24, .25, .27, .28 or .33 of PBGC Regulation Section 4043 or any successor regulation thereto.

“Required Commitment Parties”: as defined in the Commitment Letter.

“Required Standstill Provision”: the HVF Required Standstill Provisions, the HVF II Required Standstill Provisions, the Canadian Required Standstill Provisions and any “Required Standstill Provisions” (or term of similar import) in any refinancing of the assets or obligations of HVF II or HVF LLC, in any refinancing of the assets or obligations of HFLF or the Donlen Trust, in any HVF 2.5 ABS Facility or in any HVF 3 ABS Facility.

“Required Lenders”: Lenders having greater than 50% of the sum of (I) outstanding Loans *plus* (II) Unused Commitments; provided that the Unused Commitments and Loans in each case held or deemed held by Defaulting Lenders shall be excluded for purposes of making a determination of Required Lenders.

“Requirement of Law”: as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Laws, in each case applicable to or binding upon such Person or any of its material property or to which such Person or any of its material property is subject; provided that the foregoing shall not apply to any non-binding recommendation of any Governmental Authority.

“Resolution Authority”: an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer”: as to any Person, any of the following officers of such Person: (a) the chief executive officer or the president of such Person and, with respect to financial matters, the chief financial officer, the treasurer or the controller of such Person, (b) any vice president of such Person or, with respect to financial matters, any assistant treasurer or assistant controller of such Person, who has been designated in writing to the Administrative Agent as a Responsible Officer by such chief executive officer or president of such Person or, with respect to financial matters, such chief financial officer, treasurer or controller of such Person, (c) with respect to Section 7.6 and without limiting the foregoing, the general counsel of such Person, (d) with respect to ERISA matters, the senior vice president - human resources (or substantial equivalent) of such Person and (e) any other individual designated as a “Responsible Officer” for the purposes of this Agreement by the Board of Directors of such Person. For all purposes of this Agreement, the term “Responsible Officer” shall mean a Responsible Officer of the Borrower unless the context otherwise requires.

“Restricted Payment”: as defined in Section 8.5(a).



“Restricted Payment Transaction”: any Restricted Payment permitted pursuant to Section 8.5, any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of “Restricted Payment” (including pursuant to the exception contained in clause (i) and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

“Reuters LIBOR Rates Page”: the relevant Reuters Monitor Money Rates Service page for the applicable currency, being currently the page designated as LIBO or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars are offered by leading banks in the London interbank market).

“S&P”: as defined in the definition of “Cash Equivalents” in this Section 1.1.

“Sanctioned Country”: as defined in Section 5.11(b).

“Sanctioned Party”: as defined in Section 5.11(b).

“Sanctions”: as defined in Section 5.11(a).

“SEC”: the Securities and Exchange Commission.

“Securities Act”: the Securities Act of 1933, as amended from time to time.

“Security Documents”: the DIP Order, and all security agreements, deeds of trust, mortgages, chattel mortgages, pledges, deposit instruments, Guarantees, financing statements, continuation statements, extension agreements and other agreements or instruments in form and substance reasonably acceptable to the Administrative Agent and the Borrower now, heretofore, or hereafter delivered by any Canadian Loan Party to the Administrative Agent in connection with this Agreement or any transaction contemplated hereby to secure or Guarantee the payment by any Canadian Loan Party of any part of the Obligations or the performance of any Canadian Loan Party’s other duties and obligations under the Loan Documents.

“Segregated Lenders Account”: as defined in the Third Interim Adequate Protection Order.

“Segregated Undisputed Corporate Cash Collateral Account”: as defined in the Third Interim Adequate Protection Order.

“Senior Third-Party Liens”: as defined in Section 2.4(c).

“Set”: the collective reference to Eurocurrency Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Eurocurrency Loans shall originally have been made on the same day).

“Single Employer Plan”: any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

“SOFR”: with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“SOFR Based Rate”: SOFR, Compounded SOFR or Term SOFR.

“Special Purpose Entity”: (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles and/or related rights (including under leases, manufacturer warranties and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets).

“Special Purpose Financing”: any financing or refinancing of assets consisting of or including Receivables and/or Vehicles of the Borrower or any Subsidiary that have been transferred to a Special Purpose Entity or made subject to a Lien in a Financing Disposition.

“Special Purpose Subsidiary”: a Subsidiary of the Borrower that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles and/or related rights (including under leases, manufacturer warranties, and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto and (y) any business or activities incidental or related to such business and (b) is designated as a “Special Purpose Subsidiary” by the Borrower.

“Stated Maturity”: with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such Indebtedness at the option of the holder thereof upon the happening of any contingency).

“Subordinated Obligations”: any Indebtedness of the Borrower or another Loan Party (whether outstanding on the Closing Date or thereafter Incurred) that is expressly subordinated in right of payment and, if secured, in right of lien priority, to the Loans and the other applicable DIP Obligations pursuant to a written agreement.

“Subsidiary”: as to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time

owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person. Unless otherwise specified, references to "Subsidiary" or "Subsidiaries" herein or in any other Loan Document shall refer to Subsidiaries of the Borrower.

"Subsidiary Guarantor": as defined in the recitals to this Agreement and also shall include each Canadian Subsidiary and Domestic Subsidiary that becomes a debtor in the Chapter 11 Cases and becomes a Subsidiary Guarantor in accordance with, and to the extent required by, Section 7.7.

"Taxes": all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Temporary Cash Investments": any of the following: (i) any investment in (x) direct obligations of the United States of America, Canada, a member state of the European Union or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Borrower or a Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof or obligations Guaranteed by the United States of America, Canada or a member state of the European Union or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Borrower or a Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (y) direct obligations of any foreign country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (ii) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by (x) any Lender or any Affiliate thereof or (y) a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of \$250,000,000 (or the foreign currency equivalent thereof), (iii) repurchase obligations with a term of not more than 30 days for underlying securities or instruments of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Borrower or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (v) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A-2" by S&P or "P-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vi) Indebtedness or Preferred Stock (other than of the Borrower or any of its Subsidiaries) having a rating of "A" or higher by S&P or "A2" or higher by Moody's (or, in either case, the equivalent of such rating by such organization

or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vii) investment funds investing 95% of their assets in securities of the type described in clauses (i) through (vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of \$250,000,000 (or the foreign currency equivalent thereof), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act, and (ix) similar investments approved by the Board of Directors in the ordinary course of business. For the avoidance of doubt, for purposes of this definition and the definitions of "Cash Equivalents" and "Investment Grade Rating," rating identifiers, watches and outlooks will be disregarded in determining whether any obligations satisfy the rating requirement therein.

"Term SOFR": the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination Notice": as defined in Section 9.

"Termination Notice Date": as defined in Section 9.

"Termination Notice Period": as defined in Section 9.

"Third Interim Adequate Protection Order": the *Third Agreed Order (I) Authorizing Use of Cash Collateral and (II) Granting Adequate Protection and Related Relief to Prepetition Secured Parties* [D.I. 1131].

"Trade Payables": with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transferee": any Participant or Assignee.

"Troutman Pepper": Troutman Pepper Hamilton Sanders LLP.

"Type": the type of Loan determined based on the interest option applicable thereto, with there being multiple Types of Loans hereunder, namely ABR Loans and Eurocurrency Loans.

"UCC": the Uniform Commercial Code as in effect in the State of New York from time to time.

"UK Financial Institution": any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which

includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority”: the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement”: the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“United States” and “U.S.”: the United States of America.

“Upfront Payment”: as defined in Section 4.5(c).

“Upfront Payment Percentage”: as defined in Section 4.5(c).

“U.S. Person”: any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate”: as defined in Section 4.11(g).

“U.S. Trustee”: the Office of the United States Trustee for the District of Delaware.

“Variance Report”: as defined in Section 7.1(d).

“Vehicle Lease Obligation”: any lease by any Special Purpose Subsidiary to the Borrower or any of its Subsidiaries (other than any Special Purpose Subsidiary) of Rental Car Vehicles entered into in connection with any Special Purpose Financing.

“Vehicle Rental Concession”: any right, whether or not exclusive, to conduct a Vehicle rental business at a Public Facility, or to pick up or discharge persons or otherwise to possess or use all or part of a Public Facility in connection with such a business, and any related rights or interests.

“Vehicle Rental Concession Rights”: all of the following: (a) any Vehicle Rental Concession, (b) any rights of the Borrower or any Subsidiary thereof or any Franchisee under or relating to (i) any law, regulation, license, permit, request for proposals, invitation to bid, lease, agreement or understanding with a Public Facility Operator in connection with which a Vehicle Rental Concession has been or may be granted to the Borrower or any Subsidiary or Franchisee and (ii) any agreement with, or Investment or other interest or participation in, any Person, property or asset required (x) by any such law, ordinance, regulation, license, permit, request for proposals, invitation to bid, lease, agreement or understanding or (y) by any Public Facility Operator as a condition to obtaining or maintaining a Vehicle Rental Concession and (c) any liabilities or obligations relating to or arising in connection with any of the foregoing.

“Vehicles”: vehicles owned or operated by, or leased or rented to or by, the Borrower or any of its Subsidiaries, including automobiles, trucks, tractors, trailers, vans, sport utility vehicles, buses, campers, motor homes, motorcycles and other motor vehicles.

“Withholding Agent”: the Borrower and the Administrative Agent.

“Working Capital Sublimit”: an amount equal to \$800,000,000.

“Write-Down and Conversion Powers”: (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

## 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any other Loan Document or any certificate or other document made or delivered pursuant hereto. Any reference to any Person shall be construed to include such Person’s successors and assigns permitted hereunder.

(b) As used herein and in any other Loan Document, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to Holdings and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. Notwithstanding anything to the contrary contained in the immediately preceding sentence, in the definition of “Capitalized Lease Obligation” or in the definition of “Fixed GAAP Terms,” unless the Borrower elects otherwise, all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance by the Financial Accounting Standards Board on February 25, 2016 of an Accounting Standards Update shall continue to be accounted for as operating leases for purposes of all financial definitions (including the definition of Indebtedness), calculations and deliverables under this Agreement or any other Loan Document (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the Accounting Standards Update or otherwise (on a prospective or retroactive basis or otherwise) to be treated as or to be recharacterized as capital lease obligations or otherwise accounted for as liabilities in financial statements.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Any determination made by Holdings, the Borrower or any Subsidiary pursuant to a provision of this Agreement that refers to “as determined by the Borrower in good faith,” “in the good faith determination of the Borrower” and words of

similar import shall be conclusive. Unless otherwise expressly provided herein, any definition of or reference to any agreement (including this Agreement and the other Loan Documents), instrument or other document herein shall be construed as referring to such agreement, instrument or other document as amended, supplemented, waived or otherwise modified from time to time (subject to any restrictions on such amendments, supplements, waivers or modifications set forth herein).

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) Any financial ratios required to be maintained pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

(f) Any references in this Agreement to “cash and/or Cash Equivalents”, “cash, Cash Equivalents, Investment Grade Securities and/or Temporary Cash Investments” or any similar combination of the foregoing shall be construed as not double counting cash or any other applicable amount which would otherwise be duplicated therein.

### 1.3 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured (all such liabilities, other than any Excluded Liability, the “Covered Liabilities”), may be subject to the Write-Down and Conversion Powers and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers to any such Covered Liability arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such Covered Liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such Covered Liability;

(ii) a conversion of all, or a portion of, such Covered Liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such Covered Liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such Covered Liability in connection with the exercise of the Write-Down and Conversion Powers.

Notwithstanding anything to the contrary herein, nothing contained in this Section 1.3 shall modify or otherwise alter the rights or obligations with respect to any liability that is not a Covered Liability.

## SECTION 2. AMOUNT AND TERMS OF COMMITMENTS.

### 2.1 Commitments and Borrowings.

(a) Subject to the terms and conditions set forth herein and in the DIP Order, each Lender severally agrees to make during the Commitment Period term loans (each a "Loan" and, collectively, the "Loans") to the Borrower not to exceed its Commitment on the applicable Borrowing Date (prior to giving effect to the Loans to be made on such Borrowing Date); provided that, each such Borrowing (x) shall be denominated in U.S. Dollars and (y) shall be in an aggregate principal amount that is not less than \$250,000,000 or if less, equal to the remaining available balance of the Commitments at such time. Loans that are repaid or prepaid may not be reborrowed.

(b) The Loans, except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, ABR Loans or Eurocurrency Loans.

2.2 Maturity Date The Borrower hereby promises to pay to the Administrative Agent in Dollars for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Maturity Date.

### 2.3 Procedure for Borrowing.

(a) The Borrower may borrow under the Commitments during the Commitment Period on any Business Day; provided that the Borrower shall give the Administrative Agent notice thereof in the form attached as Exhibit D (which notice must be received by the Administrative Agent prior to 1:00 P.M. (New York City time) (i) at least 16 days prior to the requested Borrowing Date (or, in the case of the initial Borrowing, no later than 11:59 P.M. (New York City time) on or before the later to occur of October 19, 2020 which notice may be conditioned on the entry by the Bankruptcy Court of the DIP Order and the occurrence of the Closing Date) or (ii) the Business Day immediately following the date the DIP Order is entered by the Bankruptcy Court), in each case (A) specifying (i) the aggregate principal amount to be borrowed on the requested Borrowing Date, (ii) the requested Borrowing Date (which shall be the Business Day), (iii) whether the borrowing is to be of Eurocurrency Loans, ABR Loans or a combination thereof and (iv) if the borrowing is to be entirely or partly of Eurocurrency Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Periods therefor, (B) (i) certifying that, after giving effect to the anticipated use of the borrowing, the Borrower shall be in compliance with the respective provisions hereof relating to the use of proceeds of the Loans, and (C) providing a summary reconciliation of the actual use of proceeds of any previous Borrowing as compared to the anticipated use of proceeds of such Borrowings as set forth in any such prior notice delivered pursuant to this Section 2.3(a) so as to confirm compliance with Section 5.9(b); provided that Eurocurrency Loans shall not be available until three Business Days after the Closing Date unless otherwise agreed by the Administrative Agent and the Lenders. If the Borrower fails to specify a Type of Loan in a notice of borrowing, then the



applicable Loans shall be made as ABR Loans. If the Borrower requests a Borrowing of Eurocurrency Loans in any such notice of borrowing, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Each Borrowing shall be in a principal amount of at least \$250,000,000 or if less, equal to the remaining available balance of the Commitments at such time.

(b) Upon receipt of such notice of such Borrowing, the Administrative Agent shall promptly notify each Lender thereof of its Applicable Percentage of such Borrowing. Each Lender will make available in Dollars the amount of its Applicable Percentage of the requested Borrowing to be made on the applicable Borrowing Date, in each case for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 12:00 P.M., New York City time (or, if the time period for the Borrower's delivery of notice was extended, such later time as agreed to by the Borrower and the Administrative Agent in its reasonable discretion, but in no event less than one hour following notice) on the applicable Borrowing Date in funds immediately available to the Administrative Agent. The Administrative Agent shall on such date credit the account of the Borrower on the books of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

(c) An indicative, non-binding funding schedule is attached as Exhibit E.

2.4 Priority. Subject in each case to the entry and the terms of the DIP Order and the terms of the Loan Documents, the DIP Facility and the DIP Obligations shall, subject and subordinate to the Carve-Out, at all times:

(a) pursuant to Section 364(c)(1) of the Bankruptcy Code, be entitled to superpriority administrative expense status (the "DIP Superpriority Claims"), with priority over all other costs and expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 363, 364, 503(b), 506(c), 507(a), 507(b), 546, 726, 1113 and 1114 of the Bankruptcy Code, other than the Casualty Superpriority Claims (which shall be treated in accordance with the ABS Settlement);

(b) pursuant to Section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected first priority security interest in and lien upon all DIP Collateral, whether existing on the Petition Date or thereafter acquired, that, on or as of the Petition Date was not subject to valid, enforceable, perfected and non-avoidable liens (or perfected after the Petition Date to the extent permitted by Section 546(b) of the Bankruptcy Code);

(c) pursuant to Section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected junior priority security interest and lien on all prepetition and postpetition property of the Loan Parties that was subject to a valid, enforceable, perfected and unavoidable lien or security interest in favor of third parties (other than the Prepetition Secured Parties) that was in existence immediately prior to the Petition Date (or which were valid and enforceable on the Petition Date and perfected subsequent thereto as permitted by Section 546(b) of the Bankruptcy Code) and which remain subject to such valid, enforceable, perfected, and non-avoidable lien or security interest as of the date of entry of the DIP Order, which DIP Liens shall be: (A) junior only to any such lien or security interest referred to above in this clause (c)

(collectively, the “Senior Third-Party Liens”); and (B) senior to all other liens on, and security interests in, the DIP Collateral; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected first priority priming security interest and lien on all DIP Collateral whether in existence on the Petition Date or thereafter created, acquired, or arising and wherever located, subject only to the Carve-Out and Senior Third-Party Liens, if any.

The foregoing Liens shall be granted pursuant to Sections 364(c)(2), (c)(3) and (d)(1) of the Bankruptcy Code (subject to any Permitted Liens) and the DIP Order shall provide that such Liens shall be automatically perfected upon the entry of the DIP Order without the need for any further action by the Administrative Agent, the Lenders or any Loan Party, including the filing of any financing statements or the recording of any mortgages. To the extent applicable, Liens securing the DIP Obligations (i) on any Canadian SPV Issuer Equity shall be subject to the Canadian Required Standstill Provisions, (ii) on any HVF SPV Issuer Equity shall be subject to the HVF Required Standstill Provisions and (iii) on any HVF II SPV Issuer Equity shall be subject to the HVF II Required Standstill Provisions. The Administrative Agent and each of the Lenders hereby acknowledge receipt of the Canadian Indenture and the Canadian Required Standstill Provisions contained therein.

## 2.5 Record of Loans.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) The Administrative Agent shall maintain the Register pursuant to Section 11.6(b), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each applicable Lender’s share thereof.

(c) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 2.5(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

## 2.6 Incremental L/C Facilities.

(a) So long as no Event of Default exists or would arise therefrom, the Borrower shall have the right, at any time and from time to time after the Closing Date, to request new letter of credit facility commitments under one or more new letter of credit facilities to be included in this Agreement or in separate credit documentation (any such facilities, “Incremental

L/C Facilities"); provided that, the aggregate principal amount of Incremental L/C Facilities permitted pursuant to this Section 2.6 shall not exceed, at the time the respective Incremental L/C Facility becomes effective, \$200,000,000. Any Incremental L/C Facilities shall constitute DIP Obligations.

(b) Each request from the Borrower pursuant to this Section 2.6 shall set forth the requested amount and proposed terms of the relevant Incremental L/C Facilities. The Incremental L/C Facilities may be provided by any existing Lender, an Affiliate of an existing Lender or by any other bank, savings and loan association or other similar savings institution, insurance company, investment fund or company or other financial institution (any such bank, savings and loan association or other savings institution, insurance company, investment fund or company or other financial institution, an "Additional Incremental L/C Lender," and the Additional Incremental L/C Lenders together with any existing Lender providing commitments under an Incremental L/C Facility, the "Incremental L/C Lenders") subject to, in the case of an Additional Incremental L/C Lender that is not an existing Lender or an Affiliate of an existing Lender, the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed). No Lender will be required to provide any such commitments under an Incremental L/C Facility unless it so agrees.

(c) Incremental L/C Facilities shall become commitments under this Agreement pursuant to an amendment (an "Incremental Amendment") to this Agreement or pursuant to separate credit documentation, in each case, executed by the Borrower and each applicable Incremental L/C Lender. An Incremental Amendment may, without the consent of any other Lender, effect such amendments to any Loan Documents as may be necessary or appropriate, in the opinion of the Borrower and the Administrative Agent, to effect the provisions of this Section 2.6.

(d) (i) (A) No Incremental L/C Facility will be guaranteed by any U.S. Subsidiary or Canadian Subsidiary of the Borrower other than the Subsidiary Guarantors, (B) no Incremental L/C Facility may be secured by any Collateral or other assets of any Loan Party that do not also secure the Loans, and (C) each Incremental L/C Facility shall be secured on a *pari passu* basis with the Loans; (ii) the maturity date of any Incremental L/C Facility shall be no earlier than the Maturity Date; (iii) the letter of credit fees applicable to any Incremental L/C Facility shall be determined by the Borrower and the applicable Incremental L/C Lenders; and (iv) each such Incremental L/C Facility shall have been approved by the Bankruptcy Court.

(e) Notwithstanding anything to the contrary set forth herein, (i) Postpetition Letters of Credit issued under an Incremental L/C Facility shall only be issued to replace a Prepetition Letter of Credit issued pursuant to either the RAC Credit Agreement or the Letter of Credit Agreement and (ii) no such Postpetition Letter of Credit shall issued in a face amount greater than 110% of the undrawn amount of the applicable replaced Prepetition Letter of Credit.

SECTION 3. [Reserved]

SECTION 4. GENERAL PROVISIONS APPLICABLE TO LOANS.

4.1 Interest Rates and Payment Dates.

(a) Each Eurocurrency Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurocurrency Rate determined for such day plus the Applicable Margin in effect for such day.

(b) Each ABR Loan shall bear interest for each day that it is outstanding at a rate per annum equal to the ABR for such day plus the Applicable Margin in effect for such day.

(c) During the continuance of an Event of Default, if all or a portion of (i) the principal amount of any Loan is overdue, (ii) any interest payable thereon is overdue or (iii) any fee payable hereunder shall not be paid when due (whether at the Maturity Date, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the relevant foregoing provisions of this Section 4.1 plus 2.00%, (y) in the case of overdue interest, the rate that would be otherwise applicable to principal of the related Loan pursuant to the relevant foregoing provisions of this Section 4.1 (other than clause (x) above) plus 2.00% and (z) in the case of fees, the rate described in paragraph (b) of this Section 4.1 for ABR Loans plus 2.00%, in each case, from the date of such non-payment that resulted in an Event of Default until such amount is paid in full (after as well as before judgment); provided that (1) no amount shall be payable pursuant to this Section 4.1(c) to a Defaulting Lender so long as such Lender shall be a Defaulting Lender and (2) no amounts shall accrue pursuant to this Section 4.1(c) on any overdue amount or other amount payable to a Defaulting Lender so long as such Lender shall be a Defaulting Lender. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be payable monthly in arrears on the last Business Day of each calendar month, and on the Maturity Date, or such earlier date as the Commitments shall terminate as provided in Section 9.

(d) Interest on each Loan shall accrue on a daily basis and shall be payable in arrears on (i) each Interest Payment Date with respect to interest accrued on and up to each such Interest Payment Date; (ii) any prepayment of such Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) the maturity of the Loans, including on the Maturity Date. For the avoidance of doubt, if the full amount of the Loans are not repaid on the Maturity Date, interest shall continue to accrue at the rate set forth in paragraph (c) of this Section 4.1.

(e) It is the intention of the parties hereto to comply strictly with applicable usury laws; accordingly, it is stipulated and agreed that the aggregate of all amounts which constitute interest under applicable usury laws, whether contracted for, charged, taken, reserved, or received, in connection with the indebtedness evidenced by this Agreement or any other document relating or referring hereto or thereto, now or hereafter existing, shall never exceed under any circumstance whatsoever the maximum amount of interest allowed by applicable usury laws.

#### 4.2 Conversion and Continuation Options.

(a) The Borrower may elect from time to time to convert outstanding Loans from Eurocurrency Loans made or outstanding to ABR Loans by giving the Administrative Agent at least one Business Day's prior notice of such election, provided that any such conversion of Eurocurrency Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert outstanding Loans made or outstanding from ABR Loans to Eurocurrency Loans by giving the Administrative Agent at least three Business Days' prior notice of such election. Any such notice of conversion to Eurocurrency Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurocurrency Loans and ABR Loans may be converted as provided herein; provided that (i) (unless the Required Lenders otherwise consent) no Loan may be converted into a Eurocurrency Loan when any payment Event of Default has occurred and is continuing and the Administrative Agent has given notice to the Borrower that no such conversions may be made and (ii) no Loan may be converted into a Eurocurrency Loan with an Interest Period of longer than one month after the date that is one month prior to the Maturity Date.

(b) Any Eurocurrency Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent of the length of the next Interest Period to be applicable to such Eurocurrency Loan, determined in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, provided that no Eurocurrency Loan may be continued as such (i) (unless the Required Lenders otherwise consent) when any payment Event of Default has occurred and is continuing and the Administrative Agent has given notice to the Borrower that no such continuations may be made or (ii) after the date that is one month prior to the Maturity Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso, such Eurocurrency Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice of continuation pursuant to this Section 4.2(b), the Administrative Agent shall promptly notify each Lender thereof.

(c) If the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be converted to ABR Loans. Any such automatic conversion to ABR Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Loans. If the Borrower requests a conversion to, or continuation of Eurocurrency Loans in any notice required pursuant to clauses (a) or (b) above, as applicable, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

4.3 Minimum Amounts; Maximum Sets. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Eurocurrency Loans comprising each Set shall be no less than \$25,000,000 (provided that, notwithstanding the foregoing, any Loan may be converted or continued in its entirety), and so that there shall not be more than 15 Sets at any one time outstanding (or such greater number as may be reasonably acceptable to the Administrative Agent).

#### 4.4 Optional and Mandatory Prepayments and Commitment Reductions.

(a) Optional Prepayment of the Loans. The Borrower may at any time and from time to time prepay the Loans made to them in whole or in part, subject to Section 4.12, without premium or penalty, upon notice by the Borrower to the Administrative Agent prior to 1:00 P.M., New York City time, at least three Business Days prior to the date of prepayment in the case of Eurocurrency Loans, or prior to 1:00 P.M., New York City time, on the date of prepayment in the case of ABR Loans. For the avoidance of doubt, Loans that are repaid or prepaid may not be reborrowed. Such notice shall specify the date and amount of prepayment, whether the prepayment is of Eurocurrency Loans, ABR Loans or a combination thereof, and, if a combination thereof, the principal amount allocable to each. Upon the receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. Any such notice may state that such notice is conditioned upon the occurrence or non-occurrence of any event specified therein (including the effectiveness of other credit facilities), in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. If any such notice is given and is not revoked, the amount specified in such notice shall be due and payable on the date specified therein, together with (if a Eurocurrency Loan is prepaid other than at the end of the Interest Period applicable thereto) any amounts payable pursuant to Section 4.12 and accrued interest to such date on the amount prepaid. Partial prepayments pursuant to this Section 4.4(a) shall be in a minimum aggregate amount of \$5,000,000; provided that, notwithstanding the foregoing, the Loans may be prepaid in their entirety. Prepayments of the Loans pursuant to this Section 4.4(a) shall be applied on a pro rata basis based on the aggregate principal amount of Loans outstanding at such time.

(b) Optional Termination or Reduction of Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent (which will promptly notify the Lenders thereof), to terminate the Commitments or, from time to time, to reduce the amount of the Commitments. Any termination of the Commitments shall terminate the Commitment of each Lender. Any partial reduction of the Commitments shall be in an amount equal to \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof and shall be applied to reduce the Commitment of each of the Lenders on a pro rata basis (i.e., based on a fraction (expressed as a percentage) the numerator of which is the Commitment of the respective Lender and the denominator of which is the aggregate amount of the Commitments of all of the Lenders).

(c) Mandatory Reduction of Commitments. (i) The Commitments shall automatically and permanently be reduced on each Borrowing Date (after giving effect to the Loans incurred on such Borrowing Date) by an amount equal to the aggregate principal amount of the Loans incurred on such Borrowing Date and (ii) the Commitments shall be permanently reduced as, and to the extent, set forth in the proviso to Section 7.8(b)(ii) (with each such reduction pursuant to this clause (c) to be applied to the Commitment of each Lender on a pro rata basis (i.e., based on a fraction (expressed as a percentage) the numerator of which is the Commitment of the respective Lender and the denominator of which shall be the aggregate amount of the Commitments of all of the Lenders).

(d) Termination of Commitments. The Commitments (and the Commitment of each Lender) shall terminate in their entirety on the Maturity Date.

#### 4.5 Fees.

(a) The Borrower agrees to pay to the Administrative Agent any fees in the amounts and on the dates previously agreed to in writing pursuant to the Fee Letter by the Borrower and the Administrative Agent in connection with this Agreement. The Borrower agrees to pay to the Commitment Parties the Backstop Premium in the amount and on the date previously agreed to in writing pursuant to the Commitment Letter (which Backstop Premium may be netted from the proceeds of the initial Loans incurred hereunder).

(b) The Borrower agrees to pay to the Administrative Agent, for the account of each Lender (other than a Defaulting Lender), a commitment fee for the period from and including the first day of the Commitment Period to the earlier of (i) the date on which the Commitments have been terminated and (ii) the Maturity Date, computed at a rate of 3.75% *per annum* multiplied by the daily amount of such Lender's Commitment (whether or not then available), which fee shall be calculated on the basis of a 365-day year and actual number of days elapsed. Accrued commitment fees under this paragraph (b) shall be payable monthly in arrears on the last Business Day of each calendar month, and on the Maturity Date, or such earlier date as the Commitments shall terminate as provided herein.

(c) The Borrower agrees to pay to the Administrative Agent for the ratable account of the Lenders entitled thereto (other than Defaulting Lenders), an upfront payment (the "Upfront Payment") in cash in an amount equal to 1.50% (the "Upfront Payment Percentage") of the aggregate principal amount of the Loans funded hereunder in respect of each Borrowing, which Upfront Payment shall be earned, due and payable on the Borrowing Date of such Borrowing (and will be netted out of the proceeds of such Borrowing) and calculated by multiplying the Upfront Payment Percentage by the aggregate principal amount of Loans funded by such Lender on such Borrowing Date. If any Lender shall fail to fund its Applicable Percentage of the requested Loans on any Borrowing Date upon satisfaction of all applicable conditions precedent, the Upfront Payment with respect to such unfunded amount of such Loans shall be reallocated to any Lender that funds such unfunded amount(s).

(d) The Loan Parties shall treat the Loans as indebtedness for U.S. federal income tax purposes and shall not take any inconsistent position on any tax return to the extent permitted by applicable Law. The Borrower shall use reasonable best efforts to consult with the Lenders and the Lender Advisors with respect to all original issue discount computations involving the DIP Facility, and upon the reasonable request of the Lenders or the Borrower, shall provide any information reasonably requested by the Lenders with respect to such original issue discount computations.

#### 4.6 Computation of Interest and Fees.

(a) Interest (other than interest based on the Prime Rate) shall be calculated on the basis of a 360-day year for the actual days elapsed; and commitment fees and interest based on the Prime Rate shall be calculated on the basis of a 365-day year (or 366-day year, as the case may be) for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurocurrency Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve

Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower or any Lender, deliver to the Borrower or such Lender a statement showing in reasonable detail the calculations used by the Administrative Agent in determining any interest rate pursuant to Section 4.1, excluding any Eurocurrency Base Rate which is based upon the Reuters LIBOR Rates Page and any ABR Loan which is based upon the Prime Rate.

#### 4.7 Inability to Determine Interest Rate.

(a) If prior to the first day of any Interest Period, the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate with respect to any Eurocurrency Loan for such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (a) any Eurocurrency Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans and (b) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurocurrency Loans shall be converted to or continued as ABR Loans.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBO Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 P.M., New York City time, on the fifth Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from the Required Lenders; provided that, with respect to any proposed amendment containing any SOFR Based Rate, the Lenders shall be entitled to object only to the Benchmark Replacement Adjustment contained therein. Any such amendment with respect to an Early Opt-in Election will become effective on the date that the Required Lenders have delivered to the Administrative Agent written notice that the Required Lenders accept such amendment. No replacement of LIBO Rate with a Benchmark Replacement pursuant to this Section 4.7 will occur prior to the applicable Benchmark Transition Start Date.

(c) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(d) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as



applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 4.7, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.7.

(e) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurocurrency Loan Borrowing of, conversion to or continuation of Eurocurrency Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans. During any Benchmark Unavailability Period, the component of ABR based upon LIBO Rate will not be used in any determination of ABR.

#### 4.8 Pro Rata Treatment and Payments.

(a) Each payment (including each prepayment, but excluding payments made pursuant to Sections 4.9, 4.10, 4.11, 4.12, 4.13(d), 4.14, 11.1(f) or 11.6) by the Borrower on account of principal of and interest on the Loans shall be allocated by the Administrative Agent pro rata according to the respective outstanding principal amounts of such Loans then held by the respective Lenders. All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made prior to 2:00 P.M., New York City time, on the due date thereof, to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2 and in Dollars in immediately available funds. Payments received by the Administrative Agent after such time shall be deemed to have been received on the next Business Day. The Administrative Agent shall distribute such payments to such Lenders, if any such payment is received prior to 2:00 P.M., New York City time, on a Business Day, in like funds as received prior to the end of such Business Day and otherwise the Administrative Agent shall distribute such payment to such Lenders on the next succeeding Business Day. If any payment hereunder (other than payments on the Eurocurrency Loans) becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurocurrency Loan becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day (and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension) unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its

share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower in respect of such borrowing a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent on demand, such amount with interest thereon at a rate per annum equal to the daily average Federal Funds Effective Rate as quoted by the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.8(b) shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, (x) the Administrative Agent shall notify the Borrower of the failure of such Lender to make such amount available to the Administrative Agent and the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to such borrowing hereunder on demand, from the Borrower and (y) then the Borrower may, without waiving or limiting any rights or remedies it may have against such Lender hereunder or under applicable law or otherwise, borrow a like amount on an unsecured basis from any commercial bank for a period ending on the date upon which such Lender does in fact make such borrowing available.

4.9 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof occurring after the Closing Date shall make it unlawful for any Lender to make or maintain any Eurocurrency Loans as contemplated by this Agreement ("Affected Loans"), (a) such Lender shall promptly give written notice of such circumstances to the Borrower and the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Affected Loans, continue Affected Loans as such and convert an ABR Loan to an Affected Loan shall forthwith be cancelled and, until such time as it shall no longer be unlawful for such Lender to make or maintain such Affected Loans, such Lender shall then have a commitment only to make an ABR Loan when an Affected Loan is requested, (c) such Lender's Loans then outstanding as Affected Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Affected Loans or within such earlier period as required by law and (d) such Lender's Loans then outstanding as Affected Loans, if any, not converted to ABR Loans pursuant to Section 4.9(c) shall, upon notice to the Borrower, be prepaid with accrued interest thereon on the last day of the then current Interest Period with respect thereto (or such earlier date as may be required by any such Requirement of Law). If any such conversion or prepayment of an Affected Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.12.

4.10 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender):

(i) subject any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its Loans, Commitments or other DIP Obligations, or its deposits, reserves, other liabilities or capital attributable to its Loans or Commitments;

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurocurrency Rate hereunder; or

(iii) shall impose on such Lender any other condition (excluding any Tax of any kind whatsoever);

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurocurrency Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrower from such Lender, through the Administrative Agent, in accordance herewith, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable with respect to such Eurocurrency Loans, provided that, in any such case, the Borrower may elect to convert the Eurocurrency Loans made by such Lender hereunder to ABR Loans by giving the Administrative Agent at least one Business Day's notice of such election, in which case the Borrower shall pay to such Lender, within thirty days of such Lender's written request therefor, without duplication, amounts theretofore required to be paid to such Lender pursuant to this Section 4.10(a) and such amounts, if any, as may be required pursuant to Section 4.12. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.10, it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in this Section 4.10(a) has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Section 4.10 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. This Section 4.10 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder. Notwithstanding anything to the contrary in this Section 4.10(a), the Borrower shall not be required to compensate a Lender pursuant to this Section 4.10(a) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any

Governmental Authority, in each case, made subsequent to the Closing Date, does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of such Lender's obligations hereunder, then from time to time, within thirty days after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor certifying (x) that one of the events described in this Section 4.10(b) has occurred and describing in reasonable detail the nature of such event, (y) as to the reduction of the rate of return on capital resulting from such event and (z) as to the additional amount or amounts demanded by such Lender or corporation and a reasonably detailed explanation of the calculation thereof, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or corporation for such reduction. Such a certificate as to any additional amounts payable pursuant to this Section 4.10 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section 4.10(b), the Borrower shall not be required to compensate a Lender pursuant to this Section 4.10(b) for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor.

(c) Subject to the last sentence of this paragraph, the Borrower shall not be required to pay any amount with respect to any additional cost or reduction specified in paragraph (a) or paragraph (b) above, to the extent such additional cost or reduction is attributable, directly or indirectly, to the application of, compliance with or implementation of specific capital adequacy requirements or new methods of calculating capital adequacy, including any part or "pillar" (including Pillar 2 ("Supervisory Review Process")), of the International Convergence of Capital Measurement Standards: a Revised Framework, published by the Basel Committee on Banking Supervision in June 2004, or any implementation, adoption (whether voluntary or compulsory) thereof, whether by an EC Directive or the FSA Integrated Prudential Sourcebook or any other law or regulation, or otherwise. In addition, the Borrower shall not be required to pay any amount with respect to any additional cost or reduction specified in paragraph (a) or paragraph (b) above unless such Lender delivers a certificate from a senior officer of such Lender certifying to the Borrower that the request therefor is being made, and the method of calculation of the amount so requested is being applied, consistently with such Lender's treatment of a majority of its customers in connection with similar transactions affected by the relevant adoption or change in a Requirement of Law. Notwithstanding anything to the contrary in this Section 4.10, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be an adoption of or change in any Requirement of Law, regardless of the date enacted, adopted or issued.

#### 4.11 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or

withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within 10 days after written request therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after written request therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.6(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit A-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W 8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W 8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit A-2 or Exhibit A-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit A-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law

(including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

4.12 Indemnity. The Borrower agrees to indemnify each Lender in respect of Eurocurrency Loans made, or requested to be made, to the Borrower, and to hold each such Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's bad faith, gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment) as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurocurrency Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment or conversion of Eurocurrency Loans after the



Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a payment or prepayment of Eurocurrency Loans or the conversion of Eurocurrency Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or converted, or not so borrowed, converted or continued, for the period from the date of such prepayment or conversion or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurocurrency Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurocurrency market. If any Lender becomes entitled to claim any amounts under the indemnity contained in this Section 4.12, it shall provide prompt notice thereof to the Borrower, through the Administrative Agent, certifying (x) that one of the events described in clause (a), (b) or (c) has occurred and describing in reasonable detail the nature of such event, (y) as to the loss or expense sustained or incurred by such Lender as a consequence thereof and (z) as to the amount for which such Lender seeks indemnification hereunder and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any indemnification pursuant to this Section 4.12 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. This Section 4.12 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

#### 4.13 Certain Rules Relating to the Payment of Additional Amounts.

(a) Upon the request, and at the expense of the Borrower, each Lender to which the Borrower is required to pay any additional amount pursuant to Section 4.10 or 4.11, and any Participant in respect of whose participation such payment is required, shall reasonably afford the Borrower the opportunity to contest, and reasonably cooperate with the Borrower in contesting, the imposition of any Tax giving rise to such payment; provided that (i) such Lender shall not be required to afford the Borrower the opportunity to so contest unless the Borrower shall have confirmed in writing to such Lender its obligation to pay such amounts pursuant to this Agreement and (ii) the Borrower shall reimburse such Lender for its reasonable attorneys' and accountants' fees and disbursements incurred in so cooperating with the Borrower in contesting the imposition of such Tax; provided, however, that notwithstanding the foregoing, no Lender shall be required to afford the Borrower the opportunity to contest, or cooperate with the Borrower in contesting, the imposition of any Taxes, if such Lender, in its sole discretion in good faith, determines that to do so would have a Material Adverse Effect on it.

(b) If a Lender changes its applicable lending office (other than pursuant to paragraph (c) below) and the effect of such change, as of the date of such change, would be to cause the Borrower to become obligated to pay any additional amount under Section 4.10 or 4.11, the Borrower shall not be obligated to pay such additional amount, except to the extent that, pursuant to Section 4.11, amounts with respect to such Taxes were payable to such Lender immediately before it changed its lending office.

(c) If a condition or an event occurs which would, or would upon the passage of time or giving of notice, result in the payment of any additional amount to any Lender by the Borrower pursuant to Section 4.10 or 4.11 or result in Affected Loans or commitments to make Affected Loans being automatically converted to ABR Loans pursuant to Section 4.9, such Lender shall promptly notify the Borrower and the Administrative Agent and shall take such steps as may reasonably be available to it to mitigate the effects of such condition or event (which shall include efforts to rebook the Loans and Commitments held by such Lender at another lending office, or through another branch or an affiliate, of such Lender); provided that such Lender shall not be required to take any step that, in its reasonable judgment, would be materially disadvantageous to its business or operations or would require it to incur additional costs (unless the Borrower agrees to reimburse such Lender for the reasonable incremental out-of-pocket costs thereof).

(d) If the Borrower shall become obligated to pay additional amounts pursuant to Section 4.10 or 4.11 and any affected Lender shall not have promptly taken steps necessary to avoid the need for payments under Section 4.10 or 4.11 or if Affected Loans or commitments to make Affected Loans are automatically converted to ABR Loans under Section 4.9 and any affected Lender shall not have promptly taken steps necessary to avoid the need for such conversion under Section 4.9, the Borrower shall have the right, for so long as such obligation remains, (i) with the assistance of the Administrative Agent, to seek one or more substitute Lenders reasonably satisfactory to the Administrative Agent and the Borrower to purchase the affected Loan or Commitment, as the case may be, in whole or in part, at in the case of Loans and Commitments an aggregate price no less than such Loan's or Commitment's principal amount plus accrued interest, and assume the affected obligations under this Agreement, or (ii) upon notice to the Administrative Agent, to prepay the affected Loan, in whole or in part, subject to Section 4.12, without premium or penalty and terminate the Commitment of the affected Lender. In the case of the substitution of a Lender, the Borrower, the Administrative Agent, the affected Lender, and any substitute Lender shall execute and deliver a duly completed Assignment and Acceptance pursuant to Section 11.6(b) to effect the assignment of rights to, and the assumption of obligations by, the substitute Lender; provided that any fees required to be paid by Section 11.6(b) in connection with such assignment shall be paid by the Borrower or the substitute Lender. In the case of a prepayment of an affected Loan, the amount specified in the notice shall be due and payable on the date specified therein, together with any accrued interest to such date on the amount prepaid. In the case of each of the substitution of a Lender and of the prepayment of an affected Loan, the Borrower shall first pay the affected Lender any additional amounts owing under Sections 4.10 and 4.11 (as well as any commitment fees and other amounts then due and owing to such Lender, including any amounts under this Section 4.13) prior to such substitution or prepayment. In the case of the substitution of a Lender, if the Lender being replaced does not execute and deliver to the Administrative Agent a duly completed Assignment and Acceptance and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the assignee Lender executes and delivers such Assignment and Acceptance and/or such other documentation and (b) the date as of which all obligations of the Borrower owing to such replaced Lender relating to the Loans shall be paid in full by the assignee Lender to such Lender being replaced, then the Lender being replaced shall be deemed to have executed and delivered such Assignment and Acceptance and/or such other documentation as of such date and the Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Acceptance and/or such other documentation on behalf of such Lender.

(e) If the Administrative Agent or any Lender receives a refund directly attributable to taxes for which the Borrower has made additional payments pursuant to Section 4.10(a) or 4.11(a), the Administrative Agent or such Lender, as the case may be, shall promptly pay such refund (together with any interest with respect thereto received from the relevant taxing authority, but net of any reasonable cost incurred in connection therewith) to the Borrower; provided, however, that the Borrower agrees promptly to return such refund (together with any interest with respect thereto due to the relevant taxing authority) (free of all Indemnified Taxes) to the Administrative Agent or the applicable Lender, as the case may be, upon receipt of a notice that such refund is required to be repaid to the relevant taxing authority.

(f) The obligations of the Administrative Agent, any Lender or any Participant under this Section 4.13 shall survive the termination of this Agreement and the payment of the Loans and all amounts payable hereunder.

4.14 Defaulting Lenders. Notwithstanding anything contained in this Agreement, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) no commitment fee shall accrue for the account of a Defaulting Lender so long as such Lender shall be a Defaulting Lender;

(b) in determining the Required Lenders, any Lender that at the time is a Defaulting Lender (and the Loans and/or Commitment of such Defaulting Lender) shall be excluded and disregarded;

(c) the Borrower shall have the right (A) to seek one or more Persons reasonably satisfactory to the Administrative Agent and the Borrower to each become a substitute Lender and purchase all or part of the Loans and Commitments of such Defaulting Lender and, in such event, the Borrower, the Administrative Agent and any such substitute Lender shall execute and deliver, and such Defaulting Lender shall thereupon be deemed to have executed and delivered, a duly completed Assignment and Acceptance to effect such substitution or (B) upon notice to the Administrative Agent, to prepay the Loans and, at the Borrower's option, terminate the Commitments of such Defaulting Lender, in whole or in part, without premium or penalty;

(d) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 11.7) may, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated non-interest bearing account and, subject to any applicable Requirements of Law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iv) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement, (v) fourth, pro rata, to

the payment of any amounts owing to the Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement and (vi) fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is (x) a prepayment of the principal amount of any Loans in respect of which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 6.2 are satisfied, such payment shall be applied solely to prepay the Loans of all Non-Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans any Defaulting Lender; and

(e) the rights and remedies against a Defaulting Lender under this Section 4.14 are in addition to other rights and remedies that the Borrower, the Administrative Agent, and the Non-Defaulting Lenders may have against such Defaulting Lender. The arrangements permitted or required by this Section 4.14 shall be permitted under this Agreement, notwithstanding any limitation on Liens or the pro rata sharing provisions or otherwise.

**SECTION 5. REPRESENTATIONS AND WARRANTIES.** To induce the Administrative Agent and each Lender to make the Loans requested to be made by it in accordance with the provisions of Section 2.3 and on each Borrowing Date thereafter, the Borrower hereby represents and warrants, on the Closing Date, and on each Borrowing Date thereafter, to the Administrative Agent and each Lender that:

5.1 No Change. Since the Petition Date, there has been no development or event relating to or affecting any Loan Party which has had a Material Adverse Effect (after giving effect to (i) the making of the Loans to be made in accordance with the provisions of Section 2.3 and each Borrowing Date thereafter and the application of the proceeds thereof as contemplated hereby, and (ii) the payment of actual or estimated fees, expenses, financing costs and tax payments related to the transactions contemplated hereby).

5.2 Corporate Existence; Compliance with Law. Subject to the effectiveness of the DIP Order, each of the Loan Parties (a) is duly organized, validly existing and (to the extent applicable in the relevant jurisdiction) in good standing under the laws of the jurisdiction of its incorporation or formation, except (other than with respect to the Borrower), to the extent that the failure to be organized, existing and (to the extent applicable) in good standing would not reasonably be expected to have a Material Adverse Effect, (b) has the corporate or other organizational power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, except to the extent that the failure to have such legal right would not be reasonably expected to have a Material Adverse Effect and (c) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith would not be reasonably expected to have a Material Adverse Effect.

5.3 Corporate Power; Authorization; Enforceable Obligations. Subject to the effectiveness of the DIP Order, each Loan Party has the corporate or other organizational power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain the Loans hereunder, and each such Loan Party has taken

all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the incurrence of the Loans by it, if any, on the terms and conditions of this Agreement. Other than the DIP Order, no consent or authorization of, filing with, notice to or other similar act by or in respect of, any Governmental Authority is required to be obtained or made by or on behalf of any Loan Party in connection with the execution, delivery, performance, validity or enforceability of the Loan Documents to which it is a party or, in the case of the Borrower, with the incurrence of the Loans by it, if any, hereunder, except for (a) consents, authorizations, notices and filings described in Schedule 5.3, all of which have been obtained or made prior to the Closing Date, (b) filings pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq.), in respect of Accounts of the Borrower and Subsidiary Guarantors the Obligor in respect of which is the United States of America or any department, agency or instrumentality thereof, (c) consents, authorizations, notices and filings which the failure to obtain or make would not reasonably be expected to have a Material Adverse Effect and (d) any necessary local filings or recordings as may be required in connection with perfecting Liens in the DIP Collateral owned by any Loan Party not organized in the United States. This Agreement has been duly executed and delivered by the Borrower, and each other Loan Document to which any Loan Party is a party will be duly executed and delivered on behalf of such Loan Party. This Agreement constitutes a legal, valid and binding obligation of the Borrower and each other Loan Document to which any Loan Party is a party when executed and delivered will constitute a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, in each case except as may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.4 No Legal Bar. Subject to the effectiveness of the DIP Order, the execution, delivery and performance of the Loan Documents by any of the Loan Parties, the incurrence of the Loans hereunder and the use of the proceeds thereof (a) will not violate any Requirement of Law or Contractual Obligation of such Loan Party in any respect that would reasonably be expected to have a Material Adverse Effect and (b) will not result in, or require, the creation or imposition of any Lien (other than Permitted Liens) on any of its properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

5.5 Ownership of Property. Each Loan Party has good title in fee simple to, or a valid leasehold interest in, all its material real property located in the United States of America, and good title to, or a valid leasehold interest in, all its other material property located in the United States of America, except where the failure to have such title would not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien, except for Permitted Liens.

5.6 Taxes. To the knowledge of the Borrower, each Loan Party has filed all federal and material state and other material tax returns and reports required to be filed, and have paid all federal and material state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b)

to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.7 Federal Regulations. No part of the proceeds of any Loans will be used for any purpose which violates the provisions of the Regulations of the Board, including Regulation T, Regulation U or Regulation X of the Board, in each case, as in effect from time to time.

5.8 Investment Company Act; Other Regulations. The Borrower is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act. The Borrower is not subject to regulation under any federal or state statute or regulation (other than Regulation X of the Board) which limits its ability to incur Indebtedness as contemplated hereby.

5.9 Purpose of Loans.

(a) The Borrower shall use the proceeds from each Loan for only the following purposes, subject to clause (b) below and the limitations set forth in Section 8.9 and the other terms and conditions herein and in the DIP Order:

(i) for working capital and other general corporate purposes of the Loan Parties and as otherwise permitted hereunder (including, without limitation, to make vehicle lease payments for vehicles in the U.S. and Canada used in the operations of any Loan Party (either directly or indirectly through contribution or loans to the entities required to make such payments), to make Permitted Investments (subject to the limitations on Non-Loan Party Transactions) and to pay administration costs incurred in connection with the Chapter 11 Cases);

(ii) [reserved];

(iii) for capital contributions to Loan Parties in order to avoid, or reduce the likelihood of, their being compelled to liquidate for having negative net equity,

(iv) for payment of DIP Transaction Costs;

(v) to cash collateralize the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, letters of credit, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(vi) to pay restructuring costs and Professional Fees of the Loan Parties, and fund the Carve-Out Reserves (as defined in the DIP Order) in accordance with the terms of the DIP Order;

(vii) to make adequate protection payments;

(viii) to fund ongoing ABS fleet lease payments, purchase fleet vehicles in the U.S. and Canada used in the operations of any Loan Party (either directly or indirectly through contribution or loans to the entities required to make such payments), provide additional liquidity and to contribute capital into a new fleet acquisition Special Purpose Subsidiaries for the acquisition and financing of vehicles in the U.S. and Canada used in the operation of any Loan Party; and

(ix) for any other purpose approved by the Bankruptcy Court in the DIP Order or any other order(s) of the Bankruptcy Court not inconsistent with the terms of this Agreement.

(b) Notwithstanding the foregoing, (i) proceeds of Loans to provide equity directly or indirectly (including through Permitted Investments in or to Special Purpose Subsidiaries) for the acquisition and financing of vehicles in the United States and Canada used or to be used in the operations of any Loan Party shall not exceed, in the aggregate, the New Fleet Sublimit, (ii) the proceeds of Loans to provide for the other purposes described above in this Section 5.9(a) (other than, for the avoidance of doubt, the purposes described in preceding clause (i) and succeeding clause (iii)) shall not exceed, in the aggregate, the Working Capital Sublimit and (iii) proceeds of Loans for the purposes described in clause (iv) above may be used without limit and shall not count toward any utilization of the respective limits in preceding clauses (i) and (ii) of this sentence.

(c) Any agreement in respect of the use of "Money Market Accounts Cash" (as defined in the Third Interim Adequate Protection Order) shall remain in place; provided that the proceeds of Loans shall not constitute "Available Cash" (under, and as defined in, the Third Interim Adequate Protection Order) for purposes of calculating the \$55,000,000 threshold set forth in Section 3(c) of the Third Interim Adequate Protection Order.

5.10 **No Material Misstatements.** The written information, reports, financial statements, exhibits and schedules concerning the Loan Parties and their Subsidiaries furnished by or on behalf of the Borrower to the Administrative Agent and the Lenders in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto, taken as a whole, did not contain, as of the Closing Date, any material misstatement of fact and did not omit to state, as of the Closing Date, any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading in their presentation of the Borrower and its Subsidiaries taken as a whole. It is understood that (a) no representation or warranty is made concerning the forecasts, estimates, pro forma information, projections and statements as to anticipated future performance or conditions, and the assumptions on which they were based or concerning any information of a general economic nature or general information about the Borrower's and its Subsidiaries' industry, contained in any such information, reports, financial statements, exhibits or schedules except that, in the case of such forecasts, estimates, pro forma information, projections and statements, as of the date such forecasts, estimates, pro forma information, projections and statements were generated, (i) such forecasts, estimates, pro forma information, projections and statements were based on the good faith assumptions of the management of the Borrower and (ii) such assumptions were believed by such management to be reasonable and (b) such forecasts, estimates, pro forma information and statements, and the assumptions on which they were based, may or may not prove to be correct.

## 5.11 Anti-Terrorism; Foreign Corrupt Practices.

(a) To the extent applicable, except as would not reasonably be expected to have a Material Adverse Effect, the Borrower and each other Loan Party is, and to the knowledge of the Borrower its directors are, in compliance with any (i) U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department and any other enabling legislation or executive order relating thereto as well as sanctions laws and regulations of the United Nations Security Council, the European Union or any member state thereof and the United Kingdom (collectively, "Sanctions") and (ii) Anti-Corruption Laws.

(b) None of the Borrower or any other Loan Party or, to the knowledge of the Borrower, any director or officer of the Borrower or any other Loan Party, is the target of any Sanctions (a "Sanctioned Party"). Except as would not reasonably be expected to have a Material Adverse Effect, none of the Borrower or any other Loan Party is organized or resident in a country or territory that is the target of a comprehensive embargo under Sanctions (including as of the date of this Agreement, without limitation, Cuba, Iran, North Korea, Syria and the Crimea Region of the Ukraine — each a "Sanctioned Country"). None of the Borrower or any other Loan Party will knowingly (directly or indirectly) use the proceeds of the Loans (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in material violation of Anti-Corruption Laws or (ii) for the purpose of funding or financing any activities or business of or with any Person that at the time of such funding or financing is a Sanctioned Party or organized or resident in a Sanctioned Country, except as otherwise permitted by applicable law, regulation or license.

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Document, this Section 5.11 shall not apply in relevant part to Loan Parties that are organized under the laws of any member state of the European Union solely to the extent this Section 5.11 would violate the provisions of the "Council Regulation (EC) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom" or any other applicable anti-boycott statute.

5.12 Liens. Upon entry of the DIP Order, the DIP Order creates in favor of the Lenders a legal, valid and enforceable fully perfected security interest in and Lien on all right, title and interest of the Loan Parties in the DIP Collateral with the priority described in the DIP Order as and to the extent contemplated by and described in the DIP Order. Other than any necessary local filings or recordings as may be required in connection with perfecting Liens in the DIP Collateral owned by any Loan Party not organized in the United States, no filings or recordings are required in order to perfect the security interests created under the DIP Order.

## SECTION 6. CONDITIONS PRECEDENT.

6.1 Conditions to the Initial Loans. This Agreement, including the agreement of each Lender to make the Loans requested in accordance with the provisions of Section 2.3, shall



become effective on the date on which the following conditions precedent shall have been satisfied or waived:

(a) Loan Documents. The Administrative Agent shall have received the following Loan Documents, in form and substance reasonably satisfactory to the Administrative Agent and the Commitment Parties, executed and delivered as required below:

(i) this Agreement, executed and delivered by a duly authorized officer of the Borrower;

(ii) the Guarantee Agreement, executed and delivered by a duly authorized officer of HGH, Holdings and each Subsidiary Guarantor as of the Closing Date; and

(iii) subject to clause (j) below, each Security Document, executed and delivered by a duly authorized officer of each Canadian Loan Party party thereto.

(b) Fees and Expenses. All reasonable and documented out-of-pocket costs, fees and expenses (including, without limitation, reasonable and documented legal fees and expenses) as, and to the extent, set forth in the Commitment Letter or otherwise required to be paid to the Administrative Agent and the Commitment Parties on the date of the initial Borrowing in accordance with Section 2.3 pursuant to the Commitment Letter (or otherwise agreed to in writing by the Borrower and the Administrative Agent for the Administrative Agent's own fees and expenses) shall have been paid, including, without limitation, the fees referred to in Section 4.5(a) and any Backstop Premium payable pursuant to the Commitment Letter.

(c) Corporate Proceedings of the Loan Parties. The Administrative Agent shall have received a copy of customary resolutions of the Board of Directors of each Loan Party authorizing, as applicable, (i) the execution, delivery and performance of this Agreement and the other Loan Documents to which it is or will be a party as of the Closing Date, (ii) the incurrence of Loans by the Borrower contemplated hereunder and (iii) the granting by it of the Liens to be created pursuant to the DIP Order, certified by the Secretary or an Assistant Secretary of such Loan Party as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified (except as any later such resolution may modify any earlier such resolution), revoked or rescinded and are in full force and effect.

(d) Incumbency Certificates of the Loan Parties. The Administrative Agent shall have received a customary certificate of each Loan Party, dated the Closing Date, as to the incumbency and signature of the officers of such Loan Party executing any Loan Document, executed by an authorized officer and the Secretary or any Assistant Secretary of such Loan Party.

(e) Governing Documents. The Administrative Agent shall have received copies of the certificate or articles of incorporation and by-laws (or other similar governing documents serving the same purpose) of each Loan Party, certified as of the Closing Date

as complete and correct copies thereof by the Secretary or an Assistant Secretary of such Loan Party.

(f) Patriot Act; KYC. No later than five Business Days prior to the Closing Date, the Lenders, to the extent reasonably requested by such Lenders, and the Administrative Agent, shall have received all documentation and other information about the Borrower and the Guarantors that the Administrative Agent has reasonably determined is required by regulatory authorities under “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, and that the Administrative Agent or any such Lender, as applicable, has reasonably requested in writing at least ten days prior to the Closing Date.

(g) Representations and Warranties. Each of the representations and warranties made by any Loan Party pursuant to this Agreement or any other Loan Document (or in any amendment, modification or supplement hereto or thereto) to which it is a party shall be true and correct in all material respects (or, if qualified by materiality, Material Adverse Effect or similar language, in all respects after giving effect to such qualification) on and as of the Closing Date, except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (or, if qualified by materiality, Material Adverse Effect or similar language, in all respects after giving effect to such qualification) as of such earlier date.

(h) No Default. There shall not exist any Default or Event of Default.

(i) Borrowing Notice. The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.3 with respect to any incurrence of Loans.

(j) Collateral Matters. The Administrative Agent, for the benefit of the Lenders, shall have valid and perfected Liens on the DIP Collateral of the Loan Parties as contemplated by Section 2.4, and each UCC and PPSA financing statement and each document required by any Security Document or any applicable Requirements of Law to be filed, registered or recorded in order to create in favor the Administrative Agent, for the benefit of the DIP Secured Parties, a valid and perfected Lien on the DIP Collateral required to be delivered pursuant to each Security Document, shall be in proper form for filing, registration or recording; provided, to the extent that the creation or perfection of any security interest in any DIP Collateral owned by a Canadian Loan Party cannot be provided on the Closing Date after the Loan Parties’ use of commercially reasonable efforts to do so, then the provision of such DIP Collateral (and perfection of security interests therein) shall not constitute a condition precedent to the availability and initial funding of the DIP Facility on the Closing Date, but shall be required to be delivered and perfected after the Closing Date (and in any event, within 45 days after the Closing Date (or 60 days in the case of DIP Collateral constituting real estate), plus any extensions granted by the Administrative Agent (acting at the direction of the Required Lenders) in its reasonable discretion) pursuant to arrangements reasonably acceptable to the Required Lenders.

(k) Bankruptcy Matters.

(i) The Administrative Agent shall have received a signed copy of the DIP Order (x) authorizing and approving the making of the Loans in the amounts consistent with the definition of “DIP Facility” and as contemplated by this Agreement; and (y) granting the DIP Superpriority Claims, the DIP Lien and the other liens referred to in Section 2.4 (which DIP Order shall not have been vacated, reversed, modified, amended or stayed).

(ii) The Bankruptcy Court shall have entered the DIP Order and such order shall not have been vacated, reversed or stayed.

(iii) No trustee, responsible officer or examiner having expanded powers shall have been appointed with respect to the Debtors or their respective properties.

(iv) The Lenders and the Administrative Agent shall have received the initial DIP Budget (for the 13-week period ending after the Closing Date dated as of a date not more than five Business Days prior to the Closing Date), which shall be reasonably satisfactory in form and substance to the Required Commitment Parties.

The making of the Loans by the Lenders hereunder in accordance with the provisions of Section 2.3 shall conclusively be deemed to constitute an acknowledgement by the Administrative Agent and each Lender that each of the conditions precedent set forth in this Section 6.1 shall have been satisfied in accordance with its respective terms or shall have been irrevocably waived by such Person.

6.2 Conditions to Incurrence of Loans After the Closing Date. The agreement of each Lender to make any Loan requested to be made by it on any Borrowing Date after the Closing Date is subject to the satisfaction or waiver of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party pursuant to this Agreement or any other Loan Document (or in any amendment, modification or supplement hereto or thereto) to which it is a party shall be true and correct in all material respects (except to the extent that any representation or warranty that is qualified by materiality, Material Adverse Effect or similar language shall be true and correct in all respects) on and as of the Borrowing date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, if qualified by materiality, in all respects) as of such earlier date;

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the incurrence of Loans requested to be made on such date;

(c) Borrowing Notice. The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.3;

(d) No Violation. The making of such Loan shall not violate any Requirement of Law applicable to the Loan Parties and shall not be enjoined, temporarily, preliminarily or permanently;

(e) Termination Notice. No Termination Notice shall have been validly delivered to the Loan Parties (other than a Termination Notice that has been rescinded);

(f) Availability.

(i) After giving effect to any Borrowing, the aggregate amount of Loans shall not exceed the amount authorized by the DIP Order;

(ii) after giving effect to any Borrowing, the aggregate amount of Loans shall not exceed the Lenders' Commitments; and

(iii) after giving effect to any Borrowing, the representations set forth in Section 5.9(b) shall be true and correct.

(g) DIP Order. The DIP Order shall be in full force and effect, and such order shall not have been vacated, reversed, modified, amended or stayed in any manner except as agreed to by the Required Lenders.

SECTION 7. AFFIRMATIVE COVENANTS. The Borrower hereby agrees that, from and after the Closing Date and thereafter until the Commitments have terminated and payment in full of the Loans and any other amount then due and owing to any Lender or the Administrative Agent hereunder, the Borrower shall and (except in the case of delivery of financial information, reports and notices) shall cause each of the Guarantors that are its Subsidiaries to:

7.1 Financial Reporting Requirements.

(a) As soon as available, but in any event not later than the fifth Business Day after the 105th day following the end of each fiscal year of the Borrower (or such longer period as may be permitted by the SEC for the filing of annual reports on Form 10-K) ending on or after December 31, 2020, deliver to the Administrative Agent (for distribution to each Lender) a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of operations, changes in common stockholders' equity and cash flows for such year, setting forth in each case, in comparative form the figures for and as of the end of the previous year (it being agreed that the furnishing of the Borrower's or any Parent's annual report on Form 10-K for such year, as filed with the SEC, will satisfy the Borrower's obligation under this Section 7.1(a) with respect to such year).

(b) As soon as available, but in any event not later than the fifth Business Day after the 50th day following the end of each of the first three quarterly periods of each fiscal year of the Borrower (or such longer period as may be permitted by the SEC for the filing of quarterly reports on Form 10-Q), deliver to the Administrative Agent (for distribution to each Lender) a copy of the unaudited consolidated balance sheet of the Borrower and its

consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of operations and cash flows of the Borrower and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case, in comparative form the figures for and as of the corresponding periods of the previous year (it being agreed that the furnishing of the Borrower's or any Parent's quarterly report on Form 10-Q for such quarter, as filed with the SEC, will satisfy the Borrower's obligations under this Section 7.1(b) with respect to such quarter).

(c) All such financial statements delivered pursuant to Section 7.1(a), (b) or (e) shall fairly present in all material respects the financial condition of the Borrower and its consolidated Subsidiaries in conformity with GAAP and shall be prepared in reasonable detail in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods that began on or after the Closing Date, subject to changes resulting from audit and normal year-end adjustments (in the case of quarterly and monthly financial statements) and subject to (x) any default under any Prepetition Indebtedness and (y) the impact of the commencement of the Chapter 11 Cases and the transactions contemplated thereby and any impairment or qualification that may be applicable as a result thereof.

(d) On the tenth Business Day of each calendar month after the Closing Date, deliver to the Administrative Agent (for distribution to each Lender) (i) a rolling 13-week cash flow forecast (as amended, extended, varied, supplemented or otherwise modified from time to time, the "DIP Budget") that shall set forth in reasonable detail all receipts and disbursements of the Borrower for the current week and the immediately following consecutive 12 weeks, set forth on a weekly basis; provided that the Borrower may, at its discretion, provide to the Administrative Agent (for distribution to each Lender), an updated DIP Budget for a 13-week period prior to the expiration of the period of the current DIP Budget; provided, further, that, upon the receipt by the Borrower of written acceptance by the Administrative Agent (acting at the direction of the Required Lenders) or the Required Lenders of any DIP Budget (such acceptance to be deemed provided if the Administrative Agent (acting at the direction of the Required Lenders) or the Required Lenders do not object to the DIP Budget within two Business Days of receipt), such DIP Budget shall replace the prior DIP Budget for all purposes hereunder and in the other Loan Documents but, in the event that any proposed budget is not approved by the Administrative Agent (acting at the direction of the Required Lenders) or the Required Lenders, the preceding approved DIP Budget will remain the DIP Budget and (ii) commencing on the Wednesday following the tenth Business Day after the Closing Date, and then on a bi-weekly basis thereafter, on the second Wednesday following each reporting period, (A) a reconciliation of actual receipts and disbursements, cash balance and loan balance against such figures set forth in the DIP Budget for such two week period ending prior to the reporting date, with written explanations of any material line-item that varies by more than 20% for such line-item, in each case, for such two week period (each such reconciliation, a "Variance Report") and (B) a summary reconciliation (if any) of the actual use of proceeds of any Borrowings incurred prior to such date against the anticipated use of proceeds of such Borrowings set forth in any applicable notice of Borrowing so as to ensure compliance with Section 5.9(b).

(e) As soon as available, but in any event not later than the 45th day following the end of each fiscal month (other than March, June, September and December) of the Borrower, deliver to the Administrative Agent (for distribution to each Lender) a copy of the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such month and the related unaudited consolidated statements of operations and cash flows of the Borrower and its consolidated Subsidiaries for such month and the portion of the fiscal year through the end of such month, setting forth in each case, in comparative form the figures for and as of the corresponding periods of the previous year, in a form customarily prepared by the Borrower, excluding, for the avoidance of doubt, any footnotes thereto.

(f) Substantially concurrently with any delivery to other third-party recipients, deliver to the Administrative Agent (for distribution to each Lender) all reporting required under the Third Interim Adequate Protection Order including, without limitation: (i) the weekly reporting required by Sections 3(a) and 3(b) thereof; and (ii) the reporting requirements set forth in Exhibit A thereto (including, with respect to the "13-week Cash Flow Forecast" referenced therein, the forecasted percentages of fleet utilization for the current month and the following two months (as set forth on page 9 of the Adobe PDF file with the file name "Hertz - 13 Week CF - Summary and Assumptions - Aug 28 - 2020-09-04 - CONFIDENTIAL.pdf" that was uploaded to the Intralinks Data Room as document number 24.27.8), it being understood that such forecasted percentages of fleet utilization shall be delivered to the Administrative Agent (for distribution to each Lender) even if they are not included in any particular "13-week Cash Flow Forecast" provided pursuant to the Third Interim Adequate Protection Order).

(g) Commencing on the first Friday after the Closing Date and on a weekly basis thereafter, deliver to the Administrative Agent (for distribution to each Lender) a report in form substantively similar to the reports provided by the Borrower following the Petition Date on a weekly basis (generally on Fridays) and informally referred to by the Borrower and its professionals as the "Flash Revenue Report" (including the present-year, prior-year and year-on-year data on "on rent" vehicles for North America and Europe, as set forth on page 2 of the Adobe PDF file with the file name "Flash Revenue Report - 9.25.2020.pdf" that was uploaded to the Intralinks Data Room as document number 24.33.1).

(h) As soon as practicable, but no later than one week after submission to Board of Directors of the Borrower (or any of its Subsidiaries or Affiliates), deliver to the Administrative Agent (for distribution to each Lender) a copy of all final reports prepared by The Boston Consulting Group, Inc.

(i) Substantially concurrently with any delivery to other third-party recipients, deliver to the Administrative Agent (for distribution to each Lender) all reporting provided to the Creditors' Committee and/or any standard financial reporting requirements to the lender(s) under any new financing or settlement to which the Borrower (or any Subsidiary or Affiliate thereof) is or will become a party, including, without limitation: (i) the ABS Settlement, (ii) the Postpetition Donlen ABS Facility, (iii) any HVF 2.5 ABS Facility,

(iv) any HVF 3 ABS Facility and (v) any other asset-backed securitization to which the Borrower (or any Subsidiary or Affiliate) is a party.

(j) Substantially concurrently with any delivery to other third-party recipients, deliver to the Administrative Agent (for distribution to each Lender) any marketing materials (if any) and/or financial projections (if any) prepared in connection with the sale of any asset(s) of any Loan Party having a Fair Market Value greater than \$50,000,000.

(k) Within two weeks after the end of each calendar quarter, deliver to the Administrative Agent (for distribution to each Lender) a report setting forth, for the preceding calendar quarter and broken down by month, the information that is set forth in the fleet breakdown report that was uploaded to the Intralinks Data Room as document number 19.3.15, which information shall include, among other things, the number of cars in each status category (e.g., 0.0.0. Inactive, 1.1.1. On Rent, 1.2.1. Clear Idle), broken down by month.

(l) Within two weeks after the end of each calendar quarter, deliver to the Administrative Agent (for distribution to each Lender) a report setting forth, for the preceding calendar quarter and broken down by month, the information that is set forth in the utilization report that was uploaded to the Intralinks Data Room as document number 19.9.10, which information shall include the average number of vehicles, the number of "available car days," the number of "transaction days" and the percentage of utilization, broken down by month.

Documents required to be delivered pursuant to Section 7.1 may, at the Borrower's option, be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's (or Holdings' or any other Parent Entity's) website on the Internet at the website address listed on Schedule 7.2 (or such other website address as the Borrower may specify by written notice to the Administrative Agent from time to time), or (ii) on which such documents are posted on the Borrower's (or Holdings' or any other Parent Entity's) behalf on an Internet or intranet website to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent).

7.2 Payment of Taxes. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material Taxes, except where (x) the amount or validity thereof is being contested in good faith by appropriate proceedings diligently conducted and reserves in conformity with GAAP with respect thereto have been provided on the books of Holdings, the Borrower or any Subsidiary, as the case may be, or (y) failure to do so would not reasonably be expected to have a Material Adverse Effect.

7.3 Maintenance of Existence. Preserve, renew and keep in full force and effect its corporate or other organizational existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of the business of the Loan Parties, taken as a whole (subject to the terms of this Agreement and any limitations imposed as a result of operation as debtors-in-possession under the Bankruptcy Code), except as otherwise permitted pursuant to Section 8.3, provided that any such Subsidiary Guarantor shall not be required

to preserve, renew, or keep in full force and effect its corporate or other organizational existence, and the Loan Parties shall not be required to maintain any such rights, privileges or franchises, if the failure to do so would not reasonably be expected to have a Material Adverse Effect; and comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith would not reasonably be expected to have a Material Adverse Effect or would otherwise be prevented as a result of the Chapter 11 Cases.

7.4 Maintenance of Property; Insurance. Subject to entry of the Insurance Order by the Bankruptcy Court, keep all property useful and necessary in the business of the Loan Parties, taken as a whole, in good working order and condition, except where failure to do so would not reasonably be expected to have a Material Adverse Effect; use commercially reasonable efforts to maintain with financially sound and reputable insurance companies (or any Captive Insurance Subsidiary) insurance on, or self-insure, all property material to the business of the Loan Parties, taken as a whole, in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, all as determined in good faith by the Borrower.

7.5 Inspection of Property; Books and Records; Discussions. In the case of the Borrower, keep proper books of records in a manner to allow financial statements to be prepared in all material respects in conformity with GAAP consistently applied in respect of all material financial transactions and matters involving the material assets and business of the Borrower and its Subsidiaries, taken as a whole; and permit representatives of the Administrative Agent to, in consultation with the Borrower and its advisors, visit and inspect any of its properties and examine and, to the extent reasonable, make abstracts from any of its books and records (other than (a) all data and information used to calculate any “measurement month average” or (b) any “market value average” or any similar amount, however designated, under or in connection with any financing of Vehicles and/or other property or assets) and to discuss the business, operations, properties and financial and other condition of the Borrower and the other Loan Parties with officers of the Borrower and the other Loan Parties and with its independent certified public accountants, in each case at any reasonable time, upon reasonable notice, and as often as may reasonably be desired; provided that representatives of the Borrower may be present during any such visits, discussions and inspections. Notwithstanding anything to the contrary in this Agreement, none of the Borrower or any other Loan Party will be required to disclose or permit the inspection or discussion of any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or the Lenders (or their respective representatives) is prohibited by Requirement of Law or any binding agreement or (iii) that is subject to attorney client or similar privilege or constitutes attorney work product.

7.6 Notices. Promptly give notice to the Administrative Agent for delivery to each Lender (and the Administrative Agent agrees to make and so deliver copies thereof):

- (a) as soon as possible after a Responsible Officer of the Borrower knows thereof, the occurrence of any Default or Event of Default; and



(b) as soon as possible after a Responsible Officer of the Borrower knows thereof, any litigation or proceeding affecting any Loan Party that would reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to Sections 7.6(a) and (b) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

#### 7.7 Further Assurances.

(a) In the event that any Domestic Subsidiary or Canadian Subsidiary of any Loan Party becomes a debtor in the Chapter 11 Cases after the Closing Date (other than HIL or any Special Purpose Entity), the Borrower or other applicable Loan Parties will promptly (and in no event later than 10 Business Days thereafter or such later date as the Administrative Agent (acting at the direction of the Required Lenders) may agree in its reasonable discretion) notify Administrative Agent of that fact, and (a) promptly thereafter (and in any event within 10 Business Days), seek an order of the Bankruptcy Court authorizing such Person to become a Subsidiary Guarantor, (b) within 30 days after upon the entry of such order (or such later date as the Administrative Agent (acting at the direction of the Required Lenders) may agree in its reasonable discretion), cause such Subsidiary to execute and deliver to the Administrative Agent counterparts of the Guarantee Agreement and, in the case of any Canadian Subsidiary, each applicable Security Document and, in the case of a Canadian Loan Party, to take all such further actions and execute all such further documents and instruments as required by each Security Document to secure the DIP Obligations for the benefit of the DIP Secured Parties (including all actions necessary to cause such DIP Lien to be duly perfected to the extent required by such Security Document, including the filing of PPSA financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent or the Required Lenders).

(b) The Loan Parties shall promptly execute and deliver all further instruments, documents, financing statements, agreements and instruments (including, without limitation, certificates, declarations, affidavits and reports), and take all further actions (including the filing and recording of financing statements and other documents), that may be required under any applicable Law, or which the Required Lenders or the Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the DIP Liens or the validity or priority of any such DIP Liens or to enable the Administrative Agent and the Lenders to exercise and enforce their rights and remedies with respect to the DIP Collateral, subject to the terms and conditions set forth in the DIP Order. The Loan Parties also agree to provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Required Lenders as to the perfection and priority of the DIP Liens created or intended to be created by the Security Documents. To the extent the DIP Order is effective to grant any such Lien without the need for any further action by the Administrative Agent, the Lenders or any Loan Party, including the filing of any financing statements or the recording of any mortgages, no additional Security Documents or filings shall be required.

## 7.8 Mandatory Payments.

(a) Upon receiving any proceeds with respect to a Mandatory Payment Event, the Borrower shall, within five Business Days thereafter, file with the Bankruptcy Court and provide notice of the Debtors' proposed allocation of the Net Cash Proceeds therefrom, which distribution shall be in accordance with the requirements of clause (b) below (such notice, the "Mandatory Payments Notice"). If, within 10 days after the filing of the Mandatory Payments Notice (the "Mandatory Payments Objection Period"), a party in interest (with appropriate standing) objects to the proposed allocation of such Net Cash Proceeds (or any portion thereof): (1) the Borrower, the Lenders and the Lender Advisors shall, in good faith, attempt to resolve the dispute with the objector; and (2) if the dispute has not been resolved in accordance with the preceding clause (1) within 10 days after the objection is raised (or another mutually agreed upon period), the Borrower and the objector shall seek an order of the Bankruptcy Court resolving any unresolved issues. With respect to any portion (or all) of such Net Cash Proceeds as to which no party objects to the proposed allocation of such proceeds, the Borrower shall distribute such Net Cash Proceeds (or any undisputed portion thereof) as proposed in the Mandatory Payments Notice within five Business Days after the end of the Mandatory Payments Objection Period in accordance with clause (b) below.

(b) In connection with any Mandatory Payment Event, the Borrower shall within the time period set forth in clause (a) above pay: (i) the Prepetition First Lien Secured Debt with the Net Cash Proceeds therefrom, but only to the extent that the Prepetition First Lien Secured Debt is secured by the respective assets so sold; and (ii) the Loans with respect to any other Mandatory Payment Event with respect to assets constituting DIP Collateral that do not secure the Prepetition First Lien Secured Debt; provided, that if there are Commitments at the time of the Mandatory Payment Event, the Commitments shall be permanently reduced on a dollar-for-dollar basis by an amount equal to such Net Cash Proceeds that otherwise would have been applied to the Loans pursuant to this clause (ii) and the Borrower shall be entitled to retain that portion of such Net Cash Proceeds of such Mandatory Payment Event that were so applied to reduce the Commitments and the remaining amount of such Net Cash Proceeds shall be applied to pay the Loans as provided herein; provided, further, that if any asset-backed securitization facility issued by HVF II or HFLF is refinanced, the value attributed or available to the Capital Stock of HVF II, HVF LLC, HFLF, DNRS II LLC, Donlen Trust, Hertz Fleet Lease Funding Corp. and Donlen Fleet Lease Funding LLC after payment in full of all outstanding obligations (including obligations of the respective securitization issuer and the payment of any Casualty Superpriority Claims) may be reinvested in such refinancing facility, so long as such facility meets the requirements set forth herein, and the Lenders and the Prepetition Secured Parties (to the extent of their prepetition Lien (if any) on the Capital Stock of HVF II, HVF LLC, HFLF, DNRS II LLC, Donlen Trust, Hertz Fleet Lease Funding Corp. or Donlen Fleet Lease Funding LLC, as applicable) shall be granted a perfected security interest and lien on the Capital Stock of the issuer of such refinancing facility and any other securities issued by such issuer and retained by any Loan Party, to the extent and subject to any provisions of such facility, including Required Standstill Provisions (with such Liens having the priorities provided herein).

(c) All Net Cash Proceeds shall be retained by the Borrower in a segregated account (the "Net Cash Proceeds Account") until distributed in accordance with clause (b) above. To the extent Prepetition First Lien Secured Debt is paid in full pursuant to a final, non-appealable

order of a court of competent jurisdiction, any amounts under this Section 7.8 that would otherwise be required to be applied to the Prepetition First Lien Secured Debt shall be used to repay the DIP Obligations (or to reduce and terminate Commitments as provided above). Any payment of the Loans pursuant to this Section 7.8 shall be applied on a pro rata basis based on the aggregate principal amount of the Loans outstanding at such time.

(d) Subject to the Loan Parties' refinancing rights described in Section 7.8(b), each Loan Party shall use commercially reasonable efforts (subject to, among other things, applicable Law, contractual restrictions, restrictions in organizational documents, prohibitions and third-party arrangements and adverse tax considerations) to (directly or indirectly) cause each of its U.S. and Canadian special purpose vehicle financing Subsidiaries that is a Non-Loan Party Subsidiary to dividend or otherwise distribute or transfer any Net Cash Proceeds actually received by it with respect to a Mandatory Payment Event, if any, applicable to it, until such time as such dividend or other distribution is made to a Loan Party, and such Loan Party shall use such "Net Cash Proceeds" to make a mandatory payment as, and to the extent, required by the terms of this Section 7.8.

7.9 Milestone. The Debtors shall file a Chapter 11 Plan with the Bankruptcy Court by no later than August 1, 2021.

7.10 Lender Calls. Upon request of the Lender Advisors, the Borrower shall facilitate and hold calls with its executive management team, its advisors, the Lender Advisors and the Lenders who are not "public" Lenders at least monthly (at reasonable times to be agreed upon between the Borrower and the Lender Advisors), the topics of which shall include, among others, an update on European operations and any related restructuring transactions.

7.11 Cash Management System. The Borrower shall maintain the Loan Parties' cash management system consistent with the Cash Management Order, as it may be required to be modified by the DIP Order. The Borrower shall notify the Administrative Agent and the Lenders of the opening of any new bank accounts, as provided for in the Cash Management Order and the Third Interim Adequate Protection Order.

7.12 Bankruptcy Related Matters. The Borrower will and will cause each of the other Loan Parties to:

(a) cause the following, where proposed by the Debtors, to not be in violation of this Agreement: (i) orders related to the DIP Obligations, the Loan Documents and the Prepetition First Lien Loan Documents, any other financing or use of cash collateral, any non-ordinary-course sale or disposition of DIP Collateral, cash management and/or adequate protection; (ii) orders concerning the financial condition of the Borrower and the other Debtors or other Indebtedness of the Loan Parties, or seeking relief under Sections 363, 365, 1113 or 1114 of the Bankruptcy Code or Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and (iii) orders establishing procedures for administering the Chapter 11 Cases or approving significant transactions submitted to the Bankruptcy Court;

(b) comply with each order entered by the Bankruptcy Court in connection with the Chapter 11 Cases;

(c) comply in a timely manner with their obligations and responsibilities as debtors-in-possession under the Bankruptcy Code, the Bankruptcy Rules and the DIP Order (subject to any applicable cure periods);

(d) deliver, or cause to be delivered, to the Lender Advisors, no later than two Business Days before filing with the Bankruptcy Court, to the extent reasonably practicable, copies of draft filings relating to any Chapter 11 Plan, disclosure statement, plan exclusivity, assumption or rejection of material executory contracts and unexpired leases, key employee incentive or retention plan, and each such pleading motion; and

(e) if not provided by the Bankruptcy Court's electronic docket, promptly provide, or cause to be promptly provided to the Lender Advisors, copies of all final pleadings, motions, applications, orders, financial information and other documents filed by or on behalf of the Loan Parties with the Bankruptcy Court relating to the Chapter 11 Cases (subject to confidentiality obligations under applicable law).

7.13 Use of Proceeds. The proceeds of the Loans will be used solely in accordance with Section 5.9 (subject, in any event, to Section 5.9(b)).

7.14 Ratings. The Borrower shall use commercially reasonable efforts to obtain a rating (but with no particular rating) as promptly as practicable after the Closing Date for the DIP Facility from a nationally recognized statistical rating organization.

7.15 Reporting on European Restructurings and HIL. The Borrower shall provide the Lender Advisors and the professionals for the Administrative Agent, as soon as practicable when available: (A)(1) the terms of the agreement in principle required to be reached by October 30, 2020 pursuant to the waivers executed in October 2020 with respect to the HHN Notes; and (2) any definitive documentation with respect to the restructuring referred to in the preceding clause (1); and (B) financial reporting with respect to HIL and the European operations of any Affiliate of the Loan Parties to the extent, and substantially at the same time, such financial reporting is delivered to the holders of the HHN Notes or any of their advisors.

SECTION 8. NEGATIVE COVENANTS. The Borrower hereby agrees that, from and after the Closing Date and thereafter until the Commitments have terminated and payment in full of the Loans and any other amount then due and owing to any Lender or the Administrative Agent hereunder:

8.1 Limitation on Indebtedness.

(a) The Loan Parties will not Incur any Indebtedness. Notwithstanding the foregoing, the Borrower and the other Loan Parties may Incur the following Indebtedness:

(i) [reserved];

(ii) (A) Guarantees by the Borrower or any other Loan Party of Indebtedness or any other obligation or liability of the Borrower, another Loan Party or any Subsidiary (other than any Special Purpose Financing and any Indebtedness Incurred by a Loan Party in violation of this Section 8.1(a)), or (B) without limiting Section 8.2, Indebtedness of any Loan Party arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Borrower or any Subsidiary (other than any Indebtedness Incurred by a Loan Party in violation of this Section 8.1);

(iii) Indebtedness; provided that (1) the maturity date of any such Indebtedness shall not be earlier than the Maturity Date, (2) such Indebtedness shall not have any scheduled amortization, redemption or similar payment prior to the Maturity Date and (3) any such Indebtedness that is secured by DIP Collateral shall be junior in right of lien priority to the Liens securing the Indebtedness hereunder pursuant to a written agreement;

(iv) Indebtedness Incurred pursuant to the Loan Documents;

(v) Indebtedness (A) of any Loan Party to another Loan Party, (B) of any Loan Party to any Subsidiary or Affiliate of a Loan Party incurred prior to the Petition Date, (C) of any Loan Party to any Subsidiary or Affiliate of a Loan Party incurred after the Petition Date provided that such post-petition Indebtedness is subordinated to the DIP Obligations pursuant to subordination provisions reasonably acceptable to the Required Lenders and (D) of any Loan Party to any Subsidiary or Affiliate of a Loan Party if otherwise a Permitted Investment or otherwise permitted in the Cash Management Order;

(vi) (A) any Prepetition Indebtedness and (B) any Refinancing Indebtedness with respect to any Prepetition Indebtedness consisting of the type described in clause (xi)(A) below;

(vii) (x) Prepetition Letters of Credit and (y) Postpetition Letters of Credit issued pursuant to Incremental L/C Facilities;

(viii) (A) Capitalized Lease Obligations in an aggregate principal amount at any time outstanding not exceeding \$50,000,000 plus any Capitalized Lease Obligations incurred as a result of a sale/leaseback transaction permitted by clause (xii) of the definition of "Asset Disposition" and (B) Purchase Money Obligations, and in each case any Refinancing Indebtedness with respect thereto;

(ix) Indebtedness consisting of accommodation guarantees for the benefit of trade creditors of the Borrower or any other Loan Party;

(x) Indebtedness of the Borrower or any other Loan Party (A) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, provided that such Indebtedness is extinguished within five Business Days of its Incurrence, or (B) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar

obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;

(xi) Indebtedness of the Borrower or any other Loan Party in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business, and in each case any Refinancing Indebtedness with respect thereto, (C) Hedging Obligations, entered into for bona fide hedging purposes, (E) the financing of insurance premiums in the ordinary course of business, (F) take-or-pay obligations under supply arrangements incurred in the ordinary course of business, (G) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which the Borrower or any other Loan Party maintains an overdraft, cash pooling or other similar facility or arrangement, or (H) Bank Products Obligations; and

(xii) Indebtedness of the Borrower or any other Loan Party in an aggregate principal amount at any time outstanding not exceeding \$25,000,000.

(b) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 8.1, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this Section 8.1) arising under any Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such Guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in Section 8.1(a) above, the Borrower, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of the clauses of such Section 8.1(a) above (including in part under one such clause and in part under another such clause), as applicable; and (iii) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

(c) For purposes of determining compliance with any Dollar-denominated restriction on the Incurrence of Indebtedness denominated in a foreign currency, the Dollar equivalent principal amount of such Indebtedness Incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit or deferred draw Indebtedness, provided that (x) the Dollar equivalent principal amount of any such Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date, (y) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable Dollar-denominated

restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

8.2 Limitation on Liens. The Loan Parties shall not directly or indirectly, create or permit to exist any Lien on any DIP Collateral, whether now owned or hereafter acquired, securing any Indebtedness, except for the following Liens:

(a) Liens for (x) taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Borrower and its Subsidiaries taken as a whole, or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of HGH, Holdings, the Borrower or a Subsidiary thereof, as the case may be, in accordance with GAAP and (y) Taxes the payment of which is prohibited, stayed or excused by the Bankruptcy Code or the Bankruptcy Court;

(b) Liens with respect to outstanding motor vehicle fines and carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business;

(c) pledges, deposits or Liens in connection with workers' compensation, professional liability, unemployment insurance and other social security and other similar legislation or other insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(d) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business, and, in each case, any Refinancing Indebtedness in respect thereof;

(e) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the

ordinary conduct of the business of the Borrower and the other Loan Parties, taken as a whole;

(f) Liens existing on, or provided for under written arrangements existing on, the Closing Date (including, for the avoidance of doubt, Liens securing Prepetition Indebtedness) and any Refinancing Indebtedness in respect thereof to the extent permitted by Section 8.1(a)(xi)(A)); provided that such Lien does not extend to any additional property other than (1) after-acquired property that is affixed or incorporated into the property covered by such Lien and (2) proceeds and products thereof;

(g) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Borrower or any other Loan Party has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(h) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations entered into for bona fide hedging purposes, Bank Products Obligations, Purchase Money Obligations or Capitalized Lease Obligations;

(i) Liens arising out of judgments, decrees, orders or awards in respect of which (x) the Borrower or another Loan Party shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired or (y) are otherwise stayed as a result of the Chapter 11 Cases;

(j) leases, subleases, licenses or sublicenses to or from third parties;

(k) Liens on cash collateral (x) in respect of obligations previously supported by a Prepetition Letter of Credit, which cash collateral consists of amounts that have been drawn under such Prepetition Letter of Credit by the beneficiary thereof, and (y) subject to the provisions of Section 8.1(a)(vii)(y), in respect of Postpetition Letters of Credit permitted hereunder;

(l) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of:

(1) Indebtedness Incurred under this Agreement and the other Loan Documents,

(2) Indebtedness of the Borrower or any other Loan Party (A) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds in the ordinary course of business, or (B) consisting of guarantees, indemnities, obligations



in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person, and

(3) any other Indebtedness permitted hereunder, provided that any such Liens on DIP Collateral securing Indebtedness pursuant to this clause (3) are junior in priority to the Liens securing the Indebtedness hereunder;

in each case under the foregoing clauses (1) through (3), including Liens securing any Guarantee of any thereof;

(m) Liens existing on property or assets of a Person at, or provided for under written arrangements existing at, the time such Person becomes a Subsidiary of the Borrower (or at the time the Borrower or another Loan Party acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Borrower or any other Loan Party); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(n) Adequate Protection Liens;

(o) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (4) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (including in connection with purchase orders and other agreements with customers), (5) in favor of the Borrower or any Subsidiary (other than Liens on property or assets of the Borrower or any Subsidiary Guarantor in favor of any Subsidiary that is not a Subsidiary Guarantor), (6) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (7) on inventory or goods and proceeds securing the obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (8) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (9) attaching to commodity trading or other brokerage accounts incurred in the ordinary

course of business, (10) arising in connection with repurchase agreements on assets that are the subject of such repurchase agreements, or (11) in favor of any Special Purpose Entity in connection with any Financing Disposition;

(p) Liens on or under, or arising out of or relating to, any Vehicle Rental Concession Rights;

(q) Permitted Priority Liens; and

(r) DIP Adequate Protection Liens.

For purposes of determining compliance with this Section 8.2, (i) a Lien need not be incurred solely by reference to one category of Permitted Liens described in clauses (a) through (r) of this Section 8.2 but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Borrower shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this Section 8.2, (iii) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (iv) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, (v) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to a Dollar-denominated restriction, the Dollar equivalent principal amount of such Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit or deferred draw Indebtedness, provided that (x) the Dollar equivalent principal amount of any such Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date and (y) if such Indebtedness is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed (i) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced, plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing, and (vi) the principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

8.3 Limitation on Fundamental Changes. (a) No Loan Party will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, except (v) in connection with a sale of assets or equity pursuant to Section 363 of the Bankruptcy Code, or in connection with a Chapter 11 Plan approved by the Bankruptcy Court, (w) in connection with Investments permitted under Section 8.5, (x) a Loan Party may merge or consolidate into another Loan Party; provided that if the Borrower is party to such merger or consolidation, the Borrower will be the surviving entity, (y) a Subsidiary that is not a Loan Party may merge or consolidate into a Loan Party, so long as a Loan Party will be the surviving entity and (z) a Loan Party (other than the Borrower) may merge or consolidate into a Subsidiary in connection with an Investment permitted under clause (ii) of the definition of Permitted Investments. For the avoidance of doubt, the Borrower may, directly or indirectly, create a newly formed Subsidiary for *bona fide* tax (or similar) planning activities and may merge or consolidate any such Subsidiary into the Borrower (so long as the Borrower is the surviving entity) or into another Loan Party, so long as a Loan Party will be the surviving entity.

(b) Section 8.3(a) will not apply to any transaction in which a Loan Party consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organized for the purpose of reincorporating or reorganizing such Loan Party in another jurisdiction or changing its legal structure to a corporation or other entity; provided, that no such reincorporation or reorganization shall adversely impact the Lenders or (y) a Loan Party so long as all assets of the Loan Party immediately prior to such transaction (other than Capital Stock) are owned by a Loan Party immediately after the consummation thereof.

8.4 Limitation on Sale of Assets. (a) Subject to the provisions of Section 7.8, the Loan Parties will not make any Asset Disposition outside the ordinary course of business unless:

(a) (i) the Borrower or other applicable Loan Party receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the DIP Collateral subject to such Asset Disposition, and

(ii) [reserved], and

(iii) the Bankruptcy Court has approved such Asset Disposition.

(b) For the avoidance of doubt, subject to Bankruptcy Court approval, nothing herein shall restrict the Loan Parties from rejecting (i) operating, tax or finance leases, (ii) maintenance or services agreements or purchase arrangements, or (iii) leases of real property or any other executory contracts.

(c) Upon any sale or other disposition of the DIP Collateral permitted by this Agreement (other than any sale or other disposition to another Loan Party), the Lien pursuant to this Agreement (and any other applicable Loan Document) and the DIP Order on such DIP Collateral shall be automatically released; provided that the DIP Obligations shall continue to be secured by the proceeds of such sold or disposed DIP Collateral with the same priority provided hereunder on such DIP Collateral immediately prior to such sale or other disposition. Subject to

Sections 10.1 and 10.4, upon (i) any such permitted sale or other disposition of the DIP Collateral and/or (ii) the sale or other disposition of the Capital Stock of any Loan Party (other than to any other Loan Party) permitted under this Agreement such that it is no longer a Subsidiary of the Borrower, the Administrative Agent shall, upon receipt from the Borrower of a written request of the release of such Loan Party from its Guarantee under the Guarantee Agreement or the release of the DIP Collateral subject to such sale or other disposition, identifying such Loan Party or the relevant DIP Collateral, together with a written certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents, deliver to the Borrower or the other relevant Loan Party any DIP Collateral of such relevant Loan Party held by the Administrative Agent, or the DIP Collateral subject to such sale or other disposition and, at the cost and expense of such Loan Party, execute, acknowledge and deliver to such Loan Party such releases, instruments or other documents (including UCC termination statements), and do or cause to be done all other acts, as the Borrower or such other Loan Party shall reasonably request (x) to evidence or effect the release of such Loan Party from its Guarantee (if any) and of the Liens created hereby and the DIP Order (if any) on such Loan Party's DIP Collateral or (y) to evidence the release of the DIP Collateral subject to such sale or other disposition.

8.5 Limitation on Restricted Payments. (a) The Loan Parties shall not directly or indirectly, (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock except (x) dividends or distributions payable solely in its Capital Stock and (y) dividends or distributions payable to the Borrower or any other Loan Party (and, in the case of any Subsidiary Guarantor making such dividend or distribution, to other holders of its Capital Stock on no more than a pro rata basis, measured by value), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Borrower held by Persons other than the Borrower or another Loan Party (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof), (iii) (x) voluntarily purchase, repurchase, redeem, defease or otherwise voluntarily acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any principal of Subordinated Obligations (other than (x) Subordinated Obligations owed to another Loan Party, (y) Subordinated Obligations owed to a Subsidiary in the ordinary course of business and consistent with customary practices, in accordance with the Cash Management Order and the Third Interim Adequate Protection Order and (y) a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement) or (z) purchase, repurchase, redeem, defease or otherwise acquire or retire for value any principal of Prepetition Indebtedness without the approval of the Bankruptcy Court, or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, repurchase, redemption, defeasance, other acquisition or retirement or Investment being herein referred to as a "Restricted Payment").

(b) The provisions of Section 8.5(a) will not prohibit any of the following (each, a "Permitted Payment"):

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for,

or out of the proceeds of the issuance or sale of, Capital Stock of the Borrower or any Parent Entity (other than Capital Stock issued or sold to a Subsidiary) or a capital contribution to the Borrower;

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations or Prepetition Indebtedness made by exchange for, or out of the proceeds of the Incurrence of, Indebtedness of the Borrower or any Subsidiary or Refinancing Indebtedness Incurred in compliance with Section 8.1, but only if the Borrower shall have made prior to or concurrently therewith payment in full of all of the Loans;

(iii) Non-Loan Party Transactions (i) in the ordinary course of business and consistent with customary practices, in accordance with the Cash Management Order and the Third Interim Adequate Protection Order, (ii) in the form of Investments in Subsidiaries, the Capital Stock of which has been pledged as DIP Collateral, for the purpose of purchasing Vehicles in the U.S. and Canada used in the operations of any Loan Party or (iii) or as otherwise provided herein ("Permitted Non-Loan Party Transactions"), provided, that, (A) the aggregate amount of the European Funding Transactions, after giving effect to any return on capital received by any Loan Party, such European Funding Transactions at any time outstanding shall not exceed the European Transaction Cap and (B) other than in respect of clause (ii) above, the applicable Loan Party shall take all commercially reasonable actions to secure repayment of the obligations under such Non-Loan Party Transaction as may be permitted under applicable Law (and not in violation of, or pursuant to any exception in, any existing contractual arrangements, including any indenture pursuant to which the HHN Notes were issued), including, without limitation, by virtue of a direct or indirect stock pledge, a purchase money security interest or other security interest, or a Non-Loan Party Transaction recipient's third-party financing, unless the Borrower determines in the exercise of its reasonable business judgment that (a) the cost of taking the foregoing actions is excessive in relation to the practical benefits to be obtained by the Debtors' estates therefrom or (b) taking the foregoing actions is not in the best interests of the Debtors' estates (taken individually or as a whole); or

(iv) loans, advances, dividends or distributions to any Parent or other payments by a Loan Party to pay or permit any Parent to pay any Parent Expenses or any Related Taxes.

(c) The Borrower, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the provisions of this Section 8.5 (or, in the case of any Investment, the clauses of Permitted Investments) and in part under one or more other such provisions.

8.6 Limitation on Transactions with Affiliates. (a) The Loan Parties will not enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Borrower that is not a Loan Party (an "Affiliate Transaction") involving aggregate consideration in excess of

\$50,000,000 unless (i) the terms of such Affiliate Transaction are not materially less favorable to such Loan Party than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (ii) if such Affiliate Transaction involves aggregate consideration in excess of \$50,000,000, the terms of such Affiliate Transaction have been approved by a majority of the Board of Directors or an order of the Bankruptcy Court. For purposes of this Section 8.6, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Section 8.6 if (x) such Affiliate Transaction is approved by a majority of the Disinterested Directors or (y) in the event there are no Disinterested Directors, a fairness opinion is provided by a nationally recognized appraisal or investment banking firm with respect to such Affiliate Transaction.

(b) The provisions of Section 8.6(a) will not apply to:

(i) any Restricted Payment Transaction,

(ii) (1) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former employee, officer or director or consultant of or to the Borrower, any Subsidiary or any Parent heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements, (2) payments, compensation, performance of indemnification or contribution obligations, the making or cancellation of loans or any issuance, grant or award of stock, options, other equity-related interests or other securities, to any such employees, officers, directors or consultants in the ordinary course of business, (3) the payment of reasonable fees to directors of the Borrower or any of its Subsidiaries or any Parent (as determined in good faith by the Borrower, such Subsidiary or such Parent, in each case) or (4) any transaction with an officer or director of the Borrower or any of its Subsidiaries or any Parent in the ordinary course of business (x) not involving more than \$1,000,000 in any one case or (y) approved by a majority of the Board of Directors,

(iii) (x) to the extent constituting a Permitted Non-Loan Party Transaction and, in the case of European Funding Transactions, subject to the European Transaction Cap, any transaction between or among any of the Borrower, one or more Subsidiaries or one or more Special Purpose Entities and (y) transactions between or among the Loan Parties,

(iv) any transaction arising out of agreements or instruments in existence on the Closing Date, and any payments made pursuant thereto,

(v) any transaction in the ordinary course of business on terms that are fair to the Borrower and the other Loan Parties party thereto as determined in good faith by the Borrower, or are not materially less favorable to the Borrower or the relevant Loan Party than those that could be obtained at the time in a transaction with a Person who is not an Affiliate of the Borrower,

(vi) any transaction in the ordinary course of business, or approved by a majority of the Board of Directors, between the Borrower or any Loan Party and any Subsidiary or

other Affiliate of the Borrower controlled by the Borrower that is a joint venture or similar entity,

(vii) [reserved],

(viii) any issuance or sale of Capital Stock of the Borrower or any Parent or capital contribution to the Borrower or any Subsidiary to the extent not otherwise prohibit herein, and

(ix) any transactions permitted by, or required to be conducted in further of, this Agreement.

8.7 Restrictive Agreements. The Loan Parties shall not enter into with any Person any agreement that restricts the ability of the Borrower or any other Loan Party to create, incur, assume or suffer to exist any Lien in favor of the Lenders in respect of obligations and liabilities under this Agreement or any other Loan Documents upon any of its property, assets or revenues constituting DIP Collateral as and to the extent contemplated by this Agreement and the other Loan Documents, whether now owned or hereafter acquired, other than:

(a) this Agreement, the other Loan Documents and any related documents and the Prepetition Debt Documents;

(b) any agreement governing or relating to Indebtedness of or a Financing Disposition by or to or in favor of any Special Purpose Entity;

(c) [reserved];

(d) any agreement governing or relating to Indebtedness and/or other obligations and liabilities secured by a Lien permitted by Section 8.2 (in which case any restriction shall only be effective against the assets subject to such Lien, except as may be otherwise permitted under this Section 8.7);

(e) any agreement for the direct or indirect disposition of Capital Stock of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such disposition;

(f) (i) any agreement that restricts in a customary manner (as determined in good faith by the Borrower) the assignment or transfer thereof, or the subletting, assignment or transfer of any property or asset subject thereto, (ii) any other restriction by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Loan Party not otherwise prohibited by this Agreement, (iii) any reciprocal easement agreements containing customary provisions (as determined in good faith by the Borrower) restricting dispositions of real property interests, (iv) agreements with customers or suppliers entered into in the ordinary course of business that impose restrictions with respect to cash or other deposits, net worth or inventory, (v) customary provisions (as determined in good faith by the Borrower) contained in agreements and instruments entered into in the ordinary course of business

(including leases and licenses) or in joint venture and other similar agreements or in shareholder, partnership, limited liability company and other similar agreements in respect of non-wholly owned Subsidiaries, (vi) restrictions that arise or are agreed to in the ordinary course of business and do not detract from the value of property or assets of the Borrower or any other Loan Party in any manner material to the Borrower or such other Loan Party, (vii) Hedging Obligations, (viii) any agreement or restriction in connection with or relating to any Vehicle Rental Concession Right or (ix) Bank Products Obligations;

(g) restrictions by reason of any applicable Law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Borrower or any of its Subsidiaries or any of their businesses, including any such law, rule, regulation, order or requirement applicable in connection with such Subsidiary's status (or the status of any Subsidiary of such Subsidiary) as a Captive Insurance Subsidiary; and

(h) any agreement evidencing any replacement, renewal, extension or refinancing of any of the foregoing (or of any agreement described in this clause (h)).

It is understood that a limitation on the amount of Indebtedness or other obligations or liabilities that may be incurred, outstanding, guaranteed or secured under this Agreement or any other Loan Document (in excess of the amount thereof that may be incurred, outstanding, guaranteed and secured under this Agreement or any other Loan Document as in effect on the Closing Date) does not constitute a limitation that is restricted by this Section 8.7.

8.8 Minimum Liquidity. Commencing with the last day of the first full calendar month ending after the Closing Date, and on the last day of each calendar month thereafter, the Loan Parties shall not permit Liquidity to be less than \$275,000,000.

8.9 Use of Proceeds.

(a) Notwithstanding anything to the contrary set forth in this Agreement or any of the other Loan Documents, the Borrower shall not use proceeds of any Loans to:

(i) make any direct or indirect transfers to Non-Loan Parties, other than as permitted by the Cash Management Order, the Third Interim Adequate Protection Order or as otherwise provided herein and, with respect to European Funding Transactions, subject to the European Transaction Cap;

(ii) collateralize any unsecured obligation of, or guaranteed by, any Loan Party that was unsecured as of the Petition Date;

(iii) repay or prepay any Prepetition Indebtedness; or

(iv) make any Restricted Payments other than as permitted by Section 8.5(b)(iii) or 8.5(b)(iv).



(b) In addition to the limitations set forth in clause (a) above, the Borrower shall not use the proceeds of Loans to directly or indirectly fund any capital contributions or operating expenses for the European operations of any Affiliate of the Loan Parties (the “European Funding Transactions”), in an aggregate amount at any time, after giving effect to any return on capital received by any Loan Party, in excess of the European Transaction Cap.

(c) For the avoidance of doubt, the Borrower shall not use the proceeds of Loans in a manner that would violate the representation set forth in Section 5.9(b).

8.10 EuroNotes/ABS Settlements. The Loan Parties shall not, and shall not permit any Subsidiary to, (i) enter into any agreement with respect to the HHN Notes or (ii) enter into any future settlement relating to HVF II, in each case, that would result in a Euro/ABS Material Adverse Effect.

8.11 Asset-Backed Securitization Facilities.

(a) Notwithstanding anything to the contrary set forth herein or in any other Loan Document, the Loan Parties shall not, and shall not permit any Affiliate to, enter into any HVF 2.5 ABS Facility, any HVF 3 ABS Facility, the Postpetition Donlen ABS Facility or any other asset-backed securitization facility:

(i) that may have an expected final payment date that is earlier than the Maturity Date (for purposes of determining compliance hereunder, such expected final payment date shall be determined by including any extensions exercisable by the issuer (even if any extension is subject to lender credit approval)); or

(ii) in the case of any HVF 2.5 ABS Facility, unless it is structured with a combined base advance rate of up to 83%, unless otherwise reasonably approved by the Required Lenders.

(b) Notwithstanding anything to the contrary set forth herein or in any other Loan Document, at any time that the Class RR Notes and the HFLF Series Specific Limited Partnership Interests remain unpaid, no Loan Party shall permit any of HVF LLC, HVF II, Donlen, HFLF, DNRS II LLC, Donlen Trust, Hertz Fleet Lease Funding Corp. or Donlen Fleet Lease Funding LLC to issue any Capital Stock, notes or other securities, without (1) obtaining the prior written consent of the Required Lenders, or (2) simultaneously repaying all interest, the principal amount or notional amount, as applicable, in full from the proceeds of such issuance: (A) in the case of an issuance by HVF LLC or HVF II, the Class RR Notes issued by HVF II, (B) in the case of an issuance by Donlen, HFLF, or Hertz Fleet Lease Funding Corp., (i) the Class RR Notes issued by HFLF and (ii) the HFLF Series Specific Limited Partnership Interests, the proceeds of the repayment of which shall be received by a Loan Party, (C) in the case of an issuance by Donlen Fleet Lease Funding LLC that refinances the Series 2020-1 Notes, the Class RR Notes issued by Donlen Fleet Lease Funding LLC, and (D) in the case of any issuance of securities collateralized by the collateral supporting a series of notes issued by HFLF, (i) the Class RR Notes for such series (if any) and (ii) the HFLF Series Specific Limited Partnership Interests of such series, the proceeds of the repayment of which shall be received by a Loan Party.

8.12 Challenges to Claims and Liens. No Loan Party shall bring, or file any pleading in support of, a lawsuit or other challenge to the claims or liens of the Prepetition Secured Parties, except to the extent (a) such lawsuit or challenge is necessary or appropriate for the Loan Parties to confirm a Chapter 11 Plan that is not supported by the requisite Prepetition First Lien Secured Parties under Section 1126(c) of the Bankruptcy Code; provided that the Loan Parties shall not be obligated to object to, or otherwise contest or oppose, any other party seeking to bring any such lawsuit or challenge or (b) the claims of the Prepetition First Lien Secured Parties have been unconditionally repaid in full pursuant to a court order that is acceptable to the Prepetition First Lien Secured Parties.

SECTION 9. EVENTS OF DEFAULT. If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan when due in accordance with the terms hereof (whether at the Maturity Date, by mandatory payment or otherwise); or the Borrower shall fail to pay any interest on any Loan or any other amount payable hereunder, within three Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document (or in any amendment, modification or supplement hereto or thereto) or which is contained in any certificate furnished at any time by or on behalf of any Loan Party pursuant to this Agreement or any such other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made (or, to the extent qualified by materiality, shall be incorrect in any respect when made or deemed made) and the circumstances giving rise to such misrepresentation, if capable of alteration, are not altered so as to make such representation or warranty correct in all material respects (or, to the extent qualified by materiality, correct in all respects) by the date falling 10 Business Days after the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or the Required Lenders;

(c) any Loan Party shall default in the observance or performance of any agreement contained in Section 7.9 or Section 8 of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section 9), and such default shall continue unremedied for (i) in the case of a default of any agreement contained in clauses (e) through (l) of Section 7.1, a period of five consecutive Business Days and (ii) in the case of any other agreement contained in this Agreement or any other Loan Document, a period of 10 consecutive Business Days after the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or the Required Lenders; or

(e) Holdings, the Borrower or any of the other Loan Parties shall: (i) default in any payment of principal of or interest on any Indebtedness (excluding any Pre-Petition Indebtedness and the Loans and any other Indebtedness under this Agreement) in excess of \$100,000,000 beyond the period of grace (not to exceed 30 days), if any, provided in the

instrument or agreement under which such Indebtedness was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness referred to in clause (i) above (excluding any Prepetition Indebtedness, the Loans and any other Indebtedness under this Agreement) contained in any instrument or agreement evidencing, securing or relating thereto (other than the failure to provide notice of a default or an event of default under such instrument or agreement or default in the observance of or compliance with any financial maintenance covenant), the effect of which default is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice or lapse of time if required, such Indebtedness to become due prior to its stated maturity (an “Acceleration”), and (x) such time shall have lapsed and, if any notice (a “Default Notice”) shall be required to commence a grace period or declare the occurrence of an event of default before notice of Acceleration may be delivered, such Default Notice shall have been given and (y) such default shall not have been remedied or waived by or on behalf of such holder or holders; provided that this clause (ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder; provided, further, that no Event of Default shall result under this clause (e) with respect to any Indebtedness that is subject to a stay issued by the Bankruptcy Court in the Chapter 11 Cases, whether or not such Chapter 11 Cases are recognized by a foreign jurisdiction; or

(f) (i) any Person shall engage in any “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii)(A) any failure to satisfy minimum funding standards (as defined in Section 302 or 303 of ERISA or Section 412 or 430 of the Code), whether or not waived, shall exist with respect to any Plan or (B) any Lien in favor of the PBGC or a Plan shall arise on the assets of either of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is in the reasonable opinion of the Administrative Agent likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA other than a standard termination pursuant to Section 4041(b) of ERISA, (v) either of the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Administrative Agent is reasonably likely to, incur any liability in connection with a withdrawal from, or the insolvency of (within the meaning of Section 4245 of ERISA), a Multiemployer Plan, or (vi) any other event or condition shall occur or exist with respect to a Single Employer Plan or Multiemployer Plan; and in each case in clauses (i) through (vi) of this clause (f), such event or condition, either individually or together with all other such events or conditions, if any, would be reasonably expected to result in a Material Adverse Effect; or

(g) entry of a final, non-appealable judgment by a court or courts of competent jurisdiction with respect to liabilities arising after the Petition Date aggregating in excess of \$100,000,000 (determined net of amounts covered by insurance policies or by third-party indemnities or a combination thereof), shall be entered against any Loan Party, and the Loan Parties pay in cash an amount in excess of \$50,000,000 on account of such liabilities; or

(h) actual or asserted in writing (by any Loan Party or any Affiliate thereof) invalidity or impairment of any Loan Document (including the failure of any DIP Lien to remain perfected and superior to and prior to the rights of all third persons (except as provided herein) or any guarantee or agreement ceasing to be in full force and effect, in each case, other than in accordance with its terms); or

(i) an order is entered dismissing any of the Chapter 11 Cases; or

(j) the filing by any Loan Party or any Affiliate thereof of a motion or other pleading seeking entry of an order dismissing any of the Chapter 11 Cases or converting any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code; or

(k) a trustee, responsible officer or examiner having expanded powers (beyond those set forth under Sections 1106(a)(3) and 1106(a)(4) of the Bankruptcy Code) under Section 1104 of the Bankruptcy Code (other than a fee examiner) is appointed in the Chapter 11 Cases of any Loan Party or any Affiliate thereof, any Loan Party or any Affiliate thereof applies for, consents to or acquiesces in, any such appointment, or the Bankruptcy Court shall have entered an order providing for such appointment, in each case without the prior written consent of the Required Lenders in their sole discretion; or

(l) the entry of an order staying, reversing, vacating or otherwise modifying the DIP Order, in a manner adverse in any material respect to the Administrative Agent or the Lenders, or the filing by any Loan Party or any Affiliate thereof of an application, motion or other pleading seeking entry of such an order; or

(m) the entry of an order in any of the Chapter 11 Cases denying or terminating the use of cash collateral by the Loan Parties without the consent of the Administrative Agent (at the direction of the Required Lenders); provided that the Lenders cannot cause such an Event of Default by refusing to consent to the continued use of cash collateral on terms and conditions the same as, or more beneficial to, the Prepetition Secured Parties compared to those set forth in the Third Interim Adequate Protection Order (and subject to the ability to contribute the assets (including Vehicles) or Capital Stock of HVF LLC or HFLF to any HVF 2.5 ABS Facility or any HVF 3 ABS Facility or any other asset-backed securitization permitted hereunder); or

(n) the entry of a final non-appealable order in the Chapter 11 Cases: (i) charging any of the DIP Collateral under Section 506(c) of the Bankruptcy Code against the Lenders; (ii) avoiding, limiting, modifying, subordinating or recharacterizing any of the DIP Obligations or requiring disgorgement by the Lenders of any amounts received in respect of the obligations under the DIP Facility; or (iii) resulting in the marshaling of any DIP Collateral, or the commencement of other actions by any Loan Party or any Affiliate thereof that challenge the rights and remedies of the Administrative Agent or the Lenders under the DIP Facility in any of the Chapter 11 Cases; or

(o) without the consent of the Administrative Agent or the Required Lenders, the entry of an order in any of the Chapter 11 Cases seeking authority to obtain financing under Section 364 of the Bankruptcy Code (other than the DIP Facility or financing that is

junior, in all respects including claim and lien priority, to the DIP Facility and to the Prepetition First Lien Secured Debt ), unless such financing would repay in full in cash all obligations under the DIP Facility upon consummation thereof; or

(p) the filing of, or taking any action to support, any pleading by any Loan Party or any Affiliate thereof seeking, or otherwise consenting to, any of the matters set forth in clauses (i) through (o) above;

(q) an order of the Bankruptcy Court granting, other than in respect of the DIP Facility and the Carve-Out, or as otherwise permitted under the applicable Loan Documents: (i) a priority of any lien against any Loan Party or any Affiliate thereof that is equal to or senior to the priority of the liens of the Administrative Agent and the Lenders; or (ii) any claim entitled to superpriority administrative expense claim status in the Chapter 11 Cases pursuant to Section 364(c)(1) of the Bankruptcy Code pari passu with or senior to the claims of the Administrative Agent and the Lenders, or the filing by any Loan Party or any Affiliate thereof of a motion or application seeking entry of such an order; or

(r) unless consented to or waived by the Required Lenders, any Loan Party shall commence, join in, assist, otherwise participate as an adverse party in or consent to a third party's standing to settle, any suit or other proceeding against the Administrative Agent or any of the Lenders regarding the DIP Facility, including the validity, extent, perfection or priority of any liens granted under or obligations arising under the DIP Order, unless such suit or other proceeding is in connection with the enforcement of the Loan Documents against the Administrative Agent and the Lenders; or

(s) any Loan Party consents to a third party's standing to settle any lawsuit or challenge to the claims or liens of the Prepetition Secured Parties; or

(t) any Loan Party seeks approval of an order approving a sale of all or substantially all of the Loan Parties' assets (taken as a whole) under Section 363 of the Bankruptcy Code that does not provide for payment in full of the DIP Facility; it being understood and agreed that a Mandatory Payment Event will not trigger this clause (t); or

(u) any cessation of all or any material part of business operations of the Loan Parties (taken as a whole) in the U.S. and Canada without the consent of the Lenders or the Loan Parties (taken as a whole) are enjoined, restrained or in any way prevented by the order of any court or Governmental Authority from conducting all or any material part of their business, in each case, that would reasonably be expected to have a material adverse effect on the ability of the Loan Parties (taken as a whole) to perform their payment obligations under any Loan Document, other than as a result of the impact of the COVID-19 pandemic on the business, financial condition or results of operations of the Loan Parties.

Upon the occurrence and continuation of an Event of Default, the Administrative Agent may, at the written direction of the Required Lenders, deliver a written notice to the Debtors' lead restructuring counsel, the U.S. Trustee and counsel to the Creditors' Committee (the "Termination Notice," the date on which the Termination Notice is given, the "Termination Notice

Date,” and such period commencing on the Termination Notice Date and ending five Business Days later, the “Termination Notice Period”), and the automatic stay under Section 362(a) of the Bankruptcy Code shall be deemed lifted to permit the Administrative Agent, at the written direction of the Required Lenders, to deliver such Termination Notice; provided, that if a hearing to consider relief in connection with delivery of the Termination Notice (as may be held on an expedited basis) (a “Remedies Hearing”) is requested to be heard within such five-Business-Day period but is scheduled for a later date by the Bankruptcy Court, the Termination Notice Period shall be automatically extended to the date of such hearing. During the Termination Notice Period and prior to the Termination Date, the Loan Parties, the Committee and/or any other party in interest shall be entitled to seek a Remedies Hearing, and the Loan Parties may continue to use the proceeds of the Loans (and any other cash on hand or on deposit in any deposit account or other bank account of a Loan Party) to (i) fund the Carve-Out Reserves as provided in the DIP Order and (ii) to pay for payroll or other expenditures which are necessary to maintain the Loan Parties’ operations or preserve the value of the DIP Collateral. At any Remedies Hearing, each Loan Party hereby waives, and shall not be entitled to assert (including, without limitation, under Section 105 of the Bankruptcy Code), the right to challenge or dispute the effectiveness of any provision of the DIP Order, to the extent such relief would impair or restrict the rights and remedies of the Administrative Agent as set forth in the DIP Order or in any of the Loan Documents. Upon the expiration of the Termination Notice Period, without further notice or order of the Bankruptcy Court, but subject to and in accordance with the terms of the Loan Documents and any order of the Bankruptcy Court, the automatic stay under Section 362(a) of the Bankruptcy Code shall be deemed lifted to permit the Administrative Agent, at the written direction of the Required Lenders: (i) to terminate the DIP Facility and the Commitments thereunder, including all Commitments of the Lenders to provide any extensions of credit in connection with the Loan Documents, upon which the Loan Parties’ ability to incur additional DIP Obligations will automatically terminate and the DIP Secured Parties will have no obligation to provide any Loans or make any other financial accommodations; (ii) to declare all DIP Obligations to be immediately due and payable; (iii) to charge interest at the default rate under the Loan Documents; and (iv) acting at the written direction of the Required Lenders, exercise any rights and remedies against the DIP Collateral under the DIP Order, the Loan Documents and applicable non-bankruptcy law (and the Administrative Agent and the Lenders may exercise such other rights available to them under the Loan Documents or the Financing Order, as applicable) (including, for the avoidance of doubt, to credit bid all or some of the Loans pursuant to Section 363(k) of the Bankruptcy Code); provided, that the Administrative Agent (at the written direction of the Required Lenders) may notify (in writing or otherwise) the Borrower of the occurrence and continuation of an Event of Default in a manner other than a Termination Notice if so indicated thereby.

#### SECTION 10. THE AGENT.

10.1 Appointment. (a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to or required of the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or

responsibilities, except those expressly set forth herein and in each other Loan Document, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. The Administrative Agent may perform any of its duties under this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein by or through its respective officers, directors, agents, employees or affiliates. Notwithstanding the foregoing, the Administrative Agent agrees to act as the U.S. federal withholding Tax agent in respect of all amounts payable by it under the Loan Documents.

(b) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification satisfactory to it from the Lenders against any and all liability and expense which may be incurred by it with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Notwithstanding anything herein to the contrary, in each instance where discretionary rights or powers conferred upon the Administrative Agent may be exercised or refrained from being exercised, the Administrative Agent shall have the absolute right, in its sole discretion, to consult with, or seek the affirmative or negative vote from, the Required Lenders or, if otherwise applicable, the Lenders, and it may do so pursuant to a negative notice or otherwise.

10.2 Delegation of Duties. In performing its functions and duties under this Agreement and the other Loan Documents, the Administrative Agent shall act solely as agent for the Lenders, and the Administrative Agent does not assume any (and shall not be deemed to have assumed any) obligation or relationship of agency or trust with or for Holdings or any of its Subsidiaries. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact, and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact or counsel selected by it with reasonable care.

10.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action taken or omitted to be taken by such Person under or in connection with this Agreement or any other

Loan Document (except for the gross negligence or willful misconduct of such Person or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates as determined by a court of competent jurisdiction in a final and non-appealable judgment) or (b) responsible in any manner to any of the Lenders for (i) any recitals, statements, representations or warranties made by Holdings, the Borrower or any other Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, (ii) for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the DIP Collateral or this Agreement or any other Loan Document, (iii) for any failure of Holdings, the Borrower or any other Loan Party to perform its obligations hereunder or under any other Loan Document, (iv) the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Loan Document, (v) the satisfaction of any of the conditions precedent set forth in Section 6, or (vi) the existence or possible existence of any Default or Event of Default. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Holdings, the Borrower or any other Loan Party. Each Lender agrees that, except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder or given to the Administrative Agent for the account of or with copies for the Lenders, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Holdings, the Borrower or any other Loan Party which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

10.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected (and shall have no liability to any Person) in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message or other electronic transmission, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower or Holdings), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified as between itself and the Lenders in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders or the Required Commitment Parties, as applicable, and/or such other requisite percentage of the Lenders as is required pursuant to Section 11.1(a) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or the Required Commitment Parties, as applicable, and/or such other requisite percentage of the Lenders as is required pursuant to Section 11.1(a), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the



Administrative Agent has received notice from a Lender or either of the Borrower or Holdings referring to this Agreement and describing such Default or Event of Default. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action reasonably promptly with respect to such Default or Event of Default as shall be directed by the Required Lenders or the Required Commitment Parties, as applicable, and/or such other requisite percentage of the Lenders as is required pursuant to Section 11.1(a); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6 Acknowledgements and Representations by Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower or any other Loan Party, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent and each of the Loan Parties that, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, it has made and will make, its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of Holdings, the Borrower and the other Loan Parties, it has made its own decision to make its Loans hereunder and enter into this Agreement and it will make its own decisions in taking or not taking any action under this Agreement and the other Loan Documents and, except as expressly provided in this Agreement, the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. Each Lender represents to each other party hereto that it is a bank, savings and loan association or other similar savings institution, insurance company, investment fund or company or other financial institution which makes or acquires commercial loans in the ordinary course of its business, that it is participating hereunder as a Lender for such commercial purposes, and that it has the knowledge and experience to be and is capable of evaluating the merits and risks of being a Lender hereunder. Each Lender acknowledges and agrees to comply with the provisions of Section 11.6 applicable to the Lenders hereunder.

10.7 Indemnification.

(a) The Lenders agree to indemnify the Administrative Agent (or any Affiliate thereof) (to the extent not reimbursed by the Borrower or any other Loan Party and without limiting the obligation of the Borrower or any other Loan Party to do so), ratably according to their respective Applicable Percentages in effect on the date on which indemnification is sought under this Section 10.7 (or, if indemnification is sought after the date upon which the Loans shall have been paid in full and all Commitments have been terminated, ratably in accordance with their respective Applicable Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent

(or any Affiliate thereof) in any way relating to or arising out of this Agreement, any of the other Loan Documents or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent (or any Affiliate thereof) under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent arising from (a) the Administrative Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision or (b) claims made or legal proceedings commenced against the Administrative Agent by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. The agreements in this Section 10.7 shall survive the payment of the Loans and all other amounts payable hereunder.

(b) The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document (except actions expressly required to be taken by it hereunder or under the Loan Documents) unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(c) The agreements in this Section 10.7 shall survive the payment of all DIP Obligations.

10.8 The Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, any other Loan Party, or any of their respective Subsidiaries or other Affiliates as though the Administrative Agent was not the Administrative Agent hereunder and under the other Loan Documents. With respect to Loans made or renewed by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though they were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

10.9 Successor Agent. (a) The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders and the Borrower and, notwithstanding anything to the contrary contained herein, the Required Lenders may remove the Administrative Agent with or without cause upon 30 days' prior written notice to the Administrative Agent and the Borrower, in each case whether or not a successor Administrative Agent has been appointed. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent, which successor Administrative Agent shall be reasonably satisfactory to the Borrower. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case (whether a resignation or a removal), such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring or removed Administrative Agent.

Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations under this Agreement and the other Loan Documents. Prior to any Administrative Agent's resignation or removal hereunder as Administrative Agent, the retiring or removed Administrative Agent shall, in the event that a successor Administrative Agent is being appointed at the time of such resignation or removal, take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents; provided that if a successor Administrative Agent is not appointed within the time period described above, then, in each case, such resignation or removal shall nonetheless become effective in accordance with the notice of resignation or removal, as the case may be, and (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) all payments, communications and determinations required to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly (and each Lender will cooperate with the Borrower to enable the Borrower to take such actions), until such time as the Required Lenders appoint a successor Administrative Agent, as provided above in this Section 10.9(a).

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment (x) within 30 days after the retiring Administrative Agent gives notice of its intent to resign or (y) within 20 days after the removed Administrative Agent receives notice of its removal, as applicable, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders and the Borrower or the Required Lenders may give notice of the effectiveness of the removal of the Administrative Agent to the Administrative Agent and the Borrower, as applicable, whereupon, on the date of effectiveness of such resignation or removal stated in such notice, (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Security Document for the benefit of the DIP Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the DIP Secured Parties, and continue to be entitled to the rights set forth in such Security Document and Loan Document, and, in the case of any DIP Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case solely until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this Section (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Security Document), and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than as provided in Section 4.11 and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the effectiveness of such resignation or retirement); provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall also directly be given or made to each Lender. Following the effectiveness of the Administrative Agent's resignation or removal from its capacity as such, the provisions of this Article and Section 11.5, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the

benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (i) above.

10.10 Chapter 11 Cases; Bankruptcy.

(a) Nothing contained herein shall be deemed to (x) require the Administrative Agent to file or prove any claim in the Chapter 11 Cases, or (y) authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

(b) The Lenders hereby irrevocably authorize the Administrative Agent, based upon the instruction of the Required Lenders, to credit bid all or any portion of the DIP Obligations (including by accepting some or all of the DIP Collateral in satisfaction of some or all of the DIP Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase all or any portion of the DIP Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, (b) or at any sale or other disposition thereof conducted under the provisions of the UCC, including pursuant to Sections 9-610 or 9-620 of the UCC, or (c) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid or purchase, (i) the DIP Obligations owed to the Lenders shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with DIP Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or in the Capital Stock or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase) and (ii) the Administrative Agent, based upon the instruction of the Required Lenders, may accept non-cash consideration, including debt and equity securities issued by any entities used to consummate such credit bid or purchase and in connection therewith the Administrative Agent may reduce the DIP Obligations owed to the Lenders (ratably based upon the proportion of their DIP Obligations credit bid in relation to the aggregate amount of DIP Obligations so credit bid) based upon the value of such non-cash consideration. Except as provided above or as otherwise provided for in this Agreement, the Administrative Agent will not execute and deliver a release of any DIP Lien on any DIP Collateral without the prior written authorization of (y) if the release is of all or substantially all of the DIP Collateral, all of the Lenders, or (z) otherwise, the Required Lenders. Upon request by the Administrative Agent or the Borrower at any time, the Lenders will confirm in writing the Administrative Agent's authority to release any such DIP Liens on particular types or items of DIP Collateral pursuant to this Section 10; provided, that (1) anything to the contrary contained in any of the Loan Documents notwithstanding, the Administrative Agent shall not be required to execute any document or take any action necessary to evidence such release on terms that, in the Administrative Agent's reasonable opinion, could expose the Administrative

Agent to liability or create any obligation or entail any consequence other than the release of such DIP Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the DIP Obligations or any DIP Liens (other than those expressly released) upon (or obligations of the Borrower in respect of) any and all interests retained by the Borrower, including, the proceeds of any sale, all of which shall continue to constitute part of the DIP Collateral to the extent applicable.

Notwithstanding the foregoing, nothing herein shall require any Loan Party to conduct any sale or other disposition or shall permit any DIP Secured Party to commence a sale, foreclosure, or other disposition, directly or indirectly, in each case, subject to the provisions of Section 9.

10.11 Application of Proceeds. Subject to the DIP Order, the Lenders and the Administrative Agent agree, as among such parties, as follows: after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of amounts then due and outstanding under any of the Loan Documents shall, except as otherwise expressly provided herein, be distributed and applied in the following order (in each case, to the extent the Administrative Agent has actual knowledge of the amounts owing or outstanding as described below): (1) first, to pay all reasonable fees and out-of-pocket costs and expenses (including attorneys' fees to the extent provided herein) due and owing to the Administrative Agent under the Loan Documents, including in connection with enforcing the rights of the Administrative Agent and the Lenders under the Loan Documents (including all expenses of sale or other realization of or in respect of the DIP Collateral and any sums advanced to the Administrative Agent or to preserve its security interest in the DIP Collateral); (2) second, to pay (on a ratable basis) all reasonable fees and out-of-pocket costs and expenses (including reasonable attorneys' fees to the extent provided herein) due and owing to each of the Lenders under the Loan Documents, including in connection with enforcing such Lender's rights under the Loan Documents; (3) third, to pay (on a ratable basis) accrued and unpaid interest on Loans then outstanding; (4) fourth, to pay (on a ratable basis) accrued and unpaid commitment fees on the Commitments pursuant to Section 4.5(b), (5) fifth, to pay (on a ratable basis) principal of Loans then outstanding; (6) sixth, to pay (on a ratable basis) all other outstanding amounts due and payable to the Administrative Agent and the Lenders; and (7) seventh, to pay the surplus, if any, to whomever may be lawfully entitled to receive such surplus. To the extent any amounts available for distribution pursuant to clause "fifth" are insufficient to pay all obligations described therein in full, such moneys shall be allocated pro rata among the Persons entitled to payment of such obligations based on the relative amounts of such obligations. Notwithstanding the foregoing, Excluded Obligations (as defined in the Guarantee Agreement) with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets.

## SECTION 11. MISCELLANEOUS.

### 11.1 Amendments and Waivers.

(a) Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof, may be amended, supplemented, modified or waived except in accordance with the provisions of this Section 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (x) enter into with the

respective Loan Parties hereto or thereto, as the case may be, written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or to the other Loan Documents or changing, in any manner the rights or obligations of the Lenders or the Loan Parties hereunder or thereunder or (y) waive at any Loan Party's request, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that amendments pursuant to Section 11.1(d) may be effected without the consent of the Required Lenders to the extent provided therein; provided, further, that no waiver and no amendment, supplement or modification shall:

(i) reduce or forgive the amount or extend the scheduled date of maturity of any Loan or reduce the stated rate of any interest or fee payable hereunder (other than as a result of any waiver of the applicability of any post-default increase in interest rates or fee) or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment or change the currency in which any Loan is payable, in each case without the consent of each Lender directly and adversely affected thereby, subject to Section 11.1(d) (it being understood that (x) waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitment of all Lenders shall not constitute an increase of the Commitment of any Lender, and (y) an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender);

(ii) amend, modify or waive any provision of this Section 11.1(a) or reduce the percentage specified in the definition of "Required Lenders", "Required Commitment Parties" or consent to the assignment or transfer by Holdings or the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (other than pursuant to Section 8.3 or 11.6(a)), in each case without the written consent of all the Lenders;

(iii) release all or substantially all of the value of the Guarantee of the DIP Obligations pursuant to the Guarantee Agreement, or all or substantially all of the DIP Collateral, in each case without the consent of all of the Lenders, except as expressly permitted hereby or by the DIP Order; or

(iv) amend, modify or waive any provision of Section 10 without the written consent of the Administrative Agent.

(b) Any waiver and any amendment, supplement or modification pursuant to this Section 11.1 shall apply to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, each of the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(c) Notwithstanding any provision herein to the contrary, (x) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder or under any of the Loan Documents, except to the extent the consent of such Lender would be required under clause (i) in the further proviso to the second sentence of Section 11.1(a) and (y) no Disqualified Institution shall have any right to approve or disapprove any amendment, waiver or consent hereunder or under any of the Loan Documents.

(d) Notwithstanding any provision herein to the contrary, this Agreement and the other Loan Documents may be amended in accordance with Section 2.6 to incorporate the terms of any Incremental L/C Facilities with only the written consent of the Borrower, the Lenders providing such Incremental L/C Facilities and the Administrative Agent, which amendment may, without the consent of any other Lenders, effect such amendments to this Agreement or the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of Section 2.6; provided that if such amendment includes a commitment of a bank or other financial institution that is not at such time a Lender or an affiliate of a Lender, the inclusion of such bank or other financial institution as an Additional Incremental L/C Lender shall be subject to the consent of the Required Lenders (not to be unreasonably withheld or delayed) at the time of such amendment. The Lenders hereby irrevocably authorize the Administrative Agent to enter into any such amendment as may be necessary in order to establish Incremental L/C Facilities pursuant to Section 2.6 and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such Incremental L/C Facilities, in each case on terms consistent with Section 2.6.

(e) [Reserved].

(f) If, in connection with any proposed change, waiver, discharge or termination of or to any of the provisions of this Agreement and/or any other Loan Document as contemplated by Section 11.1(a), the consent of each Lender or each affected Lender, as applicable, is required and the consent of the Required Lenders at such time is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each such other Lender, a "Non-Consenting Lender"), then the Borrower may, on notice to the Administrative Agent and the Non-Consenting Lender, (A) replace such Non-Consenting Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 11.6 (with the assignment fee and any other costs and expenses to be paid by the Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender; provided, further, that the applicable assignee shall have agreed to the applicable change, waiver, discharge or termination of this Agreement and/or the other Loan Documents; and provided, further, that all obligations of the Borrower owing to the Non-Consenting Lender relating to the Loans and Commitments so assigned shall be paid in full by the assignee Lender (or, at its option, by the Borrower) to such Non-Consenting Lender concurrently with such Assignment and Acceptance or (B) prepay the Loans and, if applicable, terminate the Commitment of such Non-Consenting Lender, in whole or in part, subject to Section 4.12, without premium or penalty. In connection with any such replacement under this Section 11.1(f), if the Non-Consenting Lender does not execute and deliver to the Administrative Agent a duly





Barclays Bank PLC  
Bank Debt Management Group  
745 Seventh Avenue  
New York, NY 10019  
Attention: Robert Walsh  
Telephone: (212) 526-6047  
Email: [robert.xa.walsh@barclays.com](mailto:robert.xa.walsh@barclays.com)

For funding requests, conversions, interest accruals, etc.:

Barclays Bank PLC  
Wholesale Lending Operations  
400 Jefferson Park  
Whippany, NJ 07981  
Attention: Bobby Fitzpatrick  
Telephone: (212) 499-5043  
Email: [bobby.fitzpatrick@barclays.com](mailto:bobby.fitzpatrick@barclays.com);  
with copy to [xraUSLoanOps5@barclayscapital.com](mailto:xraUSLoanOps5@barclayscapital.com)

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Section 4.2, 4.4 or 4.8 shall not be effective until received.

(b) Without in any way limiting the obligation of any Loan Party and its Subsidiaries to confirm in writing any telephonic notice permitted to be given hereunder, the Administrative Agent may prior to receipt of written confirmation act without liability upon the basis of such telephonic notice, believed by the Administrative Agent in good faith to be from a Responsible Officer.

(c) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile or other electronic means (i.e., a “pdf” or “tiff”). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually signed originals and shall be binding on each Loan Party, the Administrative Agent and each Lender. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or other electronic document or signature.

(d) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including electronic mail and Internet or intranet websites); provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that the approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes (with the Borrower’s consent), (i) notices and other communications sent to an e-mail address shall be deemed received

upon the sender's receipt of a written acknowledgement from the intended recipient (such as by "return receipt requested" function, as available, return e-mail or other written acknowledgment), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the posting thereof.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, any Lender or any Loan Party, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in the other Loan Documents (or in any amendment, modification or supplement hereto or thereto) and in any certificate delivered pursuant hereto or such other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

11.5 Payment of Expenses. Subject to the DIP Order, but regardless of whether the Closing Date occurs, the Loan Parties shall promptly pay (or cause to be paid): (i) all reasonable, documented and invoiced out-of-pocket expenses of the Administrative Agent and the Lenders (but limited, in the case of legal and consultant or other advisors' fees and expenses, to the reasonable and actual disbursements and other charges of (a) Arnold & Porter, (b) Troutman Pepper, (c) Houlihan (including its out-of-pocket expenses, its Monthly Fees and its Deferred Fee), (d) one firm of local counsel in each appropriate jurisdiction, (e) reasonable and actual fees and expenses of one additional consultant, solely to the extent unpaid pursuant to the Commitment Letter, and which shall in no event be in an aggregate amount greater than the difference between (x) \$100,000 and (y) any amounts paid pursuant to the Commitment Letter, (f) one primary outside counsel of the Administrative Agent, (g) one local counsel of the Administrative Agent and (h) reasonable and actual fees and expenses of advisors to the Additional Commitment Party (as defined in the Commitment Letter) incurred on or before the Closing Date), in each case (except as otherwise explicitly specified in clause (h) above), whether accrued on, prior to or after the Closing Date, in connection with the Chapter 11 Cases, including, but not limited to: (a) the preparation, negotiation and execution of the Loan Documents; (b) the syndication and funding of the Loans; (c) the creation, perfection or protection of the DIP Liens (including all search, filing and recording fees); (d) the ongoing administration of the Loan Documents (including the preparation, negotiation and execution of any amendments, consents, waivers, assignments, restatements or supplements thereto); (e) the enforcement of the Loan Documents; (f) any refinancing or restructuring of the DIP Facility in the nature of a "work-out"; and (g) any legal proceeding relating to or arising out of the DIP Facility or the other transactions contemplated by the Loan Documents; and (ii) all fees of the Administrative Agent charged (and agreed to by the Borrower in the Fee Letter) in connection with the DIP Facility, the Commitment Re-allocation and the "seasoning" of the DIP Facility and the other services they provide in connection with the DIP Facility. All of the fees and expenses set forth in the preceding clauses (i) and (ii) that have accrued on or prior to the Closing Date shall be paid by the Borrower

on such date (and may be netted out of Loans incurred on such date). For the avoidance of doubt, this clause shall not apply to expenses incurred in connection with any legal proceedings not relating to or arising out of the Commitment Letter, this Agreement, or any other actions brought against the Lenders in their capacities solely as holders of Prepetition First Lien Secured Debt. Any amounts payable pursuant to this paragraph following the Closing Date shall be paid by the Borrower within thirty days of receipt of an invoice relating thereto, setting forth such expenses in reasonable detail.

The Loan Parties agree to indemnify, hold harmless and defend the Administrative Agent, the Lenders, the Joint Bookrunner, their respective Affiliates and their respective directors, officers, managers, members, employees, attorneys (including Arnold & Porter), advisors (including Houlihan Lokey Capital, Inc. ("Houlihan")), consultants, agents and other representatives, in each case in their capacity as such (each, an "Indemnitee"), from and against any and all losses, claims, damages, expenses and liabilities, joint or several, to which any such Indemnitee may become subject arising out of or in connection with this Agreement, the DIP Facility (including any ancillary documents and security arrangements in connection therewith) and documentation thereof, the use of the proceeds thereof or any claim, litigation, investigation or proceeding (a "Proceeding") relating to any of the foregoing, regardless of whether any Indemnitee is a party thereto, and regardless of whether or not such Proceedings are brought by the Borrower, its equity holders, Affiliates, creditors or any other person and to reimburse each such Indemnitee by no later than 30 days after a written request for any reasonable and documented out-of-pocket expenses incurred in connection with investigating or defending any Proceeding (but limited, in the case of legal fees and expenses in all cases in respect of the foregoing, to (i) one firm of counsel in all cases in respect of the foregoing for all Indemnitees (other than the Administrative Agent) taken as a whole and, if necessary, one firm of specialist counsel and one firm of local counsel in each appropriate jurisdiction (which may be a single firm for multiple jurisdictions) for all Indemnitees (other than the Administrative Agent) taken as a whole (and, in the case of an actual or perceived conflict of interest where the Indemnitee(s) affected by such conflict informs the Borrower of such conflict and retains their own counsel, of another firm of counsel for all such affected Indemnitee(s) taken as a whole) and (ii) one firm of counsel for the Administrative Agent and, if necessary, one firm of specialist counsel and one firm of local counsel in each appropriate jurisdiction); provided that the foregoing indemnity will not, as to any Indemnitee, apply to losses, claims, damages, liabilities or related expenses (1) to the extent they are found in a final and non-appealable judgment of a court of competent jurisdiction to have resulted from (x) the willful misconduct, bad faith or gross negligence of such Indemnitee or any of its Related Parties (as defined below) or (y) a material breach of the obligations of such Indemnitee or any of its Related Parties under this Agreement, the other Loan Documents or the DIP Facility, (2) arising out of, or in connection with, any Proceeding that does not involve an act or omission by the Borrower or any of the Borrower's Subsidiaries and that is brought by an Indemnitee against any other Indemnitee other than any Proceeding against any Indemnitee in its capacity or in fulfilling its role as the Administrative Agent or similar role under the DIP Facility, or (3) arising out of any action brought against any Indemnitee in its capacity as a holder of Prepetition First Lien Secured Debt. Each Lender shall have liability only to the Borrower (as opposed to any other person) and that each Lender shall be liable solely in respect of its own Commitment on a several, and not joint, basis with any other Lender. For purposes hereof, a "Related Party" of an Indemnitee means such Indemnitee's controlled Affiliates, directors, employees, officers, controlling persons, advisors or other representatives.

Notwithstanding the foregoing, the Loan Parties also agree to indemnify Houlihan and the HL (as defined in the Houlihan Engagement Letter (as such indemnity is in effect on the date of the Commitment Letter)) pursuant to the terms of the Houlihan Engagement Letter.

To the fullest extent permitted by applicable law, no party hereto shall assert, and each hereby waives, any claim against HGH and its Related Parties or against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with or as a result of the Commitment Letter, the other Loan Documents or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or any Loan or the use of the proceeds thereof. No Indemnitee or the Borrower and its Affiliates shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with the Commitment Letter, the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent such damages are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee.

Statements reflecting amounts payable by the Loan Parties pursuant to this Section 11.5 shall be submitted to the address of the Borrower set forth in Section 11.2, or to such other Person or address as may be hereafter designated by the Borrower in a notice to the Administrative Agent. This Section 11.5 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. The agreements in this Section 11.5 shall survive repayment of the Loans and all other amounts payable hereunder.

#### 11.6 Successors and Assigns; Participations and Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) other than in accordance with Section 8.3, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with 4.13(d), 4.14(c), 11.1(d) or this Section 11.6.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender other than a Conduit Lender may, in the ordinary course of business and in accordance with applicable law, assign (other than to a Disqualified Institution (so long as the Borrower has made the list of Disqualified Institutions available to the Administrative Agent, who may make it available to all Lenders) or any natural person) to one or more assignees (each, an “Assignee”), without the consent of the Borrower, all or a portion of its rights and obligations under this Agreement (with an assignment by a Lender of its outstanding Loans to include a proportionate amount of its outstanding Commitment, pursuant to an Assignment and Acceptance, substantially in the form of Exhibit B) with the prior written consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an affiliate of a Lender or an Approved Fund;

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments and Loans under the DIP Facility, the amount of the Commitments and Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$1,000,000, unless the Borrower and the Administrative Agent otherwise consent, provided that such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500; provided that for concurrent assignments to two or more Approved Funds such assignment fee shall only be required to be paid once in respect of and at the time of such assignments; and

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire.

For the purposes of this Section 11.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender. Notwithstanding the foregoing, no Lender shall be permitted to make assignments under this Agreement to any Disqualified Institution (so long as the Borrower has made the list of Disqualified Institutions available to the Administrative Agent, who may make it available to all Lenders).

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Acceptance, the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of (and bound by any related obligations under) Sections 4.10, 4.11, 4.12, 4.13 and 11.5, and bound by its continuing obligations under Section 11.16). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with Section 4.13(d), 4.14(c), or 11.1(d) or this Section 11.6 shall, to the extent it would comply with Section 11.6(c) be treated for purposes of this Agreement as a sale by such Lender

of a participation in such rights and obligations in accordance with paragraph (c) of this Section 11.6.

(iv) The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower's agent, solely for purposes of this Section 11.6, to maintain at one of its offices in New York, New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and interest and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender (but, in the case of a Lender, only in respect of its own interest in the Loans and Commitments), at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender (unless such assignment is made in accordance with Section 4.13(d), 4.14(c) or 11.1(d), in which case the effectiveness of such Assignment and Acceptance shall not require execution by the assigning Lender) and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section 11.6 and any written consent to such assignment required by paragraph (b) of this Section 11.6, the Administrative Agent shall accept such Assignment and Acceptance, record the information contained therein in the Register and give prompt notice of such assignment and recordation to the Borrower. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

Notwithstanding the foregoing, no Assignee, which as of the date of any assignment to it pursuant to this Section 11.6(b) would be entitled to receive any greater payment under Section 4.10, 4.11 or 11.5 than the assigning Lender would have been entitled to receive as of such date under such sections with respect to the rights assigned, shall be entitled to receive such greater payments unless the Borrower has expressly consented in writing to waive the benefit of this provision at the time of such assignment.

Notwithstanding the foregoing, any Commitment Party may assign its Commitment to one or more Other Prepetition Secured Parties pursuant to the Commitment Re-allocation, in each case, without the consent of the Borrower or the Administrative Agent.

(c) Any Lender other than a Conduit Lender may, in the ordinary course of its business and in accordance with applicable law, without the consent of the Borrower or the Administrative Agent, sell participations (other than to any Disqualified Institution (so long as the Borrower has made the list of Disqualified Institutions available to the Administrative Agent, who may make it available to all Lenders or a natural person) to one or more banks or other entities (a

“Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Lender shall remain the holder of any such Loan and Commitment for all purposes under this Agreement and the other Loan Documents and (D) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that, to the extent of such participation such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly and adversely affected thereby pursuant to the proviso to the second sentence of Section 11.1(a) and (2) directly and adversely affects such Participant. Subject to paragraph (d) of this Section 11.6, the Borrower agrees that each Participant shall be entitled to the benefits of (and shall have the related obligations under) Sections 4.10, 4.11, 4.12, 4.13 and 11.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 11.6. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.7(b) as though it were a Lender provided that such Participant shall be subject to Section 11.7(a) as though it were a Lender. Notwithstanding the foregoing, no Lender shall be permitted to sell participations under this Agreement to any Disqualified Institution (so long as the Borrower has made the list of Disqualified Institutions available to the Administrative Agent, who may make it available to all Lenders). Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the DIP Facility or other obligations under the Loan Documents (the “Participant Register”); provided, that no Lender shall have any obligation to disclose all or any portion of a Participant Register to any Person (including the identity of any Participant or any information relating to a Participant’s interest in any DIP Facility or its other obligations under any Loan Document) except to the extent that such disclosure is necessary (x) to establish that such DIP Facility or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or (y) for the Borrower to enforce its rights hereunder. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) No Loan Party shall be obligated to make any greater payment under Section 4.10, 4.11 or 11.5 than it would have been obligated to make in the absence of any participation, unless the sale of such participation is made with the prior written consent of the Borrower and the Borrower expressly waives the benefit of this provision at the time of such participation. Any Participant shall not be entitled to the benefits of Section 4.11 unless such Participant complies with Section 4.11(b) or (c), as applicable, and provides the forms and certificates referenced therein to the Lender that granted such participation.

(e) Any Lender, without the consent of the Borrower or the Administrative Agent, may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 11.6 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute (by foreclosure or otherwise) any such pledgee or Assignee for such Lender as a party hereto.

(f) No assignment or participation made or purported to be made to any Assignee or Participant shall be effective without the prior written consent of the Borrower if it would require the Borrower to make any filing with any Governmental Authority or qualify any Loan under the laws of any jurisdiction, and the Borrower shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any Assignee or Participant to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

(g) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 11.6(b). The Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any domestic or foreign bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state, federal or provincial bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance. Each such indemnifying Lender shall pay in full any claim received from the Borrower pursuant to this Section 11.6(g) within 30 Business Days of receipt of a certificate from a Responsible Officer of the Borrower specifying in reasonable detail the cause and amount of the loss, cost, damage or expense in respect of which the claim is being asserted, which certificate shall be conclusive absent manifest error. Without limiting the indemnification obligations of any indemnifying Lender pursuant to this Section 11.6(g), in the event that the indemnifying Lender fails timely to compensate the Borrower for such claim, any Loans held by the relevant Conduit Lender shall, if requested by the Borrower, be assigned promptly to the Lender that administers the Conduit Lender and the designation of such Conduit Lender shall be void.

(h) Notwithstanding the foregoing provisions of this Section 11.6, nothing in this Section 11.6 is intended to or should be construed to limit the Borrower's right to prepay the Loans as provided hereunder, including under Section 4.4.

(i) The Administrative Agent (in its capacity as such) shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent (in its capacity as such) shall not (~~x~~) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or



Participant is a Disqualified Lender or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Institution.

11.7 Adjustments; Set-off; Calculations; Computations.

(a) If any Lender (a “Benefited Lender”) shall at any time receive any payment of all or part of its Loans owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9(f), or otherwise (except pursuant to Sections 4.9, 4.10, 4.11, 4.12, 4.13(d), 4.14, 11.1(f) or 11.6)), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender’s Loans owing to it, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders an interest (by participation, assignment or otherwise) in such portion of each such other Lender’s Loans owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon the occurrence of an Event of Default under Section 9(a) to set-off as appropriate and apply against any amount then due and payable under Section 9(a) by the Borrower any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Judgment. (a) If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 11.8 referred to as the “Judgment Currency”) an amount due under any Loan Document in any currency (the “Obligation Currency”) other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding the date of actual payment of the amount due, in the case of any proceeding in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 11.8 being hereinafter in this Section 11.8 referred to as the “Judgment Conversion Date”).

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 11.8(a), there is a change in the rate of exchange prevailing between the Judgment

Conversion Date and the date of actual receipt for value of the amount due, the applicable Loan Party shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from any Loan Party under this Section 11.8(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term “rate of exchange” in this Section 11.8 means the rate of exchange at which the Administrative Agent, on the relevant date at or about 12:00 noon (New York time), would be prepared to sell, in accordance with its normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency.

11.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy and other electronic transmission), and all of such counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be delivered to the Borrower and the Administrative Agent.

11.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.11 Integration. This Agreement and the other Loan Documents represent the entire agreement of each of the Loan Parties party hereto, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by any of the Loan Parties party hereto, the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. In the event of any conflict between the express terms and provisions of this Agreement, on the one hand, and of the Commitment Letter, on the other hand, the terms and provisions of this Agreement shall control.

11.12 Governing Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN THE OTHER LOAN DOCUMENTS) AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE.

11.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Bankruptcy Court;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, the applicable Lender or the Administrative Agent, as the case may be, at the address specified in Section 11.2 or at such other address of which the Administrative Agent, any such Lender and the Borrower shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 11.13 any consequential or punitive damages.

11.14 Acknowledgements. Each party hereto hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of creditor and debtor;

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby and thereby among the Lenders or among any of the Borrower and the Lenders; and

(d) neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lenders or the Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

11.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL

ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.16 Confidentiality. (a) The Administrative Agent and each Lender agrees to keep confidential any information (a) provided to it by or on behalf of Holdings, the Borrower or any of its Subsidiaries pursuant to or in connection with the Loan Documents or (b) obtained by the Administrative Agent or any Lender based on a review of the books and records of Holdings, the Borrower or any of its Subsidiaries; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (i) to the Administrative Agent or any other Lender, (ii) to any Transferee, or prospective Transferee or any creditor or any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations that agrees to comply with the provisions of this Section 11.16 pursuant to a written instrument (or electronically recorded agreement from any Person listed above in this clause (ii), which Person has been approved by the Borrower (such approval not be unreasonably withheld), in respect to any electronic information (whether posted or otherwise distributed on Intralinks or any other electronic distribution system)) for the benefit of the Borrower (it being understood that the Administrative Agent or each relevant Lender shall be solely responsible for obtaining such instrument (or such electronically recorded agreement)), (iii) to its affiliates and the employees, officers, directors, agents, attorneys, accountants and other professional advisors of it and its affiliates, provided that the Administrative Agent or each relevant Lender shall inform each such Person of the agreement under this Section 11.16 and take reasonable actions to cause compliance by any such Person referred to in this clause (iii) with this Agreement (including, where appropriate, to cause any such Person to acknowledge its agreement to be bound by the agreement under this Section 11.16), (iv) upon the request or demand of any Governmental Authority having jurisdiction over the Administrative Agent or a Lender or its respective affiliates or to the extent required in response to any order of any court or other Governmental Authority or as shall otherwise be required pursuant to any Requirement of Law, provided that the Administrative Agent or such Lender shall, unless prohibited by any Requirement of Law, notify the Borrower of any disclosure pursuant to this clause (iv) as far in advance as is reasonably practicable under such circumstances, (v) which has been publicly disclosed other than in breach of this Agreement, (vi) in connection with the exercise of any remedy hereunder or under any other Loan Document, (vii) in connection with periodic regulatory examinations and reviews conducted by the National Association of Insurance Commissioners or any Governmental Authority having jurisdiction over the Administrative Agent or Lender or its respective affiliates (to the extent applicable), (viii) in connection with any litigation to which the Administrative Agent or any Lender may be a party, subject to the proviso in clause (iv) above, and (ix) if, prior to such information having been so provided or obtained, such information was already in the Administrative Agent's or a Lender's possession on a non-confidential basis without a duty of confidentiality to Holdings or the Borrower (or any of their respective Affiliates) being violated. Notwithstanding any other provision of this Agreement, any other Loan Document or any Assignment and Acceptance, the provisions of this Section 11.16 shall survive with respect to the Administrative Agent and each Lender until the second anniversary of the Administrative Agent or Lender ceasing to be the Administrative Agent or a Lender, respectively.

(b) Each Lender acknowledges that any such information referred to in Section 11.16(a), and any information (including requests for waivers and amendments) furnished by the Borrower or the Administrative Agent pursuant to or in connection with this Agreement and the

other Loan Documents, may include material non-public information concerning the Borrower, the other Loan Parties and their respective Affiliates or their respective securities. Each Lender represents and confirms that such Lender has developed compliance procedures regarding the use of material non-public information; that such Lender will handle such material non-public information in accordance with those procedures and applicable law, including United States federal and state securities laws; and that such Lender has identified to the Administrative Agent a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law.

11.17 USA Patriot Act Notice. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub.: 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify, and record information that identifies each Loan Party, which information includes the name of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act, and the Borrower agrees to provide such information (including any information with respect to any Guarantor) from time to time to any Lender.

11.18 Electronic Execution of Assignments and Certain Other Documents. The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.19 Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to

such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitment and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

[SIGNATURE PAGES TO BE PROVIDED SEPARATELY]

**THE HERTZ CORPORATION**

/s/ M David Galainena

Name: M. David Galainena

Title: Executive Vice President, General Counsel and  
Secretary



BARCLAYS BANK PLC,  
as the Administrative Agent

/s/ Sean Duggan

Name: Sean Duggan

Title: Vice President

BARCLAYS BANK PLC,  
as a Lender

/s/ Sean Duggan

Name: Sean Duggan

Title: Vice President

KING STREET ACQUISITION COMPANY,  
L.L.C.,  
as a Lender

By: King Street Capital Management, L.P.  
Its Manager

/s/ Howard Baum \_\_\_\_\_  
Name: Howard Baum  
Title: Authorized Signatory

COBALT PARTNERS, LP,  
as a Lender

By: Cobalt Management, LLC Its General Partner

/s/Wayne Cooperman  
Name: Wayne Cooperman  
Title: Managing Member

CAPITAL VENTURES INTERNATIONAL,  
as a Lender

By: Susquehanna Advisors Group, Inc., its  
authorized agent

/s/ Ted Bryce

Name: Ted Bryce

Title: Vice President

XYQ CAYMAN LTD.,  
as a Lender

/s/ John N. Spinney, Jr.  
Title: Authorized Signatory

CONTRARIAN CAPITAL FUND I, L.P.,  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/ Jon R. Bauer  
Name: Jon R. Bauer  
Title: Managing Member

CONTRARIAN CENTRE STREET PARTNERSHIP, L.P.  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer  
Name: Jon R. Bauer  
Title: Managing Member



CONTRARIAN CAPITAL FUND I, L.P.,  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer \_\_\_\_\_  
Name: Jon R. Bauer  
Title: Managing Member

CONTRARIAN CENTRE STREET PARTNERSHIP, L.P.  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer  
Name: Jon R. Bauer  
Title: Managing Member

CONTRARIAN CAPITAL SENIOR SECURED, L.P.  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer \_\_\_\_\_  
Name: Jon R. Bauer  
Title: Managing Member

CONTRARIAN CAPITAL TRADE CLAIMS, L.P.,  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer  
Name: Jon R. Bauer  
Title: Managing Member

CONTRARIAN ADVANTAGE-B, L.P.,  
as a Lender

By: Contrarian Capital Management, L.L.C., as Investment  
Manager

/s/Jon R. Bauer  
Name: Jon R. Bauer  
Title: Managing Member

CETUS CAPITAL VI, L.P., as a Lender

/s/ Robert E. Davis

Robert E Davis

Managing Director

LITTLEJOHN OPPORTUNITIES MASTER FUND LP,  
as a Lender

/s/ Robert E Davis

Robert E Davis  
Managing Director

OFM II, L.P.,  
as a Lender

/s/ Robert E Davis  
Robert E Davis  
Managing Director



MORGAN STANLEY SENIOR FUNDING, INC.,  
as a Lender

/s/ Brian McGowan  
Name: Brian McGowan  
Title: Authorized Signatory

DEUTSCHE BANK AG CAYMAN ISLANDS BRANCH  
(solely with respect to the Distressed Products Group),  
as a Lender

/s/ Hoi Yeun Chin  
Name: Hoi Yeun Chin  
Title: Assistant Vice President

/s/ Howard Lee  
Name: Howard Lee  
Title: Assistant Vice President

SPCP GROUP, LLC,  
as a Lender

/s/ Jesse Dorigo  
Name: Jesse Dorigo  
Title: Authorized Signatory

SPCP ACCESS HOLDINGS, LLC  
as a Lender

/s/ Jesse Dorigo  
Name: Jesse Dorigo  
Title: Authorized Signatory

SPCP INSTITUTIONAL GROUP, LLC,  
as a Lender

/s/ Jesse Dorigo  
Name: Jesse Dorigo  
Title: Authorized Signatory

DIAMETER MASTER FUND LP, as a Lender

/s/ Shailini Rao

Name: Shailini Rao

Title: General Counsel

DIAMETER DISLOCATION MASTER FUND LP  
as a Lender

/s/ Shailini Rao

Name: Shailini Rao

Title: General Counsel

CROSS OCEAN USSS FUND I (A) LP,  
as a Lender

By: Cross Ocean Partners Management LP, its investment  
manager

/s/ Matthew Rymer  
Name: Matthew Rymer  
Title: General Counsel



CROSS OCEAN GLOBAL SIF (A) L.P.,  
as a Lender

By: Cross Ocean Partners Management LP, its sub-adviser

/s/ Matthew Rymer  
Name: Matthew Rymer  
Title: General Counsel

CROSS OCEAN GSS MASTER FUND LP  
as a Lender

By: Cross Ocean Partners Management LP, its investment  
manager

/s/ Matthew Rymer  
Name: Matthew Rymer  
Title: General Counsel

CROSS OCEAN GCD MASTER FUND I (A) LP  
as a Lender

By: Cross Ocean Partners Management LP, its investment  
manager

/s/ Matthew Rymer  
Name: Matthew Rymer  
Title: General Counsel

TACONIC MASTER FUND 1.5 L.P.,  
as a Lender

By: Taconic Capital Advisors L.P., its investment manager

/s/ Peyton McNutt

Name: Peyton McNutt

Title: Deputy General Counsel

TACONIC OPPORTUNITY MASTER FUND L.P.  
as a Lender

By: Taconic Capital Advisors L.P., its investment manager

/s/ Peyton McNutt  
Name: Peyton McNutt  
Title: Deputy General Counsel

TACONIC MARKET DISLOCATION MASTER FUND  
III (CAYMAN), L.P.,  
as a Lender

By: Taconic Capital Advisors L.P., its investment manager

/s/ Peyton McNutt  
Name: Peyton McNutt  
Title: Deputy General Counsel

BAYCITY ALTERNATIVE INVESTMENT FUNDS  
SICAV-SIF - BAYCITY US SENIOR LOAN FUND,  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: General Counsel

NUVEEN FLOATING RATE INCOME FUND,  
as a Lender

/s/Judith MacDonald  
Name: Judith MacDonald  
Title: Authorized Signatory



MENARD, INC., as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: General Counsel

MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT  
FUND OF CHICAGO  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald \_\_\_\_\_  
Name: Judith MacDonald  
Title: General Counsel

NUVEEN SYMPHONY FLOATING RATE INCOME  
FUND,  
as a Lender

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: Authorized Signatory

NUVEEN SHORT DURATION CREDIT  
OPPORTUNITIES FUND  
as a Lender

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: Authorized Signatory

NUVEEN FLOATING RATE INCOME OPPORUNITY  
FUND  
as a Lender

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: Authorized Signatory

PENSIONDANMARK  
PENSIONSFORSIKRINGSAKTIESELSKAB  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald \_\_\_\_\_  
Name: Judith MacDonald  
Title: General Counsel

PRINCIPAL FUNDS, INC. – DIVERSIFIED REAL  
ASSET FUND  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald \_\_\_\_\_  
Name: Judith MacDonald  
Title: General Counsel

PRINCIPAL DIVERSIFIED REAL ASSET CIT  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: General Counsel



NUVEEN SENIOR INCOME FUND  
as a Lender

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: Authorized Signatory

SYMPHONY FLOATING RATE SENIOR LOAN FUND  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald \_\_\_\_\_  
Name: Judith MacDonald  
Title: General Counsel

BAYCITY LONG-SHORT CREDIT MASTER FUND  
LTD.  
as a Lender

By: Symphony Asset Management LLC, as  
Investment Adviser

/s/ Judith MacDonald \_\_\_\_\_  
Name: Judith MacDonald  
Title: General Counsel

NUVEEN SENIOR LOAN FUND, L.P.  
as a Lender

By: Symphony Asset Management LLC, as  
General Partner

/s/ Judith MacDonald  
Name: Judith MacDonald  
Title: General Counsel

APOLLO CREDIT STRATEGIES MASTER FUND LTD.,  
as a Lender

By: Apollo ST Fund Management LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO TACTICAL VALUE SPN INVESTMENTS,  
L.P.,  
as a Lender

By: Apollo Tactical Value SPN Management, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO CENTRE STREET PARTNERSHIP, L.P.,  
as a Lender

By: Apollo Centre Street Management, LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO OASIS PARTNERS (FC), LLC, as a Lender

By: Apollo Oasis Management, LLC, its investment  
manager

/s/ Joseph D. Glatt

Name: Joseph D. Glatt

Title: Vice President



APOLLO PPF CREDIT STRATEGIES, LLC, as a Lender

By: Apollo Credit Strategies Master Fund Ltd., its member

By: Apollo ST Fund Management LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO A-N CREDIT FUND (DELAWARE), L.P.,  
as a Lender

By: Apollo A-N Credit Management, LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO ATLAS MASTER FUND, LLC, as a Lender

By: Apollo Atlas Management, LLC, its investment  
manager

/s/ Joseph D. Glatt

Name: Joseph D. Glatt

Title: Vice President

APOLLO A-N CREDIT FUND (DELAWARE),  
L.P. OVERFLOW 2, as a Lender

By: Apollo A-N Credit Management, LLC, its investment  
manager

/s/ Joseph D. Glatt \_\_\_\_\_

Name: Joseph D. Glatt

Title: Vice President

APOLLO ACCORD IV AGGREGATOR A, L.P.,  
as a Lender

By: Apollo Accord Advisors IV, L.P., its general partner

By: Apollo Accord Advisors GP IV, LLC, its general partner

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO ACCORD MASTER FUND III B, L.P.,  
as a Lender

By: Apollo Accord Management III, LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO PPF OPPORTUNISTIC CREDIT PARTNERS  
LLC,  
as a Lender

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

APOLLO LINCOLN FIXED INCOME FUND, L.P.,  
as a Lender

By: Apollo Lincoln Fixed Income Management, LLC, its  
investment manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President



APOLLO TR OPPORTUNISTIC LTD.,  
as a Lender

By: Apollo Total Return Management, LLC, its investment  
manager

And by: Apollo Total Return Enhanced  
Management, LLC, its investment manager

/s/ Joseph D. Glatt

Name: Joseph D. Glatt

Title: Vice President

MPI (LONDON) LIMITED,  
as a Lender

By: Apollo TRF MP Management LLC, its investment  
manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

AP KENT CREDIT MASTER FUND, L.P.,  
as a Lender

By: AP Kent Management, LLC, its investment manager

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

SCHLUMBERGER UK COMMON INVESTMENT  
FUND,  
as a Lender

By: Apollo Management International, LLP, its investment  
manager

By: AMI (Holdings), LLC, its member

/s/ Joseph D. Glatt

Name: Joseph D. Glatt

Title: Vice President

MERCER MULTI-ASSET CREDIT FUND, a sub-fund of  
Mercer QIF Fund Plc.,  
as a Lender

By: Apollo Management International, LLP, its investment  
manager

By: AMI (Holdings), LLC, its member

/s/ Joseph D. Glatt  
Name: Joseph D. Glatt  
Title: Vice President

CITIGROUP FINANCIAL PRODUCTS INC.,  
as a Lender

/s/ David Quinn  
Name: David Quinn  
Title: Authorized Signatory

Schedule A: Commitments and Addresses

On file with Administrative Agent

Schedule 1.1(e): Prepetition Indebtedness

On file with Administrative Agent



Schedule 1.1(f)  
to Credit Agreement

Schedule 1.1(f): Prepetition Letters of Credit

On file with Administrative Agent

Schedule 1.1(g)  
to Credit Agreement

Schedule 1.1(g): Postpetition Letters of Credit

On file with Administrative Agent

Schedule 1.1(h)  
to Credit Agreement

Schedule 1.1(h): Canadian Required Standstill Provisions

On file with Administrative Agent

Schedule 1.1(i)  
to Credit Agreement

Schedule 1.1(i): HVF Required Standstill Provisions

On file with Administrative Agent

Schedule 1.1(j)  
to Credit Agreement

Schedule 1.1(j): HVF II Required Standstill Provisions

On file with Administrative Agent

Schedule 5.3: Consents Required

On file with Administrative Agent

Schedule 7.2: SEC Filings Website Address

On file with Administrative Agent





October 14, 2019

Ms. Angela Brav

Dear Angela:

I am very pleased to confirm our offer of employment with The Hertz Corporation (the "Company" or "Hertz") in the position of President - Hertz International. This position is at the Executive Vice President level role of the company and will report directly to Kathryn Marinello, President and Chief Executive Officer and will be based out of the Uxbridge, UK headquarters. Your start date will be mutually determined.

**Base Salary:** Your base salary will be \$24,038.47 paid on a bi-weekly basis, which equates to an annualized salary of \$625,000. This offer is contingent upon verification of your education, previous employment, satisfactory references, passing the drug test and criminal background check, presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements, and agreement to enter into and signing an Employee Confidentiality & Non-Competition Agreement.

**Comprehensive Allowance:** During your assignment, you will receive a comprehensive allowance of \$9,000 per month. This allowance will begin once you move into a permanent residence in the UK and is meant to cover any additional UK-related expenses.

**Annual Bonus Target:** You will be eligible to participate in the Hertz Executive Incentive Plan which provides for a target award in 2020 of 100% of your base salary. The actual EICP may payout up to 150% based upon company performance, and eligible for further modification based upon individual performance, as determined by the Compensation Committee. For 2020 your target award will be prorated for actual days employed. Actual payout is contingent upon the Company's performance and your individual performance, subject a guaranteed bonus for 2020 for you at 60% of Target. Details of this plan will be provided to you upon commencement of your employment, and determination of actual payout is subject to the terms of the plan. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

**Annual Equity Award:** You will be eligible for annual equity awards beginning in 2020 and beyond at a target amount of \$1,000,000. Generally, equity grants for all key executives and key employees are subject to approval by the Compensation Committee of the Hertz Board of Directors and are subject to its sole and exclusive discretion. Awards generally are based upon, or denominated as, a dollar value and may be all or partially granted in the form of Restricted Stock Units, Performance-based Restricted Stock Units, and stock options (or such other equity awards), as determined in the Committee's sole and exclusive discretion. Grants are made in accordance with the Company's Equity Grant Policy. Materials and details regarding this plan will be sent to you under separate cover, once employment is commenced.

**Transportation to the UK:** The Company will assume the cost of the airfare for the initial trip for you and your immediate family who will be accompanying you on assignment to the UK. The current T&E policy will dictate the class that you and your family can travel under.

**Automobile:** You will be eligible for a company-provided vehicle for your personal and professional use. The service vehicle policy will be reviewed with you and guidelines for choosing your vehicle will be provided upon commencement of your employment. Under the current policy, you will be eligible for a replacement vehicle every three years or 36,000 miles, whichever comes first. Hertz retains the right and sole discretion to amend, modify or rescind such policy at any time and for any reason.

**Vacation:** You will be eligible for four weeks' vacation per the terms and conditions of The Hertz Corporation vacation policy.

**Household Goods:** The company will pay the reasonable costs of shipping your household goods, excluding boats and cars. The prevailing policy shall govern your move and should be coordinated through normal channels.

All arrangements will be made through the Company approved moving company and the costs will be direct billed to Hertz.

**Employee Benefits:** You and your family will be covered under the existing Hertz benefits plan through our United Health Care International Benefits Program. Your current worldwide base salary in U.S. dollars will be the basis for the calculation of benefits and contributions.

Additionally, you're eligible to contribute to the Hertz Income Savings Plan (401(k) Plan) on the first day of the month following 60 days of employment. In accordance with the current terms of the 401k Plan, Hertz matches your contributions (both before-tax and Roth after-tax contributions) dollar for dollar on the first 3% of your Eligible Compensation you contribute and 50 cents on the dollar for the next 2% of your Eligible Compensation you contribute. The Company match starts when you're eligible to contribute to the 401(k) Plan, and you're always 100% vested in the contributions you or the Company make to the 401k Plan, and any related investment earnings. Contributions and benefits under the 401k Plan are determined in accordance with the terms of the 401k Plan, and Hertz retains the right and sole discretion to amend, modify or rescind the 401k Plan at any time and for any reason.

**Tax Preparation:** You will be eligible to use the services of BDO to assist you in the filing of U.S. and foreign tax returns for the duration of your assignment. A pre-assignment meeting will be set up with BDO to discuss UK tax processes once this assignment letter is signed.

**Tax Equalization:** Hertz's Tax Equalization policy has been developed to eliminate the exposure of its international employees to worldwide tax costs. The intent of the policy is to ensure that the expatriate employee is treated as fairly and equitably as possible and is designed to yield neither an economic benefit nor detriment to the employee. Tax Equalization is accomplished through the collection of a "hypothetical tax" from your salary. The hypothetical tax will be calculated at the beginning of the assignment (and at the beginning of each subsequent year of the assignment) based on the amount of Hertz earned income (i.e. base salary and bonus) you will have had you remained in the U.S. in your current location.

In exchange for withholding this hypothetical amount, Hertz agrees to pay all actual income tax liabilities on Hertz earned income (both foreign and domestic) arising during the overseas assignment.

Each year, upon completion of your Federal and State Income Tax Returns by BDO, a final hypothetical tax will be prepared. This final hypothetical tax will be compared to the estimated hypothetical taxes that were withheld throughout the year. Any difference will either be paid by you to Hertz or reimbursed to you through a tax equalization payment.

**Financial Planning Reimbursement:** You will also be eligible for reimbursement up to \$4,000 annually for Financial Planning Services with the provider of your choice.

**Employee Confidentiality and Non-Solicitation:** It is a fundamental term and condition of your employment that you must execute and deliver to the undersigned the enclosed Employee Confidentiality & Non-Solicitation Agreement. Please review this document carefully and obtain independent legal advice if you wish.

It is also a fundamental term and condition of your employment that:

(i) You represent and warrant that you have not and will not disclose any confidential information or trade secrets that you may have from any third party, including but not limited to any current or former employer.

(ii) You represent and warrant to the Company and agree that the negotiation, entering into or performance of your employment with the Company has not resulted in and must not result in any breach by you of any agreement, duty or other obligation (including but not limited to a Confidentiality, Non-Competition and/or Non-Solicitation duty, agreement, or obligation), to any third party, including but not limited to any current or prior employer.

(iii) You confirm and agree that you must not bring and will not transfer to the Company or use in the performance of your duties and functions with the Company any confidential material, documents of information or property, whether electronic or otherwise, of any third party, including but not limited to any current or former employer. You agree that you will not remove or possess any documents of information, whether electronic or otherwise, from such third party and you will not transfer any such documents or information to the Company at any time or otherwise use such documents or information in the scope of your employment with the Company.

(iv) During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company, nor will you begin to organize or develop any competing entity (or assist anyone else in doing).

(v) You will not disclose at any time (except for business purposes on behalf of the Company) any confidential or proprietary material of the Company. That material shall include, but is not limited to, the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information and the Company's policies and procedures.

(vi) You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.

(vii) You agree that should a court issue injunctive relief to enforce any term of this Agreement, or if a court (or jury) determines that you breached any provision of this Agreement, you will reimburse the Company for all attorney's fees and costs incurred in enforcing the terms of the Agreement, and you will also be liable for any other damages or relief permitted by law.

(viii) You agree that any disputes over the above terms shall be governed by Florida law, shall be resolved in a Florida Court or in a federal Court located in Florida, and that the terms of this Agreement may be enforced by the Company or its successors or assigns.

The foregoing terms and conditions and representations and warranties will survive and will continue in full force and effect following the commencement of your employment with the Company. Should you at any time be in breach of the foregoing terms and conditions or should the foregoing representations and warranties be inaccurate or false, it will result in your immediate termination from the Company, and if the breach is because the amounts you certified that you forfeited with your current employer are incorrect, you will be required to repay Hertz any amount you receive based on such incorrect certification. In addition, you agree that you will indemnify and hold harmless the Company and its directors, officers, employees and agents from any and all claims and demands incurred by any of them directly or indirectly arising from any breach of the foregoing terms or conditions or any inaccuracy or misrepresentation of the foregoing representations and warranties.

In the event your position with Hertz is eliminated or your employment is terminated for any reason other than for cause and other than your voluntary resignation, you will be paid severance in accordance with the Hertz Senior Executive Severance Plan which provides for a severance payment equal to 18 months of your salary and bonus. Subject to its terms, Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

Payment of any such severance shall be contingent upon the execution of a General Release, including non-competition and non-disclosure provisions, in a form prescribed by Hertz.

All payments and benefits described in this letter shall be subject to applicable tax withholdings and other standard payroll deductions.

Per Hertz's standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with Hertz is at will, and either you or the Company may terminate employment at any time, with or without cause. In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

Angela, we are pleased you are considering joining Hertz and look forward to the opportunity to work with you.

Very truly yours,

/s/ Murali Kuppuswamy  
Murali Kuppuswamy  
Executive Vice President and Chief Human Resources Officer

**ACCEPTANCE**

I, Angela Brav, as of the date first written above, have read and understand, and, having had the opportunity to obtain independent legal advice, hereby voluntarily accept and agree to, the terms and conditions of employment as outlined in this letter and I agree to do all things and to execute all documents necessary to give effect to the terms and conditions of employment as outlined in this letter, including but not limited to my execution of the Employee Confidentiality & Non-Competition Agreement.

/s/ Angela Brav  
Signature

October 16, 2019  
Date

cc: Kathryn Marinello

July 16, 2018

Ms. Opal Perry

Dear Opal:

I am very pleased to confirm our offer of employment with The Hertz Corporation (the "Company" or "Hertz") in the position of Executive Vice President and Chief Information Officer. This position will report directly to Kathryn Marinello, President and Chief Executive Officer and will be based out of the Estero, FL headquarters. Your start date is August 20, 2018.

Your base salary will be \$17,307.70 paid on a bi-weekly basis, which equates to an annualized salary of \$450,000. This offer is contingent upon verification of your education, previous employment, satisfactory references, passing the drug test and criminal background check, presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements, and agreement to enter into and signing an Employee Confidentiality & Non-Competition Agreement.

You will be eligible to participate in the Hertz Incentive Plan in 2018 which provides for a target payment of 80% of your eligible earnings. For 2018 your target award will be prorated for actual days employed. Actual payout is contingent upon the Company's performance and your individual performance. Details of this plan will be provided to you upon commencement of your employment. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

In consideration of 2018 Annual Bonus opportunity that you will be forfeiting with your current employer, you will receive a one-time, cash sign-on bonus in the gross amount of \$150,000 less applicable taxes, payable within 30 days of employment. Should you voluntarily end your employment or be terminated for cause within twelve months of your start date you will be required to pay back 100% of this award. Should you voluntarily end your employment or be terminated for cause between twelve and twenty-four months of your start date you will be required to pay back 50% of this award.

In consideration of equity awards that you will forfeit with your current employer, you will be awarded a time-vesting restricted stock unit grant in the face amount of \$250,000. This award will vest one-third per year on the anniversary of the grant date assuming continued employment.

You will also be awarded a pro-rated equity grant for 2018 in the amount of \$300,000. The grant will be subject to the terms and conditions of the applicable award agreements and the Omnibus Incentive Plan.

These awards will be granted to you on the first business day of the quarter following or coincident with your start date.

You will be eligible for annual equity awards beginning in 2019 and beyond at a target amount of \$600,000. Generally, equity grants for all key executives and key employees are subject to approval by the Compensation Committee of the Hertz Board of Directors and are subject to its sole and exclusive discretion. Awards generally are based upon, or denominated as, a dollar value and may be all or partially granted in the form of Restricted Stock Units, Performance-based Restricted Stock Units, and stock options, as determined in the Committee's sole and exclusive discretion. Grants are made in accordance with the Company's Equity Grant Policy. Materials and details regarding this plan will be sent to you under separate cover, once employment is commenced.

You will be eligible for a company-provided vehicle for your personal and professional use. The service vehicle policy will be reviewed with you and guidelines for choosing your vehicle will be provided upon commencement of your employment. Under the current policy, you will be eligible for a replacement vehicle every three years or 36,000 miles, whichever comes first. Hertz retains the right and sole discretion to amend, modify or rescind such policy at any time and for any reason.

You will be eligible for four weeks' vacation per the terms and conditions of The Hertz Corporation vacation policy.

You are eligible for relocation assistance according to the terms and conditions of Hertz's Employee Relocation Policy. The Company will provide reimbursement for expenses related to the sale and purchase of your primary home, temporary housing for up to eight (8) weeks in addition to movement of your household goods through a vendor selected by the Company. All relocation expenses are expected to be reasonable and customary for the area and are subject to pre-approval by the Company. This assistance will be available for twelve (12) months following the initiation of your relocation. Please note that if you voluntarily leave the employment of Hertz following the commencement of your position, you will be required to reimburse the Company for 100% of the amount of the expenditures regarding your relocation if you leave in the first year and 50% if you leave in the second year. The terms and conditions of the relocation agreement, including but not limited to any repayment obligations, will be provided for in a separate relocation agreement upon acceptance and initiation of the relocation. Execution of this agreement will be required prior to receiving any relocation reimbursement. In order to be eligible for relocation benefits you must use a real estate agent that is affiliated with our relocation vendor.

Hertz provides you the opportunity to participate in a comprehensive employee benefits program. This benefits program offers you numerous coverage options for:

- Medical
- Dental
- Vision
- Accidental Death and Dismemberment
- Long Term Disability
- Dependent Life Insurance
- Accidental Death and Dismemberment
- Dependent Care Flexible Spending Account
- Health Care Flexible Spending Account



You choose when you want coverage to begin:

- **Standard benefits coverage** begins the first day of the month following sixty (60) consecutive days of employment.
- **Day One Coverage** begins on day one – your date of hire. If you choose to elect Day One Coverage, you can enroll in medical, dental, and vision coverage and you'll pay 100% of the premiums until the Hertz premium subsidy starts on the first day of the month following 60 days of employment.

In a few weeks, you'll receive a New Hire Guide at your home address. The guide will give you more information about Hertz benefits, including detailed information about when your benefits will begin (Standard vs. Day One Coverage) and how to enroll.

You will also be eligible for reimbursement up to \$4,000 annually for Financial Planning Services with the provider of your choice.

Additionally, you're eligible to contribute to the Hertz Income Savings Plan (401k) on the first day of the month following 60 days of employment. In accordance with the Plan document, Hertz matches your contributions (both before-tax and Roth after-tax contributions) dollar for dollar on the first 3% of your Eligible Compensation you contribute and 50 cents on the dollar for the next 2% of your Eligible Compensation you contribute. The Company match starts when you're eligible to contribute to the 401(k), and you're always 100% vested in the contributions you or the Company make to the Plan, and any related investment earnings.

It is a fundamental term and condition of your employment that you must execute and deliver to the undersigned the enclosed Employee Confidentiality & Non-Solicitation Agreement. Please review this document carefully and obtain independent legal advice if you wish.

It is also a fundamental term and condition of your employment that:

- (i) You represent and warrant that you have not and will not disclose any confidential information or trade secrets that you may have from any third party, including but not limited to any current or former employer.
- (ii) You represent and warrant to the Company and agree that the negotiation, entering into or performance of your employment with the Company has not resulted in and must not result in any breach by you of any agreement, duty or other obligation (including but not limited to a Confidentiality, Non-Competition and/or Non-Solicitation duty, agreement, or obligation), to any third party, including but not limited to any current or prior employer.
- (iii) You confirm and agree that you must not bring and will not transfer to the Company or use in the performance of your duties and functions with the Company any confidential material, documents of information or property, whether electronic or otherwise, of any third party, including but not limited to any current or former employer. You agree that you will not remove or possess any documents of information, whether electronic or otherwise, from such third party and you will not transfer any such documents or information to the Company at any time

or otherwise use such documents or information in the scope of your employment with the Company.

(iv) During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company, nor will you begin to organize or develop any competing entity (or assist anyone else in doing).

(v) You will not disclose at any time (except for business purposes on behalf of the Company) any confidential or proprietary material of the Company. That material shall include, but is not limited to, the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information and the Company's policies and procedures.

(vi) You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.

(vii) You agree that should a court issue injunctive relief to enforce any term of this Agreement, or if a court (or jury) determines that you breached any provision of this Agreement, you will reimburse the Company for all attorney's fees and costs incurred in enforcing the terms of the Agreement, and you will also be liable for any other damages or relief permitted by law.

(viii) You agree that any disputes over the above terms shall be governed by Florida law, shall be resolved in a Florida Court or in a federal Court located in Florida, and that the terms of this Agreement may be enforced by the Company or its successors or assigns.

The foregoing terms and conditions and representations and warranties will survive and will continue in full force and effect following the commencement of your employment with the Company. Should you at any time be in breach of the foregoing terms and conditions or should the foregoing representations and warranties be inaccurate or false, it will result in your immediate termination from the Company, and if the breach is because the amounts you certified that you forfeited with your current employer are incorrect, you will be required to repay Hertz any amount you receive based on such incorrect certification. In addition, you agree that you will indemnify and hold harmless the Company and its directors, officers, employees and agents from any and all claims and demands incurred by any of them directly or indirectly arising from any breach of the foregoing terms or conditions or any inaccuracy or misrepresentation of the foregoing representations and warranties.

In the event your position with Hertz is eliminated or your employment is terminated for any reason other than for cause and other than your voluntary resignation, you will be paid severance in accordance with the Senior Executive Severance Plan which provides for a severance payment equal to 18 months of your salary and bonus.

Payment of any such severance shall be contingent upon the execution of a General Release including non-competition and non-disclosure provisions.

Per Hertz's standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with Hertz is at

will, and either you or the Company may terminate employment at any time, with or without cause. In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

Opal, we are pleased you are considering joining Hertz and look forward to the opportunity to work with you.

Very truly yours,

/s/ Murali Kuppuswamy

Murali Kuppuswamy  
Executive Vice President and Chief Human Resources Officer

**ACCEPTANCE**

I, Opal Perry, have read and understand, and, having had the opportunity to obtain independent legal advice, hereby voluntarily accept and agree to, the terms and conditions of employment as outlined in this letter and I agree to do all things and to execute all documents necessary to give effect to the terms and conditions of employment as outlined in this letter, including but not limited to my execution of the Employee Confidentiality & Non-Competition Agreement.

Opal Perry            July 16, 2018  
Signature              Date

cc: Kathryn Marinello

September 25, 2020

Mr. Kenny Cheung

Dear Kenny:

I am pleased to confirm your promotion and increase to your compensation package with your new position of **Executive Vice President, Chief Financial Officer**, based out of Estero, Florida. Your new salary will be increased to the annualized amount of **\$600,000**, paid bi-weekly and is effective September 28, 2020. You will continue reporting directly to me.

After emergence from bankruptcy you will continue to be eligible for an award under the Hertz Executive Incentive Compensation Plan at a **target of 80%** of your base salary. The actual award is based on individual performance and the Corporation meeting certain objectives.

Upon emergence from bankruptcy you will be eligible to participate in the annual equity award program at the level determined by the Compensation Committee.

Your compensation package will be reviewed again in March 2021 during the March Compensation Committee meeting, the annual meeting where executive compensation is reviewed and established for the following year.

Kenny, we believe that you will continue to make an outstanding contribution to the Hertz organization.

Very truly yours,

/s/ Paul Stone  
Paul Stone  
President and Chief Executive Officer

I accept the terms and conditions of this offer:

/s/ Kenny Cheung  
Kenny Cheung

September 25, 2020  
Date

November 30, 2018

Mr. Kenny Cheung

Dear Kenny:

I am very pleased to confirm our offer of employment with The Hertz Corporation (the "Company" or "Hertz") for the position of Senior Vice President Global Financial Planning & Analysis. This position will report directly to Jamere Jackson, Executive Vice President and Chief Financial Officer and will be based out of Estero, Florida. Your start date is to be determined upon acceptance of this offer.

Your base salary will be \$12,307.70 paid on a bi-weekly basis, which equates to an annualized salary of \$320,000. This offer is contingent upon verification of your education, previous employment, satisfactory references, passing the drug test and criminal background check, presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements, and agreement to enter into and signing an Employee Confidentiality & Non-Competition Agreement.

You are eligible to participate in the Hertz Incentive Plan beginning in 2019, which provides for a target payment of 50% of your eligible earnings and will be prorated for actual time worked. Actual payout is contingent upon the Company's performance and your individual performance. Details of this plan will be provided to you upon commencement of your employment. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

By signing this letter, you certify that you are forfeiting equity awards and bonus payments with your former employer that have a value of at least \$310,000. In consideration of this, you will receive the following: (a) a one-time, **cash sign-on bonus** in the gross amount of \$160,000 less applicable taxes payable within 60 days of employment. Should you voluntarily end your employment or be terminated for cause within twelve months of your start date you will be required to pay back 100% of this award. Should you voluntarily end your employment or be terminated for cause between twelve and twenty-four months of your start date you will be required to pay back 50% of this award; and (b) a **time-vesting restricted stock unit grant** in the face amount of \$150,000 which will vest one-third per year on the anniversary of the grant date assuming continued employment. This grant will be subject to the terms and conditions of the applicable award agreements and the Omnibus Incentive Plan and will be granted to you on the later of (1) the first business day of the quarter following or coincident with your start date, or (2) when the Compensation Committee or its designee approves your award and will be based on the closing stock price of the day prior.

You will also be eligible for annual equity awards beginning in 2019 and beyond at a target amount of \$250,000. Generally, equity grants are subject to approval by the Compensation Committee of the Hertz Board of Directors and are subject to its sole and exclusive discretion for all key executives and key employees. Generally awards are based upon, or denominated as, a dollar value and may be all or partially granted in the form of Restricted Stock Units, Performance-based Restricted Stock Units, and stock options and are subject to the Committee's sole and exclusive discretion. Grants are made in accordance with the Company's Equity Grant Policy. Materials and details regarding this plan will be sent to you under separate cover, once employment is commenced.

You will be eligible for a company provided vehicle for your personal and professional use. The service vehicle policy and vehicle choice guidance will be provided to you upon commencement of your employment. Under the current policy, you will be eligible for a replacement vehicle every three year or 36,000 miles, whichever comes first. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

You will be eligible for four weeks' vacation per the terms and conditions of The Hertz Corporation vacation policy.

Hertz provides you the opportunity to participate in a comprehensive employee benefits program. This benefits program offers you numerous coverage options for:

- Medical
- Dental
- Vision
- Life Insurance
- Dependent Life Insurance
- Accidental Death and Dismemberment
- Long Term Disability
- Dependent Care Flexible Spending Account
- Health Care Flexible Spending Account

You choose when you want coverage to begin:

**Standard benefits coverage** begins the first day of the month following sixty (60) consecutive days of employment.

**Day One Coverage** begins on day one – your date of hire. If you choose to elect Day One Coverage, you can enroll in medical, dental, and vision coverage and you'll pay 100% of the premiums until the Hertz premium subsidy starts on the first day of the month following 60 days of employment.

In a few weeks, you'll receive a New Hire Guide at your home address. The guide will give you more information about Hertz benefits, including detailed information about when your benefits will begin (Standard vs. Day One Coverage) and how to enroll.

Additionally, you're eligible to contribute to the Hertz Income Savings Plan (401k) on the first day of the month following 60 days of employment. In accordance with the Plan document, Hertz matches your contributions (both before-tax and Roth after-tax contributions) dollar for dollar on the first 3% of your Eligible Compensation you contribute and 50 cents on the dollar for the next 2% of your Eligible Compensation you contribute. The Company match starts when you're eligible to contribute to the 401(k), and you're always 100% vested in the contributions you or the Company make to the Plan, and any related investment earnings.

It is a fundamental term and condition of your employment that you must execute and deliver to the undersigned the enclosed Employee Confidentiality & Non-Solicitation Agreement. Please review this document carefully and obtain independent legal advice if you wish.

It is also a fundamental term and condition of your employment that:

(i) You represent and warrant that you have not and will not disclose any confidential information or trade secrets that you may have from any third party, including but not limited to any current or former employer.

(ii) You represent and warrant to the Company and agree that the negotiation, entering into or performance of your employment with the Company has not resulted in and must not result in any breach by you of any agreement, duty or other obligation (including but not limited to a Confidentiality, Non-Competition and/or Non-Solicitation duty, agreement, or obligation), to any third party, including but not limited to any current or prior employer.

(iii) You confirm and agree that you must not bring and will not transfer to the Company or use in the performance of your duties and functions with the Company any confidential material, documents of information or property, whether electronic or otherwise, of any third party, including but not limited to any current or former employer. You agree that you will not remove or possess any documents of information, whether electronic or otherwise, from such third party and you will not transfer any such documents or information to the Company at any time or otherwise use such documents or information in the scope of your employment with the Company.

(iv) During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company, nor will you begin to organize or develop any competing entity (or assist anyone else in doing).

(v) You will not disclose at any time (except for business purposes on behalf of the Company) any confidential or proprietary material of the Company. That material shall include, but is not limited to, the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information and the Company's policies and procedures.

(vi) You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.

(vii) You agree that should a court issue injunctive relief to enforce any term of this Agreement, or if a court (or jury) determine that you breached any provision of this Agreement, you will reimburse the Company for all attorney's fees and costs incurred in enforcing the terms of the Agreement, and you will also be liable for any other damages or relief permitted by law.

(viii) You agree that any disputes over the above terms shall be governed by Florida law, shall be resolved in a Florida Court or in a federal Court located in Florida, and that the terms of this agreement may be enforced by the Company or its successors or assigns.

(viii) The foregoing terms and conditions and representation and warranty will survive and will continue in full force and effect following the commencement of your employment with the Company. Should you at any time be in breach of the foregoing terms and conditions or should the foregoing representation and warranty be inaccurate or false, it will result in your immediate termination from the Company, and if the breach is because the amounts you certified that you forfeited with your current employer are incorrect, you will be required to repay Hertz any amount you receive based on such certification. In addition, you agree that you will indemnify and save harmless to the Company and its directors, officers, employees and agents from any and all claims and demands incurred by any of them directly or indirectly arising from any breach of the foregoing terms or conditions or any inaccuracy or misrepresentation of the foregoing representation and warranty.

In the event your position with Hertz is eliminated or your employment is terminated for any reason other than for cause and other than your voluntary resignation, you will be paid severance in accordance with the severance policy applicable to your level.

Payment of any such severance shall be contingent upon the execution of a General Release including non-competition and non-disclosure provisions.

Per Hertz's standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with Hertz is at will, and either you or the Company may terminate employment at any time, with or without cause.

In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

Kenny, we are pleased you are considering joining Hertz and look forward to the opportunity to work with you.

Very truly yours,

/s/ Kim Kimble  
Kim Kimble  
Senior Human Resources Business Partner

cc: J. Jackson

**ACCEPTANCE**

I, Kenny Cheung, have read, understand, and having had the opportunity to obtain independent legal advice hereby voluntarily accept and agree to the terms and conditions for employment as outlined in this letter and I agree to do all things and to execute all documents necessary to give effect to the terms and conditions of employment as outlined in this letter, including but not limited to my execution of the Employee Confidentiality & Non-Competition Agreement.

/s/ Kenny Cheung  
Kenny Cheung

December 3, 2018  
Date



February 27, 2019

Mr. Dave Galainena  
5877 Hammock Isles Circle  
Naples FL 34119

Dear Dave,

I am very pleased to confirm our offer of employment with The Hertz Corporation (the "Company" or "Hertz") in the position of Executive Vice President and General Counsel. This position will report directly to Kathryn Marinello, President and Chief Executive Officer and will be based out of the Estero, FL headquarters. Your start date will be 1 April 2019.

Your base salary will be \$18,269.24 paid on a bi-weekly basis, which equates to an annualized salary of \$475,000. This offer is contingent upon verification of your education, previous employment, satisfactory references, passing the drug test and criminal background check, presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements, and agreement to enter into and signing an Employee Confidentiality & Non-Competition Agreement.

You will be eligible to participate in the Hertz Incentive Plan which provides for a target award in 2019 of 60% of your base salary. For 2019 your target award will be prorated for actual days employed. Actual payout is contingent upon the Company's performance and your individual performance. Details of this plan will be provided to you upon commencement of your employment, and determination of actual payout is subject to the terms of the plan. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

You will be eligible for annual equity awards beginning in 2019 and beyond at a target amount of \$650,000. Generally, equity grants for all key executives and key employees are subject to approval by the Compensation Committee of the Hertz Board of Directors and are subject to its sole and exclusive discretion. Awards generally are based upon, or denominated as, a dollar value and may be all or partially granted in the form of Restricted Stock Units, Performance-based Restricted Stock Units, and stock options (or such other equity awards), as determined in the Committee's sole and exclusive discretion. Grants are made in accordance with the Company's Equity Grant Policy. Materials and details regarding this plan will be sent to you under separate cover, once employment is commenced.

You will be eligible for a company-provided vehicle for your personal and professional use. The service vehicle policy will be reviewed with you and guidelines for choosing your vehicle will be

provided upon commencement of your employment. Under the current policy, you will be eligible for a replacement vehicle every three years or 36,000 miles, whichever comes first. Hertz retains the right and sole discretion to amend, modify or rescind such policy at any time and for any reason.

You will be eligible for four weeks' vacation per the terms and conditions of The Hertz Corporation vacation policy.

Hertz provides you the opportunity to participate in a comprehensive employee benefits program; This benefits program currently offers you numerous coverage options for:

- Medical
- Dental
- Vision
- Life Insurance
- Dependent Life Insurance
- Accidental Death and Dismemberment
- Long Term Disability
- Dependent Care Flexible Spending Account
- Health Care Flexible Spending Account

You choose when you want coverage to begin:

- **Standard benefits coverage** begins the first day of the month following sixty (60) consecutive days of employment.
- **Day One Coverage** begins on day one - your date of hire. If you choose to elect Day One Coverage, you can enroll in medical, dental, and vision coverage and you'll pay 100% of the premiums until the Hertz premium subsidy starts on the first day of the month following 60 days of employment.

In a few weeks, you'll receive a New Hire Guide at your home address. The guide will give you more information. about Hertz benefits, including detailed information about when your benefits will begin (Standard vs. Day One Coverage) and how to enroll.

You will also be eligible for reimbursement up to \$4,000 annually for Financial Planning Services with the provider of your choice.

Additionally, you're eligible to contribute to the Hertz Income Savings Plan (401k Plan) on the first day of the month following 60 days of employment. In accordance with the current terms of the 401k Plan, Hertz matches your contributions (both before-tax and Roth after-tax contributions) dollar for dollar on the first 3% of your Eligible Compensation you contribute and 50 cents on the dollar for the next 2% of your Eligible Compensation you contribute. The Company match starts when you're eligible to contribute to the 401(k) Plan, and you're always 100% vested in the contributions you or the Company make to the 401k Plan, and any related investment earnings. Contributions and benefits under the 401k Plan are determined in accordance with the terms of the 401k Plan, and Hertz retains the right and sole discretion to amend, modify or rescind the 401k Plan at any time and for any reason.

It is a fundamental term and condition of your employment that you must execute and deliver to the undersigned the enclosed Employee Confidentiality & Non-Solicitation Agreement Please review this document carefully and obtain independent legal advice if you wish.

It is also a fundamental term and condition of your employment that:

- (i) You represent and warrant that you have not and will not disclose any confidential information or trade secrets that you may have from any third party, including but not limited to any current or former employer.
- (ii) You represent and warrant to the Company and agree that the negotiation, entering into or performance of your employment with the Company has not resulted in and must not result in any breach by you of any agreement duty or other obligation (including but not limited to a Confidentiality, Non-Competition and/or Non-Solicitation duty, agreement, or obligation), to any third party, including but not limited to any current or prior employer.
- (iii) You confirm and agree that you must not bring and will not transfer to the Company or use in the performance of your duties and functions with the Company any confidential material, documents of information or property, whether electronic or otherwise, of any third party, including but not limited to any current or former employer. You agree that you will not remove or possess any documents of information, whether electronic or otherwise, from such third party and you will not transfer any such documents or information to the Company at any time or otherwise use such documents or information in the scope of your employment with the Company.
- (iv) During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company, nor will you begin to organize or develop any competing entity (or assist anyone else in doing).
- (v) You will not disclose at any time (except for business purposes on behalf of the Company) any confidential or proprietary material of the Company. That material shall include, but is not limited to the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information and the Company's policies and procedures.
- (vi) You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.
- (vii) You agree that should a court issue injunctive relief to enforce any term of this Agreement or if a court (or jury) determines that you breached any provision of this Agreement, you will reimburse the Company for all attorney's fees and costs incurred in enforcing the terms of the Agreement and you Will also be liable for any other damages or relief permitted by law.
- (viii) You agree that any disputes over the above terms shall be governed by Florida law, shall be resolved in a Florida Court or in a federal Court located in Florida, and that the terms of this Agreement may be enforced by the Company or its successors or assigns.

The foregoing terms and conditions and representations and warranties will survive and will continue in full force and effect following the commencement of your employment with the Company. Should you at any time be in breach of the foregoing terms and conditions or should the foregoing representations and warranties be inaccurate or false, it will result in your immediate termination from the Company, and if the breach is because the amounts you certified that you forfeited with your current employer are incorrect, you will be required to repay Hertz any amount you receive based on such incorrect certification. In addition, you agree that you will indemnify and hold harmless the Company and its directors, officers, employees and agents from any and all claims and demands incurred by any of them directly or indirectly arising from any breach of the foregoing terms or conditions or any inaccuracy or misrepresentation of the foregoing representations and warranties.

In the event your position with Hertz is eliminated or your employment is terminated for any reason other than for cause and other than your voluntary resignation, you will be paid severance in accordance with the Hertz Senior Executive Severance Plan which provides for a severance payment equal to 18 months of your salary and bonus. Subject to its terms, Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

Payment of any such severance shall be contingent upon the execution of a General Release, including non-competition and non-disclosure provisions, in a form prescribed by Hertz.

All payments and benefits described in this letter shall be subject to applicable tax withholdings and other standard payroll deductions.

Per Hertz's standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with Hertz is at will, and either you or the Company may terminate employment at any time, with or without cause. In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

Dave, we are pleased you are considering joining Hertz and look forward to the opportunity to work with you.

Very truly yours,

/s/ Kathy Marinello  
Kathy Marinello  
Chief Executive Officer

**ACCEPTANCE**

I, Dave Galainena, as of the date first written above, have read and understand, and, having had the opportunity to obtain independent legal advice, hereby voluntarily accept and agree to, the terms and conditions of employment as outlined in this letter and I agree to do all things and to execute all documents necessary to give effect to the terms and conditions of employment as outlined in this letter, including but not limited to my execution of the Employee Confidentiality & Non-Competition Agreement.

/s/ David Galainena  
David Galainena

September 25, 2020

Mr. David Galainena:  
Dear Dave:

I am pleased to confirm your increase to your compensation package for your position of **Executive Vice President, General Counsel**, based out of Estero, Florida. Your new salary will be increased to the annualized amount of **\$550,000**, paid bi-weekly and is effective September 28, 2020. You will continue reporting directly to me.

After emergence from bankruptcy you will continue to be eligible for an award under the Hertz Executive Incentive Compensation Plan at a **target of 80%** of your base salary. The actual award is based on individual performance and the Corporation meeting certain objectives.

Upon emergence from bankruptcy you will be eligible to participate in the annual equity award program at the level determined by the Compensation Committee.

Your compensation package will be reviewed again in March 2021 during the March Compensation Committee meeting, the annual meeting where executive compensation is reviewed and established for the following year.

Dave, we believe that you will continue to make an outstanding contribution to the Hertz organization.

Very truly yours,

/s/ Paul Stone  
Paul Stone  
President and Chief Executive Officer

I accept the terms and conditions of this offer:

/s/ M. David Galainena  
M. David Galainena

September 25, 2020  
Date

February 21, 2018

Eric Esper

Dear Eric:

I am very pleased to confirm our offer of employment with The Hertz Corporation (the "Company" or "Hertz") for the position of Vice President, Corporate Controller. This position will report directly to Robin Kramer and will be based out of Estero, Florida. Your start date is March 19, 2018. Your base salary, paid on a bi-weekly basis, will be \$11,923.08 which equates to an annualized salary of \$310,000.00. This offer is contingent upon verification of your education, previous employment, satisfactory references, passing the drug test and criminal background check, presentation of legally required documentation establishing your right to work in the United States, including compliance with Federal immigration employment law requirements, and agreement to enter into and signing an Employee Confidentiality & Non-Competition Agreement.

You are eligible to participate in the Hertz Incentive Plan which provides for a target payment of 40% of your eligible earnings. For 2018 your target award will be prorated for actual time worked. Actual payout is contingent upon the Company's performance and your individual performance. Details of this plan will be provided to you upon commencement of your employment. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

In consideration of equity awards that you will be forfeiting with your current employee, you will receive a one-time, cash sign-on bonus in the gross amount of \$80,000 less applicable taxes payable within 30 days of employment. Should you voluntarily end your employment or be terminated for cause within twelve months of your start date you will be required to pay back 100% of this award. Should you voluntarily end your employment or be terminated for cause between twelve and twenty-four months of your start date you will be required to pay back 50% of this award.

Also in consideration of equity awards that you will forfeit with your current employer, you will be awarded a time-vesting restricted stock unit grant in the face amount of \$80,000. This award will be granted the first business day of the quarter following your hire date at the fair market value of Hertz stock on the day prior and will vest one-third per year on the anniversary of the grant date assuming continued employment.

You will also be eligible for annual equity awards beginning in 2018 and beyond at a target amount of \$225,000. Generally, equity grants are subject to approval by the Compensation Committee of the Hertz Board of Directors and are subject to its sole and exclusive discretion for all key executives and key employees. Generally awards are based upon, or denominated as, a dollar value and may be all or partially granted in the form of Restricted Stock Units, Performance-based Restricted Stock Units, and stock options and are subject to the Committee's sole and exclusive discretion. Grants are made in accordance with the Company's

Equity Grant Policy. Materials and details regarding this plan will be sent to you under separate cover, once employment is commenced.

You will be eligible for a company provided vehicle for your personal and professional use. The service vehicle policy and vehicle choice guidance will be provided to you upon commencement of your employment. Under the current policy, you will be eligible for a replacement vehicle every three years or 36,000 miles, whichever comes first. Hertz retains the right and sole discretion to amend, modify or rescind such plan at any time and for any reason.

You will be eligible for vacation per the terms and conditions of The Hertz Corporation vacation policy.

You are eligible for relocation assistance according to the terms and conditions of Hertz's Employee Relocation Policy. The Company will provide reimbursement for expenses related to the sale and purchase of your primary home, temporary housing for up to eight (8) weeks in addition to movement of your household goods through a vendor selected by the Company. All relocation expenses are expected to be reasonable and customary for the area and are subject to pre-approval by the Company. This assistance will be available for twelve (12) months following the initiation of your relocation. Please note that if you voluntarily leave the employment of Hertz following the commencement of your position, you will be required to reimburse the Company for 100% of the amount of the expenditures regarding your relocation in the first year and 50% in the second year. The terms and conditions of the relocation agreement, including but not limited to any repayment obligations, will be provided for in a separate relocation agreement upon acceptance and initiation of the relocation. Prior to the initiation of the relocation as well as receiving any relocation reimbursement, you will be required to execute a separate relocation agreement. In order to be eligible for relocation benefits you must use a real estate agent that is affiliated with our relocation vendor.

Hertz provides you the opportunity to participate in a comprehensive employee benefits program. On the first day of the month following your sixty days of employment, you are eligible to enroll in the Hertz Custom Benefit Program.

This benefits program offers you numerous coverage options for:

- Medical
- Dental
- Vision
- Life Insurance
- Dependent Life Insurance
- Accidental Death and Dismemberment
- Long Term Disability
- Dependent Care Flexible Spending Account
- Health Care Flexible Spending Account



Additionally, you will be eligible for the Hertz Income Savings Plan (401k) after you complete one-year of employment. Hertz matches your contributions (both before-tax and Roth after-tax contributions) dollar for dollar on the first 3% of your Eligible Compensation you contribute and 50 cents on the dollar for the next 2% of your Eligible Compensation you contribute. You are always 100% vested in the Company matching contributions and your contributions you make to the Plan and any related investment earnings.

It is a fundamental term and condition of your employment that you must execute and deliver to the undersigned the enclosed Employee Confidentiality & Non-Solicitation Agreement. Please review this document carefully and obtain independent legal advice if you wish.

It is also a fundamental term and condition of your employment that:

(i) You represent and warrant that you have not and will not disclose any confidential information or trade secrets that you may have from any third party, including but not limited to any current or former employer.

(ii) You represent and warrant to the Company and agree that the negotiation, entering into or performance of your employment with the Company has not resulted in and must not result in any breach by you of any agreement, duty or other obligation (including but not limited to a Confidentiality, Non-Competition and/or Non-Solicitation duty, agreement, or obligation), to any third party, including but not limited to any current or prior employer.

(iii) You confirm and agree that you must not bring and will not transfer to the Company or use in the performance of your duties and functions with the Company any confidential material, documents of information or property, whether electronic or otherwise, of any third party, including but not limited to any current or former employer. You agree that you will not remove or possess any documents of information, whether electronic or otherwise, from such third party and you will not transfer any such documents or information to the Company at any time or otherwise use such documents or information in the scope of your employment with the Company.

(iv) During your employment with the Company you will not engage in any activity that competes with or adversely affects the Company, nor will you begin to organize or develop any competing entity (or assist anyone else in doing).

(v) You will not disclose at any time (except for business purposes on behalf of the Company) any confidential or proprietary material of the Company. That material shall include, but is not limited to, the names and addresses of customers, customer contacts, contracts, bidding information, business strategies, pricing information and the Company's policies and procedures.

(vi) You agree that all documents (paper or electronic) and other information related in any way to the Company shall be the property of the Company, and will be returned to the Company upon the end of your employment with the Company.

(vii) You agree that should a court issue injunctive relief to enforce any term of this Agreement, or if a court (or jury) determine that you breached any provision of this Agreement, you will reimburse the Company for all attorney's fees and costs incurred in enforcing the terms of the Agreement, and you will also be liable for any other damages or relief permitted by law.

(viii) You agree that any disputes over the above terms shall be governed by Florida law, shall be resolved in a Florida Court or in a federal Court located in Florida, and that the terms of this agreement may be enforced by the Company or its successors or assigns.

(viii)The foregoing terms and conditions and representation and warranty will survive and will continue in full force and effect following the commencement of your employment with the Company. Should you at any time be in breach of the foregoing terms and conditions or should the foregoing representation and warranty be inaccurate or false, it will result in your immediate termination from the Company. In addition, you agree that you will indemnify and save harmless to the Company and its directors, officers, employees and agents from any and all claims and demands incurred by any of them directly or indirectly arising from any breach of the foregoing terms or conditions or any inaccuracy or misrepresentation of the foregoing representation and warranty.

In the event your position with Hertz is eliminated or your employment is terminated for any reason other than for cause and other than your voluntary resignation, you will be paid severance in accordance with the severance policy applicable to your level. Payment of any such severance shall be contingent upon the execution of a General Release including non-competition and non-disclosure provisions.

Per Hertz's standard policy, this letter is not intended nor should it be considered as an employment contract for a definite or indefinite period of time. Employment with Hertz is at will, and either you or the Company may terminate employment at any time, with or without cause. In addition, by signing this letter, you acknowledge that this letter sets forth the entire agreement between you and the Company regarding your employment with the Company, and fully supersedes any prior agreements or understandings, whether written or oral.

Eric, we are pleased you are considering joining Hertz and look forward to the opportunity to work with you.

Very truly yours,

/s/ Christa J. Ramey

Christa J. Ramey  
Corporate Recruiter

cc: R. Kramer  
T. Kennedy

**ACCEPTANCE**

I, Eric Esper, have read, understand, and having had the opportunity to obtain independent legal advice hereby voluntarily accept and agree to the terms and conditions for employment as outlined in this letter and I agree to do all things and to execute all documents necessary to give effect to the terms and conditions of employment as outlined in this letter, including but not limited to my execution of the Employee Confidentiality & Non-Competition Agreement.

/s/ Eric Esper  
Signature

February 21, 2018  
Date

August 14, 2020

Mr. Eric Esper

Dear Eric:

I am pleased to confirm your promotion and increase to your compensation package with your new position of Executive Vice President and Chief Financial Officer based out of Estero, Florida. Your new salary will be increased to the annualized amount of \$510,000, paid bi-weekly and is effective August 17, 2020. With this promotion you will be reporting directly to me.

After emergence from bankruptcy you will continue to be eligible for an award under the Hertz Executive Incentive Compensation Plan at a target of 76% of your base salary. The actual award is based on individual performance and the Corporation meeting certain objectives.

Upon emergence from bankruptcy you will be eligible to participate in the annual equity award program at the level determined by the Compensation Committee.

Eric, we believe that you will continue to make an outstanding contribution to the Hertz organization.

Very truly yours,

/s/ Paul Stone

Paul Stone  
President and Chief Executive Officer

I accept the terms and conditions of this offer.

/s/Eric Esper

Eric Esper

August 14, 2020

Date

**Hertz Global Holdings, Inc.  
The Hertz Corporation**

**List of Subsidiaries**

<u>Legal Entity</u>	<u>State or Jurisdiction of Incorporation</u>	<u>Doing Business As</u>
<b>Hertz Global Holdings, Inc.</b>	Delaware	
Rental Car Intermediate Holdings, LLC	Delaware	
<b>The Hertz Corporation</b>	Delaware	Firefly, Hertz Car Sales, Hertz Rent-A-Car, Thrifty, Dollar Rent A Car, Thrifty Car Rental
<b><u>U.S. and Countries Outside Europe</u></b>		
<b>United States</b>		
Thrifty Insurance Agency, Inc.	Arkansas	
DNRS II LLC	Delaware	
DNRS LLC	Delaware	
Dollar Thrifty Automotive Group, Inc.	Delaware	
Donlen Fleet Lease Funding LLC	Delaware	
Donlen FSHCO Company	Delaware	
Donlen Trust	Delaware	
Executive Ventures, Ltd.	Delaware	
Firefly Rent A Car LLC	Delaware	Firefly
Hertz Aircraft, LLC	Delaware	
Hertz Canada Vehicles Partnership	Delaware	
Hertz Car Sales LLC	Delaware	Hertz Car Sales
Hertz Dealership One LLC	Delaware	
Hertz Fleet Lease Funding Corp.	Delaware	
Hertz Fleet Lease Funding LP	Delaware	
Hertz Funding Corp.	Delaware	
Hertz General Interest LLC	Delaware	
Hertz Global Holdings, Inc.	Delaware	
Hertz Global Services Corporation	Delaware	
Hertz International, Ltd.	Delaware	
Hertz Investments, Ltd.	Delaware	
Hertz Local Edition Corp.	Delaware	
Hertz Local Edition Transporting, Inc.	Delaware	
Hertz NL Holdings, Inc.	Delaware	
Hertz System, Inc.	Delaware	
Hertz Technologies, Inc.	Delaware	
Hertz Transporting, Inc.	Delaware	
Hertz Vehicle Financing II LP	Delaware	
Hertz Vehicle Financing LLC	Delaware	
Hertz Vehicle Interim Financing LLC	Delaware	
Hertz Vehicle Sales Corporation	Delaware	
Hertz Vehicles LLC	Delaware	
HVF II GP Corp.	Delaware	

Navigation Solutions, L.L.C.	Delaware	
Rental Car Group Company, LLC	Delaware	
Smartz Vehicle Rental Corporation	Delaware	
Hertz Corporate Center Property Owners' Association, Inc.	Florida	
Donlen Corporation	Illinois	
Donlen Mobility Solutions, Inc.	Illinois	
Dollar Rent A Car, Inc.	Oklahoma	
DTG Operations, Inc.	Oklahoma	Dollar Airport Parking Dollar Rent A Car Firefly Quik Stop Thrifty Airport Parking Thrifty Airport Valet Parking Thrifty Car Rental Thrifty Car Sales Outlet Thrifty Parking Thrifty Truck Rental
DTG Supply, LLC	Oklahoma	
Rental Car Finance LLC	Oklahoma	
Thrifty Car Sales, Inc.	Oklahoma	
Thrifty Rent-A-Car System, LLC	Oklahoma	
Thrifty, LLC	Oklahoma	
TRAC Asia Pacific, Inc.	Oklahoma	
<b>Australia</b>		
Ace Tourist Rentals (Aus) Pty Limited	Australia	
Hertz Note Issuer Pty Limited	Australia	
HA Fleet Pty Ltd.	Australia	
HA Lease Pty. Ltd.	Australia	
Hertz Asia Pacific Pty. Ltd.	Australia	
Hertz Australia Pty. Limited	Australia	
Hertz Investment (Holdings) Pty. Limited	Australia	
Hertz Superannuation Pty. Ltd.	Australia	
<b>Bermuda</b>		
HIRE (Bermuda) Limited	Bermuda	
<b>Brazil</b>		
Hertz Do Brasil Ltda.	Brazil	
<b>Canada</b>		
3216173 Nova Scotia Company	Nova Scotia	
CMGC Canada Acquisition ULC	Nova Scotia	
DTG Canada Corp.	Nova Scotia	
Hertz Canada (N.S.) Company	Nova Scotia	
2232560 Ontario Inc.	Ontario	
2240919 Ontario Inc.	Ontario	
Dollar Thrifty Automotive Group Canada Inc.	Ontario	
DTGC Car Rental L.P.	Ontario	
HC Limited Partnership	Ontario	
HCE Limited Partnership	Ontario	

Hertz Canada Finance Co., Ltd. (In Quebec-Financement Hertz Canada Ltee.)	Ontario	
Hertz Canada Limited	Ontario	Dollar Firefly Hertz 24/7 Thrifty
TCL Funding Limited Partnership	Ontario	
Donlen Fleet Leasing, Ltd.	Quebec	
Donlen Canada Fleet Funding Corporation	Ontario	
Donlen Canada Fleet Funding LP	Ontario	
<b>China</b>		
Hertz Car Rental Consulting (Shanghai) Co. Ltd.	People's Republic of China	
<b>Japan</b>		
Hertz Asia Pacific (Japan), Ltd.	Japan	
<b>New Zealand</b>		
Hertz New Zealand Holdings Limited	New Zealand	
Hertz New Zealand Limited	New Zealand	
Tourism Enterprises Ltd	New Zealand	
<b>Puerto Rico</b>		
Hertz Puerto Rico Holdings Inc.	Puerto Rico	
Puerto Ricancars, Inc.	Puerto Rico	
<b>Singapore</b>		
Hertz Asia Pacific Pte. Ltd.	Singapore	
<b>South Korea</b>		
Hertz Asia Pacific Korea Ltd	South Korea	
	<b><u>EUROPE</u></b>	
<b>Belgium</b>		
Hertz Belgium b.v.b.a.	Belgium	
Hertz Claim Management bvba	Belgium	
<b>Czech Republic</b>		
Hertz Autopujcovna s.r.o.	Czech Republic	
<b>France</b>		
EILEO SAS	France	
Hertz Claim Management SAS	France	
Hertz France S.A.S.	France	
RAC Finance, SAS	France	
<b>Germany</b>		
Hertz Autovermietung GmbH	Germany	
Hertz Claim Management GmbH	Germany	
<b>Ireland</b>		
Apex Processing Limited	Ireland	
Dan Ryan Car Rentals Limited	Ireland	
Hertz Europe Service Centre Limited	Ireland	
Hertz Finance Centre Limited	Ireland	
HERTZ FLEET LIMITED	Ireland	
Hertz International RE Limited	Ireland	

Hertz International Treasury Limited	Ireland
Probus Insurance Company Europe DAC	Ireland
<b>Italy</b>	
Hertz Claim Management S.r.l.	Italy
Hertz Fleet (Italiana) SrL	Italy
Hertz Italiana Srl	Italy
<b>Luxembourg</b>	
HERTZ LUXEMBOURG, S.A.R.L.	Luxembourg
<b>Monaco</b>	
Hertz Monaco, S.A.M.	Monaco
<b>The Netherlands</b>	
Hertz Automobielen Nederland B.V.	Netherlands
Hertz Claim Management B.V.	Netherlands
Hertz Holdings Netherlands B.V.	Netherlands
International Fleet Financing No. 2 B.V.	Netherlands
Stuurgroep Fleet (Netherlands) B.V.	Netherlands
Stuurgroep Holland B.V.	Netherlands
Van Wijk Beheer B.V.	Netherlands
Van Wijk European Car Rental Service B.V.	Netherlands
<b>Slovakia</b>	
Hertz Autopozicovna s.r.o.	Slovakia
<b>Spain</b>	
Hertz Claim Management SL	Spain
Hertz de Espana, S.L.	Spain
<b>Switzerland</b>	
Hertz Management Services Sarl	Switzerland
<b>United Kingdom</b>	
Daimler Hire Limited	United Kingdom
Hertz (U.K.) Limited	United Kingdom
Hertz Accident Support Ltd.	United Kingdom
Hertz Claim Management Limited	United Kingdom
Hertz Europe Limited	United Kingdom
Hertz Holdings III UK Limited	United Kingdom
Hertz UK Receivables Limited	United Kingdom
Hertz Vehicle Financing U.K. Limited	United Kingdom



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-212248 and 333-231735), Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (File No. 333-212249) and Registration Statement on Form S-3 (File No. 333-231878) of Hertz Global Holdings, Inc. of our report dated February 25, 2019, except for the effects of the rights offering discussed in Note 17 and the changes to segment information disclosed in Note 18, as to which the date is February 25, 2020, relating to the financial statements and financial statement schedules which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

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Boston, Massachusetts

February 26, 2021

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-212248 and 333-231735), Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (File No. 333-212249), and Registration Statement on Form S-3 (File No. 333-231878) of Hertz Global Holdings, Inc. of our reports dated February 26, 2021, with respect to the consolidated financial statements of Hertz Global Holdings, Inc. and the effectiveness of internal control over financial reporting of Hertz Global Holdings, Inc. included in this Annual Report (Form 10-K) of Hertz Global Holdings, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Tampa, Florida

February 26, 2021

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**  
**PURSUANT TO RULE 13a-14(a)/15d-14(a)**

I, Paul E. Stone, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2020 of Hertz Global Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

By:           /s/ PAUL E. STONE            
Paul E. Stone  
President, Chief Executive Officer and Director

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**  
**PURSUANT TO RULE 13a-14(a)/15d-14(a)**

I, Kenny Cheung, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2020 of Hertz Global Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

By: /s/ KENNY CHEUNG  
Kenny Cheung  
Executive Vice President and Chief Financial Officer



**CERTIFICATION OF CHIEF FINANCIAL OFFICER**  
**PURSUANT TO RULE 13a-14(a)/15d-14(a)**

I, Kenny Cheung, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2020 of The Hertz Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2021

By: /s/ KENNY CHEUNG  
Kenny Cheung  
Executive Vice President and Chief Financial Officer



**CERTIFICATION OF CHIEF FINANCIAL OFFICER****PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Hertz Global Holdings, Inc. (the "Company") on Form 10-K for the period ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenny Cheung, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report, to which this statement is furnished as an Exhibit, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2021

By: /s/ KENNY CHEUNG  
Kenny Cheung  
Executive Vice President and Chief Financial Officer





