HERTZ GLOBAL HOLDINGS INC
Form S-1/A
June 04, 2007

QuickLinks -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on June 1, 2007

Registration No. 333-143108

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HERTZ GLOBAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7514**	**20-3530539**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

225 Brae Boulevard
Park Ridge, New Jersey 07656-0713
(201) 307-2000

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

Harold E. Rolfe, Esq.
Senior Vice President, General Counsel and Secretary
Hertz Global Holdings, Inc.
225 Brae Boulevard
Park Ridge, New Jersey 07656-0713
(201) 307-2000

(Name, address, including ZIP Code, and telephone number, including area code, of agent for service)

With copies to:

Steven J. Slutzky, Esq.	**Rod Miller, Esq.**
Debevoise & Plimpton LLP	**Weil, Gotshal & Manges LLP**
919 Third Avenue	**767 Fifth Avenue**
New York, New York 10022	**New York, New York 10153**
(212) 909-6000	**(212) 310-8000**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated June 1, 2007.

45,000,000 Shares

Hertz Global Holdings, Inc.

Common Stock

All of the shares of common stock of Hertz Global Holdings, Inc., which we refer to in this prospectus as "Hertz Holdings," are being sold by the selling stockholders identified in this prospectus. Hertz Holdings will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders. The selling stockholders include affiliates of Merrill Lynch & Co., an underwriter in this offering.

The common stock of Hertz Holdings is listed on the New York Stock Exchange under the symbol HTZ. The last reported sale price of the common stock on June 1, 2007 was $22.49 per share.

See "Risk Factors" on page 23 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than 45,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 6,750,000 shares from the selling stockholders at the offering price less the underwriting discount. Hertz Holdings will not receive any of the proceeds from the shares of common stock sold by the selling stockholders pursuant to any exercise of the underwriters' option to purchase additional shares.

The underwriters expect to deliver the shares against payment in New York, New York on , 2007.

Goldman, Sachs & Co. **Lehman Brothers** **Merrill Lynch & Co.**

Deutsche Bank Securities **JPMorgan** **Morgan Stanley**

Credit Suisse **UBS Investment Bank** **Wachovia Securities**

Prospectus dated , 2007.

TABLE OF CONTENTS

We have not authorized anyone to give you any information or to make any representations about the transactions we discuss in this prospectus other than those contained in the prospectus or any free writing prospectus prepared by us or any other information to which we have expressly referred you. If you are given any information or representation about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell anywhere or to anyone where or to whom we are not permitted to offer to sell securities under applicable law.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

We have filed with the U.S. Securities and Exchange Commission, or the "SEC," a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, filed as part of the registration statement, does not contain all the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, we refer you to the registration statement and to its exhibits and schedules. With respect to statements in this prospectus about the contents of any contract, agreement or other document, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement, and each such statement is qualified in all respects by reference to the document to which it refers.

The public may read and copy any reports or other information that we and our subsidiaries file with the SEC. Such filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. The SEC's website is included in this prospectus as an inactive textual reference only. You may also read and copy any document that we file with the SEC at its public reference room at 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

Unless the context otherwise requires, in this prospectus, (i) "Hertz Holdings" means Hertz Global Holdings, Inc., our top-level holding company, (ii) "Hertz" means The Hertz Corporation, our primary operating company and a direct wholly owned subsidiary of Hertz Investors, Inc., which is wholly owned by Hertz Holdings, (iii) "we," "us" and "our" mean (a) prior to December 21, 2005, Hertz and its consolidated subsidiaries and (b) on and after December 21, 2005, Hertz Holdings and its consolidated subsidiaries, including Hertz, (iv) "HERC" means Hertz Equipment Rental Corporation, Hertz's wholly owned equipment rental subsidiary, together with our various other wholly owned international subsidiaries that conduct our industrial, construction and material handling equipment rental business, (v) "cars" means cars and light trucks (including sport utility vehicles and, outside North America, light commercial vehicles), (vi) "equipment" means industrial, construction and material handling equipment, (vii) "EBITDA" means consolidated net income before net interest expense, consolidated income taxes and consolidated depreciation and amortization and (viii) "Corporate EBITDA" means "EBITDA" as that term is defined under Hertz's senior credit facilities, which is generally consolidated net income before net interest expense (other than interest expense relating to certain car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization and before certain other items, in each case as more fully described in the agreements governing Hertz's senior credit facilities.

On December 21, 2005, or the "Closing Date," an indirect, wholly owned subsidiary of Hertz Holdings acquired all of Hertz's common stock from Ford Holdings LLC, or "Ford Holdings," pursuant to a Stock Purchase Agreement, dated as of September 12, 2005, among Ford Motor Company, or "Ford," Ford Holdings and Hertz Holdings (previously known as CCMG Holdings, Inc.). As a result of this transaction, investment funds associated with or designated by Clayton, Dubilier & Rice, Inc., The Carlyle Group and Merrill Lynch Global Private Equity, or, collectively, the "Sponsors," owned over 99% of the common stock of Hertz Holdings. Following the initial public offering of the common stock of Hertz Holdings in November 2006, these funds currently own approximately 72% of the common stock of Hertz Holdings. We refer to the acquisition of all of Hertz's common stock as the "Acquisition." We refer to the Acquisition, together with related transactions entered into to finance the cash consideration for the Acquisition, to refinance certain of our existing indebtedness and to pay related transaction fees and expenses, as the "Transactions." The "Successor period ended December 31, 2005" refers to the 11-day period from December 21, 2005 to December 31, 2005 and the "Predecessor period ended December 20, 2005" refers to the period from January 1, 2005 to December 20, 2005. The term "Successor" refers to us following the Acquisition and the term "Predecessor" refers to us prior to the Closing Date.

Certain financial information in this prospectus for the Predecessor period ended December 20, 2005 and Successor period ended December 31, 2005 has been presented on a combined basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations" for a discussion of the presentation of our results for the year ended December 31, 2005 on a combined basis.

SUMMARY

This summary highlights information appearing elsewhere in this prospectus. You should carefully read the entire prospectus, including the section entitled "Risk Factors," beginning on page 23 and our financial statements and notes to those financial statements included elsewhere in this prospectus before making any investment decision.

Our Company

We own what we believe is the largest worldwide general use car rental brand and one of the largest equipment rental businesses in the United States, both based on revenues. Our Hertz brand name is one of the most recognized in the world, signifying leadership in quality rental services and products. In our car rental business segment, we and our independent licensees and associates accept reservations for car rentals at approximately 7,700 locations in approximately 145 countries. We are the only car rental company that has an extensive network of company-operated rental locations both in the United States and in all major European markets. We maintain the leading airport car rental brand market share, by overall reported revenues, in the United States and at the 69 major airports in Europe where we have company-operated locations and data regarding car rental concessionaire activity is available. We believe that we also maintain the second largest market share, by revenues, in the off-airport car rental market in the United States. In our equipment rental business segment, we rent equipment through approximately 360 branches in the United States, Canada, France and Spain, as well as through our international licensees. We and our predecessors have been in the car rental business since 1918 and in the equipment rental business since 1965.

We have a diversified revenue base and a highly variable cost structure and are able to dynamically manage fleet capacity, the most significant determinant of our costs. This has helped us to earn a pre-tax profit in each year since our incorporation in 1967. Our revenues have grown at a compound annual growth rate of 7.7% over the last 20 years, with year-over-year growth in 18 of those 20 years. For the year ended December 31, 2006 and the three months ended March 31, 2007, we generated consolidated revenues of $8,058.4 million and $1,921.5 million, respectively, income before income taxes and minority interest of $200.6 million and a loss before income taxes and minority interest of $90.6 million, respectively, and net income of $115.9 million and a net loss of $62.6 million, respectively. For a discussion of the presentation of our results for the year ended December 31, 2006, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations."

Our Segments

The table below sets forth key financial and other facts concerning our car rental and equipment rental business segments as of December 31, 2006 or for the year then ended, unless otherwise indicated. For the year ended December 31, 2006 and the three months ended March 31, 2007, our corporate and other segment had revenues of $7.8 million and $1.9 million, respectively, and losses before income taxes and minority interest of $442.4 million and $119.8 million, respectively. For more details regarding the key financial and other facts appearing below, see "Business," and for more information concerning our segment financial data, see Note 10 to the notes to our audited annual consolidated financial statements and Note 9 to the notes to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus.

	Car Rental		Equipment Rental	
	Year Ended December 31, 2006	Three Months Ended March 31, 2007	Year Ended December 31, 2006	Three Months Ended March 31, 2007
	(Dollars in millions, unless otherwise indicated)		(Dollars in millions, unless otherwise indicated)	
Revenues	$ 6,378.0	$ 1,529.7	$ 1,672.6	$ 389.9
Income (Loss) Before Income Taxes and Minority Interest	$ 373.5	$ (16.8)	$ 269.5	$ 46.0
Key Facts	#1 worldwide general use car rental brand[(1)]		One of the largest equipment rental companies in the U.S. and Canadian markets combined	
	#1 brand overall at U.S. airports with a #1 position in each of the business and leisure markets[(2)]		Industry participant for over 40 years with a majority of its operations developed from organic growth	
	#1 overall airport brand position at 69 major European airports		Worldwide same store sales growth in each of the past 13 quarters, over the comparable quarter in the preceding year	
	Approximately 28 million annual transactions		26 month average fleet age in the United States, one of the youngest fleets in the industry	
	Balanced rental revenue base of 53% leisure and 47% business		Broad diversity of fleet and customers	
	Over 80% of revenues generated from affiliated customer channels, including over 60 travel industry partnerships		Nationwide presence in the United States, Canada, France and Spain, with over 45% of rental revenues in the United States and Canada combined derived from national accounts	
	Average of 432,600 company-operated cars in the fleet in 2006, with an average net book value of $8.1 billion		Total of 223,000 pieces of equipment, with an average fleet acquisition cost during 2006 of $3.0 billion	

(1) Market position based on management estimate

(2) Business and leisure market positions based on management estimate

Our Markets

We operate in the global car rental industry and in the equipment rental industry, primarily in the United States. Both industries are large with favorable growth trends and opportunities.

We believe that the global car rental industry exceeds $30 billion in annual revenues. According to a 2007 report appearing in Auto Rental News, car rental revenues in the United States totaled approximately $20 billion in 2006 and have grown at a 5.0% compound annual growth rate since 1990, including 6.2% growth in 2006. We estimate that rentals by airline travelers at or near airports, or "airport rentals," accounted for approximately one-half of the total market in the United States. This portion of the market is significantly influenced by developments in the travel industry and particularly in airline passenger traffic, or "enplanements." The Federal Aviation Administration, or "FAA," projected in the first half of 2006 that U.S. domestic enplanements will grow at a compound annual rate of 3.2% from 2006 to 2017, consistent with long-term historical trends. According to Euromonitor International, car rentals in Western Europe account for over $12.5 billion in annual revenues, with the airport portion of the industry comprising approximately 38% of the total. The International Air Transport Association, or "IATA," projected in September 2006 that annual international enplanements would grow at an average annual rate of 4.8% from 2006 to 2010. The off-airport portion of the industry has rental volume primarily driven by local business use, leisure travel and the replacement of cars being repaired.

We estimate the size of the U.S. equipment rental industry, which is highly fragmented with few national competitors and many regional and local operators, to be approximately $38 billion in annual revenues for 2007. We believe that the industry grew at a 10.4% compound annual growth rate between 1991 and 2006. The equipment rental industry serves a broad range of customers from small local contractors to large industrial national accounts and encompasses a wide range of rental equipment from small tools to heavy earthmoving equipment. The industry is undergoing a strong recovery following the industrial recession and downturn in non-residential construction spending between 2001 and 2003. According to data from F.W. Dodge received in the second quarter of 2007, U.S. non-residential construction spending is projected to grow at an annual rate of 4% in 2007. We also believe, based on an article in Rental Equipment Register published on February 1, 2006, that rental equipment accounted for approximately 30% to 40% of all equipment sold into the U.S. construction industry in 2005, up from approximately 5% to 10% in 1991. In addition, we believe that the trend toward rental instead of ownership of equipment in the U.S. construction industry will continue and that as much as 50% of the equipment used in the industry could be rental equipment within the next ten years.

Our Strengths

Premier Global Brand and Service Offerings

We believe that our premier brand and service offerings have allowed us to create and maintain a loyal customer base and command premium pricing across our businesses.

Car Rental. The Hertz brand is one of the most recognized brands in the world. It has been the only travel company brand to be listed in Business Week's "100 Most Valuable Global Brands," and has been included in this list during each year that it was eligible for inclusion in the study since the study's inception in 2001. We understand that this study is limited to companies with public equity and their subsidiaries, and as a result, Hertz was not eligible for inclusion in 2006. Our customer surveys indicate that, in the United States, Hertz is the car rental brand most associated with the highest quality service, which is consistent with numerous published best-in-class car rental awards that we have won over many years. We have sought to support our reputation for quality and customer service in car rental through a variety of innovative service offerings, such as our global expedited rental program, Hertz #1

Club Gold, which accounted for approximately 41% of our car rental transactions worldwide for the twelve months ended March 31, 2007.

Equipment Rental. HERC, which is operated under the Hertz Equipment Rental brand, has long been a leader in equipment rental in the United States. We believe HERC was the first equipment rental company to develop an extensive national account program, which continues to be the source of substantial revenues. HERC's leadership position has recently been enhanced through a substantial investment in sales force automation and the operation of a high quality and diverse fleet. From January 1, 2004 through March 31, 2007, we invested $1.5 billion, net of dispositions, in HERC's U.S. fleet, thereby reducing its average age to 27 months as of March 31, 2007, which we believe is one of the youngest fleets in the industry.

Clear and Sustained Market Leadership Position in Car Rental

We believe that Hertz is the leading worldwide general use car rental system, based on revenues. In the United States, we maintain the overall leading market share of airport car rentals among both business and leisure customers. Based on reported industry revenues for the year ended December 31, 2006, our market share at the approximately 190 largest U.S. airports where we operate was over 28%, and we had a margin of approximately nine percentage points over the closest competing brand. We have maintained a leadership position for more than 30 years. We also believe that we had the largest airport car rental brand market share, by reported revenues on a collective basis in 2006, at the 69 major airports in Europe where we have company-operated locations and data regarding car rental concessionaire activity was available.

Global, Diversified Business Mix

We believe that our mix of businesses, customer types, end-markets, distribution channels and geographies provides us with a diverse revenue stream that positions us to capitalize on growth opportunities throughout our markets and makes us less vulnerable to economic cycles and events that might negatively affect either of our industries or any specific geography. Within our car rental business, we maintain a relatively balanced mix of leisure and business rentals (representing 53% and 47%, respectively, of our car rental revenues for the year ended December 31, 2006 and 50% and 50%, respectively, of our car rental revenues for the three months ended March 31, 2007), and utilize a broad range of distribution channels and partnerships. Within our equipment rental business, we serve a wide variety of industries and have a broad mix of end customers from local contractors to large national industrial accounts.

Affiliated Customer Strategy Drives Premium Pricing and Customer Loyalty

Over 80% of our car rental revenues are derived from affiliated customer channels, such as corporate accounts, associations, travel industry partnerships and insurance companies. We believe that we are one of only two car rental brands that have the service offerings and market presence to consistently serve these affiliated customer channels on a global basis. Our corporate accounts, which account for approximately 40% of our total car rental revenues, represent a predictable source of revenues and a customer base that values our premium customer service. We have a leading position with this type of customer and provide our car rental services to most Fortune 500 companies. Our distribution partnerships include over 60 airlines, railroads and hotel chains worldwide, as well as leading traditional and online travel agencies and affiliations with non-travel organizations and associations.

Best-in-Class Fleet and Fleet Management

Car Rental. Our worldwide car rental fleet includes cars from over 30 manufacturers, and we believe our U.S. fleet mix is significantly more diversified than those of most of our major competitors. In the twelve months ended March 31, 2007, six manufacturers each supplied more than 5% of our U.S. fleet, while eight manufacturers each supplied more than 5% of our international fleet. We have longstanding relationships with leading American, European, Japanese and Korean automakers, enabling us to provide a wide variety of car models and brands to our customers. The diversity of our car fleet enables us to design innovative rental offerings, such as the Prestige, Fun and Green Collections, that help us maintain a competitive advantage over our competitors. In addition, we have substantial experience in the complex process of managing the mix of cars subject to manufacturer repurchase and similar programs, or "program cars," and other cars, or "risk cars," in our fleet. We maintain an extensive infrastructure that supports the efficient disposition of risk cars and enables us to be opportunistic when evaluating the relative merits of purchasing program and risk cars.

Equipment Rental. We believe that our U.S. equipment rental fleet is one of the youngest in the industry, offering a value proposition to our customers in terms of productivity, safety and operator use enhancements while simultaneously reducing HERC's maintenance costs and fleet downtime. Our diverse U.S. equipment rental fleet enables us to meet the rental equipment needs of many customers; moreover, we are further diversifying our fleet through the addition of general rental and specialty equipment at many locations. Our over 40 years of experience in the procurement and disposition of equipment allows us to adjust our fleet size efficiently in light of market trends.

Proprietary Strategic Information Systems

We utilize information technology comprehensively in the areas of reservations, fleet and rate management, customer relations and sales and marketing, as well as aspects of billing, finance, accounting and other reporting systems. Since January 1, 2001, we have invested more than $380 million in our proprietary information systems and computer equipment to permit us to conduct our business more efficiently and enhance our ability to offer innovative services. Our information systems, which we believe are unique in the car and equipment rental industries, permit us to provide superior end-to-end service to customers, maintain effective pricing structures in a rapidly changing environment, utilize our fleets efficiently and maintain a high level of control over our geographically dispersed operations.

Our Strategy

Further Enhance Our Premier Car Rental Brand, Differentiated Service Offering and Affiliated Customer Base

The Hertz brand is recognized for superior customer service and a differentiated, premium product. We intend to maintain our position as a premier company through an intense focus on service, quality and product innovation. We believe that consistent investments in our core business activities, particularly in the areas of brand, facilities, technology, training and customer loyalty initiatives, will improve customer satisfaction and further enhance our premium brand position and product offerings. Continuing to strengthen these attributes will allow us to build our affiliated customer base and increase our share of profitable business.

Pursue Profitable Growth within Our Car Rental Business

We believe that we have significant opportunities for growth within our global car rental business that will allow us to sustain growth rates in this business consistent with historical levels.

U.S. Airport Market. We intend to maintain or expand our leading brand market share in the U.S. airport rental business and to continue to build upon our brand positioning and service differentiation, allowing us to capitalize on opportunities in the business and leisure travel markets and further strengthen the advantages arising from our leading market share position. We also intend, through reductions in our operating costs, to be able to accept rental business, such as short-term mid-week rentals, that had not previously been profitable for us.

U.S. Off-Airport Market Opportunities. We intend to leverage our significant recent investment in our U.S. off-airport network and to expand the network to enable us to further penetrate the large and growing insurance replacement rental market, as well as to increase our share of other off-airport business and leisure rentals. In the three years ended December 31, 2006, we increased the number of our off-airport rental locations in the United States by approximately 32% to approximately 1,380 locations. Through this investment, we believe we have achieved critical scale in the off-airport market and will continue to grow our revenue by increasing penetration in the insurance rental replacement market through new and existing insurance company customers as well as with our traditional business and leisure customers as evidenced by our off-airport revenue growth of approximately 27% over the three years ended December 31, 2006. We believe our off-airport platform has significant future growth potential.

European Markets. We believe that the European market presents airport rental growth opportunities resulting from the growth of European air travel due in large part to the presence of high volume, low cost air carriers and increasing use of the Internet throughout the continent. We intend to continue to build on our affiliated relationships with travel providers and other associations in Europe to increase our penetration of the European market. We also intend to increase our participation in the off-airport portion of the car rental market in Europe, especially in leisure, replacement and light trucks.

Increase Share of the Fragmented U.S. and International Equipment Rental Markets

We believe that our emphasis on customer service, large national account base, prominent brand name and diverse and comparatively young rental fleet will position HERC to continue to gain market share in the highly fragmented U.S. equipment rental market. HERC is pursuing this growth through an expansion in a number of mid- to large-sized metropolitan areas, many of which will be in markets with high growth potential for HERC and adjacent to current operations, which will allow us to leverage existing infrastructure and customer relationships. We also plan to further increase our presence in the U.S. general rental, industrial and specialty equipment markets, many of which can be served from HERC's existing locations and provide incremental opportunities to increase revenues, margins and return on investment. Internationally, we plan to enhance our product offerings in countries where we currently operate and to expand into additional countries with good growth potential, either through acquisitions or new branch openings.

Further Improve Profitability, Cash Flow and Return on Capital

We believe that there are opportunities to further increase the productivity of our operations, thereby improving our profit margins and capital efficiency, as the profit margins that we have achieved in our car rental business during the twelve months ended March 31, 2007 are below our peak levels of profitability achieved in 2000. We have announced cost savings initiatives that have been or will be implemented in the first half of 2007, which include headcount reductions, that are expected to yield up to approximately $165 million in annualized savings. We believe there are further cost savings opportunities available to us through process improvements, business process outsourcing and other reductions in operating costs, and we expect to announce further updates to our plan for implementing these cost savings initiatives throughout the year. We also believe that we can improve our profitability by leveraging the investments we have made in building our off-airport business, in upgrading our airport facilities, and through the use of our enhanced information systems to optimize our pricing, yield management and fleet utilization generally. In addition, we believe, based on our current business plans, capital structure, and the like-kind exchange programs implemented in connection with our car rental and equipment rental fleets, we will not be required to pay material U.S. federal income taxes through 2010.

Pursue Growth Through Opportunistic Acquisitions

From time to time, we may pursue profitable growth of our global car and equipment rental businesses through opportunistic acquisitions, some of which may be significant. We may also seek to grow by acquiring businesses that complement our existing businesses. We believe our industry expertise, scale and demonstrated ability to reduce costs will enable us to improve the performance of businesses that we may acquire.

Principal Stockholders

Investment funds associated with or designated by the Sponsors invested approximately $2,295.0 million in the aggregate in connection with the Acquisition. These funds currently own approximately 71.5% of our outstanding common stock, and, following the completion of this offering, will continue to own over 50% of our outstanding common stock. These funds will receive approximately $ million in net proceeds from the sale of shares of our common stock in this offering.

Of the twelve members currently serving on our Board of Directors, seven are principals of the Sponsors. Under the terms of the Amended and Restated Stockholders Agreement that was entered into among the Sponsors in connection with our initial public offering, the Sponsors have certain rights regarding the nomination of candidates for election to the Board of Directors. Upon completion of this offering, investment funds associated with or designated by the Sponsors will continue to have the right to nominate a majority of the members of our Board of Directors. In addition, this agreement will continue to provide rights and restrictions with respect to certain transactions in our securities entered into by such investment funds.

Pursuant to consulting agreements entered into with each of the Sponsors, in connection with the Acquisition, Hertz paid a fee of $25 million to each Sponsor ($75 million in the aggregate) for certain direct acquisition and finance related services provided by the Sponsors and their affiliates. During 2006, pursuant to the consulting agreements, Hertz paid $3.0 million in the aggregate, plus out of pocket expenses, to the Sponsors for ongoing consulting services. Upon completion of the initial public offering of our common stock in November 2006, each of these agreements was terminated for a fee of $5 million ($15 million in the aggregate).

Clayton, Dubilier & Rice

Clayton, Dubilier & Rice Fund VII, L.P. and related funds are private investment funds managed by Clayton, Dubilier & Rice, Inc., or "CD&R." CD&R is a leading private equity investment firm that employs an integrated operational and financial approach to build and grow portfolio businesses. Approximately half of the firm's principals are seasoned corporate executives from major industrial enterprises and the remainder come from mergers and acquisitions, financing or investment backgrounds. Since its founding in 1978, CD&R has managed the investment of over $6 billion in 38 businesses mostly subsidiaries or divisions of large multibusiness corporations representing a broad range of industries with an aggregate transaction value in excess of $30 billion and revenues of more than $40 billion. CD&R and its affiliates have offices in New York and London. Investment funds associated with or designated by CD&R currently own approximately 24.1% of our outstanding common stock and, following the completion of this offering, will continue to own approximately 19.4% of our outstanding common stock, or approximately $1,401.2 million in equity value, calculated using the closing price of our common stock on the New York Stock Exchange on June 1, 2007 and assuming that the underwriters do not exercise their option to purchase additional shares.

The Carlyle Group

Carlyle Partners IV, L.P. and related funds are private investment funds managed by TC Group, L.L.C. The Carlyle Group, or "Carlyle," is a global private equity firm with $58.5 billion under management. Carlyle invests in buyouts, venture & growth capital, real estate and leveraged finance in Asia, Europe and North America, focusing on aerospace & defense, automotive & transportation, consumer & retail, energy & power, healthcare, industrial, technology & business services and telecommunications & media. Since 1987, Carlyle has invested $28.3 billion of equity in 636 transactions for a total purchase price of more than $132.0 billion. Carlyle employs more than 800 people in 18 countries. In the aggregate, Carlyle portfolio companies have more than $87 billion in revenues and employ more than 286,000 people around the world. Investment funds associated with or designated by Carlyle currently own approximately 23.8% of our outstanding common stock and, following the completion of this offering, will continue to own approximately 19.2% of our outstanding common stock, or approximately $1,383.1 million in equity value, calculated using the closing price of our common stock on the New York Stock Exchange on June 1, 2007 and assuming that the underwriters do not exercise their option to purchase additional shares.

Merrill Lynch Global Private Equity

ML Global Private Equity Fund, L.P. and related funds are private investment funds managed by certain private equity arm affiliates of Merrill Lynch & Co., Inc. or "MLGPE." MLGPE invests in companies with high growth/profitability prospects or strong cash flow characteristics and capable and experienced management teams. MLGPE's dedicated team of private equity professionals invests globally, across industries including general manufacturing, consumer products, as well as business and consumer services. MLGPE takes a partnership approach to investing with both management teams and other financial or strategic investors. Investment funds associated with or designated by MLGPE and their affiliates currently own approximately 23.5% of our outstanding common stock and, following the completion of this offering, will continue to own approximately 18.9% of our outstanding common stock, or approximately $1,365.9 million in equity value, calculated using the closing price of our common stock on the New York Stock Exchange on June 1, 2007 and assuming that the underwriters do not exercise their option to purchase additional shares.

*   *   *   *

Hertz Holdings and Hertz are incorporated under the laws of the state of Delaware. Our corporate headquarters are located at 225 Brae Boulevard, Park Ridge, New Jersey 07656. Our telephone number is (201) 307-2000.

The Offering

Shares of common stock offered by the selling stockholders	45,000,000 shares of common stock, par value $0.01 per share, of Hertz Holdings, or "our common stock."
Shares of common stock outstanding after the offering	321,080,231
Option to purchase additional shares of common stock	The selling stockholders have granted the underwriters a 30-day option to purchase up to 6,750,000 shares of our common stock.
Use of proceeds	We will not receive any proceeds from the sale of our common stock by the selling stockholders. The selling stockholders include affiliates of Merrill Lynch & Co., an underwriter in this offering.
Dividend policy	We do not expect to pay dividends on our common stock for the foreseeable future.
New York Stock Exchange symbol	HTZ

As of May 31, 2007, we had outstanding 321,080,231 shares of common stock. Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise of the underwriters' option to purchase additional shares from the selling stockholders;
- excludes 15,595,474 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $6.90 per share; and
- excludes 4,302 phantom shares granted to certain of our non-employee directors pursuant to our Director Stock Incentive Plan.

Risk Factors

You should consider carefully all of the information set forth in this prospectus and, in particular, the information under the heading "Risk Factors" beginning on page 23 for risks involved in investing in our common stock.

SUMMARY HISTORICAL FINANCIAL DATA

The following tables present summary historical and unaudited consolidated financial information and other data for our business. The summary consolidated statement of operations data for the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 and the summary consolidated balance sheet data as of December 31, 2006 presented below were derived from our audited annual consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The unaudited summary consolidated statement of operations data for the three-month periods ended March 31, 2007 and 2006 and the unaudited summary condensed consolidated balance sheet data as of March 31, 2007 are derived from the unaudited interim condensed consolidated financial statements and related notes thereto included elsewhere in this prospectus.

You should read the following summary historical financial data in conjunction with the historical financial statements and the related notes thereto and other financial information appearing elsewhere in this prospectus, including "Capitalization," "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Three Months Ended March 31,	
	2007	2006
	(Dollars in millions except per share data)	
Statement of Operations Data		
Revenues		
Car rental	$ 1,505.1	$ 1,399.6
Equipment rental	389.8	363.1
Other[(a)]	26.6	23.9
Total revenues	1,921.5	1,786.6
Expenses		
Direct operating	1,114.3	1,070.1
Depreciation of revenue earning equipment[(b)]	467.8	407.3
Selling, general and administrative	200.4	162.2
Interest, net of interest income[(c)]	229.6	210.3
Total expenses	2,012.1	1,849.9
Loss before income taxes and minority interest	(90.6)	(63.3)
Benefit for taxes on income[(d)]	32.1	17.3
Minority interest	(4.1)	(3.2)
Net loss	$ (62.6)	$ (49.2)
Weighted average shares outstanding (in millions)[(e)]		
Basic	320.6	229.5
Diluted	320.6	229.5
Loss per share[(e)]		
Basic	$ (0.20)	$ (0.21)
Diluted	$ (0.20)	$ (0.21)
Other Financial Data		
Cash flows from operating activities	$ 1,124.8	$ 1,205.0
EBITDA[(f)]	663.8	616.1
Corporate EBITDA[(f)]	238.0	198.7

	Historical				
	Successor	Combined	Successor	Predecessor	Predecessor
			For the periods from		
	Year Ended December 31, 2006	Year Ended December 31, 2005(g)	December 21, 2005 to December 31, 2005(g)	January 1, 2005 to December 20, 2005(g)	Year Ended December 31, 2004
	(Dollars in millions except per share data)				
Statement of Operations Data					
Revenues					
Car rental	$ 6,273.6	$ 5,949.9	$ 129.4	$ 5,820.5	$ 5,430.8
Equipment rental	1,672.1	1,414.9	22.5	1,392.4	1,162.0
Other(a)	112.7	104.4	2.6	101.8	83.2
Total revenues	8,058.4	7,469.2	154.5	7,314.7	6,676.0
Expenses					
Direct operating	4,476.0	4,189.3	103.0	4,086.3	3,734.4
Depreciation of revenue earning equipment(b)	1,757.2	1,599.7	43.8	1,555.9	1,463.3
Selling, general and administrative	723.9	638.5	15.1	623.4	591.3
Interest, net of interest income(c)	900.7	500.0	25.8	474.2	384.4
Total expenses	7,857.8	6,927.5	187.7	6,739.8	6,173.4
Income (loss) before income taxes and minority interest	200.6	541.7	(33.2)	574.9	502.6
(Provision) benefit for taxes on income(d)	(68.0)	(179.1)	12.2	(191.3)	(133.9)
Minority interest	(16.7)	(12.6)	(0.3)	(12.3)	(3.2)
Net income (loss)	$ 115.9	$ 350.0	$ (21.3)	$ 371.3	$ 365.5
Weighted average shares outstanding (in millions)(e)					
Basic	242.5	229.5	229.5	229.5	229.5
Diluted	243.4	229.5	229.5	229.5	229.5
Earnings (loss) per share(e)					
Basic	0.48	$ 1.53	$ (0.09)	$ 1.62	$ 1.59
Diluted	0.48	$ 1.53	$ (0.09)	$ 1.62	$ 1.59
Other Financial Data					
Cash flows from operating activities	2,614.6	$ 1,458.6	$ (277.5)	$ 1,736.1	$ 2,251.4
EBITDA(f)	3,100.7	2,819.5	43.7	2,775.8	2,525.3
Corporate EBITDA(f)	1,378.7	1,141.3	(2.9)	1,144.2	

12

	As of March 31, 2007	As of December 31, 2006
	(Dollars in millions)	
Balance Sheet Data		
Cash and equivalents	$ 476.9	$ 674.5
Total assets[h]	18,526.8	18,677.4
Total debt	11,756.9	12,276.2
Stockholders' equity[i]	2,482.8	2,534.6

	Historical				
	Successor			Combined	Predecessor
	Three Months Ended, or as of March 31		Year Ended, or as of December 31,	Years Ended, or as of December 31,	
	2007	2006	2006	2005	2004
Selected Car Rental Operating Data					
Worldwide number of transactions (in thousands)	6,670	6,415	28,054	27,920	26,830
Domestic	5,073	4,917	20,990	21,081	20,227
International	1,597	1,498	7,064	6,839	6,603
Worldwide transaction days[j] (in thousands)	28,936	27,783	123,462	122,102	115,246
Domestic	20,846	20,195	85,931	86,116	81,262
International	8,090	7,588	37,531	35,986	33,984
Worldwide rental rate revenue per transaction day[k]	$ 44.72	$ 44.70	$ 43.15	$ 42.03	$ 41.92
Domestic	$ 44.39	$ 44.44	$ 43.86	$ 42.43	$ 41.85
International	$ 45.56	$ 45.40	$ 41.53	$ 41.10	$ 42.10
Worldwide average number of company-operated cars during period	423,400	402,700	432,600	433,500	409,800
Domestic	302,500	288,300	294,900	299,800	284,000
International	120,900	114,400	137,700	133,700	125,800
Adjusted pre-tax income[l] (in millions of dollars)	$ 36.9	$ 17.5			
Worldwide revenue earning equipment, net (in millions of dollars)	$ 8,036.5	$ 8,177.4	$ 7,366.4	$ 7,399.5	$ 7,597.2
Selected Worldwide Equipment Rental Operating Data					
Rental and rental related revenue[m] (in millions of dollars)	$ 348.0	$ 321.6	$ 1,462.6	$ 1,254.3	$ 1,032.5
Same store revenue growth[n]	4.8%	27.7%	16.8%	21.6%	13.3%
Average acquisition cost of rental equipment operated during period (in millions of dollars)	$ 3,092.1	$ 2,757.9	$ 3,018.3	$ 2,588.0	$ 2,305.7
Adjusted pre-tax income[l] (in millions of dollars)	$ 65.6	$ 53.3			
Revenue earning equipment, net (in millions of dollars)	$ 2,422.4	$ 2,193.8	$ 2,439.1	$ 2,075.5	$ 1,525.7

(a) Includes fees and certain cost reimbursements from our licensees and revenues from our car leasing operations and third-party claim management services.

(b)

For the three months ended March 31, 2007 and 2006, the year ended December 31, 2006, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005, depreciation of revenue earning equipment was increased by $3.2 million, reduced by $8.7 million, $13.1 million, $1.2 million, and $33.8 million, respectively, resulting from the net effects of changing depreciation rates to reflect changes in the estimated residual value of revenue earning equipment. For the three months ended March 31, 2007 and 2006, the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005, and the year ended December 31, 2004, depreciation of revenue earning equipment includes a net loss of $5.1 million, net gains of $17.0 million, $35.9 million, $2.1 million, $68.3 million and $57.2 million, respectively, from the disposal of revenue earning equipment.

(c)

For the three months ended March 31, 2007 and 2006, the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, interest income was $12.1 million, $7.7 million, $42.6 million, $1.1 million, $36.1 million and $23.7 million, respectively.

(d)

For the three months ended March 31, 2007, includes a $12.5 million tax benefit relating to restructuring charges incurred. For the year ended December 31, 2006, we established valuation allowances of $9.8 million relating to the realization of deferred tax assets attributable to net operating losses and other temporary differences in certain European countries. Additionally, certain tax reserves were recorded for certain federal and state contingencies. The Predecessor period ended December 20, 2005 includes the reversal of a valuation allowance on foreign tax credit carryforwards of $35.0 million (established in 2004) and favorable foreign tax adjustments of $5.3 million relating to periods prior to 2005, partly offset by a $31.3 million provision relating to the repatriation of foreign earnings. The year ended December 31, 2004 includes benefits of $46.6 million relating to net adjustments to federal and foreign tax accruals.

(e)

Amounts for the three months ended March 31, 2006, the Successor period ended December 31, 2005 and the Predecessor periods are computed based upon 229,500,000 shares of common stock outstanding immediately after the Acquisition applied to our historical net income (loss) amounts. Amounts for the three months ended March 31, 2007 and the year ended December 31, 2006 are computed based on the weighted average shares outstanding during the period applied to our historical net income (loss) amount.

(f)

We present EBITDA and Corporate EBITDA in this prospectus to provide investors with supplemental measures of our operating performance and liquidity and, in the case of Corporate EBITDA, information utilized in the calculation of the financial covenants under Hertz's senior credit facilities. EBITDA, as used in this prospectus, is defined as consolidated net income before net interest expense, consolidated income taxes and consolidated depreciation and amortization. Corporate EBITDA differs from the term "EBITDA" as it is commonly used. Corporate EBITDA, as used in this prospectus, means "EBITDA" as that term is defined under Hertz's senior credit facilities, which is generally consolidated net income before net interest expense (other than interest expense relating to certain car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization and before certain other items, in each case as more fully defined in the agreements governing Hertz's senior credit facilities. The other items excluded in this calculation include, but are not limited to: non-cash expenses and charges; extraordinary, unusual or non-recurring gains or losses; gains or losses associated with the sale or writedown of assets not in the ordinary course of business; certain management fees paid to the Sponsors; and earnings to the extent of cash dividends or distributions paid from non-controlled affiliates. Further, the covenants in our senior credit facilities are calculated using Corporate EBITDA for the most recent four fiscal quarters as a whole. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or for any complete fiscal year.

Management uses EBITDA and Corporate EBITDA as performance and cash flow metrics for internal monitoring and planning purposes, including the preparation of our annual operating budget and monthly operating reviews, as well as to facilitate analysis of investment decisions. In addition, both metrics are important to allow us to evaluate profitability and make performance trend comparisons between us and our competitors. Further, we believe EBITDA and Corporate EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industries.

EBITDA is also used by management and investors to evaluate our operating performance exclusive of financing costs and depreciation policies. Further, because we have two business segments that are financed differently and have different underlying depreciation characteristics, EBITDA enables investors to isolate the effects on profitability of operating metrics such as revenue, operating expenses and selling, general and administrative expenses. In addition to its use to monitor performance trends, EBITDA provides a comparative metric to management and investors that is consistent across companies with different capital structures and depreciation policies. This enables management and investors to compare our performance on a consolidated basis and on a segment basis to that of our peers. In addition, our management uses consolidated EBITDA as a proxy for cash flow available to finance fleet expenditures and the costs of our capital structure on a day-to-day basis so that we can more easily monitor our cash flows when a full statement of cash flows is not available.

Corporate EBITDA also serves as an important measure of our performance. Corporate EBITDA for our car rental segment enables us to assess our operating performance inclusive of fleet management performance, depreciation assumptions and the cost of financing our fleet. In addition, Corporate EBITDA for our car rental segment allows us to compare our performance, inclusive of fleet mix and financing decisions, to the performance of our competitors. Since most of our competitors utilize asset backed fleet debt to finance fleet acquisitions, this measure is relevant for evaluating our operating efficiency inclusive of our fleet acquisition and utilization. For our equipment rental segment, Corporate EBITDA provides an appropriate measure of performance because the investment in our equipment fleet is longer-term in nature than for our car rental segment and, therefore, Corporate EBITDA allows management to assess operating performance exclusive of interim changes in depreciation assumptions. Further, unlike our car rental segment, our equipment rental fleet is not financed through separate securitization based fleet financing facilities, but rather through our corporate debt. Corporate EBITDA for our equipment rental segment is a key measure used to make investment decisions because it enables us to evaluate return on investments. For both segments, Corporate EBITDA provides a relevant profitability metric for use in comparison of our performance against our public peers, many of whom publicly disclose a comparable metric. In addition, we believe that investors, analysts and rating agencies consider EBITDA and Corporate EBITDA useful in measuring our ability to meet our debt service obligations and make capital expenditures. Several of our material debt covenants are based on financial ratios utilizing Corporate EBITDA and non-compliance with those covenants could result in the requirement to immediately repay all amounts outstanding under those agreements, which could have a material adverse effect on our results of operations, financial position and cash flows.

EBITDA and Corporate EBITDA are not recognized measurements under GAAP. When evaluating our operating performance or liquidity, investors should not consider EBITDA and Corporate EBITDA in isolation of, or as a substitute for, measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. EBITDA and Corporate EBITDA may have material limitations as performance measures because they exclude items that are necessary elements of our costs and operations. Because other companies may calculate EBITDA and Corporate EBITDA differently than we do, EBITDA may not be, and Corporate EBITDA as presented in this prospectus is not, comparable to similarly titled measures reported by other companies.

The calculation of Pro forma Corporate EBITDA in the table below reflects historical financial data except for car rental fleet interest and non-cash amortization of debt costs for the Predecessor periods presented which have been calculated on a pro forma basis to give effect to our new capital structure as if the fleet financings associated with the Transactions had occurred on January 1, 2005. This calculation may not be representative of the calculation of Corporate EBITDA under our senior credit facilities for any period prior to December 31, 2006 because consolidated interest expense (as defined in the agreements governing our senior credit facilities), a component of Corporate EBITDA, is calculated on a transitional basis until such date. For periods prior to December 31, 2006, Corporate EBITDA under this transitional formula would have been higher than the amount shown in the table below. Accordingly, we believe that the presentation of this amount would be misleading to investors and have instead provided what we believe to be a more meaningful calculation of Corporate EBITDA.

Borrowings under our senior credit facilities are a key source of our liquidity. Our ability to borrow under these senior credit facilities depends upon, among other things, the maintenance of a sufficient borrowing base and compliance with the financial ratio covenants based on Corporate EBITDA set forth in the credit agreements for our senior credit facilities. Our senior term loan facility requires us to maintain a specified consolidated leverage ratio and consolidated interest expense coverage ratio based on Corporate EBITDA, while our senior asset based loan facility requires that a specified consolidated leverage ratio and consolidated fixed charge coverage ratio be maintained for periods during which there is less than $200 million of available borrowing capacity under the senior asset based loan facility. These financial covenants became applicable to us beginning September 30, 2006, reflecting the four quarter period ending thereon. Failure to comply with these financial ratio covenants would result in a default under the credit agreements for our senior credit facilities and, absent a waiver or an amendment from the lenders, permit the acceleration of all outstanding borrowings under the senior credit facilities. As of December 31, 2006, we performed the calculations associated with the above noted financial covenants and determined that we were in compliance with such financial covenants.

As of March 31, 2007, Hertz had an aggregate principal amount outstanding of $1,400.0 million and $300.0 million pursuant to its senior term loan facility and its senior asset based loan facility, respectively. For the three months ended March 31, 2007, Hertz was required under the senior term loan facility to have a consolidated leverage ratio of not more than 5.75:1 and a consolidated interest expense coverage ratio of not less than 1.75:1. In addition, under its senior asset based loan facility, if there is less than $200 million of available borrowing capacity under that facility as of March 31, 2007, Hertz is required to have a consolidated leverage ratio of not more than 5.75:1 and a consolidated fixed charge coverage ratio of not less than 1:1 for the four quarters then ended. Under the senior term loan facility, for the three months ended March 31, 2007, we had a consolidated leverage ratio of approximately 3.3:1 and a consolidated interest expense coverage ratio of approximately 3.2:1. Since we have maintained sufficient borrowing capacity under our senior asset based loan facility as of March 31, 2007, and expect to maintain such capacity in the future, the consolidated fixed charge coverage ratio was not deemed relevant for presentation. For further information on the terms of Hertz's senior credit facilities, see "Description of Certain Indebtedness Senior Credit Facilities." We have a significant amount of debt. For a discussion of the risks associated with our significant leverage, see "Risk Factors Risks Relating to Our Substantial Indebtedness."

For purposes of consistency, we have revised our calculation of Corporate EBITDA for 2005 and 2006 so that the identified extraordinary, unusual or non-recurring gains or losses are consistent with those used in the calculations of certain other non-GAAP measures. The following table reconciles historical net income (loss) (i) on an actual basis to Corporate EBITDA for the Successor three months ended March 31, 2007 and 2006 and year ended December 31, 2006, (ii) on a pro forma basis, as it relates to car rental fleet interest and non-cash amortization of debt costs, to Corporate EBITDA for the combined year ended December 31, 2005, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005 and (iii) to EBITDA for the Predecessor year ended December 31, 2004 (in millions of dollars):

	Successor			Combined	Successor	Predecessor	
					From the Periods From		
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Net (loss) income(1)	$ (62.6)	$ (49.2)	$ 115.9	$ 350.0	$ (21.3)	$ 371.3	$ 365.5
Depreciation and amortization(2)	528.9	472.3	2,016.1	1,790.4	51.4	1,739.0	1,641.5
Interest, net of interest income(1)(3)	229.6	210.3	900.7	500.0	25.8	474.2	384.4
(Benefit) provision for taxes on income	(32.1)	(17.3)	68.0	179.1	(12.2)	191.3	133.9
EBITDA	663.8	616.1	3,100.7	2,819.5	43.7	2,775.8	$ 2,525.3
Adjustments:							
Car rental fleet interest(4)	(102.8)	(98.0)	(400.0)	(406.9)	(11.7)	(395.2)	
Car rental fleet depreciation(5)	(395.9)	(345.6)	(1,479.6)	(1,381.5)	(37.4)	(1,344.1)	
Non cash expenses and charges(6)	37.7	31.4	130.6	106.2	2.5	103.7	
Extraordinary, unusual or non recurring gains or losses(7)	35.2	(6.0)	23.8	4.0		4.0	
Sponsors' fees		0.8	3.2				
	$ 238.0	$ 198.7	$ 1,378.7	$ 1,141.3	$ (2.9)	$ 1,144.2	

					Successor	Predecessor
Pro forma Corporate EBITDA[8]						

(1) For the three months ended March 31, 2007 and 2006, net loss includes corporate minority interest of $4.1 million and $3.2 million, respectively. For the year ended December 31, 2006, includes corporate audit fees of $0.1 million and $40.0 million ($26.0 million net of tax) of interest expense attributable to Hertz Holdings. For the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, includes corporate minority interest of $16.7 million, $0.3 million, $12.3 million and $3.2 million, respectively.

(2) For the three months ended March 31, 2007 and 2006, depreciation and amortization was $437.4 million and $391.5 million, respectively, in our car rental segment and $89.9 million and $79.4 million, respectively, in our equipment rental segment. For the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, depreciation and amortization was $1,659.8 million, $42.6 million, $1,485.9 million and $1,365.3 million, respectively, in our car rental segment and $350.3 million, $8.6 million, $248.2 million and $271.4 million, respectively, in our equipment rental segment.

(3) For the three months ended March 31, 2007 and 2006, interest, net of interest income, was $105.4 million and $104.0 million, respectively, in our car rental segment and $35.0 million and $31.4 million, respectively, in our equipment rental segment. For the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, interest, net of interest income was $424.1 million, $15.8 million, $349.2 million and $305.0 million, respectively, in our car rental segment and $140.0 million, $3.4 million, $86.4 million and $72.0 million, respectively, in our equipment rental segment.

(4) As defined in the credit agreements governing our senior credit facilities, Corporate EBITDA includes a reduction for certain car rental fleet related interest. For the Predecessor period presented, car rental fleet interest has been calculated on a pro forma basis to give effect to the U.S. and international fleet debt financings entered into as part of the Transactions as if they had occurred on January 1, 2005. For the Successor periods presented, car rental fleet interest is based on actual results.

(5) As defined in the credit agreements governing our senior credit facilities, Corporate EBITDA includes a reduction for car rental fleet depreciation. For all periods presented, car rental fleet depreciation does not vary from the historical amounts.

(6) For the three months ended March 31, 2007 and 2006, non-cash expenses and charges were $27.0 million and $23.7 million, respectively, in our car rental segment and $1.2 million and $1.2 million, respectively, in our equipment rental segment. For the year ended December 31, 2006, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005, non-cash expenses and charges were $73.0 million, $2.5 million and $92.4 million, respectively, in our car rental segment and $(0.4) million, $0.0 million and $1.0 million, respectively, in our equipment rental segment.

As defined in the credit agreements governing our senior credit facilities, Corporate EBITDA excludes the impact of certain non-cash expenses and charges. For the Predecessor period ended December 20, 2005, non-cash amortization of debt costs included in car rental fleet interest has been calculated on a pro forma basis to give effect to the U.S. and international fleet debt financings entered into as part of the Transactions as if they had occurred on January 1, 2005. For the Successor periods presented, non-cash amortization of debt costs included in car rental fleet interest is based on actual results.

The adjustments reflect the following (in millions of dollars):

	Successor			Combined	Successor	Predecessor
					For the Periods From	
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005
Corporate non-cash stock-based employee compensation charges	$ 6.1	$	$ 27.2	$ 10.5	$	$ 10.5
Corporate non-cash charges for public liability and property damage	1.8					
Corporate unrealized losses on currency translation of Euro-denominated debt		6.5	19.2			
Non-cash amortization of debt costs included in car rental fleet interest	25.7	21.5	71.6	83.2	2.5	80.7
Non-cash charges for workers' compensation	2.5	3.4	1.0	12.5		12.5
Corporate non-cash charges for pension	1.3		9.1			
Corporate unrealized loss on derivatives	0.3		2.5			
Total	$ 37.7	$ 31.4	$ 130.6	$ 106.2	$ 2.5	$ 103.7

(7) As defined in the credit agreements governing our senior credit facilities, Corporate EBITDA excludes the impact of extraordinary, unusual or non-recurring gains or losses or charges or credits. The adjustments reflect the following (in millions of dollars):

	Successor			Combined	Successor	Predecessor
					For the Periods From	
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005
European headquarters relocation costs	$	$	$	$ 4.0	$	$ 4.0
Restructuring charges	32.6					
Corporate Chief Executive Officer transition costs	2.6	0.6	9.8			
			15.0			

	Successor			Combined	Successor	Predecessor
Corporate Sponsor fee termination costs						
Gain on sale of swap derivative		(6.6)	(1.0)			
Total	$ 35.2	$ (6.0)	$ 23.8	$ 4.0	$	$ 4.0

(8) For the Predecessor period presented, car rental fleet interest has been presented on a pro forma basis to give effect to the U.S. and international fleet debt financings entered into as part of the Transactions as if they had occurred on January 1, 2005. For the Successor periods presented, car rental fleet interest is based on actual results.

The following table reconciles historical net cash provided by (used in) operating activities to EBITDA for the three months ended March 31, 2007 and 2006, the year ended December 31, 2006, the combined year ended December 31, 2005, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, respectively (in millions of dollars):

	Successor			Combined	Successor	Predecessor	
					For the Periods From		
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Net cash provided by (used in) operating activities	$ 1,124.8	$ 1,205.0	$ 2,614.6	$ 1,458.6	$ (277.5)	$ 1,736.1	$ 2,251.4
Stock-based employee compensation	(6.1)		(27.2)	(10.5)		(10.5)	(5.6)
Provision for public liability and property damage	(47.0)	(45.8)	(169.1)	(160.0)	(1.9)	(158.1)	(153.1)
Amortization of debt costs and debt modification costs	(35.6)	(29.2)	(105.0)	(9.1)	(1.8)	(7.3)	(7.5)
Provision for losses on doubtful accounts	(2.9)	(4.6)	(17.1)	(11.9)	(0.5)	(11.4)	(14.1)
Loss on revaluation of foreign denominated debt		(6.5)	(19.2)	2.8	2.8		
(Loss) gain on ineffectiveness of interest rate swaps	(12.8)	1.0	1.0				
Minority interest	(4.1)	(3.2)	(16.7)	(12.6)	(0.3)	(12.3)	(3.2)
Deferred taxes on income	24.2	(0.6)	(30.4)	423.7	12.2	411.5	(129.6)
Payments of public liability and property damage claims and expenses	45.2	44.0	192.5	163.8	7.9	155.9	178.7
(Benefit) provision for taxes on income	(32.1)	(17.3)	68.0	179.1	(12.2)	191.3	133.9
Interest expense, net of interest income	229.6	210.3	900.7	500.0	25.8	474.2	384.4
Net changes in assets and liabilities	(619.4)	(737.0)	(291.4)	295.6	289.2	6.4	(110.0)
EBITDA	$ 663.8	$ 616.1	$ 3,100.7	$ 2,819.5	$ 43.7	$ 2,775.8	$ 2,525.3

Successor			Combined	Successor	Predecessor	

(g)

A split presentation of an annual period is required under accounting principles generally accepted in the United States of America, or "GAAP," when a change in accounting basis occurs. Consequently, the combined presentation for 2005 is not a recognized presentation under GAAP. Accounting for an acquisition requires that the historical carrying values of assets acquired and liabilities assumed be adjusted to fair value. This results in a higher cost basis associated with the allocation of the purchase price, which affects post-acquisition period results and period-to-period comparisons. We believe presenting only the separate Predecessor and Successor periods for the year ended December 31, 2005 in our consolidated statements of operations may impede understanding of our operating performance. The impact of the Acquisition on the 11-day Successor period does not materially affect the comparison of the annual periods and, accordingly, we have also presented our results of operations for the year ended December 31, 2005 (combined). For a discussion of the presentation of our results for the year ended December 31, 2005 on a combined basis, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations."

(h)

Substantially all of our revenue earning equipment, as well as certain related assets, are owned by special purpose entities, or are subject to liens in favor of our lenders under our senior asset-based loan facility, our asset backed securities program, our international fleet financing facilities, the fleet financing facility relating to our car rental fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands or our temporary lending facility entered into by Hertz Belgium BVBA and Hertz Luxembourg SA. Substantially all our other assets in the United States are also subject to liens in favor of our lenders under our senior credit facilities, and substantially all our other assets outside the United States are (with certain limited exceptions) subject to liens in favor of our lenders under our international fleet financing facilities or (in the case of our Canadian HERC business) our senior asset-based loan facility. None of such assets are available to satisfy the claims of our general creditors. For a description of those facilities, see "Description of Certain Indebtedness."

(i)

Includes equity contributions totaling $2,295 million to Hertz Holdings from investment funds associated with or designated by the Sponsors on or prior to December 21, 2005, net proceeds from the sale of stock to employees and the initial public offering of approximately $1,284.5 million and the payment of special cash dividends to our stockholders of approximately $999.2 million on June 30, 2006 and approximately $260.3 million on November 21, 2006.

(j)

Transaction days represents the total number of days that vehicles were on rent in a given period.

(k)

Car rental rate revenue consists of all revenue, net of discounts, associated with the rental of cars including charges for optional insurance products, but excluding revenue derived from fueling and concession and other expense pass-throughs, NeverLost units and certain ancillary revenue. Rental rate revenue per transaction day, or "RPD," is calculated as total rental rate revenue, divided by the total number of transaction days, with all periods adjusted to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends. This statistic is important to management as it represents the best measurement of the changes in underlying pricing in the car rental business and encompasses the elements in car rental pricing that management has the ability to control. The following table reconciles our car rental revenue to our rental rate revenue and rental rate revenue per transaction day (the three months ended March 31, 2007 and 2006 are based on December 31, 2006 foreign exchange rates) (in millions of dollars, except as noted):

	Successor			Combined	Predecessor
	Three Months Ended March 31, 2007		Year Ended December 31,		
	2007	2006	2006	2005	2004
Car rental revenue per statement of operations	$ 1,505.1	$ 1,399.6	$ 6,273.6	$ 5,949.9	$ 5,430.8
Non-rental rate revenue	(211.4)	(189.1)	(836.8)	(758.2)	(561.4)
Foreign currency adjustment	0.4	31.4	(109.5)	(59.2)	(37.8)
Rental rate revenue	$ 1,294.1	$ 1,241.9	$ 5,327.3	$ 5,132.5	$ 4,831.6
Transaction days (in thousands)	28,936	27,783	123,462	122,102	115,246
Rental rate revenue per transaction day (RPD) (in whole dollars)	$ 44.72	$ 44.70	$ 43.15	$ 42.03	$ 41.92

(l)

On January 1, 2007, we changed our measure of segment profitability from income (loss) before income taxes and minority interest to adjusted pre-tax income (loss) because we believe this measure better reflects the financial results from ongoing operations. Adjusted pre-tax income (loss) is calculated as income (loss) before income taxes and minority interest plus non-cash purchase accounting charges, non-cash debt charges relating to the amortization of debt financing costs and debt discounts, unrealized transaction gain (loss) on Euro denominated debt and certain one-time charges and non-operational items. The following table reconciles income (loss) before income taxes and minority interest by segment to adjusted pre-tax income (loss) for the three months ended March 31, 2007 and 2006 (in millions of dollars):

	Three Months Ended March 31, 2007		
	Car Rental	Equipment Rental	Corporate and Other
(Loss) income before income taxes and minority interest	$ (16.8)	$ 46.0	$ (119.8)
Adjustments:			
Purchase accounting[1]	7.7	15.0	0.4
Non-cash debt charges[2]	26.3	2.8	19.3
Restructuring charges	19.7	1.8	11.1
Chief Executive Officer transition costs			2.6
Adjusted pre-tax income (loss)	$ 36.9	$ 65.6	$ (86.4)

	Three Months Ended March 31, 2006		
	Car Rental	Equipment Rental	Corporate and Other
(Loss) income before income taxes and minority interest	$ (11.1)	$ 34.5	$ (86.7)
Adjustments:			
Purchase accounting[1]	6.5	14.9	0.6
Non-cash debt charges[2]	22.1	3.9	3.2
Mark-to-market Euro denominated debt[3]			6.5
Gain on sale of swap derivative[4]			(6.6)
Chief Executive Officer transition costs			0.6
Adjusted pre-tax income (loss)	$ 17.5	$ 53.3	$ (82.4)

(1) Includes the purchase accounting effects of the Acquisition on our results of operations relating to increased depreciation and amortization of tangible and intangible assets and accretion of revalued workers' compensation and public liability and property damages liabilities.

(2) Non-cash debt charges represent the amortization of deferred financing costs and debt discount. In 2007, also includes $16.1 million associated with the debt modification and $12.8 million associated with the ineffectiveness of the HVF swaps.

(3) Represents unrealized losses on currency translation of Euro denominated debt.

(4) During the three months ended December 31, 2006, an adjustment of $5.6 million was recorded to reduce this gain to $1.0 million. See Note 12 to the notes to our audited annual consolidated financial statements included elsewhere in this prospectus.

(m) Equipment rental and rental related revenue consists of all revenue, net of discounts, associated with the rental of equipment including charges for delivery, loss damage waivers and fueling, but excluding revenue arising from the sale of equipment, parts and supplies and certain other ancillary revenue. Rental and rental related revenue is adjusted in all periods to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends. This statistic is important to our management as it is utilized in the measurement of rental revenue generated per dollar invested in fleet on an annualized basis and is comparable with the reporting of other industry participants.

The following table reconciles our equipment rental revenue to our equipment rental and rental related revenue (the three months ended March 31, 2007 and 2006 are based on December 31, 2006 foreign exchange rates) (in millions of dollars):

	Successor			Combined	Predecessor
	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
	(Dollars in millions)				
Equipment rental revenue per statement of operations	$ 389.8	$ 363.0	$ 1,672.1	$ 1,414.9	$ 1,162.0
Equipment sales and other revenue	(41.7)	(44.1)	(193.6)	(158.8)	(134.2)
Foreign currency adjustment	(0.1)	2.7	(15.9)	(1.8)	4.7
Rental and rental related revenue	$ 348.0	$ 321.6	$ 1,462.6	$ 1,254.3	$ 1,032.5

(n) Same store revenue growth represents the change in the current period total same store revenue over the prior period total same store revenue as a percentage of the prior period. The same store revenue amounts are adjusted in all periods to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends.

RISK FACTORS

Our business is subject to a number of important risks and uncertainties, some of which are described below. Any of these risks may have a material adverse effect on our business, financial condition, results of operations and cash flows. In such a case, you may lose all or part of your investment in our common stock.

Risks Related to Our Business

An economic downturn could result in a decline in business and leisure travel and non-residential capital investment, which could harm our business.

Our results of operations are affected by many economic factors, including the level of economic activity in the markets in which we operate. A decline in economic activity either in the United States or in international markets may have a material adverse effect on our business. In the car rental business, a decline in economic activity typically results in a decline in both business and leisure travel and, accordingly, a decline in the volume of car rental transactions. In the equipment rental business, a decline in economic activity typically results in a decline in activity in non-residential construction and other businesses in which our equipment rental customers operate and, therefore, results in a decline in the volume of equipment rental transactions. In the case of a decline in car or equipment rental activity, we may reduce rental rates to meet competitive pressures, which could have a material adverse effect on our results of operations. A decline in economic activity also may have a material adverse effect on residual values realized on the disposition of our revenue earning cars and/or equipment.

We face intense competition that may lead to downward pricing, or an inability to increase prices, which could have a material adverse impact on our results of operations.

The markets in which we operate are highly competitive. See "Business Worldwide Car Rental Competition" and "Business Equipment Rental Competition." We believe that price is one of the primary competitive factors in the car and equipment rental markets. Our competitors, some of whom may have access to substantial capital, may seek to compete aggressively on the basis of pricing. To the extent that we match competitors' downward pricing, it could have a material adverse impact on our results of operations. To the extent that we do not match or remain within a reasonable competitive distance from our competitors' pricing, it could also have a material adverse impact on our results of operations, as we may lose rental volume. The Internet has increased pricing transparency among car rental companies by enabling cost-conscious customers, including business travelers, to more easily obtain the lowest rates available from car rental companies for any given trip. This transparency may increase the prevalence and intensity of price competition in the future.

Our car rental business is dependent on the air travel industry, and disruptions in air travel patterns could harm our business.

We estimate that approximately 72% of our worldwide car rental revenues during the twelve months ended March 31, 2007 were generated at our airport rental locations. Significant capacity reductions or airfare increases (e.g., due to an increase in fuel costs) could result in reduced air travel and have a material adverse effect on our results of operations. In addition, any event that disrupts or reduces business or leisure air travel could have a material adverse effect on our results of operations. In particular, many U.S. airlines have experienced economic distress in recent years. Any further deterioration in the economic condition of U.S. and international airlines could exacerbate reductions in air travel. Other events that impact air travel could include work stoppages, military conflicts, terrorist incidents, natural disasters, epidemic diseases, or the response of governments to any of these events. For example, shortly before the September 11, 2001 terrorist attacks, we estimated that we would earn a pre-tax profit of approximately $250 million in 2001; by contrast, our actual pre-tax profit for 2001 was only approximately $3 million, and we continued to feel the adverse effects of the attacks well into the following year. On a smaller scale, the 2003 outbreak of Severe Acute Respiratory Syndrome, or "SARS," in the Toronto, Canada area and parts of Asia, significantly reduced our 2003 results of operations in Canada.

Our business is highly seasonal, and a disruption in rental activity during our peak season could materially adversely affect our results of operations.

Certain significant components of our expenses, including real estate taxes, rent, utilities, maintenance and other facility-related expenses, the costs of operating our information systems and minimum staffing costs, are fixed in the short-run. Seasonal changes in our revenues do not alter those fixed expenses, typically resulting in higher profitability in periods when our revenues are higher and lower profitability in periods when our revenues are lower. The second and third quarters of the year have historically been our strongest quarters due to their increased levels of leisure travel and construction activity. In 2006, the second and third quarters accounted for approximately 25% and 28% of total revenues and 29% and 82% of income before income taxes and minority interest, respectively. Any occurrence that disrupts rental activity during the second or third quarters could have a disproportionately material adverse effect on our liquidity and/or results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

We may not be successful in our business strategy to expand into the off-airport rental market, including marketing to replacement renters and insurance companies that reimburse or pay for such rentals.

We have been increasing our presence in the off-airport car rental market in the United States. We currently intend to pursue profitable growth opportunities in the off-airport market. We may do this through a combination of selected new location openings, a disciplined evaluation of existing locations and the pursuit of same-store sales growth. In order to increase revenues at our existing and any new off-airport locations, we will need to successfully market to insurance companies and other companies that provide rental referrals to those needing cars while their vehicles are being repaired or are temporarily unavailable for other reasons, as well as to the renters themselves. This could involve a significant number of additional off-airport locations or strategic changes with respect to our existing locations. We incur minimal non-fleet costs in opening our new off-airport locations, but new off-airport locations, once opened, take time to generate their full potential revenues. As a result, revenues at new locations do not initially cover their start-up costs and often do not, for some time, cover the costs of their ongoing operation. See "Business Worldwide Car Rental Operations." The results of this strategy and the success of our implementation of this strategy will not be known for a number of years. If we are unable to grow profitably in our off-airport network, properly react to changes in market conditions or successfully market to replacement renters and the insurance companies covering the cost of their rentals, our financial condition, results of operations and cash flows could be materially adversely affected.

We face risks of increased costs of cars and of decreased profitability, including as a result of limited supplies of competitively priced cars.

We believe we are one of the largest private sector purchasers of new cars in the world for our rental fleet, and during the twelve months ended March 31, 2007, our approximate average holding period for a rental car was ten months in the United States and nine months in our international car rental operations. In recent years, the average cost of new cars has increased. In the United States, increases of approximately 17% in monthly per-car depreciation costs for 2006 model year program cars began to adversely affect our results of operations in the fourth quarter of 2005, as those cars began to enter our fleet. On a comparable basis, we expect 2007 model year program vehicle depreciation costs to rise approximately 20% and per-car depreciation costs for 2007 model year U.S. risk cars to decline slightly. As a consequence of those changes in per-car costs, as well as the larger proportion of our U.S. fleet we expect to purchase as risk cars and other actions we expect to take to mitigate program car cost increases, we expect our net per-car depreciation costs for 2007 model year cars in the United States will increase by approximately 4% from our net per-car depreciation costs for 2006 model year U.S. cars. We began to experience the impact of those cost changes and mitigation actions in the fourth quarter of 2006, as substantial numbers of 2007 model year cars began to enter our U.S. rental fleet. We may not be able to offset these car cost increases to a degree sufficient to maintain our profitability.

Historically, we have purchased more of the cars we rent from Ford than from any other automobile manufacturer. Over the five years ended December 31, 2006, approximately 47% of the cars acquired by us for our U.S. car rental fleet, and approximately 32% of the cars acquired by us for our international fleet, were manufactured by Ford and its subsidiaries. During the twelve months ended March 31, 2007, approximately 33% of the cars acquired by us domestically were manufactured by Ford and its subsidiaries and approximately 29% of the cars acquired by us for our international fleet were manufactured by Ford and its subsidiaries, which represented the largest percentage of any automobile manufacturer during that period. Under our Master Supply and Advertising Agreement with Ford, Ford has agreed to develop fleet offerings in the United States that are generally competitive with terms and conditions of similar offerings by other automobile manufacturers. The Master Supply and Advertising Agreement expires in 2010. "Business Worldwide Car Rental Relationship with Ford Ford Supply and Advertising Arrangements." We cannot assure you that we will be able to extend the Master Supply and Advertising Agreement beyond its current term or enter into similar agreements at reasonable terms. In the future, we expect to buy a smaller proportion of our car rental fleet from Ford than we have in the past. If Ford does not offer us competitive terms and conditions, and we are not able to purchase sufficient quantities of cars from other automobile manufacturers on competitive terms and conditions, then we may be forced to purchase cars at higher prices, or on terms less competitive, than for cars purchased by our competitors. Historically, we have also purchased a significant percentage of our car rental fleet from General Motors Corporation, or "General Motors." Over the five years ended December 31, 2006, approximately 19% of the cars acquired by us for our U.S. car rental fleet, and approximately 15% of the cars acquired by us for our international fleet, were manufactured by General Motors. During the twelve months ended March 31, 2007, approximately 20% of the cars acquired by our U.S. car rental fleet, and approximately 14% of the cars acquired by us for our international fleet, were manufactured by General Motors.

To date we have not entered into any long-term car supply arrangements with manufacturers other than Ford. In addition, certain car manufacturers, including Ford, have adopted strategies to de-emphasize sales to the car rental industry which they view as less profitable due to historical sales incentive and other discount programs that tended to lower the average cost of cars for fleet purchasers such as us. Reduced or limited supplies of equipment together with increased prices are risks that we also face in our equipment rental business. We cannot offer assurance that we will be able to pass on increased costs of cars or equipment to our rental customers. Failure to pass on significant cost increases to our customers would have a material adverse impact on our results of operations and financial condition.

We face risks related to decreased acquisition or disposition of cars through repurchase and guaranteed depreciation programs.

For the twelve months ended March 31, 2007, approximately 57% of the cars purchased in our combined U.S. and international car rental fleet were subject to repurchase by car manufacturers under contractual repurchase or guaranteed depreciation programs. Under these programs, car manufacturers agree to repurchase cars at a specified price or guarantee the depreciation rate on the cars during a specified time period, typically subject to certain car condition and mileage requirements. These repurchase and guaranteed depreciation programs limit the risk to us that the market value of a car at the time of its disposition will be less than its estimated residual value at such time. We refer to this risk as "residual risk." For this reason, cars purchased by car rental companies under repurchase and guaranteed depreciation programs are sometimes referred to by industry participants as "program" cars. Conversely, those cars not purchased under repurchase or guaranteed depreciation programs for which the car rental company is exposed to residual risk are sometimes referred to as "risk" cars.

Repurchase and guaranteed depreciation programs enable us to determine our depreciation expense in advance. This predictability is useful to us, since depreciation is a significant cost factor in our operations. Repurchase and guaranteed depreciation programs are also useful in managing our seasonal peak demand for fleet, because some of them permit us to acquire cars and dispose of them after relatively short periods of time. A trade-off we face when we purchase program cars is that we typically pay the manufacturer of a program car more than we would pay to buy the same car as a risk car. Program cars thus involve a larger initial investment than their risk counterparts. If a program car is damaged or otherwise becomes ineligible for return or sale under the relevant program, our loss upon the disposition of the car will be larger than if the car had been a risk car, because our initial investment in the car was larger.

We expect the percentage of our car rental fleet subject to repurchase or guaranteed depreciation programs to decrease substantially due primarily to changes in the terms offered by automobile manufacturers under repurchase programs. Accordingly, we expect to bear increased risk relating to the residual market value and the related depreciation on our car rental fleet and to use different rotational techniques to accommodate our seasonal peak demand for cars.

Repurchase and guaranteed depreciation programs generally provide us with flexibility to reduce the size of our fleet by returning cars sooner than originally expected without risk of loss in the event of an economic downturn or to respond to changes in rental demand. This flexibility will be reduced as the percentage of program cars in our car rental fleet decreases materially. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview" and "Business Worldwide Car Rental Fleet."

In the future, car manufacturers could modify or eliminate their repurchase or guaranteed depreciation programs or change their return policies (which include condition, mileage and holding period requirements for returned cars) from one program year to another to make it disadvantageous to acquire certain cars. Any such modification or elimination would increase our exposure to the risks described in the preceding paragraphs. In addition, because we obtain a substantial portion of our financing in reliance on repurchase and guaranteed depreciation programs, the modification or elimination of those programs, or the associated return policies, by manufacturers or significant adverse changes in the financial condition of manufacturers could make needed vehicle-related debt financing significantly more difficult to obtain on reasonable terms. See " Our reliance on asset-backed financing to purchase cars subjects us to a number of risks, many of which are beyond our control."

We could be harmed by a decline in the results of operations or financial condition of the manufacturers of our cars, particularly if they are unable, or reject their obligations, to repurchase program cars from us or to guarantee the depreciation of program cars.

In the past several years, Ford and General Motors, which are the principal suppliers of cars to us on both a program and risk basis, have experienced deterioration in their operating results and significant declines in their credit ratings. A severe or persistent decline in the results of operations or financial condition of a manufacturer of cars that we own could reduce the cars' residual values, particularly to the extent that the manufacturer unexpectedly announced the eventual elimination of its models or nameplates or ceased manufacturing them altogether. Such a reduction could cause us to sustain a loss on the ultimate sale of risk cars, on which we bear the risk of such declines in residual value, or require us to depreciate those cars on a more rapid basis while we own them.

In addition, if a decline in results or conditions were so severe as to cause a manufacturer to default on an obligation to repurchase or guarantee the depreciation of program cars we own, or to cause a manufacturer to commence bankruptcy reorganization proceedings, and reject its repurchase or guaranteed depreciation obligations, we would have to dispose of those program cars without the benefits of the associated programs. This could significantly increase our expenses. In addition, disposing of program cars following a manufacturer default or rejection of the program in bankruptcy could result in losses similar to those associated with the disposition of cars that have become ineligible for return or sale under the applicable program. Such losses could be material if a large number of program cars were affected. For example, we estimate that if Ford Motor Company, but not its subsidiaries, were to file for bankruptcy reorganization and reject all its commitments to repurchase program cars from us, we would sustain material losses, which could be as high as over $100 million, upon disposition of those cars. A reduction in the number of program cars that we buy would reduce the magnitude of this exposure, but it would simultaneously increase our exposure to residual value risk. See " We face risks related to decreased acquisition or disposition of cars through repurchase and guaranteed depreciation programs."

Any default or reorganization of a manufacturer that has sold us program cars might also leave us with a substantial unpaid claim against the manufacturer with respect to program cars that were sold and returned to the car manufacturer but not paid for, or that were sold for less than their agreed repurchase price or guaranteed value. For the twelve months ended March 31, 2007, outstanding month-end receivables for cars sold to manufacturers were as much as $805 million, with the highest amount for a single manufacturer being $204 million owed by Ford. A decline in the economic and business prospects of car manufacturers, including any economic distress impacting the suppliers of car components to manufacturers, could also cause manufacturers to raise the prices we pay for cars or reduce their supply to us. In addition, events negatively affecting the car manufacturers could affect how much we may borrow under our asset-backed financing. See " Our reliance on asset-backed financing to purchase cars subjects us to a number of risks, many of which are beyond our control."

We may not be successful in implementing our strategy of reducing operating costs and our cost reduction initiatives may have other adverse consequences.

We are implementing initiatives to reduce our operating expenses. These initiatives include headcount reductions and business process outsourcing, as well as other expense controls. We cannot assure you that we will be able to implement our cost reduction initiatives successfully, or at all. In the three months ended March 31, 2007, we incurred $32.6 million of costs relating to our cost reduction initiatives, and we anticipate incurring further expenses throughout the year, some of which may be material in the period in which they are incurred.

Even if we are successful in our cost reduction initiatives, we may face other risks associated with our plans, including declines in employee morale, the level of customer service we provide or the effectiveness of our internal controls. In addition, investors or securities analysts who cover the common stock of Hertz Holdings may not agree with us that these changes are beneficial, and our stock price may decline as a result. Any of these risks could materialize and therefore may have a material adverse impact on our results of operations, financial condition and cash flows.

Our reliance on asset-backed financing to purchase cars subjects us to a number of risks, many of which are beyond our control.

We rely significantly on asset backed financing to purchase cars for our domestic and international car rental fleets. In connection with the Acquisition, a bankruptcy remote special purpose entity wholly owned by us issued approximately $4,300 million of new debt (plus an additional $1,500 million in the form of variable funding notes issued but not funded at the closing of the Acquisition) backed by our U.S. car rental fleet under our U.S. asset backed securities program, or our "ABS Program." In addition, we issued $600 million of medium term notes backed by our U.S. car rental fleet prior to the Acquisition, or the "pre-Acquisition ABS Notes," all of which remain outstanding. As part of the Acquisition, various of our non-U.S. subsidiaries and certain special purpose entities issued approximately $1,781 million of debt under loan facilities secured by rental vehicles and related assets of certain of our subsidiaries (all of which are organized outside the United States) or by rental equipment and related assets of certain of our subsidiaries organized outside North America, as well as (subject to certain limited exceptions) substantially all our other assets outside North America. The asset backed debt issued in connection with the Transactions has expected final payment dates ranging from 2008 to 2010 and the pre-Acquisition ABS Notes have expected final payment dates ranging from 2007 to 2009. Based upon these repayment dates, this debt will need to be refinanced within the next three years. Consequently, if our access to asset backed financing were reduced or were to become significantly more expensive for any reason, we cannot assure you that we would be able to refinance or replace our existing asset backed financing or continue to finance new car acquisitions through asset backed financing on favorable terms, or at all. Our asset backed financing capacity could be decreased, or financing costs and interest rates could be increased, as a result of risks and contingencies, many of which are beyond our control, including, without limitation:

- rating agencies that provide credit ratings for our asset backed indebtedness, third party credit enhancers that insure our asset backed indebtedness or other third parties requiring changes in the terms and structure of our asset backed financing, including increased credit enhancement (i) in connection with the incurrence of additional or refinancing of existing asset backed debt, (ii) upon the occurrence of external events, such as changes in general economic and market conditions or further deterioration in the credit ratings of our principal car manufacturers, including Ford and General Motors, or (iii) or otherwise;

- the terms and availability of third party credit enhancement at the time of the incurrence of additional or refinancing of existing asset backed debt;

- the insolvency or deterioration of the financial condition of one or more of the third party credit enhancers that insure our asset backed indebtedness;

- the occurrence of certain events that, under the agreements governing our asset backed financing, could result, among other things, in (i) an amortization event pursuant to which payments of principal and interest on the affected series of asset backed notes may be accelerated, or (ii) a liquidation event of default pursuant to which the trustee or holders of asset backed notes would be permitted to require the sale of fleet vehicles or equipment that collateralize the asset backed financing; or

- changes in law that negatively impact our asset backed financing structure.

Any disruption in our ability to refinance or replace our existing asset backed financing or to continue to finance new car acquisitions through asset backed financing, or any negative development in the terms of the asset backed financing available to us, could cause our cost of financing to increase significantly and have a material adverse effect on our financial condition and results of operations. The assets that collateralize our asset backed financing will not be available to satisfy the claims of our general creditors.

The terms of our senior credit facilities permit us to finance or refinance new car acquisitions through other means, including secured financing that is not limited to the assets of special purpose entity subsidiaries. We may seek in the future to finance or refinance new car acquisitions, including cars excluded from the ABS Program, through such other means. No assurances can be given, however, as to whether such financing will be available, or as to whether the terms of such financing will be comparable to the debt issued under the ABS Program.

Most of our asset-backed debt outside the United States was issued under an interim facility which provided for increased margins if the debt was not refinanced by March 21, 2007. We are in the process of negotiating new financing facilities to enable us to refinance this debt. However, we cannot assure you that these efforts will be successful or, if they are successful, that the new facilities will enable us to finance our operations at rates which are as favorable to us as those of the existing facility. On March 21, 2007, the existing facility was amended and restated to, among other things, modify the provisions which provide for increased margins. The effect of these changes will be to reduce or eliminate the adverse consequences of these provisions to us for an interim period that will end on December 21, 2007 in order to give us additional time to refinance the interim facility. As a result of the changes, there was no increase in margins on March 21, 2007. The extent of the relief that we will receive during the remainder of the interim period will depend upon our ability to achieve certain interim goals during that period. We cannot assure you that we will be successful in achieving these interim goals.

Fluctuations in fuel costs or reduced supplies could harm our business.

We could be adversely affected by limitations on fuel supplies, the imposition of mandatory allocations or rationing of fuel or significant increases in fuel prices. A severe or protracted disruption of fuel supplies or significant increases in fuel prices could have a material adverse effect on our financial condition and results of operations, either by directly interfering with our normal activities or by disrupting the air travel on which a significant portion of our car rental business relies. See "Our car rental business is dependent on the air travel industry, and disruptions in air travel patterns could harm our business."

Manufacturer safety recalls could create risks to our business.

Our cars may be subject to safety recalls by their manufacturers. Under certain circumstances, the recalls may cause us to attempt to retrieve cars from renters or to decline to re-rent returned cars until we can arrange for the steps described in the recalls to be taken. If a large number of cars are the subject of simultaneous recalls, or if needed replacement parts are not in adequate supply, we may not be able to re-rent recalled cars for a significant period of time. We could also face liability claims if recalls affect cars that we have already sold. Depending on the severity of the recall, it could materially adversely affect our revenues, create customer service problems, reduce the residual value of the cars involved and harm our general reputation.

We face risks arising from our heavy reliance on communications networks and centralized information systems.

We rely heavily on information systems to accept reservations, process rental and sales transactions, manage our fleets of cars and equipment, account for our activities and otherwise conduct our business. We have centralized our information systems in two redundant facilities in Oklahoma City, Oklahoma, and we rely on communications service providers to link our systems with the business locations these systems serve. A simultaneous loss of both facilities, or a major disruption of communications between the systems and the locations they serve, could cause a loss of reservations, interfere with our ability to manage our fleet, slow rental and sales processes and otherwise materially adversely affect our ability to manage our business effectively. Our systems back-up plans, business continuity plans and insurance programs are designed to mitigate such a risk, not to eliminate it. In addition, because our systems contain information about millions of individuals and businesses, our failure to maintain the security of the data we hold, whether the result of our own error or the malfeasance or errors of others, could harm our reputation or give rise to legal liabilities leading to lower revenues, increased costs and other material adverse effects on our results of operations.

The concentration of our reservations, accounting and information technology functions at a limited number of facilities in Oklahoma, Alabama and Ireland creates risks for us.

We have concentrated our reservations functions for the United States in two facilities, one in Oklahoma City, Oklahoma, and one in Saraland (Mobile County), Alabama, and we have concentrated our accounting functions for the United States in two facilities in Oklahoma City. Similarly, we have concentrated reservations and accounting functions for our European operations in a single facility near Dublin, Ireland. In addition, our major information systems are centralized in two of our facilities in Oklahoma City. A disruption of normal business at any of our principal facilities in Oklahoma City, Saraland or Dublin, whether as the result of localized conditions (such as a fire or explosion) or as the result of events or circumstances of broader geographic impact (such as an 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 systems activities. Our systems designs, business continuity plans and insurance programs are designed to mitigate those risks, not to eliminate them, and this is particularly true with respect to events of broad geographic impact.

Claims that the software products and information systems that we rely on are infringing on the intellectual property rights of others could increase our expenses or inhibit us from offering certain services, which could adversely affect our results of operations.

A number of entities, including some of our competitors, have sought, or may in the future obtain, patents and other intellectual property rights that cover or affect software products and other components of information systems that we rely on to operate our business. For example, Enterprise Rent-A-Car Company, or "Enterprise," has asserted that certain systems we use to conduct insurance replacement rentals would infringe on patent rights it would obtain if it were granted certain patents for which it has applied. One of the patent applications has received a notice of allowance and we expect that Enterprise will be issued a patent pursuant to that application in the near future.

Litigation may be necessary to determine the validity and scope of third-party rights or to defend against claims of infringement. If a court determines that one or more of the software products or other components of information systems we use infringe on intellectual property owned by others or we agree to settle such a dispute, we may be liable for money damages. In addition, we may be required to cease using those products and components unless we obtain licenses from the owners of the intellectual property, redesign those products and components in such a way as to avoid infringement or cease altogether the use of those products and components. Each of these alternatives could increase our expenses materially or impact the marketability of our services. Any litigation, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on our business. In addition, a third-party intellectual property owner might not allow us to use its intellectual property at any price, or on terms acceptable to us, which could materially affect our competitive position and our results of operations. For example, if Enterprise obtains the patent referred to above and after that were to pursue and prevail on claims of infringement similar to those it has previously asserted, it could have a material adverse effect on our insurance replacement business and, in turn, our off-airport business. We have already commenced litigation against Enterprise with respect to claims it has made to third parties regarding the patent rights referred to above. See "Business Legal Proceedings."

The misuse or theft of information we possess could harm our reputation or competitive position, adversely affect the price at which shares of our common stock trade or give rise to material liabilities.

We possess non-public information with respect to millions of individuals, including our customers and our current and former employees, and thousands of businesses, as well as non-public information with respect to our own affairs. The misuse or theft of that information by either our employees or third parties (such as the previously reported incident occurring in October 2006, when we were advised that personal information relating to a large number of our employees had been found on the home computer of one of our former employees) could result in material damage to our brand, reputation or competitive position or materially affect the price at which shares of our common stock trade. In addition, depending on the type of information involved, the nature of our relationship with the person or entity to which the information relates, the cause and the jurisdiction whose laws are applicable, that misuse or theft of information could result in governmental investigations or material civil or criminal liability. The laws that would be applicable to such a failure are rapidly evolving and becoming more bur