

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **August 17, 2021 (August 9, 2021)**

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

(Exact name of registrant as specified in its charter)

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

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

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

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

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

**Not Applicable  
Not Applicable**

(Former name, former address and  
former fiscal year, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

	<b>Title of Each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of Each Exchange on which Registered</b>
Hertz Global Holdings, Inc. The Hertz Corporation	Common Stock par value \$0.01 per share None	HTZZ None	* None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

\* Hertz Global Holdings, Inc.'s common stock trades on the over-the-counter market under the symbol HTZZ.

**ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

***Retention Agreements***

On August 16, 2021, the Board of Directors (the “Board”) of Hertz Global Holdings, Inc. (the “Company”) approved, upon the recommendation of the Compensation Committee of the Board (the “Committee”), retention agreements providing for retention bonuses for the following named executive officers (“NEOs”):

Paul E. Stone, President and Chief Executive Officer	\$ 1,400,000
Kenny Cheung, Executive Vice President and Chief Financial Officer	\$ 660,000
M. David Galainena, Executive Vice President, General Counsel and Secretary	\$ 605,000
Opal Perry, Executive Vice President and Chief Information Officer	\$ 500,000

Such retention bonuses are to be paid within 3 days of receipt of a signed retention agreement from the executive. The retention agreements provide that the retention bonuses will be subject to a clawback provision in the event that the employee’s employment with the Company terminates before January 1, 2022 for any reason other than a Qualifying Termination. A Qualifying Termination is a termination by the Company other than for “cause” or on account of death or disability. In the event of a voluntary termination by the executive, the clawback amount will be a pro rated amount based upon the portion of the service period that has elapsed prior to the termination. In the event of a termination for “cause”, the clawback amount will be 100% of the retention bonus. The executive must execute a release of claims within 60 days of a Qualifying Termination to retain the retention bonus (except in the case of death).

The foregoing description of the form of employee retention agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the form of employee retention agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein.

***Severance Arrangements***

Also on August 16, 2021, the Board approved, upon the recommendation of the Committee, the 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives.

The 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives provides for certain severance benefits for the Company’s senior executives (the Company’s chief executive officer and executive vice president-level employees, which group includes the Company’s NEOs) in the event of a “Qualifying Termination” which is a termination by the Company other than for “cause”, death or disability. In the event of a “Qualifying Termination”, the senior executives will be eligible for severance equal to (a) 1.5 times their base salary and target annual bonus, (b) payment of a pro-rata bonus for the year of termination based on actual achievement of performance metrics, (c) continued medical and continued health benefits for 18 months following termination and (d) outplacement services of up to \$25,000. The participants must execute a release of claims within 60 days following termination to be eligible for benefits. The plan contains certain covenants regarding confidential information, non-competition, non-solicitation and non-disparagement.

The foregoing description of the 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated by reference herein.

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## **Second Half 2021 Incentive Compensation**

Also on August 16, 2021, the Board approved, upon the recommendation of the Committee, the design of a cash incentive program for the Company's U.S. and Corporate segments for the second half of calendar year 2021 (the "2H 2021 EICP"). The 2H 2021 EICP was developed to continue to motivate the achievement of the Company's key goals for 2021 by the Company's U.S. and Corporate segment employees, whose previous 2021 incentive compensation arrangements were paid out on a pro-rated basis in July 2021 based on then-measured achievement through June 30, 2021.

The 2H 2021 EICP performance objectives include the following financial and operational metrics (the "Performance Metrics"): (i) adjusted EBITDA, weighted 50%; (ii) adjusted operating cash flow, weighted 30%; and (iii) net promoter score, weighted 20%. Participants in the 2H 2021 EICP, including our NEOs, will be eligible to receive incentive-based compensation awards in the form of a cash lump sum payment, subject to certification by the Company of actual performance results following the end of the calendar year and pro-rated for the partial year performance period. The target award amount for each NEO covered by the 2H 2021 EICP is based on a percentage of such NEO's 2021 prorated base salary for the second half of 2021 as follows: 140% for Paul Stone; 80% for Kenny Cheung; 80% for M. David Galainena; and 80% for Opal Perry.

The NEOs are eligible to earn an award ranging from 0% to 200% of their respective target awards based the Company's achievement level relative to goals set for each Performance Metric. In order for any bonus to be paid under the 2H 2021 EICP, the Company must achieve at least the threshold performance level for the adjusted EBITDA Performance Metric.

### **ITEM 7.01 REGULATION FD DISCLOSURE.**

On August 9, 2021, the Company provided pre-recorded audio commentary in connection with the Company's second quarter 2021 financial results, from Paul Stone, the Company's President and Chief Executive Officer, and Kenny Cheung, the Company's Chief Financial Officer. As announced prior to August 9, 2021, the audio commentary was made available to the public on the Investor Relations section of the Company's website.

A copy of the audio commentary is attached hereto as Exhibit 99.1.

### **Item 9.01 Exhibits**

(d) Exhibits

<b><u>Exhibit</u></b>	<b><u>Title</u></b>
<a href="#">10.1</a>	<a href="#">Form of Employee Retention Letter Agreement.</a>
<a href="#">10.2</a>	<a href="#">2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives.</a>
<a href="#">99.1</a>	<a href="#">Hertz Global Holdings, Inc. Second Quarter 2021 Earnings Prepared Remarks.</a>
101.1	Pursuant to Rule 406 of Regulation S-T, the cover page to this Current Report on Form 8-K is formatted in Inline XBRL.
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101.1)

Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HERTZ GLOBAL HOLDINGS, INC.  
THE HERTZ CORPORATION  
(each, a Registrant)

By: /s/ M. David Galainena  
Name: M. David Galainena  
Title: Executive Vice President, General Counsel and Secretary

Date: August 17, 2021

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**HERTZ GLOBAL HOLDINGS, INC.**  
**SENIOR EXECUTIVE RETENTION LETTER AGREEMENT**

Dear \_\_\_\_\_:

On behalf of Hertz Global Holdings, Inc. (the "**Company**"), I am pleased to offer you the opportunity to receive an employee retention bonus if you agree to the terms and conditions contained in this letter agreement (this "**Agreement**"), which shall be effective as of the date you execute and return a copy of this Agreement (such date, the "**Effective Date**"). If you do not execute and return a copy of this Agreement which must occur prior to [Insert Date] this Agreement shall be null and void.

1. **Retention Bonus.** Subject to the terms and conditions set forth herein, you will receive a cash lump sum payment in the amount of \$\_\_\_\_\_ (the "**Retention Bonus**"), payable within 3 days following the Effective Date. You agree that in the event your employment with the Company terminates before January 1, 2022 for any reason other than a Qualifying Termination (the "**Retention Date**"), you will be required to repay all or a portion of the Retention Bonus to the Company within ten (10) business days of such termination (the "**Clawback Amount**"). For purposes of this Agreement, the Clawback Amount shall be:

- (a) in the event of a voluntary termination, the Clawback Amount will be a pro-rata portion of the Retention Bonus based upon the portion of the service period that has elapsed prior to the Retention Date (for example, if you remain employed for 90% of the period between the Effective Date and the Retention Date before your voluntary termination, the Clawback Amount will be 10% of the Retention Bonus); or
- (b) in the event of a termination for "Cause" (as defined below) or for any other termination that is not a Qualifying Termination, the Clawback Amount will be 100% of the Retention Bonus.

For the sake of clarity, you will not be required to repay the Retention Bonus if (i) you are terminated in a Qualifying Termination or (ii) you are employed by the Company on the Retention Date. At the option of the Company, all or part of the amount to be re-paid to the Company may be deducted from any amounts owed by the Company or any of its subsidiaries to you, including without limitation, any amounts owed as wages, salary, bonuses, equity or other incentive compensation or awards, expense reimbursements, and any other remuneration due for or on account of your employment with the Company or any subsidiary, provided, however, that no such deduction shall be made to the extent that it would result in a tax being owed pursuant to Section 409A of the Code.

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2. **Definitions.** For purposes of this Agreement:

(a) **“Cause”** means your (i) continued failure to perform your duties with the Company (other than any such failure resulting from your incapacity as a result of physical or mental illness) after a written demand for substantial performance specifying the manner in which you have not performed such duties is delivered to you by the person or entity that supervises or manages you, (ii) engaging in misconduct that is injurious to the Company or any of its subsidiaries, (iii) one or more acts of fraud or personal dishonesty resulting in or intended to result in personal enrichment at the expense of the Company or any of its Subsidiaries, (iv) abusive use of alcohol, drugs or similar substances that, in the sole judgment of the Company, impairs your job performance, (v) material violation of any Company policy that results in harm to the Company or any of its Subsidiaries or (vi) indictment for or conviction of (or plea of guilty or nolo contendere) to a felony or of any crime (whether or not a felony) involving moral turpitude. A termination for “Cause” shall include a determination by the Company following your termination of employment for any other reason that, prior to such termination of employment, circumstances constituting Cause existed with respect to you.

(b) **“Code”** means the Internal Revenue Code of 1986, as it may be amended from time to time, including regulations and rules thereunder and successor provisions and regulations and rules thereto.

(c) **“Disability”** means a physical or mental disability or infirmity that prevents or is reasonably expected to prevent the performance of your employment-related duties for a period of six months or longer and, within 30 days after the Company notifies you in writing that it intends to terminate his employment, the Participant shall not have returned to the performance of his employment-related duties on a full-time basis. The Company’s judgment of Disability shall be final, binding and conclusive. Notwithstanding the foregoing, if you are a party to an employment agreement with the Company or any subsidiary, “Disability” shall have the meaning, if any, specified in such employment agreement.

(d) **“Qualifying Termination”** means the termination of your employment before the Retention Date (i) by the Company for a reason other than Cause or (ii) due to your death or Disability if, and only if, in the case of any termination pursuant to clauses (i) and (ii), other than in the case of your death, you execute a release of employment related claims in a form to be provided by the Company (the **“Release”**), and such Release becomes irrevocable within 60 days of your termination, in which case the effective date of the Qualifying Termination will be deemed to have occurred on your date of termination. For the sake of clarity, a termination of employment (other than in the case of death) will not be a Qualifying Termination if you do not execute, or if you revoke, the Release, in which case you will be required to repay the Retention Bonus within ten (10) business days after the expiration of the 60-day period.

3. **Severance Coordination.** The Retention Bonus is in addition to, and not an offset against, any incentive bonus for 2021 or otherwise or any severance payment you otherwise may be entitled to. Accordingly, any incentive payments for 2021 or otherwise or any cash severance or termination pay otherwise payable to you under the 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives (or under any other severance plan, change in control agreement, employment agreement or other plan or agreement in which the Company or one of its subsidiaries has agreed to pay cash severance or termination pay) will not be reduced by the amount of the Retention Bonus.

4. **Withholding Taxes.** The Company may withhold from any and all amounts payable to you hereunder such federal, state and local taxes as the Company determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

5. **No Right to Continued Employment.** Nothing in this Agreement will confer upon you any right to continued employment with the Company (or its subsidiaries or their respective successors) or to interfere in any way with the right of the Company (or its subsidiaries or their respective successors) to terminate your employment at any time.

6. **Other Benefits.** The Retention Bonus is a special payment to you and will not be taken into account in computing the amount of salary or compensation for purposes of determining any severance, bonus, incentive, pension, retirement, death or other benefit under any other severance, bonus, incentive, pension, retirement, insurance or other employee benefit plan of the Company, unless such plan or agreement expressly provides otherwise.

7. **Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Florida, without reference to rules relating to conflicts of laws.

8. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

9. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the Retention Bonus and supersedes any and all prior agreements or understandings between you and the Company with respect to the Retention Bonus, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

10. **Section 409A Compliance.** The intent of the parties is that the Retention Bonus be exempt from the requirements of Section 409A of the Code, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

11. **Voluntary Nature of this Agreement.** The Retention Bonus and this Agreement are a voluntary decision being offered to you. You understand that accepting this Retention Bonus is optional.

**HERTZ GLOBAL HOLDINGS, INC.**

By:  
Name:  
Title:

My signature below confirms my agreement to the terms of this letter agreement.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_



**2021 HERTZ GLOBAL HOLDINGS, INC. SEVERANCE PLAN  
FOR SENIOR EXECUTIVES**

WHEREAS, the Company wishes to establish the 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives, as may be amended from time to time (the "Plan") as set forth herein, which shall replace the prior Amended and Restated Hertz Global Holdings, Inc. Severance Plan for Senior Executives that was originally adopted on February 1, 2008, as amended on each of November 14, 2012, February 11, 2013, February 25, 2016, January 3, 2017 and May 22, 2020 (the "Prior Plan").

NOW, THEREFORE, the Company establishes the Plan in accordance with the following terms:

**ARTICLE I  
BACKGROUND, PURPOSE AND TERM OF PLAN**

Section 1.01 Purpose of the Plan. The purpose of the Plan is to provide Participants with certain compensation and benefits as set forth in the Plan in the event the Participant's employment with the Company or a Subsidiary is terminated in a Qualifying Termination. The Plan is not intended to be an "employee pension benefit plan" or "pension plan" within the meaning of Section 3(2) of ERISA. Rather, the Plan is intended to be a "welfare benefit plan" within the meaning of Section 3(1) of ERISA and to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of the United States Department of Labor regulations Section 2510.3-2(b), and shall be interpreted and administered accordingly.

Section 1.02 Term of the Plan. The Plan shall generally be effective as of the Effective Date and, with respect to Participants hereunder, shall, except as provided herein with respect to the Senior Management Severance Benefits, supersede the Prior Plan, any program or policy under which the Company or any Subsidiary provided severance benefits to any Participant prior to the Effective Date of the Plan. The Plan shall continue until terminated pursuant to Article VII of the Plan.

**ARTICLE II  
DEFINITIONS**

Section 2.01 "Base Salary" shall mean, in the case of a Participant, such Participant's highest annual base salary in effect at any time within the 12-month period preceding the Participant's Termination Date.

Section 2.02 "Board" shall mean the Board of Directors of the Company, or any successor thereto.

Section 2.03 "Bonus" shall mean, in the case of a Participant, 100% of the participant's target bonus for the year in which the Termination Date occurs.

Section 2.04 "Cause" shall mean a Participant's (i) failure to perform the Participant's material duties with the Company (other than any such failure resulting from the Participant's incapacity as a result of physical or mental illness) after a written demand for performance specifying the manner in which the Participant has not performed such duties is delivered to the Participant by the person or entity that supervises or manages the Participant, (ii) engaging in serious misconduct that is injurious to the Company or any of its Subsidiaries, (iii) one or more acts of fraud or personal dishonesty resulting in or intended to result in personal enrichment at the expense of the Company or any of its Subsidiaries, (iv) abusive use of alcohol, drugs or similar substances that, in the sole judgment of the Company, impairs the Participant's job performance, (v) violation of any Company policy that results in harm to the Company or any of its Subsidiaries or (vi) indictment for or conviction of (or plea of guilty or nolo contendere) to a felony or of any crime (whether or not a felony) involving moral turpitude. A termination for "Cause" shall include a determination by the Plan Administrator following a Participant's termination of employment for any other reason that, prior to such termination of employment, circumstances constituting Cause existed with respect to the Participant.

Section 2.05 “COBRA” shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations thereunder.

Section 2.06 “Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Section 2.07 “Committee” shall mean the Compensation Committee of the Board or such other committee appointed by the Board to assist the Company in making determinations required under the Plan in accordance with its terms. The Committee may delegate its authority under the Plan to an individual or another committee.

Section 2.08 “Company” shall mean Hertz Global Holdings, Inc. and any successor to its business and/or assets as set forth in Section 10.05 that assumes and agrees to perform the Plan by operation of law, or otherwise. Unless it is otherwise clear from the context, Company shall generally include participating Subsidiaries.

Section 2.09 “Effective Date” shall mean \_\_\_\_\_ 2021.

Section 2.10 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended, and regulations thereunder.

Section 2.11 “Participant” shall mean those senior executives of the Company designated by the Committee as eligible to participate in the Plan by their inclusion in Annex A.

Section 2.12 “Performance Bonus” shall mean such performance bonuses, as applicable, under and in accordance with the Company’s Annual Incentive Plan, as the same may be amended from time to time, and any other performance bonus plan(s) that the Company may adopt.

Section 2.13 “Permanent Disability” shall mean a physical or mental disability or infirmity that prevents or is reasonably expected to prevent the performance of a Participant’s employment- related duties for a period of six (6) months or longer and, within thirty (30) days after the Company notifies the Participant in writing that it intends to terminate his or her employment, the Participant shall not have returned to the performance of his employment-related duties on a full-time basis. The Company’s judgment of Permanent Disability shall be final, binding and conclusive, provided that with respect to any payments that constitute deferred compensation subject to Section 409A of the Code, “Disability” shall have the meaning set forth in Section 409A(a) (2)(c) of the Code. Notwithstanding the foregoing, if the Participant is a party to an employment agreement with the Company or any Subsidiary, “Permanent Disability” shall have the meaning, if any, specified in such employment agreement.

Section 2.14 “Plan” shall mean this 2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives as set forth herein, and as the same may from time to time be amended.

Section 2.15 “Plan Administrator” shall mean the individual(s) appointed by the Committee to administer the terms of the Plan as set forth herein and if no individual is appointed by the Committee to serve as the Plan Administrator for the Plan, the Plan Administrator shall be the Executive Vice President and Chief Human Resources Officer (or the equivalent). Notwithstanding the preceding sentence, in the event the Plan Administrator is entitled to Severance Benefits under the Plan, the Committee or its delegate shall act as the Plan Administrator for purposes of administering the terms of the Plan with respect to the Plan Administrator. The Plan Administrator may delegate all or any portion of its authority under the Plan to any other person(s).

Section 2.16 “Prior Plan” shall mean the Amended and Restated Hertz Global Holdings, Inc. Severance Plan for Senior Executives that was originally adopted on February 1, 2008, as amended on each of November 14, 2012, February 11, 2013, February 25, 2016, January 3, 2017 and May 22, 2020.

Section 2.17 “Qualifying Termination” shall mean a termination of the Participant’s employment initiated by the Company or a Subsidiary for any reason other than Cause, Permanent Disability or death. For the avoidance of doubt, a Retirement or any voluntary termination by a Participant shall not constitute a Qualifying Termination.

Section 2.18 “Release” shall mean the Separation of Employment and General Release Agreement, which shall include a written agreement to abide by the agreement to the confidentiality, non-solicitation, and non-competition provisions in Article V for the periods provided for herein, in substantially the form attached hereto as Exhibit A; provided that the Plan Administrator shall have the discretion to modify the Release if necessary or appropriate under any applicable law to effect a complete and total release of claims by the Participant as of the Termination Date.

Section 2.19 “Reorganization Effective Date” means the “Effective Date” as defined under the Second Modified Third Amended Joint Chapter 11 Plan of Reorganization of the Hertz Corporation and its Debtor Affiliates.

Section 2.20 “Restriction Period” shall mean the greater of 12 months or the Severance Period, if applicable.

Section 2.21 “Retirement” shall mean a Participant’s voluntary termination of employment with the Company under any of the Company’s retirement plans.

Section 2.22 “Senior Management Group” means (i) Paul Stone, (ii) Kenny Cheung, (iii) M. David Galainena, (iv) Opal Perry, (v) Darren Arrington, (vi) Eric Leef, (vii) Laura Suenon Nestar, and (viii) Joseph McPherson.

Section 2.23 “Senior Management Severance Benefits” means the severance benefits for the Senior Management Group described on Annex B.

Section 2.24 “Separation from Service Date” shall mean, in the case of a Participant, the date of the Participant’s “separation from service” within the meaning of Section 409A(a)(2)(i)(A) of the Code and determined in accordance with the regulations promulgated under Section 409A of the Code.

Section 2.25 “Severance Benefit” shall mean the benefits that a Participant is eligible to receive pursuant to Article IV of the Plan, except for those benefits described in Section 4.01 of the Plan.

Section 2.26 “Severance Factor” and “Severance Period” shall mean, in the case of a Participant, the amount or period, as the case may be, set forth on Annex A opposite such Participant’s position.

Section 2.27 “Specified Employee” shall mean a “specified employee” within the meaning of Section 409A(a)(2)(B)(1) of the Code, as determined in accordance with the uniform methodology and procedures adopted by the Company and then in effect.

Section 2.28 “Subsidiary” shall mean any corporation in which the Company owns, directly or indirectly, stock representing 50% or more of the combined voting power of all classes of stock entitled to vote, and any other business organization, regardless of form, in which the Company possesses, directly or indirectly, 50% or more of the total combined equity interests in such organization.

Section 2.29 “Termination Date” shall mean the date as of which the active employment of the Participant by the Company and its Subsidiaries is severed.

**ARTICLE III  
ELIGIBILITY FOR BENEFITS**

Section 3.01 Eligibility. Each Participant in the Plan who incurs a Qualifying Termination and who satisfies the conditions of Section 3.02 shall be eligible to receive the Severance Benefits described in the Plan, except that any such Participant who is a party to an employment agreement or Change in Control Severance Agreement (or similar agreement) with the Company pursuant to which such Participant is entitled to severance benefits shall not be eligible to receive the Severance Benefits described in the Plan. Notwithstanding anything in the contrary in this Plan, members of the Senior Management Group shall not be eligible for benefits under this plan for any termination within twelve months following the Reorganization Effective Date (the “Senior Management Severance Period”). Following the expiration of the Senior Management Severance Period, the Senior Management Group shall be eligible for benefits under this Plan.

Section 3.02 Conditions.

(a) Eligibility for any Severance Benefits is expressly conditioned on (i) execution by the Participant of the Release, and lapsing of the revocation period for the Release, within 60 days after the Participant’s Termination Date (the “Release Period”) and (ii) compliance by the Participant with all the material terms and conditions of such Release. If the Participant has not fully complied with any of the applicable terms of Article V and/or the Release, the Plan Administrator may deny unpaid Severance Benefits or discontinue the payment of the Participant’s Severance Benefit and may require the Participant, by providing at least 10 days’ prior written notice of such repayment obligation to the Participant during which period the Participant may cure such failure to comply (if capable of being cured), and if not so cured the Participant shall be obligated to repay any portion of the Severance Benefit already received under the Plan. If the Plan Administrator notifies a Participant that repayment of all or any portion of the Severance Benefit received under the Plan is required, such amounts shall be repaid within thirty (30) calendar days of the date the written notice is sent. Any remedy under this subsection (a) shall be in addition to, and not in place of, any other remedy, including injunctive relief, that the Company may have.

(b) The Plan Administrator shall determine a Participant’s eligibility to receive Severance Benefits in its sole discretion.

**ARTICLE IV  
DETERMINATION OF BENEFITS**

Section 4.01 Benefits Upon Any Termination of Employment. In the event of any termination of employment, regardless of whether the Participant is eligible for benefits under the Plan, the Company shall pay or provide to the Participant the following benefits, in each case to the extent vested and payable as provided in each applicable plan: (a) all earned but unpaid compensation through the Termination Date and (b) any other payments or benefits pursuant to any other compensation plans, programs or employment agreements then in effect.

Section 4.02 Severance Benefits. Subject to the other provisions of the Plan, the Severance Benefits to be provided to each Participant who has a Qualifying Termination and meets the requirements for such benefits under the Plan (each an “Eligible Participant”) shall be the following:

(a) a pro rata portion of the Performance Bonus that would have been payable to the Eligible Participant, if any, based upon actual achievement of performance metrics for the entire year, with such amount pro rated amount based on the portion of the year the Eligible Participant was employed prior to his or her Termination Date, such pro rata amount to be paid at the same time as such bonuses are otherwise generally paid to the Company’s executives and in any event, no later than March 15 of the year following the end of the performance period;

(b) an amount equal to (x) the sum of the Eligible Participant's Base Salary plus such Eligible Participant's Bonus, multiplied by (y) such Eligible Participant's Severance Factor, payable in equal installments over the Eligible Participant's Severance Period on the Company's regular payroll cycles, commencing with the first payroll cycle ending after the Release becomes effective (provided, if the Release Period crosses over two calendar years, payment shall commence with the first payroll cycle following the later of the Release becoming effective or January 1st of the second calendar year);

(c) all medical, health and accident insurance or other similar health care arrangements for the benefit of such Eligible Participant and his dependents, at the same level and same cost as in effect immediately prior to the Termination Date, through such Eligible Participant's Severance Period (or, if earlier, the date such Eligible Participant becomes eligible for comparable benefits provided by a subsequent employer), (the "Benefit Continuation Period"), provided, that, if the Company determines in its sole discretion that it cannot provide the foregoing coverage without potentially violating or causing the Company to incur additional expense as a result of noncompliance with applicable law, the Company instead will pay the Eligible Participant a taxable monthly payment during the Benefit Continuation Period in an amount equal to the monthly COBRA premium that the Eligible Participant would be required to pay to continue the group health coverage in effect on the date of the Eligible Participant's termination; and

(d) eligibility for executive outplacement services during the Severance Period up to an aggregate amount of \$25,000.

Notwithstanding the foregoing provisions of this Section 4.02, however, to the extent that any payment under the Plan constitutes "deferral of compensation" within the meaning of Section 409A of the Code, such payment will not be made or commence until the Eligible Participant's Separation from Service Date. In addition, if, as of the Separation from Service Date, the Eligible Participant is a Specified Employee, then, except to the extent that the Plan does not provide for a "deferral of compensation" within the meaning of Section 409A of the Code, the following shall apply: (1) no payments shall be made and no benefits shall be provided to Executive, in each case, during the period beginning on the Separation from Service Date and ending on the six-month anniversary of such date or, if earlier, the date of the Eligible Participant's death, and (2) on the first business day of the first month following the month in which occurs the six-month anniversary of the Separation from Service Date or, if earlier, the Eligible Participant's death, the Company shall make a one-time, lump-sum cash payment to the Eligible Participant (or his beneficiary, if applicable) in an amount equal to the sum of the amounts otherwise payable to the Eligible Participant under the Plan during the period described in clause (1) above.

Section 4.03 Termination for Cause/Termination other than a Qualifying Termination. If any Participant's employment terminates on account of termination by the Company for Cause, or a termination other than a Qualifying Termination, the Participant shall not be entitled to receive Severance Benefits under the Plan except as provided under Section 4.01 and shall be entitled only to those benefits that are legally required to be provided to the Participant. Notwithstanding any other provision of the Plan to the contrary, if a Participant has engaged in conduct that constitutes Cause at any time prior to the Participant's Termination Date, or breaches any covenants in Article V hereof following the Termination Date, the Plan Administrator may by written notice to the Participant determine that any Severance Benefit payable to the Participant under Section 4.02 of the Plan shall immediately cease, and that the Participant shall be required to return any Severance Benefits paid to the Participant prior to such determination. The Company may withhold paying Severance Benefits under the Plan pending resolution of an inquiry that could lead to a finding resulting in Cause. If the Company has offset other payments owed to the Participant under any other plan or program, it may, in its sole discretion, waive its repayment right solely with respect to the amount of the offset so credited.

Section 4.04 Reduction of Severance Benefits. The Plan Administrator reserves the right to make deductions in accordance with applicable law for the stated amount of monies owed to the Company by the Participant or the value of Company property that the Participant has retained in his/her possession. Any payment made pursuant to the Plan shall be subject to applicable withholding obligations in an amount sufficient to satisfy U.S. or foreign federal, provincial, state and local or other applicable withholding tax requirements.

Section 4.05 Other Arrangements. The Severance Benefits under the Plan are not additive or cumulative to severance or termination benefits that a Participant might also be entitled to receive under the terms of a written employment agreement, a severance agreement, a retention plan or agreement, or any other arrangement with the Company. As a condition of participating in the Plan, except with respect to members of the Senior Management Group eligible for the Senior Management Severance Benefits, each individual must expressly agree that the Plan supersedes all prior agreements, including, without limitation, the Prior Plan, and sets forth the entire Severance Benefit to which he or she is entitled to while a Participant in the Plan. The provisions of the Plan may provide for payments to the Participant under certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof. It is the specific intention of the Company that the provisions of the Plan shall supersede any provisions to the contrary in such plans, to the extent permitted by applicable law, and such plans shall be deemed to have been amended to correspond with the Plan without further action by the Company or the Board. However, if the Participant is a party to a Change in Control Agreement (or similar agreement), such agreement, and not the Plan, shall apply under the circumstances described therein. The Plan and the Severance Benefits provided pursuant to the Plan are being made available on a voluntary basis by the Company and are not required by any legal obligation. Benefits under the Plan are not intended to duplicate other benefits. Any Severance Benefit under this Plan may be in lieu of any severance pay, notice period or benefits required or provided under any federal, state, or local law or ordinance. The Plan Administrator shall determine how to apply this provision, and may override other provisions of the Plan in doing so.

Section 4.06 Termination of Eligibility for Benefits. All Participants shall cease to be eligible to participate in the Plan, and all Severance Benefit payments shall cease upon the occurrence of the earlier of:

- (a) Subject to Article VII, termination or modification of the Plan;
- (b) Completion of payment to the Participant of the Severance Benefit for which the Participant is eligible under Article IV; or
- (c) Upon reemployment by the Participant with the Company.

**ARTICLE V**  
**CONFIDENTIALITY, COVENANT NOT TO COMPETE AND NOT TO SOLICIT**

Section 5.01 Confidential Information. At no time during the term of Participant's Employment or at any time following Participant's Termination Date, shall the Participant, without the prior written consent of the Company, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any Confidential Information pertaining to the business of the Company or any of its affiliates, except (i) while employed by the Company, in the business of and for the benefit of the Company, or (ii) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Participant to divulge, disclose or make accessible such information. For purposes of this Section 5.01, "Confidential Information" shall mean any trade secret or other non-public information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans and other non-public, proprietary and confidential information of the Company or its affiliates, that, in any case, is not otherwise available to the public (other than by Participant's breach of the terms hereof) or known to persons in the industry generally.

Section 5.02 Non-Competition. The Participant agrees that, during the term of his or her employment with the Company, and thereafter during the Restriction Period, he or she shall not directly or indirectly become associated, as an owner, partner, shareholder (other than as a holder of not in excess of 5% of the outstanding voting shares of any publicly traded company), director, officer, manager, employee, agent, consultant or otherwise, with (a) any car or equipment rental or comparable company, which competes with the business, and for the customer base, of the Company and/or (b) any creditor, equityholder, or creditor committee member of, or lender or financial advisor to, the Companies (a "Competitive Business"). This Section 5.02 shall not be deemed to restrict (a) a Participant who is a lawyer from working for or being associated with a law firm as long as the Participant does not provide legal services to a Competitive Business or (b) association with any enterprise that conducts unrelated business or that has material operations outside of the geographic area that encompasses the Company's customer base (or where the Company had plans at the Termination Date to enter) for so long as the Participant's role whether direct or indirect (e.g., supervisory), is solely with respect to such unrelated business or other geographic area (as the case may be).

Section 5.03 Non-Solicitation. The Participant agrees that, during the term of his or her employment with the Company, and thereafter during the Restriction Period, he or she shall not directly or indirectly employ or seek to employ, or solicit or contact or cause others to solicit or contact with a view to engage or employ, any person who is or was a managerial level employee of the Company at the time of the Participant's Termination Date or at any time during the 12-month period preceding such date. This Section 5.03 shall not be deemed to be violated solely by (a) placing an advertisement or other general solicitation or (b) serving as a reference.

Section 5.04 Non-Disparagement. The Participant agrees that he or she shall not at any time disparage the Company or any officer, director, employee or greater than ten percent (10%) shareholder (or beneficial owner) of the Company, and shall not, without the prior written consent of the Company, make any written or oral statement concerning the termination of his or her employment or any circumstances, terms or conditions relating thereto. Nothing in this Section 5.04 shall prevent the lawful filing or prosecution of any claim against the Company in any judicial, arbitration, governmental, or other appropriate forum for adjudication of disputes, any response or disclosure by the Participant compelled by legal process or required by applicable law or any bona-fide exercise by the Participant of any shareholder rights he or she may otherwise have.

Section 5.05 Reasonableness. In the event the provisions of this Article V shall ever be deemed to exceed the time, scope or geographic limitations permitted by applicable laws, then such provisions shall be reformed to the maximum time, scope or geographic limitations, as the case may be, permitted by applicable laws.

Section 5.06 Acknowledgment. The Plan Administrator shall require, as a condition to a Participant's participation in the Plan, that such Participant enter into a written acknowledgment of the terms of this Article V (and such other provisions hereof as the Plan Administrator determines appropriate), in such form as the Plan Administrator shall determine appropriate from time to time.

Section 5.07 Equitable Relief.

(a) By participating in the Plan, the Participant acknowledges that the restrictions contained in this Article V are reasonable and necessary to protect the legitimate interests of the Company, its Subsidiaries and its affiliates, that the Company would not have established the Plan in the absence of such restrictions, and that any violation of any provision of this Article V will result in irreparable injury to the Company. By agreeing to participate in the Plan, the Participant represents that his or her experience and capabilities are such that the restrictions contained in this Article V will not prevent the Participant from obtaining employment or otherwise earning a living at the same general level of economic benefit as is currently the case. The Participant further represents and acknowledges that (i) he or she has been advised by the Company to consult his or her own legal counsel in respect of the Plan, and (ii) that he or she has had full opportunity, prior to agreeing to participate in the Plan, to review thoroughly the Plan with his or her counsel.

(b) The Participant agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages or posting any bond, and a court or arbitration may also order an equitable accounting of all earnings, profits and other benefits arising from any violation of this Article V, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled.

(c) The Participant and the Company irrevocably and unconditionally (i) agree that any suit, action or other legal proceeding arising out of this Article V, including without limitation, any action commenced by the Company for preliminary and permanent injunctive relief or other equitable relief, may be brought in the United States District Court whose jurisdiction includes Lee County, Florida, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Florida, (ii) consent to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding, and (iii) waive any objection which Participant may have to the laying of venue of any such suit, action or proceeding in any such court.

(d) If any term or other provision or portion of this Article V is adjudicated to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Article V shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party and this Article V shall be deemed amended to delete therefrom such provision or portion adjudicated to be invalid or unenforceable, such amendment to apply only with respect to the operation of this Article V in the particular jurisdiction in which such adjudication is made

Section 5.08 Survival of Provisions. The obligations contained in this Article V shall survive the termination of Participant's employment with the Company or a Subsidiary (or termination of the Plan) and shall be fully enforceable thereafter.

## **ARTICLE VI THE PLAN ADMINISTRATOR**

Section 6.01 Authority and Duties. It shall be the duty of the Plan Administrator, on the basis of information supplied to it by the Company and the Committee, to properly administer the Plan. The Plan Administrator shall have the full power, authority and discretion to construe, interpret and administer the Plan, to make factual determinations, to correct deficiencies therein, and to supply omissions, and to make all other determinations deemed necessary or advisable for the Plan. The Plan Administrator shall have the sole discretion to make decisions and take actions with respect to questions arising in connection with the Plan, including but not limited to the determination of questions of eligibility and participation, and the amount, manner and timing of benefits. All decisions, actions and interpretations of the Plan Administrator shall be subject only to determinations by the Named Appeals Fiduciary (as defined in Section 9.04), with respect to denied claims for Severance Benefits, and in the event of any judicial or arbitral proceeding shall be subject to de novo review. The Plan Administrator may adopt such rules and regulations and may make such decisions as it deems necessary or desirable for the proper administration of the Plan. Notwithstanding anything else herein to the contrary, all decisions, actions and interpretations of the Named Appeals Fiduciary shall be subject to de novo review by the arbitrator pursuant to Section 9.05 hereof.



Section 6.02 Compensation of the Plan Administrator. The Plan Administrator shall receive no compensation for services as such. However, all reasonable expenses of the Plan Administrator shall be paid or reimbursed by the Company upon proper documentation. The Plan Administrator shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Plan Administrator's duties.

Section 6.03 Records, Reporting and Disclosure. The Plan Administrator shall keep a copy of all records relating to the payment of Severance Benefits to Participants and former Participants and all other records necessary for the proper operation of the Plan. All Plan records shall be made available to the Committee, the Company and to each Participant for examination during business hours except that a Participant shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Plan Administrator shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company, as payor of the Severance Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts that may be similarly reportable).

## **ARTICLE VII AMENDMENT, TERMINATION AND DURATION**

Section 7.01 Amendment, Suspension and Termination. Except as otherwise provided in this Section 7.01, the Board or the Committee or the delegee of the Board or the Committee shall have the right any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason or without reason, and without either the consent of or the prior notification to any Participant, by a formal written action. Plan amendments may include, but are not limited to, elimination or reduction in the level or type of benefits provided to a Participant and may be retroactive or prospective in nature. No such amendment shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation of Severance Benefits already approved for a Participant who has executed a Release as required under Section 3.02. Severance Benefits provided under the Plan are at the discretion of the Company and are not a contractual obligation. Nothing in the Plan shall give, or be construed to give, any Participant the vested right to any benefit under the Plan.

Section 7.02 Duration. Unless terminated sooner by the Board or the Committee or the delegee of the Board or the Committee in accordance with Section 7.01, the Plan shall continue in full force and effect until termination of the Plan pursuant to Section 7.01.

## **ARTICLE VIII DUTIES OF THE COMPANY, THE COMMITTEE AND THE PLAN ADMINISTRATOR**

Section 8.01 Records. The Company or a Subsidiary thereof shall supply to the Committee and the Plan Administrator, as the case may be, all records and information necessary to the performance of the Committee's and the Plan Administrator's duties.

Section 8.02 Payment. Payments of Severance Benefits to Participants shall be made by the Company in such amount as determined by the Committee under Article IV, from the Company's general assets or from a supplemental unemployment benefits trust, in accordance with the terms of the Plan, as directed by the Committee.

Section 8.03 Discretion. Any decisions, actions or interpretations to be made under the Plan by the Board, the Committee and the Plan Administrator, acting on behalf of either, (i) shall be made in each of their respective sole discretion, not in any fiduciary capacity, and (ii) need not be uniformly applied to similarly situated individuals. Notwithstanding anything else herein to the contrary, all decisions, actions and interpretations of the Plan Administrator and the Named Appeals Fiduciary shall be accorded deference by the arbitrator pursuant to Section 9.05 hereof and by a court of competent jurisdiction entering the award of such arbitrator, in each case to the maximum extent permitted by applicable law.

**ARTICLE IX  
CLAIMS PROCEDURES**

Section 9.01 Claim. Each Participant under the Plan may contest the administration of the Severance Benefits awarded by completing and filing with the Plan Administrator a written request for review in the manner specified by the Plan Administrator. No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures described in this Article IX are exhausted and a final determination is made by the Plan Administrator and/or the Named Appeals Fiduciary. No person may bring legal action, including a lawsuit, either in law or equity, more than one year after a final decision is rendered on a claim. In order to raise an issue in any legal action related to the claim, such person must have clearly raised such issue during the claims and appeals procedure described herein.

Section 9.02 Initial Claim. Before the date on which payment of a Severance Benefit occurs, any claim relating to the administration of such Severance Benefit must be supported by such information as the Plan Administrator deems relevant and appropriate. In the event that any such claim is denied in whole or in part, the terminated Participant or his or her beneficiary ("Claimant") whose claim has been so denied shall be notified of such denial in writing by the Plan Administrator within ninety (90) days after the receipt of the claim for benefits. This period may be extended an additional ninety (90) days if the Plan Administrator determines such extension is necessary and the Plan Administrator provides notice of extension to the Claimant prior to the end of the initial ninety (90) day period. The notice advising of the denial shall (i) specify the reason or reasons for denial, (ii) make specific reference to the Plan provisions on which the determination was based, (iii) describe any additional material or information necessary for the Claimant to perfect the claim (explaining why such material or information is needed), and (iv) describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

Section 9.03 Appeals of Denied Administrative Claims. All appeals shall be made by the following procedure:

(a) A Claimant whose claim has been denied shall file with the Plan Administrator a notice of appeal of the denial. Such notice shall be filed within sixty (60) calendar days of notification by the Plan Administrator of the denial of a claim, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) The Named Appeals Fiduciary shall consider the merits of the Claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Named Appeals Fiduciary shall deem relevant.

(c) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement as to the reasons therefor. The determination shall be made to the Claimant within sixty (60) days of the Claimant's request for review, unless the Named Appeals Fiduciary determines that special circumstances require an extension of time for processing the claim. In such case, the Named Appeals Fiduciary shall notify the Claimant of the need for an extension of time to render its decision prior to the end of the initial sixty (60) day period, and the Named Appeals Fiduciary shall have an additional sixty (60) day period to make its determination. If the determination is adverse to the Claimant, the notice shall (i) provide the reason or reasons for denial, (ii) make specific reference to the Plan provisions on which the determination was based, (iii) include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits, and (iv) state that the Claimant has the right to bring an action under Section 502(a) of ERISA, and such determination shall be subject to de novo review by the arbitrator as provided in Section 9.05 hereof.

Section 9.04 Appointment of the Named Appeals Fiduciary. The “Named Appeals Fiduciary” shall be the person or persons named as such by the Board or Committee, or, if no such person or persons be named, then the person or persons named by the Plan Administrator as the Named Appeals Fiduciary. Named Appeals Fiduciaries may at any time be removed by the Board or Committee, and any Named Appeals Fiduciary named by the Plan Administrator may be removed by the Plan Administrator. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a “Named Fiduciary” within the meaning of ERISA, and, unless appointed to other fiduciary responsibilities, shall have no authority, responsibility, or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

Section 9.05 Arbitration; Expenses. In the event of any dispute under the provisions of the Plan, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall have the dispute, controversy or claim settled by arbitration in Estero, Florida (or such other location as may be mutually agreed upon by the Employer and the Participant) in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association, before a single arbitrator selected by agreement of the parties (or, in the absence of such agreement, appointed by the American Arbitration Association). Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of the Plan or to award a remedy for a dispute involving the Plan other than a benefit specifically provided under or by virtue of the Plan. If the Participant substantially prevails on any material issue that is the subject of such arbitration or lawsuit, the Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including the Company’s and Participant’s reasonable attorneys’ fees and expenses). Otherwise, each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys’ fees and expenses) and shall share the fees of the American Arbitration Association.

## ARTICLE X MISCELLANEOUS

Section 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor of any Participant, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment (if permitted under applicable law), trustee’s process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, plead, encumber or assign any of the benefits or payments that he may expect to receive, contingently or otherwise, under the Plan, except for the designation of a beneficiary as contemplated in Section 10.02.

Section 10.02 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of his or her death. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Plan Administrator, and will be effective only when filed by the Participant in writing with the Plan Administrator during his lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant’s death shall be paid to or exercised by the Participant’s surviving spouse, if any, or otherwise to or by his or her estate.

Section 10.03 Notices. All notices and other communications required hereunder shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service. In the case of the Participant, mailed notices shall be addressed to him or her at his or her most recent address as shown on the books and records of the Company or Subsidiary employing the Participant. In the case of the Company, mailed notices shall be addressed to the Plan Administrator, with copies to the Executive Vice President, Chief Human Resources Officer, and the General Counsel of the Company.

Section 10.04 409A Compliance. The Plan is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code. Where reasonably possible and practicable, the Plan shall be administered in a manner to avoid the imposition on Participants of immediate tax recognition and additional taxes pursuant to such Section 409A. The Plan (and any payments) may be amended (in accordance with Article VII of the Plan) in any respect deemed necessary or desirable (including retroactively) by the Company with the intent to preserve exemption from or compliance with Section 409A of the Code. The preceding shall not be construed as a guarantee of any particular tax effect for Plan payments.

Neither the Company nor the Plan Administrator shall have any liability to any person in the event such Section 409A of the Code applies to any payments or benefits hereunder in a manner that results in adverse tax consequences for the Participant or any of his beneficiaries. A Participant (or his beneficiary, as applicable) is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on such person in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Company nor the Plan Administrator shall have any obligation to indemnify or otherwise hold such person harmless from any or all of such taxes or penalties.

Section 10.05 Successors and Assigns. The rights under the Plan are personal to the Participant and without the prior written consent of the Company shall not be assignable by the Participant otherwise than by will or the laws of descent and distribution. The Plan shall inure to the benefit of and be enforceable by the Participant's legal representatives. The Plan shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform the Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place (with a copy of such assumption provided to the Participant).

Section 10.06 No Impact On Benefits. Except as may otherwise be specifically stated under any employee benefit plan, policy or program, no amount payable under the Plan shall be treated as compensation for purposes of calculating a Participant's right under any such plan, policy or program.

Section 10.07 Timing of Reimbursements; Effect on Other Payments. Except as otherwise provided in the Plan, no Participant shall be entitled to any cash payments or other severance benefits under any of the Company's then current severance pay policies for a termination that is covered by the Plan for the Participant. Anything in the Plan to the contrary notwithstanding, no reimbursement payable to Participant pursuant to any provisions of the Plan or pursuant to any plan or arrangement of the Company covered by the Plan shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, and no such reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A of the Code.

Section 10.08 No Mitigation. A Participant shall not be required to mitigate the amount of any Severance Benefit provided for in the Plan by seeking other employment or otherwise, nor shall the amount of any Severance Benefit provided for herein be reduced by any compensation earned by other employment or otherwise or subject to offset except as otherwise expressly provided for herein.

Section 10.09 No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or any person whatsoever, the right to be retained in the service of the Company.

Section 10.10 Severability of Provisions. If any provision of the Plan be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

Section 10.11 Heirs, Assigns, and Personal Representatives. The Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Section 10.12 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 10.13 Gender and Number. Where the context admits, words in any gender shall include any other gender, and, except where otherwise clearly indicated by context, the singular shall include the plural, and vice versa.

Section 10.14 Unfunded Plan. The Plan shall not be funded. No Participant shall have any right to, or interest in, any assets of the Company that may be applied by the Company to the payment of Severance Benefits.

Section 10.15 Payments to Incompetent Persons. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Committee and all other parties with respect thereto.

Section 10.16 Lost Payees. A benefit shall be deemed forfeited if the Plan Administrator is unable to locate a Participant to whom a Severance Benefit is due. Such Severance Benefit shall be reinstated if application is made by the Participant for the forfeited Severance Benefit while the Plan is in operation.

Section 10.17 Controlling Law. The Plan shall be construed and enforced according to the laws of the State of Florida to the extent not superseded by Federal law.

**Annex A**

<b>Positions</b>	<b>Severance Factor</b>	<b>Severance Period</b>
Chief Executive Officer and Executive Vice Presidents	1.5	18 months

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## **Annex B**

The Senior Management Group are generally entitled to Senior Management Severance Benefits if they are terminated without “cause” within twelve (12) months following the Reorganization Effective Date. Such Senior Management Severance Benefits will generally be paid in a single lump-sum cash payment within thirty days following termination of employment with such lump-sum payment equal to two (2) times the value of such terminated individual’s annual base compensation (i.e., base salary and non-variable benefits).

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**Exhibit A**

**SEPARATION AGREEMENT**

**and**

**GENERAL RELEASE OF ALL CLAIMS**

This Separation Agreement and General Release of All Claims (the "Agreement") is entered into as of [●] by and among [●] (the "Executive"), Hertz Global Holdings, Inc. and The Hertz Corporation (hereinafter "Hertz" or the "Companies"), duly acting under authority of their officers and directors.

**WHEREAS**, Executive is a participant in the Amended and Restated Hertz Global Holdings, Inc. Severance Plan for Senior Executives (the "Plan");

**WHEREAS**, Executive's employment with Hertz will end effective as of [●];

**WHEREAS**, in connection with Executive's separation from employment, Executive is entitled to certain payments and other benefits under the Plan, so long as Executive executes and does not revoke this Agreement; and

**WHEREAS**, the parties desire to fully and finally resolve any disputes, claims or controversies that have arisen or may arise with respect to Executive's employment with and subsequent separation from the Companies.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and agreements stated herein and in the Plan, which Executive and the Companies agree constitute good and valuable consideration, receipt of which is acknowledged, the parties stipulate and do mutually agree as follows:

1. In exchange for receiving the payments and benefits described in Section 4 of the Plan, Executive does for himself and his heirs, executors, administrators, successors, and assigns, hereby release, acquit, and forever discharge and hold harmless the Companies and the divisions, subsidiaries and affiliated companies of each of the Companies, the officers, directors, shareholders, employees, benefit and retirement plans (as well as trustees and administrators thereof), agents and heirs of each of the foregoing, and the predecessors, assigns and successors, past and present of each of the foregoing, and any persons, firms or corporations in privity with any of them (collectively, the "Company Released Parties"), of and from any and all actions, causes of action, claims, demands, attorneys' fees, compensation, expenses, promises, covenants, and damages of whatever kind or nature, in law or in equity, which Executive has, had or could have asserted, known or unknown, at common law or under any statute, rule, regulation, order or law, whether federal, state or local, or on any grounds whatsoever from the beginning of the world to the date of execution of this Agreement, including, without limitation, (1) any and all claims for any additional severance pay, vacation pay, bonus or other compensation; (2) any and all claims of discrimination or harassment based on race, color, national origin, ancestry, religion, marital status, sex, sexual orientation, disability, handicap, age or other unlawful discrimination; any claims arising under Title VII of the Federal Civil Rights Act; the Federal Civil Rights Act of 1991; the Americans with Disabilities Act; the Age Discrimination in Employment Act; the New Jersey Law Against Discrimination; the Florida Civil Rights Act; or under any other state, federal, local law or regulation or under the common law; and (3) any and all claims with respect to any event, matter, damage or injury arising out of his employment relationship with any Company Released Party, and/or the separation of such employment relationship, and/or with respect to any other event or matter.

The only exceptions to this Separation Agreement and General Release of All Claims are with respect to retirement benefits which may have accrued and vested as of the date of Executive's employment termination, COBRA rights, enforcement of Executive's rights under this Agreement and the Plan, and any claims under applicable workers' compensation laws.



Nothing in this Agreement shall be construed to prohibit Executive from filing any future charge or complaint with the U.S. Equal Employment Opportunity Commission (the "EEOC") or participating in any investigation or proceeding conducted by the EEOC, nor shall any provision of this Agreement adversely affect Executive's right to engage in such conduct. Notwithstanding the foregoing, Executive waives the right to obtain any relief from the EEOC or recover any monies or compensation as a result of filing a charge or complaint. In addition to agreeing herein not to bring suit against any Company Released Party, Executive agrees not to seek damages from any Company Released Party by filing a claim or charge with any state or governmental agency.

2. Executive shall return to the Companies all Company property and Confidential Information (as defined in the Plan) of any Company Released Party in Executive's possession or control, including without limitation, business reports and records, client reports and records, customer information, personally identifiable information relating to others, business strategies, contracts and proposals, files, a listing of customers or clients, lists of potential customers or clients, technical data, testing or research data, research and development projects, business plans, financial plans, internal memoranda concerning any of the above, and all credit cards, cardkey passes, door and file keys, computer access codes, software, and other physical or personal property which Executive received, had access to or had in his possession, prepared or helped prepare in connection with Executive's employment with any Company Released Party, and Executive shall not make or retain any copies, duplicates, reproductions, or excerpts thereof. Executive acknowledges that in the course of employment with any one or more Company Released Party, Executive has acquired Confidential Information and that such Confidential Information has been disclosed to Executive in confidence and for his use only during and with respect to his employment with one or more of the Company Released Parties.

3. Executive acknowledges and agrees that he has agreed to be bound by the confidentiality provision in the Plan following Executive's separation of employment, the non-competition and non-solicitation covenants in the Plan for the greater of 12 months or the Severance Period (as defined in the Plan) and the non-disparagement covenant in the Plan at all times.

4. Executive declares and represents that he has not filed or otherwise pursued any charges, complaints, lawsuits or claims of any nature against any Company Released Party arising out of or relating to events occurring prior to the date of this Agreement, with any federal, state or local governmental agency or court with respect to any matter covered by this Agreement. In addition to agreeing herein not to bring suit against any Company Released Party, Executive agrees not to seek damages from any Company Released Party by filing a claim or charge with any state or governmental agency.

5. Executive further declares and represents that no promise, inducement, or agreement not herein expressed has been made to him, that this Agreement contains the entire agreement between the parties hereto, and that the terms of this Agreement are contractual and not a mere recital.

6. Executive understands and agrees that this Agreement shall not be considered an admission of liability or wrongdoing by any party hereto, and each of the parties denies any liability and agrees that nothing in this Agreement can or shall be used by or against either party with respect to claims, defenses or issues in any litigation or proceeding except to enforce rights under the Agreement itself or under the Plan.

7. Executive understands and agrees that should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby, and said invalid part, term, or provision shall be deemed not a part of this Agreement.

8. Executive acknowledges that he understands that he has the right to consult with an attorney of his choice at his expense to review this Agreement and has been encouraged by the Companies to do so.

9. Executive further acknowledges that he has been provided 21 days to consider and accept this Agreement from the date it was first given to him, although Executive may accept it at any time within those 21 days.

10. Executive further understands that he has seven days after signing the Agreement to revoke it by delivering to the Executive Vice President, Chief Human Resource Officer, The Hertz Corporation, 8501 Williams Road, Estero, Florida 33928, written notification of such revocation within the seven day period. If Executive does not revoke the Agreement, the Agreement will become effective and irrevocable by him on the eighth day after he signs it.

11. Executive acknowledges that this Agreement sets forth the entire agreement between the parties with respect to the subject matters hereof and supersedes any and all prior agreements between the parties as to such matters, be they oral or in writing, and may not be changed, modified, or rescinded except in writing signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no force or effect.

12. Executive acknowledges that he has carefully read this Agreement and understands all of its terms, including the full and final release of claims set forth above and enters into it voluntarily.

**WITH EXECUTIVE'S SIGNATURE HEREUNDER, EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS ALL OF ITS TERMS INCLUDING THE FULL AND FINAL RELEASE OF CLAIMS SET FORTH ABOVE.**

**EXECUTIVE FURTHER ACKNOWLEDGES THAT EXECUTIVE HAS VOLUNTARILY ENTERED INTO THIS AGREEMENT; THAT EXECUTIVE HAS NOT RELIED UPON ANY REPRESENTATION OR STATEMENT, WRITTEN OR UNWRITTEN, NOT SET FORTH IN THIS AGREEMENT; THAT EXECUTIVE HAS BEEN GIVEN THE OPPORTUNITY TO HAVE THIS AGREEMENT REVIEWED BY HIS ATTORNEY; AND THAT EXECUTIVE HAS BEEN ENCOURAGED BY THE COMPANIES TO DO SO.**

**EXECUTIVE ALSO ACKNOWLEDGES THAT EXECUTIVE HAS BEEN AFFORDED 21 DAYS TO CONSIDER THIS AGREEMENT AND THAT EXECUTIVE HAS 7 DAYS AFTER SIGNING THIS AGREEMENT TO REVOKE IT BY DELIVERING TO THE EXECUTIVE VICE PRESIDENT, CHIEF HUMAN RESOURCES OFFICER, AS SET FORTH ABOVE, WRITTEN NOTIFICATION OF EXECUTIVE'S REVOCATION.**

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date set forth above.

EXECUTIVE

HERTZ GLOBAL HOLDINGS, INC.

\_\_\_\_\_  
Date:

By: \_\_\_\_\_

Date: \_\_\_\_\_



**HERTZ GLOBAL HOLDINGS, INC. ("HERTZ GLOBAL")  
SECOND QUARTER 2021 EARNINGS  
PREPARED REMARKS**

**OPERATOR**

Welcome to Hertz Global Holdings' second quarter 2021 earnings commentary. I would now like to turn it over to our host, Tressie Rose.

**TRESSIE ROSE:**

Hi everyone, and thank you for tuning in. I am Tressie Rose, Vice President of Communications for Hertz, and I'm joined by Paul Stone, our President and CEO, and Kenny Cheung, CFO.

We hope you had an opportunity to review the press release we issued that contains our second quarter 2021 earnings results, which can be found on our Investor Relations website on Hertz.com. On this call, Paul will share some highlights of our results and an update on our strategic progress. Kenny will then take you through the financial details, including key operational metrics for the quarter. Our remarks will focus on Hertz Global Holdings, Inc., which we refer to as Hertz, our publicly traded company. Differences in the financial results for The Hertz Corporation are disclosed in our press release.

In the second quarter and in connection with Hertz's Chapter 11 emergence, the Company revised its reportable segments to include Canada, Latin America and the Caribbean in its Americas Rental Car reportable segment, which were previously included in its International Rental Car reportable segment. Accordingly, prior periods have been restated to conform with the revised presentation. Our reconciliation is included in our press release.

I want to remind you that some of the matters that we will discuss contain forward-looking information including potential future financial performance, which is subject to risks, uncertainties and assumptions that could cause actual results to materially differ from such forward-looking statements and information. These risks and assumptions, uncertainties and other factors are identified in our press release and our second quarter 2021 Form 10-Q, as well as in other periodic filings with the SEC, and on our Investor Relations section on Hertz.com. We undertake no obligation to update or revise forward-looking statements.

During this recording, we'll use non-GAAP financial measures, all of which are reconciled with GAAP numbers in our press release. We believe that our profitability and performance is better demonstrated using these non-GAAP measures. All comparisons will be against 2019, unless otherwise stated.

With that, I'd like to hand it over to Paul Stone.



**PAUL STONE:**

Thanks, Tressie, and thank you everyone for listening in.

Today's remarks are our first since we concluded our Chapter 11 restructuring and emerged from bankruptcy on June 30th – a significant achievement and milestone for our company. Effective July 1, our new Hertz common stock began trading under the symbol HTZZ and our warrants under HTZZW. I would like to welcome all of our new shareholders.

Hertz had an outstanding second quarter, reflecting signs of strong consumer confidence and the continued rebound of travel. With a resurgence in rental demand and limited vehicle supply due to the chip shortage, we remained agile in managing our fleet to meet our customers' needs. In addition, our performance was underpinned by our more efficient operating model and leaner cost structure.

We delivered total revenues of \$1.9 billion, a 62% sequential improvement excluding the revenues of the Donlen fleet leasing business, which we sold in March 2021. We also delivered strong global adjusted EBITDA of \$639 million, a more than threefold increase versus 2019. The improvement resulted from strong revenues, efficient fleet management, and over \$400 million of structural and recurring, cost reduction.

While a full demand recovery is still further off, we are closely monitoring trends and are confident that we are well-positioned to continue our accelerating momentum in the quarters ahead. As we operate through this demand recovery, we are focused on optimizing profitability while remaining aware of industry supply-demand dynamics.

The meaningful operational and financial improvements we made throughout the Chapter 11 process set us up for long-term growth and success. We took a hard look at our business and made necessary and significant changes.

This included launching a cost reduction program, right-sizing our fleet across both our U.S. and International businesses, optimizing our location footprint, negotiating cost reductions with vendors and partners across the full scope of our business, and completing the sale of Donlen for \$891 million in cash proceeds, subject to certain adjustments.

As a result, we've transformed Hertz into an overall stronger, more agile, and resilient company – and that work is continuing.



Great thanks goes to the Hertz team around the world, to our new Board members and investor group, and to our customers, franchisees, partners and shareholders for your continued confidence and support.

Now, as we focus on the next chapter for Hertz, we are seeing the benefits of our efforts to strategically re-focus the business. Our improved financial position and capital structure give us the flexibility, resources and momentum to build upon our strengths and take on new business opportunities.

With this strong foundation in place, our team is focused on delivering long-term growth, increased profitability and enhanced value for our stakeholders. We will be using Hertz's key competitive advantages to the fullest – including our iconic brand, strategic global footprint, and deeply experienced leadership team.

I want to touch on **four** of the key strategic priorities and operating initiatives that we are executing on.

**First**, we are managing the business to deliver sustainable profitable growth as we leverage the power of the Hertz global family of brands, and the strategic relationships brought by our new investment partners. We are optimistic about a sustained recovery and travel rebound as people continue their return to pre-pandemic travel habits.

While uncertainty remains due to new COVID variants, the rental car industry was among the first to see signs of the rebound as people felt more comfortable traveling in a rental car where they had more control over their experience. We continue to see steady demand even with the Delta variant, and we remain confident that whatever the shape of the recovery, we are uniquely positioned to benefit.

And though domestic leisure travel is leading the recovery, when international travel reopens and as corporate travel returns, we will be ready to serve customers from our network of 12,000 locations worldwide.

**Second**, we are carefully managing our fleet, drawing upon the deep experience of our team to meet the continued strong demand and manage any challenges ahead.

We are working closely with our valued OEM partners to navigate the ongoing chip shortage that we expect will continue into 2022. As a result, we anticipate headwinds such as continued fleet capacity constraints and higher maintenance costs. On the flip side, as tailwinds, we anticipate sustained and improved industry yields, and strong residual market values.



Within this environment, we are focused on managing our vehicles across their entire life cycle. Our fleet management initiatives will continue to include the strategic acquisition of pre-owned vehicles. These purchases are supported by maintenance initiatives, which leverage our strong vendor network to extend the vehicle life and minimize downtime. When vehicles are sold, we are working diligently to ensure they are sold through the most profitable channels available.

Our **third** priority is to continue enhancing the overall customer experience. We're proud of Hertz's heritage and the recognition we've received over the years as an industry leader for our award-winning service. As we look to the future, we are firmly focused on building on that heritage and setting the bar even higher.

Needless to say, the pandemic has changed many aspects of our daily lives, including travel. At Hertz, we continue to adapt, and are actively investing in improving the customer experience across a range of initiatives. Keeping in mind that, as always, we remain committed to safety as our number one priority.

We are adjusting our staffing levels and hiring to meet the uptick in travel demand so we are best positioned across our customer touch points to deliver exceptional service our customers expect from us.

For customers who want more self-service, we're also investing in our app and Hertz.com, which has the added benefit of speeding up the travel journey. For example, this summer, we launched a new app offering that gives customers the benefits of our "Ultimate Choice Experience." Customers can check in, skip the counter, and go directly to the lot to select the car of their choice. This new offering is currently available at over 30 of our top airport locations and is accessible even for first-time renters.

We're scaling our messaging capabilities, allowing our customers to contact us via text when and where they need us. They can text directly with one of our customer service agents in real time, including having the option to speak with an agent on the phone.

We've also upgraded and enhanced our loyalty program. For existing members, we've extended point expirations, offered opportunities for members to share their elite status with a friend, and we are currently offering double points on every booking. We're giving new members access to our elite Five Star status for the year. We are proud that Hertz Gold Plus Rewards continues to be the leading car rental loyalty program and we will continue differentiating the Hertz experience in the marketplace.

We are collaborating with our new Investor Group and their extensive travel industry network for new and expanded benefits and partnerships. Hertz is already recognizing synergies here, including our new partnerships with TripAdvisor Plus and AmEx GBT. We continue to believe in the accretive value that the partnerships bring to our business and for our customers. We are excited about the significant strategic and commercial growth opportunities we see.



In addition to car rental, we remain an integral part of mobility as a whole. We are strengthening relationships with partners such as Uber and Lyft, as well as a host of Delivery Service Providers, who have become even more important in our lives through the pandemic. As the world continues moving toward low carbon mobility, we are planning ahead for the influx of electric vehicles into our fleet.

Going back to our strategic priorities, our **fourth** one is continuing to actively manage our costs and maintain rigorous cost discipline in everything we do. For example, we reduced SG&A by 33% for the quarter versus 2019. Overall, we removed over \$400 million of structural fixed costs – savings that will be sustained even as volumes continue to recover. This leaner cost structure positions us to drive higher profitability into the future.

Underpinning all of our strategic initiatives are our technology investments across our business. For example, in Revenue Management, we are continuing to invest in our demand forecasting systems to improve our pricing strategy. This also helps us in making decisions about where and when to place fleet for maximizing profit. In addition, synergies with our new investor group will help us unlock further growth opportunities.

Before I turn it over to Kenny, I want to acknowledge our exceptional teams around the world for their dedication, hard work and incredible efforts. Over the past year plus, they have navigated the COVID-19 pandemic and its impact, both personally and professionally, while also playing a key role in our comprehensive restructuring. They did all of this while keeping an eye on the business and maintaining our relentless focus on our customers. Our entire Hertz global team has shown great perseverance and resilience. I could not be more proud and thankful.

With that, I will turn it over to Kenny.

**KENNY CHEUNG:**

Thank you, Paul. I'll start by adding my thanks to our fantastic team around the world for all their hard work to revitalize Hertz and set us up for continued success.

Before I begin, my comments will focus on our adjusted results, which are reconciled from our GAAP numbers in our press release. Throughout my comments, I will be comparing to the second quarter of 2019, as a more relevant benchmark. For comparisons to our 2020 results, please refer to our 10-Q.

Now, turning over to our financial results. First, let me provide an overview of our total company. I'm excited to share that we delivered \$639 million of Adjusted Corporate EBITDA which is a quarterly record for our company. During the quarter, we saw month-over-month sequential growth across both revenues and Adjusted Corporate EBITDA.





In the second quarter, we generated total revenue of \$1.9 billion, down 25% compared to 2019. Pricing in the quarter reflected the strong upward trend in leisure travel demand, coupled with tighter fleet inventory, which mitigated the impact of fewer rental days.

As I mentioned, our Adjusted Corporate EBITDA increased to \$639 million, compared to \$207 million in the second quarter of 2019, and our margin expanded meaningfully to 34%, from 8% as strong consumer demand, our leaner operating structure, coupled with disciplined cost management, ALL contributed to our increased profitability.

We have continued to manage our fleet capacity with rigor and discipline to align with market demand. Our fleet capacity was down 43% versus 2019, which was in line with our transaction days.

As for depreciation, monthly vehicle depreciation expense was \$93 per unit, driven by continued strength in residual values and disciplined fleet management.

Now, let me provide some additional color on our Americas RAC and International RAC segments.

Within Americas RAC, revenue was \$1.6 billion, down 11% versus 2019, driven by fewer transaction days offset by increased RPD across airport and off airport.

We continued to see momentum in our cargo van and delivery services business, which grew in revenue four times versus the second quarter of 2019. The pandemic has demonstrated the importance of last mile delivery, and Hertz will continue to invest in the space.

Americas RAC Adjusted EBITDA was \$664 million, up over 300% versus the same period in 2019, and reflects a 40% margin.

In our International RAC segment, second quarter revenues were \$230 million, down 54% versus 2019. The pandemic-related effects on global travel continued to impact International RAC. Strong residuals and the Company's execution on productivity were able to offset the revenue headwinds. Adjusted

EBITDA loss was \$1 million, which reflected an improvement of \$111 million year over year.

As Paul mentioned, in addition to strong consumer demand, the strength of our performance this quarter builds on the foundational changes and improvements we made during our restructuring.

Let me highlight a few of our key accomplishments during the restructuring.

- We right-sized our fleet across both our U.S. and International businesses to best position us during the pandemic to weather the decline in travel, and to better position ourselves for the rebound.



- We optimized our footprint, closing more than 700 underperforming locations, while maintaining a strong global presence across our 12,000 locations.
- We also optimized our go-to-market segments and network distribution to better capture organic profitable yield.
- In addition, we had to make difficult but necessary decisions to align our staffing levels with market demand in 2020. Now, as volumes rebound, we are actively rehiring.
- We significantly reduced our fixed cost structure, positioning us to realize over \$400 million in incremental and sustainable operating cost savings in 2021. To put this in perspective, under our current fixed cost structure, we estimate that our total company 2019 Adjusted Corporate EBITDA would have been above \$1 billion. This excludes the impact of lower borrowing rates under our vehicle financing facilities, which further enhances our results.
- And finally, restructuring allowed us to significantly improve our balance sheet and liquidity position. This provides operating flexibility to invest in the initiatives that Paul highlighted, including technology, the customer experience, our fleet, and long-term growth initiatives.

Turning to our capital structure and liquidity:

At June 30th, our liquidity position totaled \$3.0 billion, comprised of \$1.8 billion in unrestricted cash and \$1.2 billion available under the Senior Revolving Credit Facility. We also had \$70 million of letters of credit and no borrowings outstanding under our \$1.3 billion RCF leaving \$1.2 billion of availability to support future liquidity needs and letter of credit issuance.

We emerged from Chapter 11 with significantly lower corporate debt levels relative to our pre-bankruptcy balance sheet. At June 30th, we had \$1.5 billion in outstanding global corporate debt, comprised of \$1.3 billion Term Loan B, \$245 million Term Loan C that will support the issuance of letters of credit. As of June 30th, we are in positive net debt position, and our \$1.8 billion of unrestricted cash exceed our \$1.5 billion of corporate debt. Also, we have no material corporate debt maturities until 2026.

On the vehicle financing side, we established a new ABS program, HVF III, to fund our rental fleet in the U.S. which incorporated structural changes to reduce go-forward mark to market volatility. In terms of existing vehicles, the ABS net book value of risk vehicles transferred into HVF III was set at 75% of their June fair market value. This provides for reduced volatility and a significant cushion against potential future declines in used car prices, as HVF III's fair market value score was over 130% at June 30<sup>th</sup>.



For new vehicle purchases, HVF III is designed to use a lower starting ABS cap cost methodology and has a 1.67% minimum monthly depreciation rate. This is expected to build fair market value cushion over time, and the minimum ABS rates are expected to exceed actual depreciation rates.

The new ABS program consists of \$2.8 billion of committed Variable Funding Notes, of which \$2.3 billion was drawn as of the end of the quarter. The Variable Funding Notes have a 2-year maturity, and the term notes are split evenly between 3- and 5-year maturities. We are very pleased with the market reception for HVF III; the issuance of these notes was oversubscribed by a factor of 4. Our overall blended cost of vehicle funding in the U.S. is currently below 2%. Comparing our current blended MTN rate and VFN spread to 2019 levels, our ABS borrowing rate, excluding the impact of declining Libor rates, has decreased by about 80 basis points. On the \$6.3 billion outstanding vehicle debt at emergence this reduction in rate contributes \$50 million of annualized EBITDA improvement, which I mentioned is not part of our structural cost reduction numbers.

Rounding out our capital structure, we have \$1.5 billion in preferred stock that does not require the use of Company's cash for at least the first two years. We also issued 89 million warrants with an exercise price of \$13.80 per share and a 30-year term. The warrants are traded publicly on the OTC market under the symbol HTZZW. Although these are publicly traded warrants, they are classified as a liability according to US GAAP due to certain settlement provisions that are only applicable in the event of a Change of Control transaction. We will fair value the warrants quarterly with adjustments recognized in Other Income/Expense.

To summarize, our balance sheet and liquidity are the strongest they have been in many years, and with our strong operating performance, we feel well prepared to manage our fleet growth and operating needs as demand in global travel markets returns.

Looking ahead, we are well-positioned for the back half of 2021 and beyond. In terms of outlook, we are seeing positive trends including strong RPD for July above second quarter, and we expect the factors driving the current high yield environment will continue into 2022 based on fleet constraints and the ongoing rebound in travel. Given the existing macro uncertainties, we are not providing additional guidance at this time.

We plan to host live calls for earnings in the future once we re-IPO, which consists of hosting an investor roadshow and relisting on a major exchange, which we anticipate by year-end. Given we are only a month out of bankruptcy, with a new investor base, new Board of Directors, and many exciting initiatives underway, we wanted to use these remarks to provide additional color and context of strength and momentum of our business.

Now, I would like to turn it back to Paul for his closing remarks.



**PAUL STONE:**

Thank you, Kenny. I hope that our discussion has provided a good update and sense of our momentum. I'm confident that Hertz has outstanding potential to drive long-term profitable growth. We've made great progress transforming the company and continue to focus on innovating our customers' experience.

As people get back on the road, we are ready. This is only the beginning in our delivering even greater long-term value to our stakeholders. We are moving forward in an incredibly strong position with an exciting road ahead.

Thank you for your interest in Hertz.

**OPERATOR**

This concludes the pre-recorded Hertz Global Holdings' second quarter 2021 earnings commentary

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