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

FORM 10-Q

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

For the quarterly period ended September 30, 2021

OR

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

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Executive Office Address and Telephone Number	State of Incorporation	I.R.S. Employer Identification No.
001-37665	**HERTZ GLOBAL HOLDINGS, INC** 8501 Williams Road, Estero, Florida 33928 (239) 301-7000	Delaware	61-1770902
001-07541	**THE HERTZ CORPORATION** 8501 Williams Road, Estero, Florida 33928 (239) 301-7000	Delaware	13-1938568

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

	Title of each class		Trading Symbol(s)	Name of each exchange on which Registered
Hertz Global Holdings, Inc.	Common Stock	par value $0.01 per share	HTZZ	*
The Hertz Corporation	None		None	None

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

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

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

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

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

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

Hertz Global Holdings, Inc.	Large accelerated filer	☐	Accelerated filer	☒	Non-accelerated filer	☐
	Smaller reporting company	☐	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.			☐		
The Hertz Corporation	Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
	Smaller reporting company	☐	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.			☐		

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Hertz Global Holdings, Inc. Yes ☒ No ☐

The Hertz Corporation Yes ☒ No ☐

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

	Class		Shares Outstanding as of October 21, 2021
Hertz Global Holdings, Inc.	Common Stock,	par value $0.01 per share	472,688,295
The Hertz Corporation[1]	Common Stock,	par value $0.01 per share	100
			[1](100% owned by Rental Car Intermediate Holdings, LLC)

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
THE HERTZ CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited
(In millions, except par value and share data)

	September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 2,703	$ 1,096
Restricted cash and cash equivalents:		
Vehicle	320	50
Non-vehicle	443	361
Total restricted cash and cash equivalents	763	411
Total cash, cash equivalents, restricted cash and restricted cash equivalents	3,466	1,507
Receivables:		
Vehicle	139	164
Non-vehicle, net of allowance of $58 and $46, respectively	751	613
Total receivables, net	890	777
Prepaid expenses and other assets	642	373
Revenue earning vehicles:		
Vehicles	10,122	7,540
Less: accumulated depreciation	(1,559)	(1,478)
Total revenue earning vehicles, net	8,563	6,062
Property and equipment, net	609	666
Operating lease right-of-use assets	1,453	1,675
Intangible assets, net	2,925	2,992
Goodwill	1,045	1,045
Assets held for sale	—	1,811
Total assets[(a)]	$ 19,593	$ 16,908
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Accounts payable:		
Vehicle	$ 46	$ 29
Non-vehicle	540	389
Total accounts payable	586	418
Accrued liabilities	904	759
Accrued taxes, net	228	121
Debt:		
Vehicle	7,207	6,024
Non-vehicle	1,511	243
Total debt	8,718	6,267
Public Warrants	783	—
Operating lease liabilities	1,402	1,636
Self-insured liabilities	470	488
Deferred income taxes, net	851	730
Total liabilities not subject to compromise	13,942	10,419
Liabilities subject to compromise	—	4,965
Liabilities held for sale	—	1,431
Total liabilities[(a)]	13,942	16,815
Commitments and contingencies		
Mezzanine Equity:		
Preferred stock, $0.01 par value, 1,500,000 shares issued and outstanding at September 30, 2021	1,433	—
Total mezzanine equity	1,433	—
Stockholders' equity:		
Preferred stock, $0.01 par value, no shares issued and outstanding at December 31, 2020	—	—
Common stock, $0.01 par value, 471,528,459 shares issued and outstanding at September 30, 2021, and 158,235,410 and 156,206,478 shares issued and outstanding at December 31, 2020	5	2
Treasury stock, at cost, 2,028,932 shares at December 31, 2020	—	(100)
Additional paid-in capital	6,482	3,047
Retained earnings (Accumulated deficit)	(2,055)	(2,681)
Accumulated other comprehensive income (loss)	(226)	(212)
Stockholders' equity attributable to Hertz Global	4,206	56
Noncontrolling interests	12	37
Total stockholders' equity	4,218	93
Total liabilities, mezzanine equity and stockholders' equity	$ 19,593	$ 16,908

(a) Hertz Global Holdings, Inc.'s consolidated total assets as of September 30, 2021 and December 31, 2020 include total assets of variable interest entities ("VIEs") of $745 million and $511 million, respectively, which can only be used to settle obligations of the VIEs. Hertz Global Holdings, Inc.'s consolidated total liabilities as of September 30, 2021 and December 31, 2020 include total liabilities of VIEs of $734 million and $475 million, respectively, for which the creditors of the VIEs have no recourse to Hertz Global Holdings, Inc. See "Pledges Related to Vehicle Financing " in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 15, "Related Party Transactions," for further information.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	$ 2,226	$ 1,268	$ 5,387	$ 4,023
Expenses:				
Direct vehicle and operating	1,131	779	2,855	2,624
Depreciation of revenue earning vehicles and lease charges	61	347	420	1,632
Non-vehicle depreciation and amortization	49	58	153	168
Selling, general and administrative	177	138	498	506
Interest expense, net:				
Vehicle	41	110	243	360
Non-vehicle (excludes contractual interest of $53 million and $75 million for the three and nine months ended September 30, 2020, respectively)	22	17	157	118
Total interest expense, net	63	127	400	478
Technology-related intangible and other asset impairments	—	—	—	193
Other (income) expense, net	(7)	—	(20)	(15)
Reorganization items, net	—	78	677	101
(Gain) from the sale of a business	—	—	(400)	—
Change in fair value of Public Warrants	(16)	—	(16)	—
Total expenses	1,458	1,527	4,567	5,687
Income (loss) before income taxes	768	(259)	820	(1,664)
Income tax (provision) benefit	(160)	36	(193)	232
Net income (loss)	608	(223)	627	(1,432)
Net (income) loss attributable to noncontrolling interests	(3)	1	(1)	7
Net income (loss) attributable to Hertz Global	605	(222)	626	(1,425)
Dividends on Series A Preferred Stock	(34)	—	(34)	—
Net income (loss) available to Hertz Global common stockholders	$ 571	$ (222)	$ 592	$ (1,425)
Weighted-average common shares outstanding:				
Basic	471	156	264	148
Diluted	490	156	270	148
Earnings (loss) per common share:				
Basic	$ 1.21	$ (1.42)	$ 2.25	$ (9.65)
Diluted	$ 1.13	$ (1.42)	$ 2.14	$ (9.65)

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Unaudited
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 608	$ (223)	$ 627	$ (1,432)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(24)	(6)	(14)	(32)
Net gain (loss) on pension and postretirement benefit plans	—	15	—	1
Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial net losses	—	1	—	6
Total other comprehensive income (loss) before income taxes	(24)	10	(14)	(25)
Income tax (provision) benefit related to pension and postretirement benefit plans	—	(4)	—	—
Income tax (provision) benefit related to reclassified amounts of net periodic costs on pension and postretirement benefit plans	—	(1)	—	(2)
Total other comprehensive income (loss)	(24)	5	(14)	(27)
Total comprehensive income (loss)	584	(218)	613	(1,459)
Comprehensive (income) loss attributable to noncontrolling interests	(3)	1	(1)	7
Comprehensive income (loss) attributable to Hertz Global	$ 581	$ (217)	$ 612	$ (1,452)

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
Unaudited
(In millions)

Balance as of:	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Stockholders' Equity Attributable to Hertz Global	Non-controlling Interests	Total Stockholders' Equity
December 31, 2019	—	$ —	142	$ 1	$ 3,024	$ (967)	$ (189)	2	$ (100)	$ 1,769	$ 119	$ 1,888
Net income (loss)	—	—	—	—	—	(356)	—	—	—	(356)	(1)	(357)
Other comprehensive income (loss)	—	—	—	—	—	—	(39)	—	—	(39)	—	(39)
Net settlement on vesting of restricted stock	—	—	—	—	(2)	—	—	—	—	(2)	—	(2)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	1	1
March 31, 2020	—	—	142	1	3,022	(1,323)	(228)	2	(100)	1,372	119	1,491
Net income (loss)	—	—	—	—	—	(847)	—	—	—	(847)	(5)	(852)
Other comprehensive income (loss)	—	—	—	—	—	—	7	—	—	7	—	7
Stock-based compensation charges	—	—	—	—	(2)	—	—	—	—	(2)	—	(2)
Stock issuance, net	—	—	14	1	28	—	—	—	—	29	—	29
June 30, 2020	—	—	156	2	3,048	(2,170)	(221)	2	(100)	559	114	673
Net income (loss)	—	—	—	—	—	(222)	—	—	—	(222)	(1)	(223)
Other comprehensive income (loss)	—	—	—	—	—	—	5	—	—	5	—	5
Net settlement on vesting of restricted stock	—	—	—	—	(1)	—	—	—	—	(1)	—	(1)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(54)	(54)
September 30, 2020	—	$ —	156	$ 2	$ 3,047	$ (2,392)	$ (216)	2	$ (100)	$ 341	$ 59	$ 400

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
Unaudited
(In millions)

	Mezzanine Equity											
Balance as of:	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)(1)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Stockholders' Equity Attributable to Hertz Global	Non-controlling Interests	Total Stockholders' Equity
December 31, 2020	—	$ —	156	$ 2	$ 3,047	$ (2,681)	$ (212)	2	$ (100)	$ 56	$ 37	$ 93
Net income (loss)	—	—	—	—	—	190	—	—	—	190	(1)	189
Other comprehensive income (loss)	—	—	—	—	—	—	17	—	—	17	—	17
Stock-based compensation charges	—	—	—	—	2	—	—	—	—	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(11)	(11)
March 31, 2021	—	—	156	2	3,049	(2,491)	(195)	2	(100)	265	25	290
Net income (loss)	—	—	—	—	—	(168)	—	—	—	(168)	(1)	(169)
Other comprehensive income (loss)	—	—	—	—	—	—	(7)	—	—	(7)	—	(7)
Cancellation of common and treasury shares in exchange for new common shares	—	—	(142)	(2)	(98)	—	—	(2)	100	—	—	—
Cancellation of stock-based awards	—	—	—	—	(10)	—	—	—	—	(10)	—	(10)
Distributions to common stockholders	—	—	—	—	(239)	—	—	—	—	(239)	—	(239)
Contribution from Plan Sponsors	—	—	277	3	2,778	—	—	—	—	2,781	—	2,781
Rights Offering, net	—	—	180	2	1,796	—	—	—	—	1,798	—	1,798
Public Warrants issuance	—	—	—	—	(800)	—	—	—	—	(800)	—	(800)
Preferred stock issuance, net	2	1,433	—	—	—	—	—	—	—	—	—	—
Distributions to non-controlling interests, net	—	—	—	—	—	—	—	—	—	—	(5)	(5)
June 30, 2021	2	1,433	471	5	6,476	(2,659)	(202)	—	—	3,620	19	3,639
Net income (loss)	—	—	—	—	—	604	—	—	—	604	3	607
Other comprehensive income (loss)	—	—	—	—	—	—	(24)	—	—	(24)	—	(24)
Rights Offering, net	—	—	1	—	4	—	—	—	—	4	—	4
Exercise of Public Warrants	—	—	—	—	2	—	—	—	—	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(10)	(10)
September 30, 2021	2	$ 1,433	472	$ 5	$ 6,482	$ (2,055)	$ (226)	—	$ —	$ 4,206	$ 12	$ 4,218

(1) Net income (loss) is computed independently each quarter. As a result, the quarter amounts presented herein may be rounded to agree to accumulated deficit in the accompanying unaudited condensed consolidated balance sheet.

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

	Nine Months Ended September 30,	
	2021	**2020**
Cash flows from operating activities:		
Net income (loss)	$ 627	$ (1,432)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and reserves for revenue earning vehicles	506	1,809
Depreciation and amortization, non-vehicle	153	168
Amortization of deferred financing costs and debt discount (premium)	109	37
Loss on extinguishment of debt	8	5
Provision for receivables allowance	95	66
Deferred income taxes, net	125	(243)
Technology-related intangible and other asset impairments	—	193
Reorganization items, net	314	1
(Gain) loss from the sale of a business	(400)	—
(Gain) loss on sale of non-vehicle capital assets	(8)	(24)
Change in fair value of Public Warrants	(16)	—
Other	(6)	(4)
Changes in assets and liabilities:		
Non-vehicle receivables	(223)	231
Prepaid expenses and other assets	(53)	33
Operating lease right-of-use assets	203	277
Non-vehicle accounts payable	(45)	224
Accrued liabilities	(43)	(47)
Accrued taxes, net	89	(4)
Operating lease liabilities	(214)	(287)
Self-insured liabilities	(13)	(75)
Net cash provided by (used in) operating activities	1,208	928
Cash flows from investing activities:		
Revenue earning vehicles expenditures	(5,196)	(5,188)
Proceeds from disposal of revenue earning vehicles	1,945	8,770
Non-vehicle capital asset expenditures	(41)	(89)
Proceeds from non-vehicle capital assets disposed of or to be disposed of	17	56
Sales of marketable securities	—	74
Collateral payments	(303)	—
Collateral returned in exchange for letters of credit	268	—
Proceeds from the sale of a business, net of cash sold	871	—
Other	(1)	(1)
Net cash provided by (used in) investing activities	(2,440)	3,622
Cash flows from financing activities:		
Proceeds from issuance of vehicle debt	10,462	4,226

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

	Nine Months Ended September 30,	
	2021	2020
Repayments of vehicle debt	(9,463)	(8,931)
Proceeds from issuance of non-vehicle debt	3,139	1,553
Repayments of non-vehicle debt	(6,346)	(854)
Payment of financing costs	(154)	(11)
Proceeds from Plan Sponsors	2,781	—
Proceeds from Rights Offering, net	1,639	—
Proceeds from the issuance of preferred stock, net	1,433	—
Distributions to common stockholders	(239)	—
Proceeds from the issuance of stock, net	—	28
Early redemption payments	(85)	—
Contributions from (distributions to) noncontrolling interests	(25)	(55)
Other	—	(2)
Net cash provided by (used in) financing activities	3,142	(4,046)
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(22)	18
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	1,888	522
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period[1]	1,578	1,360
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	$ 3,466	$ 1,882
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized:		
Vehicle	$ 227	$ 275
Non-vehicle	181	78
Income taxes, net of refunds	20	(13)
Supplemental disclosures of non-cash information:		
Purchases of revenue earning vehicles included in accounts payable, net of incentives	$ 7	$ 30
Sales of revenue earning vehicles included in vehicle receivables	100	575
Purchases of non-vehicle capital assets included in accounts payable	21	7
Purchases of non-vehicle capital assets included in liabilities subject to compromise	—	20
Revenue earning vehicles and non-vehicle capital assets acquired through capital lease	73	21
Public Warrants issuance	800	—
Cashless exercise of Public Warrants	1	—
Backstop equity issuance	164	—

(1) Amounts include cash and cash equivalents and restricted cash and cash equivalents which were held for sale at December 31, 2020, prior to the completion of the sale in the first quarter of 2021.

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited
(In millions, except par value and share data)

	September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 2,703	$ 1,096
Restricted cash and cash equivalents:		
Vehicle	320	50
Non-vehicle	443	333
Total restricted cash and cash equivalents	763	383
Total cash, cash equivalents, restricted cash and restricted cash equivalents	3,466	1,479
Receivables:		
Vehicle	139	164
Non-vehicle, net of allowance of $58 and $46, respectively	751	613
Total receivables, net	890	777
Due from Hertz Holdings	—	1
Prepaid expenses and other assets	642	372
Revenue earning vehicles:		
Vehicles	10,122	7,540
Less: accumulated depreciation	(1,559)	(1,478)
Total revenue earning vehicles, net	8,563	6,062
Property and equipment, net	609	666
Operating lease right-of-use assets	1,453	1,675
Intangible assets, net	2,925	2,992
Goodwill	1,045	1,045
Assets held for sale	—	1,811
Total assets[(a)]	$ 19,593	$ 16,880
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
Accounts payable:		
Vehicle	$ 46	$ 29
Non-vehicle	540	389
Total accounts payable	586	418
Accrued liabilities	905	759
Accrued taxes, net	228	121
Debt:		
Vehicle	7,207	6,024
Non-vehicle	1,511	243
Total debt	8,718	6,267
Operating lease liabilities	1,402	1,636
Self-insured liabilities	470	488
Deferred income taxes, net	851	735
Total liabilities not subject to compromise	13,160	10,424
Liabilities subject to compromise	—	5,030
Liabilities held for sale	—	1,431
Total liabilities[(a)]	13,160	16,885
Commitments and contingencies		
Stockholder's equity (deficit):		
Common stock, $0.01 par value, 100 and 100 shares issued and outstanding, respectively	—	—
Additional paid-in capital	9,587	3,953
Due to Hertz Holdings	65	—
Retained earnings (Accumulated deficit)	(3,005)	(3,783)
Accumulated other comprehensive income (loss)	(226)	(212)
Stockholder's equity (deficit) attributable to Hertz	6,421	(42)
Noncontrolling interests	12	37
Total stockholder's equity (deficit)	6,433	(5)
Total liabilities and stockholder's equity (deficit)	$ 19,593	$ 16,880

(a) The Hertz Corporation's consolidated total assets as of September 30, 2021 and December 31, 2020 include total assets of VIEs of $745 million and $511 million, respectively, which can only be used to settle obligations of the VIEs. The Hertz Corporation's consolidated total liabilities as of September 30, 2021 and December 31, 2020 include total liabilities of VIEs of $734 million and $475 million, respectively, for which the creditors of the VIEs have no recourse to The Hertz Corporation. See "Pledges Related to Vehicle Financing " in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 15, "Related Party Transactions," for further information.

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	$ 2,226	$ 1,268	$ 5,387	$ 4,023
Expenses:				
Direct vehicle and operating	1,131	779	2,855	2,624
Depreciation of revenue earning vehicles and lease charges	61	347	420	1,632
Non-vehicle depreciation and amortization	49	58	153	168
Selling, general and administrative	177	138	498	506
Interest expense, net:				
Vehicle	41	110	243	360
Non-vehicle (excludes contractual interest of $53 million and $75 million for the three and nine months ended September 30, 2020, respectively)	22	17	157	116
Total interest expense, net	63	127	400	476
Technology-related intangible and other asset impairments	—	—	—	193
Write-off of intercompany loan	—	—	—	133
Other (income) expense, net	(7)	—	(20)	(15)
Reorganization items, net	—	78	513	101
(Gain) from the sale of a business	—	—	(400)	—
Total expenses	1,474	1,527	4,419	5,818
Income (loss) before income taxes	752	(259)	968	(1,795)
Income tax (provision) benefit	(156)	36	(189)	259
Net income (loss)	596	(223)	779	(1,536)
Net (income) loss attributable to noncontrolling interests	(3)	1	(1)	7
Net income (loss) attributable to Hertz	$ 593	$ (222)	$ 778	$ (1,529)

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Unaudited
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 596	$ (223)	$ 779	$ (1,536)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(24)	(6)	(14)	(32)
Net gain (loss) on pension and postretirement benefit plans	—	15	—	1
Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial net losses	—	1	—	6
Total other comprehensive income (loss) before income taxes	(24)	10	(14)	(25)
Income tax (provision) benefit related to pension and postretirement benefit plans	—	(4)	—	—
Income tax (provision) benefit related to reclassified amounts of net periodic costs on pension and postretirement benefit plans	—	(1)	—	(2)
Total other comprehensive income (loss)	(24)	5	(14)	(27)
Total comprehensive income (loss)	572	(218)	765	(1,563)
Comprehensive (income) loss attributable to noncontrolling interests	(3)	1	(1)	7
Comprehensive income (loss) attributable to Hertz	$ 569	$ (217)	$ 764	$ (1,556)

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
Unaudited
(In millions, except share data)

Balance as of:	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Due From Affiliate	Accumulated Deficit[(1)]	Accumulated Other Comprehensive Income (Loss)	Stockholder's Equity Attributable to Hertz	Noncontrolling Interests	Total Stockholder's Equity
December 31, 2019	100	$ —	$ 3,955	$ (64)	$ (1,937)	$ (189)	$ 1,765	$ 119	$ 1,884
Net income (loss)	—	—	—	—	(355)	—	(355)	(1)	(356)
Due from Hertz Holdings	—	—	—	(3)	—	—	(3)	—	(3)
Other comprehensive income (loss)	—	—	—	—	—	(39)	(39)	—	(39)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	1	1
March 31, 2020	100	—	3,955	(67)	(2,292)	(228)	1,368	119	1,487
Net income (loss)	—	—	—	—	(951)	—	(951)	(5)	(956)
Due from Hertz Holdings	—	—	—	(1)	—	—	(1)	—	(1)
Liabilities subject to compromise[(2)]	—	—	—	(65)	—	—	(65)	—	(65)
Write-off of intercompany loan[(3)]	—	—	—	133	—	—	133	—	133
Other comprehensive income (loss)	—	—	—	—	—	7	7	—	7
Stock-based compensation charges	—	—	(2)	—	—	—	(2)	—	(2)
June 30, 2020	100	—	3,953	—	(3,243)	(221)	489	114	603
Net income (loss)	—	—	—	—	(223)	—	(223)	(1)	(224)
Other comprehensive income (loss)	—	—	—	—	—	5	5	—	5
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(54)	(54)
September 30, 2020	100	$ —	$ 3,953	$ —	$ (3,466)	$ (216)	$ 271	$ 59	$ 330

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
Unaudited
(In millions, except share data)

Balance as of:	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Due To Affiliate	Accumulated Deficit[(1)]	Accumulated Other Comprehensive Income (Loss)	Stockholder's Equity Attributable to Hertz	Noncontrolling Interests	Total Stockholder's Equity (Deficit)
December 31, 2020	100	$ —	$ 3,953	$ —	$ (3,783)	$ (212)	$ (42)	$ 37	$ (5)
Net income (loss)	—	—	—	—	190	—	190	(1)	189
Other comprehensive income (loss)	—	—	—	—	—	17	17	—	17
Stock-based compensation charges	—	—	2	—	—	—	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(11)	(11)
March 31, 2021	100	—	3,955	—	(3,593)	(195)	167	25	192
Net income (loss)	—	—	—	—	(4)	—	(4)	(1)	(5)
Due to Hertz Holdings	—	—	—	65	—	—	65	—	65
Other comprehensive income (loss)	—	—	—	—	—	(7)	(7)	—	(7)
Cancellation of stock-based awards	—	—	(10)	—	—	—	(10)	—	(10)
Contributions from Hertz Holdings	—	—	5,638	—	—	—	5,638	—	5,638
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(5)	(5)
June 30, 2021	100	—	9,583	65	(3,597)	(202)	5,849	19	5,868
Net income (loss)	—	—	—	—	592	—	592	3	595
Contributions from Hertz Holdings	—	—	4	—	—	—	4	—	4
Other comprehensive income (loss)	—	—	—	—	—	(24)	(24)	—	(24)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(10)	(10)
September 30, 2021	100	$ —	$ 9,587	$ 65	$ (3,005)	$ (226)	$ 6,421	$ 12	$ 6,433

(1) Net income (loss) is computed independently each quarter. As a result, the quarter amounts presented herein may be rounded to agree to accumulated deficit in the accompanying unaudited condensed consolidated balance sheet.

(2) As a result of filing the Chapter 11 Cases, a pre-petition loan due to an affiliate was classified as liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020. See Note 17, "Liabilities Subject to Compromise."

(3) As a result of filing the Chapter 11 Cases, the full amount outstanding under a loan due from affiliate was deemed uncollectible and written off. See Note 15, "Related Party Transactions."

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

	Nine Months Ended September 30,	
	2021	**2020**
Cash flows from operating activities:		
Net income (loss)	$ 779	$ (1,536)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and reserves for revenue earning vehicles	506	1,809
Depreciation and amortization, non-vehicle	153	168
Amortization of deferred financing costs and debt discount (premium)	109	37
Loss on extinguishment of debt	8	5
Provision for receivables allowance	95	66
Deferred income taxes, net	121	(271)
Technology-related intangible and other asset impairments	—	193
Write-off of intercompany loan	—	133
Reorganization items, net	150	1
(Gain) loss from the sale of a business	(400)	—
(Gain) loss on sale of non-vehicle capital assets	(8)	(24)
Other	(6)	(2)
Changes in assets and liabilities:		
Non-vehicle receivables	(223)	231
Prepaid expenses and other assets	(53)	33
Operating lease right-of-use assets	203	277
Non-vehicle accounts payable	(45)	224
Accrued liabilities	(43)	(47)
Accrued taxes, net	89	(4)
Operating lease liabilities	(214)	(287)
Self-insured liabilities	(13)	(75)
Net cash provided by (used in) operating activities	1,208	931
Cash flows from investing activities:		
Revenue earning vehicles expenditures	(5,196)	(5,188)
Proceeds from disposal of revenue earning vehicles	1,945	8,770
Non-vehicle capital asset expenditures	(41)	(89)
Proceeds from non-vehicle capital assets disposed of or to be disposed of	17	56
Sales of marketable securities	—	74
Collateral payments	(303)	—
Collateral returned in exchange for letters of credit	268	—
Proceeds from the sale of a business, net of cash sold	871	—
Other	(1)	(1)
Net cash provided by (used in) investing activities	(2,440)	3,622

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

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from financing activities:		
Proceeds from issuance of vehicle debt	10,462	4,226
Repayments of vehicle debt	(9,463)	(8,931)
Proceeds from issuance of non-vehicle debt	3,139	1,553
Repayments of non-vehicle debt	(6,346)	(854)
Payment of financing costs	(154)	(11)
Contributions from Hertz Holdings	5,642	—
Advances to Hertz Holdings	—	(5)
Early redemption payments	(85)	—
Contributions from (distributions to) noncontrolling interests	(25)	(55)
Net cash provided by (used in) financing activities	3,170	(4,077)
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(22)	18
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	1,916	494
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period[(1)]	1,550	1,360
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	$ 3,466	$ 1,854
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized:		
Vehicle	$ 227	$ 275
Non-vehicle	181	78
Income taxes, net of refunds	20	(13)
Supplemental disclosures of non-cash information:		
Purchases of revenue earning vehicles included in accounts payable, net of incentives	$ 7	$ 30
Sales of revenue earning vehicles included in vehicle receivables	100	575
Purchases of non-vehicle capital assets included in accounts payable	21	7
Purchases of non-vehicle capital assets included in liabilities subject to compromise	—	20
Revenue earning vehicles and non-vehicle capital assets acquired through capital lease	73	21

(1) Amounts include cash and cash equivalents and restricted cash and cash equivalents which were held for sale at December 31, 2020, prior to the completion of the sale in the first quarter of 2021.

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

Note 1—Background

Hertz Global Holdings, Inc. ("Hertz Global" when including its subsidiaries and VIEs and "Hertz Holdings" when excluding its subsidiaries and VIEs) was incorporated in Delaware in 2015 to serve as the top-level holding company for Rental Car Intermediate Holdings, LLC, which wholly owns The Hertz Corporation ("Hertz" and interchangeably with Hertz Global, the "Company"), Hertz Global's primary operating company. Hertz was incorporated in Delaware in 1967 and is a successor to corporations that have been engaged in the vehicle rental and leasing business since 1918. Hertz operates its vehicle rental business globally primarily through the Hertz, Dollar and Thrifty brands from company-owned, licensee and franchisee locations in the United States ("U.S."), Africa, Asia, Australia, Canada, the Caribbean, Europe, Latin America, the Middle East and New Zealand. The Company also sells vehicles through Hertz Car Sales and operates the Firefly vehicle rental brand and Hertz 24/7 car sharing business in international markets. As disclosed in Note 3, "Divestitures," on March 30, 2021 the Company completed the previously announced sale of substantially all of the assets and certain liabilities of its Donlen subsidiary (the "Donlen Sale"), a business which provided vehicle leasing and fleet management services.

Chapter 11 and Emergence

In March 2020, the World Health Organization declared COVID-19 a global pandemic. In response to COVID-19, local and national governments around the world instituted shelter-in-place and similar orders and travel restrictions, and airline and other travel decreased suddenly and dramatically. As a result of the impact of COVID-19 and the associated government responses on travel demand, late in the first quarter of 2020, the Company experienced a high level of rental cancellations and a significant decline in forward bookings. In response, the Company began aggressive actions to eliminate costs. However, it faced significant ongoing expenses, including a large lease payment with respect to its vehicle fleet that increased as a result of COVID-19's impact on the car market.

On May 22, 2020 (the "Petition Date"), Hertz Global, Hertz and certain of their direct and indirect subsidiaries in the U.S. and Canada (collectively the "Debtors") filed voluntary petitions for relief (collectively, the "Petitions") under chapter 11 of title 11 ("Chapter 11") of the U.S. Bankruptcy Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Chapter 11 cases (the "Chapter 11 Cases") were jointly administered for procedural purposes only under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. On May 14, 2021, the Debtors filed the solicitation version of the First Modified Third Amended Joint Chapter 11 Plan of Reorganization of the Debtors (as amended, supplemented or otherwise modified in accordance with its terms, the "Plan of Reorganization"), and the solicitation version of the Supplement to the Disclosure Statement which was approved by the Bankruptcy Court on May 14, 2021 (as supplemented, the "Disclosure Statement").

On June 10, 2021, the Plan of Reorganization was confirmed by the Bankruptcy Court. On June 30, 2021 (the “Effective Date”), the Plan of Reorganization became effective in accordance with its terms and the Debtors emerged from Chapter 11 (the "Chapter 11 Emergence").

On the Effective Date, as a result of the Plan of Reorganization, the reorganized Company received cash proceeds of $7.5 billion comprised of:

- $2.8 billion from the purchase of common stock in reorganized Hertz Global by one or more funds associated with Knighthead Capital Management, LLC and its affiliates ("Knighthead"), one or more funds associated with Certares Opportunities LLC and its affiliates ("Certares"), investment funds, separate accounts and other entities owned (in whole or in part), controlled or managed by Apollo Capital Management L.P. and its affiliates (collectively "Apollo" and with Knighthead and Certares (the "Plan Sponsors"), and certain other investment funds and entities;
- $1.6 billion from the purchase of common stock in reorganized Hertz Global pursuant to the rights offering (the "Rights Offering") by Hertz Global's former equity holders, holders of the Company's Senior Notes and lenders under the Alternative Letter of Credit Facility and certain equity commitment parties pursuant to their obligations under the Equity Purchase and Commitment Agreement (the "EPCA");

- $1.5 billion (less a 2% upfront discount and stock issuance fees) from the purchase of preferred stock of reorganized Hertz Global by Apollo; and
- $1.5 billion in proceeds from the Company's secured exit term loan facilities.

Such cash proceeds were used, in part, to provide payments to the Company's stakeholders pursuant to the terms of the Plan of Reorganization as follows:

- the holders of administrative, priority and secured claims received payment in cash in full;
- the holders of the approximately $1.0 billion of obligations owed with respect to the Company's debtor-in-possession financing (the "DIP Credit Agreement") received payment in cash in full;
- the holders of the Company's Senior Term Loan, Senior RCF and Letter of Credit Facility received payment in cash in full with respect to all non-contingent liquidated claims;
- the holders of claims with respect to the Senior Second Priority Secured Notes received payment in cash in full;
- the holders of the Company's €725 million European Vehicle Notes received payment in cash in full;
- the holders of the €257 million term loan facility incurred by Hertz International Ltd. received payment in cash in full;
- the holders of claims with respect to the unsecured Senior Notes and the holders of claims with respect to the Alternative Letter of Credit Facility received payment in cash with respect to (i) all remaining principal, (ii) accrued and unpaid interest as of the Petition Date at the contract rate, and (iii) accrued and unpaid interest from the Petition Date to the Effective Date at the federal judgment rate (at such rate in effect as of the Petition Date), subject to the rights of creditors (if any) to bring a claim for the payment of additional interest and/or premiums; and
- the holders of general unsecured claims will receive payment in cash in full plus interest at the federal judgment rate from the Petition Date to the date of payment (at such rate in effect as of the Petition Date), subject to the rights of creditors to bring a claim for payment of additional interest.

All of the Hertz Global equity interests existing as of the Effective Date were cancelled on such date in accordance with the Plan of Reorganization with existing equity holders receiving (i) cash in the amount of $1.53 per share of existing interests, (ii) their pro rata share of three percent of the common shares of reorganized Hertz Global, subject to dilution, and (iii) either new 30-year public warrants (the " Public Warrants"), for in the aggregate of up to 18% of reorganized Hertz Global common stock issued and outstanding on the Effective Date, subject to dilution and certain conditions, or subscription rights to participate in the Rights Offering as disclosed below.

In accordance with the Plan of Reorganization, Hertz Global commenced a Rights Offering, under which eligible holders of Hertz Global's common stock and certain eligible holders of the Company's Senior Notes and lenders under the Alternative Letter of Credit Facility could purchase up to $1.6 billion of shares of reorganized Hertz Global common stock at a purchase price of $10.00 per share. Pursuant to the EPCA, certain parties agreed to purchase all unsubscribed shares in the Rights Offering (the "Backstop Parties"). The final expiration date for the Rights Offering occurred on June 15, 2021, with eligible holders subscribing to purchase 127,362,114 shares (approximately $1.3 billion), with the Backstop Parties to purchase the remaining 36,137,887 shares (approximately $361 million). Hertz Global closed the Rights Offering upon emergence from the Chapter 11 Cases on June 30, 2021. Pursuant to the terms of the EPCA, the Backstop Parties received a backstop fee equal in the amount of $164 million (payable in shares of reorganized Hertz Global common stock valued at $10.00 per share). During the third quarter of 2021, the Company issued additional shares pursuant to the rounding provisions of the Rights Offering for cash proceeds of approximately $4 million at a purchase price of $10.00.

On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz Global issued 1,500,000 shares of preferred stock to Apollo and received gross proceeds of $1.5 billion, less a 2% upfront discount and stock issuance fees.

On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz Global entered into a public warrant agreement (the "Public Warrant Agreement") and issued 89,049,029 Public Warrants, subject to certain conditions. The Public Warrants are exercisable from the date of issuance until June 30, 2051 at which time all unexercised Public Warrants will expire and the rights of the holders of such expired Public Warrants will terminate. The Public Warrants had an initial exercise price of $13.80 and are subject to adjustment from time to time upon the occurrence of any payments of cash dividends, certain dilutive events, and recurring fair value adjustments (See Note 13, "Fair Value Measurements.").

See Note 10, "Equity, Mezzanine Equity and Earnings (Loss) Per Share – Hertz Global," and Note 11, "Public Warrants – Hertz Global," for additional information on the new equity and Public Warrants issued upon the Company's Chapter 11 emergence.

On the Effective Date, the reorganized Company entered into exit credit facilities in an aggregate amount of $2.8 billion comprised of senior secured term loan facilities in an aggregate principal amount of $1.5 billion plus a senior secured revolving credit facility (the "First Lien RCF") in an aggregate committed amount of $1.3 billion. Additionally, the reorganized Company entered into a new ABS facility program ("HVF III") with an aggregate principal amount of $6.8 billion comprised of variable funding notes with a principal amount up to $2.8 billion and medium term notes in an aggregate principal amount of $4.0 billion. On the Effective Date, substantially all existing non-vehicle debt and all existing ABS facilities under the HVF II U.S. ABS Program were repaid in full and terminated in accordance with the Plan of Reorganization. See Note 6, "Debt," for additional information.

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. During the Chapter 11 Cases, the Company’s ability to continue as a going concern was contingent upon the Company’s ability to successfully implement the Company’s Plan of Reorganization, among other factors. As a result of the implementation of the Plan of Reorganization, management believes there is no longer substantial doubt about the Company's ability to continue as a going concern.

Note 2—Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

This Quarterly Report on Form 10-Q combines the quarterly reports on Form 10-Q for the quarterly period ended September 30, 2021 of Hertz Global and Hertz. Hertz Global consolidates Hertz for financial statement purposes, therefore, disclosures that relate to activities of Hertz also apply to Hertz Global. In the sections that combine disclosure of Hertz Global and Hertz, this report refers to actions as being actions of the Company, or Hertz Global, which is appropriate because the business is one enterprise and Hertz Global operates the business through Hertz. When appropriate, Hertz Global and Hertz are named specifically for their individual disclosures and any significant differences between the operations and results of Hertz Global and Hertz are separately disclosed and explained.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The Company's vehicle rental operations are typically a seasonal business, with decreased levels of business in the winter months and heightened activity during the spring and summer months for the majority of countries where the Company generates revenues.

Effective on the Petition Date, the Company applied Accounting Standards Codification (“ASC”) 852, *Reorganizations* (“Topic 852”) which requires the financial statements, for periods subsequent to the commencement of the Chapter 11 Cases, to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, pre-petition obligations of the Debtors that could be impacted by the Chapter 11 Cases were classified as liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020. These liabilities were reported at the amounts the Company anticipated would be allowed by the Bankruptcy Court, even if they could be settled for lesser amounts. See Note 17, "Liabilities Subject to Compromise," for additional information. In addition, certain charges related to the Chapter 11 Cases were recorded as reorganization items, net in the accompanying unaudited condensed consolidated statements of operations for the nine months ended September 30, 2021 and the three and nine months ended September 30, 2020, respectively. See Note 18, "Reorganization Items, Net," for additional information.

Under Topic 852, companies must apply “fresh-start” accounting rules upon emergence from Chapter 11 reorganization if certain conditions are met. The Company did not qualify for "fresh-start" accounting under Topic 852 upon emergence from Chapter 11.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ materially from those estimates.

The December 31, 2020 unaudited condensed consolidated balance sheet data is derived from the audited financial statements at that date but does not include all disclosures required by U.S. GAAP. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with information included in the Company's Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC") on February 26, 2021.

In connection with the Chapter 11 Emergence and how the Company's chief operating decision maker ("CODM") regularly reviews operating results and allocates resources, the Company modified its reportable segments during the second quarter of 2021, as disclosed in Note 16, "Segment Information."

Certain prior period amounts have been reclassified to conform with current period presentation.

Principles of Consolidation

The unaudited condensed consolidated financial statements of Hertz Global include the accounts of Hertz Global, its wholly owned and majority owned U.S. and international subsidiaries and its VIEs, as applicable. The unaudited condensed consolidated financial statements of Hertz include the accounts of Hertz, its wholly owned and majority owned U.S. and international subsidiaries and its VIEs, as applicable. The Company consolidates a VIE when it is deemed the primary beneficiary of the VIE. The Company accounts for its investment in joint ventures using the equity method when it has significant influence but not control and is not the primary beneficiary of the joint venture. All significant intercompany transactions have been eliminated in consolidation.

Recently Issued Accounting Pronouncements

Adopted

Scope of Reference Rate Reform

In January 2021, the Financial Accounting Standards Board ("FASB") issued guidance that clarifies that entities with derivative instruments affected by changes to the interest rates used for discounting, margining or contract price alignment due to reference rate reform may elect to apply certain optional expedients and exceptions, including contract modification relief, provided in Topic 848. Entities may elect to apply the guidance on contract modifications either (1) retrospectively as of any date from the beginning of any interim period that includes March 12, 2020 or (2) prospectively to new modifications from any date in an interim period that includes or is after January 7, 2021, up to the date that financial statements are available to be issued. The Company will apply the guidance prospectively, as applicable, and does not expect a material impact on its financial position, results of operations or cash flows.

Note 3—Divestitures

Donlen Sale

On March 30, 2021, the Company completed the previously announced Donlen Sale. The proceeds from the sale were subject to certain post-closing adjustments in the second quarter of 2021 based on the level of assumed indebtedness, working capital and fleet equity. In the nine months ended September 30, 2021, the Company recognized a pre-tax gain in its corporate operations of $400 million, net of the impact of foreign currency adjustments, based on the difference in cash proceeds received of $891 million less $543 million net book value of assets sold plus a $53 million receivable in connection with the sale where cash proceeds were received in September 2021. On March 30, 2021, the Company and the buyer entered into a transition services agreement ("TSA") which provides for certain transitional services in connection with the Donlen Sale.

Sale of Non-vehicle Capital Assets

During the first quarter of 2020, the Company received additional cash from the sale of certain non-vehicle capital assets in its Americas Rental Car segment, which was completed in the fourth quarter of 2019, and recognized an additional $20 million pre-tax gain on the sale, which is included in other (income) expense, net in the accompanying unaudited condensed consolidated statement of operations for the nine months ended September 30, 2021.

Sale of Marketable Securities

During the first quarter of 2020, the Company sold marketable securities for $74 million and recognized an immaterial gain on the sale in its corporate operations, which is included in other (income) expense, net in the accompanying unaudited condensed consolidated statement of operations for the nine months ended September 30, 2020.

Note 4—Revenue Earning Vehicles

The components of revenue earning vehicles, net are as follows:

(In millions)	September 30, 2021	December 31, 2020
Revenue earning vehicles	$ 9,751	$ 7,492
Less accumulated depreciation	(1,526)	(1,467)
	8,225	6,025
Revenue earning vehicles held for sale, net[(1)]	338	37
Revenue earning vehicles, net	$ 8,563	$ 6,062

(1) Represents the carrying amount of vehicles currently placed on the Company's retail lots for sale or actively in the process of being sold through other disposition channels.

Note 5—Goodwill and Intangible Assets, Net

Recoverability of Goodwill and Indefinite-lived Intangible Assets

The Company tests the recoverability of its goodwill and indefinite-lived intangible assets by performing an impairment analysis on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event, as defined by ASC 350 – Intangibles, Goodwill and Other (“Topic 350”).

As of March 31, 2021, the Company quantitatively tested the recoverability of its goodwill and indefinite-lived intangible assets in the International RAC segment due to continued adverse impacts from COVID-19 and the

Company's reduction in cash flow projections. Based on the quantitative tests, no impairments were recorded in the first quarter of 2021. However, the fair value of certain tradenames, which are indefinite-lived intangible assets, were in excess by 6% of the carrying value of $540 million.

As of June 30, 2021, the Company determined that the projected revenues, expenses and cash flows, reflecting the expected duration and extent of impact to its business, customers, economy and the travel industry from COVID-19, and the impact of the Chapter 11 Cases, were materially consistent with the assumptions utilized in the Company’s March 31, 2021 quantitative impairment assessment. As a result of the foregoing considerations, along with the consideration of other indicators noted in Topic 350, the Company concluded there were no indicators of impairment triggered for the Americas RAC or International RAC segments in the second quarter of 2021.

As of September 30, 2021, the Company determined that the projected revenues, expenses and cash flows, reflecting the expected duration and extent of impact to its business, customers, economy and the travel industry from COVID-19 were materially consistent with the assumptions utilized in the Company’s March 31, 2021 quantitative impairment assessment. As a result of the foregoing considerations, along with the consideration of other indicators noted in Topic 350, the Company concluded there were no indicators of impairment triggered for the Americas RAC or International RAC segments in the third quarter of 2021.

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

Note 6—Debt

The Company's debt, including its available credit facilities, consists of the following ($ in millions):

Facility	Weighted-Average Interest Rate as of September 30, 2021	Fixed or Floating Interest Rate	Maturity	September 30, 2021	December 31, 2020
Non-Vehicle Debt					
Term B Loan	4.00%	Floating	6/2028	$ 1,297	$ —
Term C Loan	4.00%	Floating	6/2028	245	—
First Lien RCF	N/A	Floating	6/2026	—	—
Other Non-Vehicle Debt	8.53%	Fixed	Various	14	18
Senior Secured Superpriority Debtor-in-Possession Credit Agreement	N/A	N/A	N/A	—	250
Unamortized Debt Issuance Costs and Net (Discount) Premium				(45)	(25)
Total Non-Vehicle Debt Not Subject to Compromise				1,511	243
Non-Vehicle Debt Subject to Compromise					
Senior Term Loan	N/A	N/A	N/A	—	656
Senior RCF	N/A	N/A	N/A	—	615
Senior Notes[1]	N/A	N/A	N/A	—	2,700
Senior Second Priority Secured Notes	N/A	N/A	N/A	—	350
Promissory Notes	N/A	N/A	N/A	—	27

Facility	Weighted-Average Interest Rate as of September 30, 2021	Fixed or Floating Interest Rate	Maturity	September 30, 2021	December 31, 2020
Alternative Letter of Credit Facility[2]	N/A	N/A	N/A	—	114
Senior RCF Letter of Credit Facility	N/A	N/A	N/A	—	17
Unamortized Debt Issuance Costs and Net (Discount) Premium				—	(36)
Total Non-Vehicle Debt Subject to Compromise				—	4,443
Vehicle Debt					
HVF III U.S. ABS Program					
HVF III U.S. Vehicle Variable Funding Notes					
HVF III Series 2021-A[3]	1.63%	Floating	06/2023	2,270	—
				2,270	—
HVF III U.S. Vehicle Medium Term Notes					
HVF III Series 2021-1[3]	1.66%	Fixed	12/2024	2,000	—
HVF III Series 2021-2[3]	2.12%	Fixed	12/2026	2,000	—
				4,000	—
HVF II U.S. ABS Program					
HVF II U.S. Vehicle Variable Funding Notes					
HVF II Series 2013-A[4]	N/A	N/A	N/A	—	1,940
				—	1,940
HVF II U.S. Vehicle Medium Term Notes					
HVF II Series 2015-3	N/A	N/A	N/A	—	163
HVF II Series 2016-2	N/A	N/A	N/A	—	263
HVF II Series 2016-4	N/A	N/A	N/A	—	187
HVF II Series 2017-1	N/A	N/A	N/A	—	199
HVF II Series 2017-2	N/A	N/A	N/A	—	164
HVF II Series 2018-1	N/A	N/A	N/A	—	468
HVF II Series 2018-2	N/A	N/A	N/A	—	94
HVF II Series 2018-3	N/A	N/A	N/A	—	95
HVF II Series 2019-1	N/A	N/A	N/A	—	330
HVF II Series 2019-2	N/A	N/A	N/A	—	354
HVF II Series 2019-3	N/A	N/A	N/A	—	352
				—	2,669
Vehicle Debt - Other					
European Vehicle Notes[5]	N/A	N/A	N/A	—	888
European ABS[3]	2.50%	Floating	4/2022	401	263
Hertz Canadian Securitization[3]	2.44%	Floating	1/2023	206	53
Australian Securitization[3]	1.66%	Floating	4/2022	112	97
New Zealand RCF	3.13%	Floating	6/2022	37	35
U.K. Financing Facility	3.59%	Floating	10/2021-8/2024	111	105
U.K. Toyota Financing Facility	2.20%	Floating	10/2021-3/2022	13	—
Other Vehicle Debt	2.90%	Floating	10/2021-11/2024	91	37
				971	1,478

Facility	Weighted-Average Interest Rate as of September 30, 2021	Fixed or Floating Interest Rate	Maturity	September 30, 2021	December 31, 2020
Unamortized Debt Issuance Costs and Net (Discount) Premium				(34)	(63)
Total Vehicle Debt Not Subject to Compromise				7,207	6,024
Total Debt Not Subject to Compromise				$ 8,718	$ 6,267

(1) References to the "Senior Notes" include the series of Hertz's unsecured senior notes set forth in the table below which were included in liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheets as of December 31, 2020. On the Effective Date, in accordance with the Plan of Reorganization, the Senior Notes were repaid in full and terminated. On July 1, 2021, Wells Fargo Bank, National Association as indenture trustee for the Senior Notes, filed a complaint against Hertz and certain of its subsidiaries requesting declaratory judgement that additional amounts are owed with respect to certain premiums and post-petition interest with respect to the Senior Notes. Hertz disputes that any such amounts are owed and on August 2, 2021 filed a motion to dismiss the complaint. See Note 14, "Contingencies and Off-Balance Sheet Commitments" for additional information.

(In millions)	Outstanding Principal	
Senior Notes	September 30, 2021	December 31, 2020
6.250% Senior Notes due October 2022	$ —	$ 500
5.500% Senior Notes due October 2024	—	800
7.125% Senior Notes due August 2026	—	500
6.000% Senior Notes due January 2028	—	900
	$ —	$ 2,700

(2) Includes default interest as of December 31, 2020.

(3) Maturity reference is to the earlier "expected final maturity date" as opposed to the subsequent "legal final maturity date." The expected final maturity date is the date by which Hertz and investors in the relevant indebtedness originally expect the outstanding principal of the relevant indebtedness to be repaid in full. The legal final maturity date is the date on which the outstanding principal of the relevant indebtedness is legally due and payable in full.

(4) Includes default interest as of December 31, 2020, which is comprised of an increase in the contractual spread.

(5) References to the "European Vehicle Notes" include the series of Hertz Holdings Netherlands B.V.'s, an indirect wholly-owned subsidiary of Hertz organized under the laws of the Netherlands, ("Hertz Netherlands") unsecured senior notes (converted from Euros to U.S. Dollars at a rate of 1.22 to 1 as of December 31, 2020), set forth in the table below. On the Effective Date, in accordance with the Plan of Reorganization, the European Vehicle Notes were repaid in full and cancelled.

(In millions)	Outstanding Principal	
European Vehicle Notes	September 30, 2021	December 31, 2020
4.125% Senior Notes due October 2021	$ —	$ 276
5.500% Senior Notes due March 2023	—	612
	$ —	$ 888

Chapter 11 and Emergence

As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," the Company reclassified certain of its non-vehicle debt instruments, net of deferred financing costs, discounts and premiums, as applicable, to liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheets as of December 31, 2020.

The filing of the Chapter 11 Cases constituted an event of default that accelerated the Debtors' obligations under the Senior Term Loan, the Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility. Additionally, the filing triggered defaults, termination events and/or amortization events under certain obligations of (i) Hertz International Limited ("HIL"), Hertz Netherlands and the direct and indirect subsidiary companies located outside of the United States and Canada (collectively the "International Subsidiaries"), some of which were waived or amended subject to certain time limitations, and (ii) HVF, HVF II and certain other vehicle financing subsidiaries (collectively the "Non-Debtor Financing Subsidiaries").

As disclosed in Note 1, "Background," on May 14, 2021, the Debtors filed the Plan of Reorganization with the Bankruptcy Court, which was confirmed by the Bankruptcy Court on June 10, 2021. On the Effective Date, the Company emerged from Chapter 11 as disclosed in Note 1, "Background" and, in accordance with the Plan of Reorganization, substantially all existing non-vehicle debt and all existing ABS facilities under the HVF II U.S. ABS Program and the HVIF U.S. ABS Program were repaid in full and cancelled, as further disclosed below. Upon the Debtor's emergence from Chapter 11 and the associated debt payoffs, any events of default, termination and/or amortization events ceased to exist.

Non-Vehicle Debt

First Lien Credit Agreement

Pursuant to the Plan of Reorganization, on the Effective Date, Hertz entered into a credit agreement (the "First Lien Credit Agreement") that provides for the following:

- a term loan "B" facility (the "Term B Loan") for term loans in an aggregate principal amount of $1.3 billion;
- a term loan "C" facility (the "Term C Loan") for term loans that are available to cash collateralize letters of credit in an aggregate principal amount of $245 million; and
- the First Lien RCF for revolving loans and letters of credit up to an aggregate principal amount of $1.3 billion.

Proceeds received on the Effective Date, as a result of the Plan of Reorganization, under the First Lien Credit Agreement were used to (i) repay certain existing indebtedness of the Debtors; (ii) pay fees, expenses and costs associated with the consummation of the Plan of Reorganization; (iii) fund distributions required in connection with the Plan of Reorganization; (iv) provide funds for working capital and general corporate purposes; and (v) backstop or replace existing letters of credit.

Term B Loan and Term C Loan (collectively, the "Term Loans"): The Term Loans bear interest based on an alternate base rate as per the First Lien Credit Agreement or adjusted LIBOR, in each case plus an initial applicable margin of (i) 2.50% in the case of the alternate base rate, or (ii) 3.50% in the case of the adjusted LIBOR. In each case, the margin may decrease depending on Hertz's consolidated total corporate leverage ratio, as defined in the First Lien Credit Agreement (the "Total Corporate Leverage Ratio"). The First Lien Credit Agreement requires the Term B Loan to be repaid in quarterly installments of $3.3 million per quarter beginning on September 30, 2021 until maturity. The Term Loans mature on June 30, 2028.

First Lien RCF: The First Lien RCF bears interest, at a benchmark rate plus spread. Loans under the facility are available in various currencies including USD, Eurodollar, Australian dollar, Canadian dollar and Sterling. Benchmark rates for the relevant currencies include, the relevant LIBOR rate, the Prime rate, the Bank Bill Swap Reference Bid Rate for Australian dollars, Canadian prime rate, an adjusted Canadian Dollar Offered Rate ("CDOR") or the Daily Simple Sterling Overnight Index Average ("SONIA"). ABR Loans and Canadian Prime Rate Loans, as defined under the First Lien Credit Agreement, bear interest at the relevant benchmark rate plus an initial applicable margin of 2.50%. The margin for Eurocurency Loans (including USD loans), SONIA loans and Canadian dollar BA Equivalent Loans, as defined in the First Lien Credit Agreement, is dependent upon the Company's Consolidated Total Corporate Leverage Ratio, as defined under the First Lien Credit Agreement. As of September 30, 2021, that margin was 3.50%. In each case, the margin may decrease depending on Hertz’s Total Corporate Leverage Ratio. The First Lien Credit Agreement requires the First Lien RCF to be repaid in quarterly installments beginning on September 30, 2021 until maturity. The First Lien RCF matures on June 30, 2026.

Senior Secured Superpriority Debtor-in-Possession Credit Agreement ("DIP Credit Agreement")

On the Effective Date, in accordance with the Plan of Reorganization, the DIP Credit Agreement was paid in full and terminated.

Senior Facilities

On the Effective Date, in accordance with the Plan of Reorganization, the Senior Term Loan, the Senior RCF and drawn amounts under the Senior RCF Letter of Credit Facility and Letter of Credit Facility were paid in full and terminated.

Senior Notes and Senior Second Priority Secured Notes

On the Effective Date, in accordance with the Plan of Reorganization, the Company's Senior Notes and Senior Second Priority Secured Notes were paid in full and terminated.

Promissory Notes

On the Effective Date, in accordance with the Plan of Reorganization, the Promissory Notes were paid in full and terminated.

Alternative Letter of Credit Facility

On the Effective Date, in accordance with the Plan of Reorganization, the Alternative Letter of Credit Facility was paid in full and terminated.

HIL Credit Agreement

In April 2021, Hertz International Limited ("HIL") entered into a multi-draw term loan facility (the "HIL Credit Agreement") which provided an aggregate maximum principal of €250 million to meet the liquidity requirements of the European business.

In May 2021, resulting from a change in the Company's plan of reorganization sponsorship, the HIL Credit Agreement was terminated and HIL entered into a new multi-draw term loan facility (the "Second HIL Credit Agreement") which also provided for an aggregate maximum principal of €257 million that was funded by certain of the Plan Sponsors. On the Effective Date, in accordance with the Plan of Reorganization, the Second HIL Credit Agreement was paid in full and terminated.

Vehicle Debt

HVF III U.S. ABS Program

In June 2021, Hertz established a securitization platform, the HVF III U.S. ABS Program, to facilitate its financing activities relating to vehicles used by Hertz in the U.S. daily vehicle rental operations. Hertz Vehicle Financing III LLC ("HVF III"), a wholly-owned, special-purpose and bankruptcy remote subsidiary of Hertz, is the issuer of variable funding notes and medium term notes under the HVF III U.S. ABS Program. HVF III has entered into a base indenture that permits it to issue term and variable funding rental car asset-backed securities, secured by a collateral pool consisting primarily of the rental vehicles used in the Company's U.S. vehicle rental operations and the related incentive and repurchase program vehicle receivables. Within each series of HVF III U.S. Vehicle Medium Term Notes, the issued notes are subordinated based on class.

Pursuant to the Plan of Reorganization, in June 2021, HVF III issued Series 2021-A Variable Funding Rental Car Asset Backed Notes (the "Series 2021-A Notes"), the Series 2021-1 Fixed Rate Rental Car Asset Backed Notes (the "Series 2021-1 Notes") and the Series 2021-2 Fixed Rate Rental Car Asset Backed Notes (the "Series 2021-2 Notes" and, together with the Series 2021-A Notes and the Series 2021-1 Notes, the “HVF III ABS Notes”).

HVF III Series 2021-A Notes: In June 2021, Hertz issued the Series 2021-A Notes with a maximum principal amount of up to $2.8 billion and a maturity date of June 2023.

HVF III Series 2021-1 Notes: On the Effective Date, Hertz issued the Series 2021-1 Notes in four classes (Class A, Class B, Class C and Class D) in an aggregate principal amount of $2.0 billion. There is subordination within the Series 2021-1 Notes based on class.

HVF III Series 2021-2 Notes: On the Effective Date, Hertz issued the Series 2021-2 Notes in four classes (Class A, Class B, Class C and Class D) in an aggregate principal amount of $2.0 billion. There is subordination within the Series 2021-2 Notes based on class.

In June 2021, in connection with the issuance of the HVF III ABS Notes, Hertz entered into a new Master Motor Vehicle Operating Lease and Servicing Agreement (the “Operating Lease”) among HVF III, as lessor, Hertz, as a lessee, servicer and guarantor, DTG Operations, Inc., a wholly-owned subsidiary of the Company, as a lessee and other permitted lessees (together with Hertz and DTG Operations, Inc., the "Lessees"), pursuant to which HVF III will lease vehicles to the Lessees.

Proceeds received upon issuance from the HVF III ABS Notes were used to fund the purchases of certain vehicles and for the repayment in full of (i) approximately $3.5 billion in aggregate outstanding principal of notes issued by HVF II, as described below, and (ii) approximately $2.2 billion in aggregate outstanding principal of notes issued by Hertz Vehicle Interim Financing, a direct wholly-owned bankruptcy remote subsidiary of Hertz ("HVIF"). The manufacturer rebates associated with HVF and HVIF were transferred to HVF III as part of the purchase agreements with HVF and HVIF. Any remaining funds are expected to be used for the future purchase or refinancing of vehicles to be leased under the Operating Lease.

HVF II U.S. ABS Program

On the Effective Date, in accordance with the Plan of Reorganization, all HVF II U.S. Vehicle Medium Term Notes and HVF II Variable Funding Notes were paid in full and terminated. Any and all outstanding Bankruptcy Court orders and other agreements relating to HVF II were terminated on the Effective Date as a result of the termination of the notes.

HVIF U.S. ABS Program

On the Effective Date, in accordance with the Plan of Reorganization, the HVIF Series 2020-1 was paid in full and terminated.

Vehicle Debt-Other

European Vehicle Notes

On the Effective Date, in accordance with the Plan of Reorganization, the European Vehicle Notes were paid in full and terminated.

European ABS

In April 2021, International Fleet Financing No. 2 BV ("IFF No. 2") entered into a comprehensive restructuring of the European ABS. The terms of the restructured European ABS provide for aggregate maximum borrowings of €450 million and extend the maturity to April 2022. In accordance with the Plan of Reorganization, the guarantees provided by Hertz relating to the restructured European ABS, including all contingent claims in respect of such guarantees, were fully released on the Effective Date.

Hertz Canadian Securitization

On January 27, 2021, TCL Funding Limited Partnership, a bankruptcy remote, indirect, wholly-owned, special purpose subsidiary of Hertz, entered into the Funding LP Series 2021-A which provides for aggregate maximum borrowings of CAD$350 million on a revolving basis. Subject to initial availability, the initial draw of CAD$120 million was used, in part, to pay the outstanding obligations under the Funding LP Series 2015-A Notes, including any unpaid default interest. As a result of the payoff of the Funding LP Series 2015-A Notes, the Hertz Canadian Securitization amortization event ceased to exist.

Australian Securitization

An amortization event that would have arisen under the Australian Securitization as a result of the filing of the Chapter 11 Cases was waived in May 2020, and, in June 2021, such waiver has been superseded by an amendment of the Australian Securitization. The terms of the amended Australian Securitization provide for aggregate maximum borrowings of AUD$210 million and extend the maturity to April 2022. In accordance with the Plan of Reorganization, the guarantees provided by Hertz relating to the restructured Australian Securitization, including all contingent claims in respect of such guarantees, were fully released on the Effective Date.

New Zealand RCF

In May 2021, Hertz New Zealand Holdings Limited, an indirect, wholly-owned subsidiary of Hertz, amended its credit agreement to provide for aggregate maximum borrowings of NZD$60 million and to extend the maturity to June 2022.

U.K. Financing Facility

Events of default that would have arisen under the U.K. Financing Facility as a result of filing the Chapter 11 Cases were waived in May 2020 (as amended from time to time), and, in April 2021, such waivers have been superseded by a comprehensive restructuring of the U.K. Financing Facility. The terms of the restructured U.K. Financing Facility provide for aggregate maximum borrowings of £100 million and extend the maturity to April 2022. In accordance with the Plan of Reorganization, guarantees provided by Hertz relating to the restructured U.K. Financing Facility, including all contingent claims in respect of such guarantees, were fully released on the Effective Date.

U.K. Toyota Financing Facility

In May 2021, Hertz U.K. Limited entered into the U.K. Toyota Financing Facility to finance the acquisition of certain motor vehicles which provides for aggregate maximum borrowings of £10 million maturing in December 2021.

Maturities

As of September 30, 2021, the nominal amounts of maturities of debt for each of the years ending December 31 are as follows:

(In millions)	2021	2022	2023	2024	2025	After 2025
Non-Vehicle Debt	$ 5	$ 19	$ 18	$ 14	$ 13	$ 1,487
Vehicle Debt	34	680	2,506	2,021	—	2,000
Total	$ 39	$ 699	$ 2,524	$ 2,035	$ 13	$ 3,487

As of September 30, 2021, $19 million of non-vehicle debt and $683 million of vehicle debt is set to mature during the twelve months following the issuance of this Quarterly Report on Form 10-Q.

Loss on Extinguishment of Debt

The Company incurred losses in the form of early redemption premiums and/or the write-off of deferred financing costs associated with certain redemptions, terminations and waiver agreements. Loss on extinguishment of debt is presented in reorganization items, net, unless otherwise noted in the table below, in the accompanying unaudited condensed consolidated statements of operations for the nine months ended September 30, 2021.

The following table reflects the amount of loss for each respective redemption/termination:

Redemption/Termination (in millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Non-Vehicle Debt				
HIL Credit Agreement[1]	$ —	$ —	$ 8	$ —
Second HIL Credit Agreement	—	—	5	—
Total Non-Vehicle Debt	—	—	13	—
Non-Vehicle Debt (subject to compromise)				
Senior Term Loan	—	—	16	—
Senior RCF	—	—	22	—
Senior Notes	—	—	29	—
Senior Second Priority Secured Notes	—	—	4	—
Promissory Notes	—	—	2	—
Alternative Letter of Credit Facility	—	—	7	—
Letter of Credit Facility	—	—	8	—
Total Non-Vehicle Debt (subject to compromise)	—	—	88	—
Vehicle Debt				
HVF II U.S. Vehicle Variable Funding Notes	—	—	9	—
HVF II U.S. Vehicle Medium Term Notes	—	—	39	—
HVIF Series 2020-1	—	—	21	—
European Vehicle Notes	—	—	29	—
European ABS[2]	—	2	—	5
Total Vehicle Debt	—	2	98	5
Total Loss on Extinguishment of Debt	$ —	$ 2	$ 199	$ 5

(1) The loss on extinguishment associated with the HIL Credit Agreement is recorded in non-vehicle interest expense, net in the accompanying unaudited condensed consolidated statements of operations for the nine months ended September 30, 2021.

(2) The loss on extinguishment associated with the European ABS is recorded in vehicle interest expense, net in the accompanying unaudited condensed consolidated statements of operations for the three and nine ended September 30, 2020.

Borrowing Capacity and Availability

Borrowing capacity and availability comes from the Company's revolving credit facilities, which are a combination of variable funding asset-backed securitization facilities, cash-flow-based revolving credit facilities, asset-based revolving credit facilities and the First Lien RCF. Creditors under each such asset-backed securitization facility and asset-based revolving credit facility have a claim on a specific pool of assets as collateral. With respect to each such asset-backed securitization facility and asset-based revolving credit facility, the Company refers to the amount of debt it can borrow given a certain pool of assets as the borrowing base.

The Company refers to "Remaining Capacity" as the maximum principal amount of debt permitted to be outstanding under the respective facility (i.e., with respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the amount of debt the Company could borrow assuming it possessed sufficient assets as collateral) less the principal amount of debt then-outstanding under such facility and, in the case of the First Lien RCF, less any issued standby letters of credit. With respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the Company refers to "Availability Under Borrowing Base Limitation" as the lower of Remaining Capacity or the borrowing base less the principal amount of debt then-outstanding under such facility (i.e., the amount of debt that can be borrowed given the collateral possessed at such time).

The following facilities were available to the Company as of September 30, 2021 and are presented net of any outstanding letters of credit:

(In millions)	Remaining Capacity	Availability Under Borrowing Base Limitation
Non-Vehicle Debt		
First Lien RCF	$ 1,144	$ 1,144
Total Non-Vehicle Debt	1,144	1,144
Vehicle Debt		
HVF III Series 2021-A	543	—
European ABS	125	—
Hertz Canadian Securitization	69	—
Australian Securitization	40	—
New Zealand RCF	5	—
U.K. Financing Facility	24	—
U.K. Toyota Financing Facility	1	—
Total Vehicle Debt	807	—
Total	$ 1,951	$ 1,144

Letters of Credit

On the Effective Date, in accordance with the Plan of Reorganization, drawn letters of credit under the Senior RCF, the Letter of Credit Facility and the Alternative Letter of Credit Facility were paid in full and terminated. To the extent any of the related issued letters of credit remained outstanding as of the Effective Date, certain of these letters of credit were deemed to be issued under the First Lien RCF. For the remainder, the Company provided cash collateral to backstop these obligations.

As of September 30, 2021, there were outstanding standby letters of credit totaling $366 million comprised primarily of $238 million issued under the Term C Loan and $111 million were issued under the First Lien RCF as discussed above. As of September 30, 2021, there remains $7 million of remaining capacity to issue letters of credit under the Term C Loan. Such letters of credit have been issued primarily to support the Company's insurance programs, vehicle rental concessions and leaseholds as well as to provide credit enhancement for its asset-backed securitization facilities. As of September 30, 2021, none of the issued letters of credit have been drawn upon.

Pledges Related to Vehicle Financing

Substantially all of the Company's revenue earning vehicles and certain related assets are owned by special purpose entities or are encumbered in favor of the lenders under the various credit facilities, other secured financings or asset-backed securities programs. None of the value of such assets (including the assets owned by Hertz Vehicle Financing III LLC and various other domestic and international subsidiaries that facilitate the Company's international securitizations) will be available to satisfy the claims of unsecured creditors unless the secured creditors are paid in full.

The Company has a 25% ownership interest in IFF No. 2, whose sole purpose is to provide commitments to lend in various currencies subject to borrowing bases comprised of revenue earning vehicles and related assets of certain of Hertz International, Ltd.'s subsidiaries. IFF No. 2 is a VIE and the Company is the primary beneficiary; therefore, the assets, liabilities and results of operations of IFF No. 2 are included in the accompanying unaudited condensed consolidated financial statements. As of September 30, 2021 and December 31, 2020, IFF No. 2 had total assets of

$719 million and $464 million, respectively, comprised primarily of loans receivable, and total liabilities of $719 million and $464 million, respectively, comprised primarily of debt.

Covenant Compliance

The First Lien Credit Agreement requires Hertz to comply with the following financial covenants: (i) until the expiration of the Relief Period, as defined in the First Lien Credit Agreement, a minimum liquidity of $500 million in the first and last quarters of the calendar year and $400 million in the second and third quarters of the calendar year; and (ii) subsequent to the expiration of the Relief Period, a consolidated first lien leverage ratio (the "First Lien Ratio") of less than or equal to 3.00 to 1.00 in the first and last quarters of the calendar year and 3.50 to 1.00 in the second and third quarters of the calendar year. Both of the financial covenants disclosed above are effective beginning in the third quarter of 2021. As of September 30, 2021, Hertz was in compliance with the First Lien Ratio.

In addition to financial covenants, the First Lien Credit Agreement contains customary affirmative covenants including, among other things, the delivery of quarterly and annual financial statements and compliance certificates, conduct of business, maintenance of property and insurance, compliance with environmental laws and the granting of security interest for the benefit of the secured parties under that agreement on after-acquired real property, fixtures and future subsidiaries. The First Lien Credit Agreement also contains customary negative covenants, including, among other things, the incurrence of liens, indebtedness, asset dispositions and restricted payments. As of September 30, 2021, the Company was in compliance with all covenants in the First Lien Credit Agreement.

Note 7—Leases

The Company enters into certain agreements as a lessor under which it rents vehicles and leases fleets to customers.

The Company's operating leases for vehicle rentals have rental periods that are typically short term (e.g., daily or weekly) and can generally be extended for up to one month or terminated at the customer's discretion. Rental charges are computed on a limited or unlimited mileage rate, or on a time rate plus a mileage charge. In connection with the vehicle rental, the Company offers supplemental equipment rentals (e.g., child seats and ski racks) which are deemed lease components. The Company also offers value-added services in connection with the vehicle rental, which are deemed non-lease components, such as loss or collision damage waiver, theft protection, liability and personal accident/effects insurance coverage, premium emergency roadside service and satellite radio. Additionally, the Company charges for variable services primarily consisting of tolls and refueling charges incurred during the rental period, and for fees associated with the early or late termination of the vehicle lease. The Company mitigates residual value risk of its revenue earning vehicles by utilizing manufacturer repurchase and guaranteed depreciation programs, using sophisticated vehicle diagnostic and repair equipment to maintain the condition of its vehicles and through periodic reviews of vehicle depreciation rates based on management's ongoing assessment of present and estimated future market conditions.

Prior to the Donlen Sale on March 30, 2021, as further disclosed in Note 3, "Divestitures," the Company had operating leases for fleets as part of its Donlen business which had lease periods that were typically for twelve months, after which the lease converted to a month-to-month lease, allowing the vehicle to be surrendered any time thereafter. These leases contained terminal rental adjustment clauses which were considered variable charges.

Prior to the Effective Date, the Bankruptcy Court entered orders rejecting certain of the Company's real property leases under Section 365 of the Bankruptcy Code (the "Lease Rejection Orders"). The Lease Rejection Orders applied, in the aggregate, to 278 off airport and 34 airport locations in the Company's Americas RAC segment.

The following table summarizes the amount of operating lease income and other income included in total revenues in the accompanying unaudited condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2021	2020	2021	2020
Operating lease income from vehicle rentals	$ 2,122	$ 1,037	$ 5,018	$ 3,278
Operating lease income from fleet leasing	—	155	149	485
Variable operating lease income	47	—	87	34
Revenue accounted for under Topic 842	2,169	1,192	5,254	3,797
Revenue accounted for under Topic 606	57	76	133	226
Total revenues	$ 2,226	$ 1,268	$ 5,387	$ 4,023

Note 8—Restructuring

Europe Restructuring

Due to the continued impact from COVID-19 as disclosed in Note 1, "Background," and reductions in European government support, the Company initiated a restructuring program in March 2021 in its International RAC segment. The total employees affected for the nine months ended September 30, 2021 was approximately 700 employees. The program is expected to be completed within the next twelve months.

U.S. Restructuring

Due to the impact from COVID-19 as disclosed in Note 1, "Background," the Company initiated a restructuring program, beginning in April 2020, affecting approximately 11,000 U.S. employees in its Americas Rental Car segment and corporate operations. This program was substantially completed in the third quarter of 2020.

Restructuring Charges

Restructuring charges under these programs were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2021	2020	2021	2020
By Type:				
Termination benefits	$ 7	$ —	$ 19	$ 37
Lease and contract terminations	—	—	3	—
Facility closures	—	—	1	—
Total	$ 7	$ —	$ 23	$ 37

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2021	2020	2021	2020
By Caption:				
Direct vehicle and operating	$ 2	$ —	$ 10	$ 25
Selling, general and administrative	5	—	13	12
Total	$ 7	$ —	$ 23	$ 37

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
By Segment:				
Americas Rental Car segment	$ —	$ —	$ —	$ 34
International Rental Car segment	7	—	23	—
Corporate operations	—	—	—	3
Total	$ 7	$ —	$ 23	$ 37

The following table summarizes the activity during the nine months ended September 30, 2021, affecting the restructuring accrual, which is recorded in accrued liabilities in the accompanying unaudited condensed consolidated balance sheets.

(In millions)	Termination Benefits	Other	Total
Balance as of December 31, 2020[(1)]	$ —	$ —	$ —
Reclassified from liabilities subject to compromise	7	—	7
Charges incurred	19	4	23
Cash payments	(20)	—	(20)
Other non-cash reductions	—	(2)	(2)
Balance as of September 30, 2021	$ 6	$ 2	$ 8

(1) As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," the Company classified $7 million of restructuring charges as liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020, which were reinstated to accrued liabilities as of June 30, 2021. See Note 17, "Liabilities Subject to Compromise."

Note 9—Income Tax (Provision) Benefit

Hertz Global

The effective tax rate is 21% and 14% for the three months ended September 30, 2021 and 2020, respectively. Hertz Global recorded a tax provision of $160 million and a tax benefit of $36 million for the three months ended September 30, 2021 and 2020, respectively. The increase in the three months ended September 30, 2021 compared to 2020 is driven by improvements in Hertz Global's financial performance and changes in the mix of earnings and losses for jurisdictions for which no tax benefit can be recognized.

The effective tax rate is 23% and 14% for the nine months ended September 30, 2021 and 2020, respectively. Hertz Global recorded a tax provision of $193 million and a tax benefit of $232 million for the nine months ended September 30, 2021 and 2020, respectively. The increases in the effective tax rate and tax expense for the nine months ended September 30, 2021 are driven by improvements in Hertz Global's financial performance, changes in the mix of earnings and losses for jurisdictions for which no tax benefit can be recognized, tax benefits of the European restructuring, reduced by the non-deductible bankruptcy transaction costs, and the absence of recording valuation allowances on historical foreign deferred tax assets in 2020.

Hertz

The effective tax rate is 21% and 14% for the three months ended September 30, 2021 and 2020, respectively. Hertz recorded a tax provision of $156 million and a tax benefit of $36 million for the three months ended September 30, 2021 and 2020, respectively. The increase in the tax provision in the three months ended September

30, 2021 compared to 2020 is driven by improvements in Hertz's financial performance and changes in the mix of earnings and losses for jurisdictions for which no tax benefit can be recognized.

The effective tax rate is 20% and 14% for the nine months ended September 30, 2021 and 2020, respectively. Hertz recorded a tax provision of $189 million for the nine months ended September 30, 2021 compared to a tax benefit of $259 million for the nine months ended September 30, 2020. The tax provision increase for the nine months ended September 30, 2021 compared to 2020 is driven by improvements in Hertz's financial performance, tax benefits of the European restructuring reduced by the non-deductible bankruptcy transaction costs and the absence of recording valuation allowances on historical foreign deferred tax assets in 2020.

Note 10— Equity, Mezzanine Equity and Earnings (Loss) Per Share – Hertz Global

Emergence from Bankruptcy

In connection with the Chapter 11 Emergence, all of Hertz Global's existing authorized, issued, and outstanding common and preferred stock were cancelled. As of the Effective Date, there are 1,000,000,000 shares of reorganized Hertz Global common stock authorized for issuance. On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz Global issued common stock as follows:

- 277,119,438 shares purchased by the Plan Sponsors;
- 14,133,024 shares issued, pro rata, to existing shareholders;
- 127,362,114 shares issued pursuant to the Rights Offering; and
- 52,487,886 shares distributed to the Backstop Parties.

As of the Effective Date, 471,102,462 shares of reorganized Hertz Global common stock and 1,500,000 shares of reorganized Hertz Global preferred stock were issued and outstanding. The parties, including the Plan Sponsors who purchased reorganized Hertz Global common stock and preferred stock (collectively, the "Equity Commitment Parties"), the subscribers to the Rights Offering, and the Backstop Parties purchased an aggregate of (i) $4.7 billion of reorganized Hertz Global common stock and (ii) $1.5 billion (less a 2% upfront discount and stock issuance fees) of reorganized Hertz Global preferred stock as described below. The excess par value for the common stock shares issued by reorganized Hertz Global was recorded to additional paid-in capital in the accompanying unaudited condensed consolidated balance sheet of Hertz Global.

Common Stock

Under reorganized Hertz Global's revised articles of incorporation, 1,000,000,000 shares of reorganized Hertz Global common stock have been authorized for issuance where each share has a par value of $0.01 and represents one vote on matters presented to the voting shareholders of reorganized Hertz Global. The consideration received by reorganized Hertz Global upon the issuance of common stock that exceeded the par value was recorded in additional paid-in capital in the accompanying unaudited condensed consolidated balance sheet of Hertz Global as of September 30, 2021. The reorganized Hertz Global common stock is not convertible and does not accrue dividends. Dividends, if any, are paid only upon a valid declaration by the board of directors of reorganized Hertz Global, and such declarations are subject to customary legal and regulatory restrictions, restrictions related to the Series A Preferred Stock, and applicable debt covenants.

Rights Offering

In accordance with the Plan of Reorganization, approximately 35% of reorganized Hertz Global common stock was offered pursuant to the Rights Offering for an aggregate purchase price of $1.6 billion of shares of reorganized Hertz Global common stock at a purchase price of $10.00 per share. The Rights Offering subscription was first made available to eligible existing Hertz Global shareholders ("Eligible Existing Shareholders") on a pro rata basis to their existing common stock interest, and second, if not fully subscribed and funded by Eligible Existing Shareholders, to certain eligible holders of the Company's Senior Notes and lenders under the Alternative Letter of Credit Facility, pursuant to certain subscription procedures. The final expiration date for the Rights Offering occurred on June 15, 2021. Hertz Global closed the offering upon emergence from the Chapter 11 Cases on June 30, 2021 with Eligible Existing Shareholders subscribing to purchase 127,362,114 shares of reorganized Hertz Global common stock for gross proceeds of approximately $1.3 billion. The unsubscribed portion of the Rights Offering was backstopped by the Backstop Parties resulting in the issuance of 36,137,887 shares of reorganized Hertz Global common stock for gross proceeds of $361 million. The Backstop Parties were compensated a backstop fee of $164 million in reorganized Hertz Global common stock valued at $10.00 per share which is included in the Rights Offering totals in the accompanying unaudited condensed consolidated Statement of Changes in Mezzanine Equity and Stockholders' Equity. During the third quarter of 2021, the Company issued additional shares pursuant to the rounding provisions of the Rights Offering for cash proceeds of approximately $4 million at a purchase price of $10.00.

Public Warrants

On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz Global issued 89,049,029 Public Warrants. During the three months ended September 30, 2021, 153,299 Public Warrants were exercised of which 86,732 were cashless exercises and 66,567 were exercised for $13.80 per share. See Note 11, "Public Warrants – Hertz Global," for attributes of the Public Warrants, which are classified as a liability for financial reporting purposes.

Mezzanine Equity – Preferred Stock

In accordance with the revised articles of incorporation of reorganized Hertz Global, 100,000,000 shares of preferred stock, par value $0.01 per share, have been authorized for issuance. In connection with the Plan of Reorganization, reorganized Hertz Global issued 1,500,000 shares of Series A preferred stock ("Series A Preferred Stock"), with an initial stated value of $1,000 per share, to Apollo, on behalf of one or more investment funds, separate accounts, and other entities owned, controlled, managed, and/or advised by it or its affiliates, for $1.5 billion, less a 2% upfront discount and stock issuance fees. The shares have no voting rights except that the affirmative vote or consent of the holders of a majority of the shares of Series A Preferred Stock will be necessary for effecting certain actions, including any amendment of the Certificate of Incorporation or Bylaws in a manner that adversely affects the rights, preferences and privileges of the New Preferred Stock; liquidation, dissolution or winding up of the reorganized Company or its business and affairs; the creation, authorization or issuance of any class or series of capital stock other than the reorganized Hertz Global common stock; issuance of additional shares of reorganized Hertz Global preferred stock; affiliate transactions, restricted payments; mergers or other business combinations; asset sales, indebtedness and investments. The holders of the shares are protected from certain events, including the dilutive issuance of additional preferred shares and securities convertible to equity of reorganized Hertz Global.

At the Company's discretion, it may redeem some or all of the outstanding shares of the Series A Preferred Stock for cash at the redemption price on the applicable redemption date (equal to the greater of (x) 100.0% of the then current accrued stated value of the shares being redeemed and (y) the amount necessary, if any, to result in a multiple on invested capital of 1.30x with respect to the shares being redeemed). As no one person or entity controls the voting stock of reorganized Hertz Global, a potential change-in-control action could be outside the Company's control and result in a non-compliance event, which could then result in a mandatory redemption of all outstanding shares of Series A Preferred Stock. Accordingly, the Series A Preferred Stock is classified as mezzanine equity and was recorded at its redemption amount upon issuance. As of September 30, 2021, the Company concluded a mandatory redemption is not probable and as such, the preferred stock is not currently redeemable or probable of becoming redeemable.

The Series A Preferred Stock shares have a liquidation preference that ranks senior to any other class or series of equity issued by reorganized Hertz Global. In the event of a voluntary or involuntary liquidation of Hertz Global, the holders of its Series A Preferred Stock would be entitled to receive a liquidation preference equal to the redemption price as of the date of such voluntary or involuntary liquidation. Pursuant to the certificate of designations for the Series A Preferred Stock, Hertz Global may redeem the Series A Preferred Stock in whole or in part at any time and from time to time, in cash, at a redemption price equal to the then-current accrued stated value of the Series A Preferred Stock being redeemed, subject to a multiple of invested capital floor price equal to 1.30 times the $1,000 per share liquidation preference. As per the terms of the First Lien Credit Agreement, the Company is precluded from making cash payments, including dividends, to the preferred shareholders prior to June 30, 2023.

Shares of the Series A Preferred Stock accrue dividends payable in cash semi-annually in arrears, at a rate of 9% per annum prior to June 30, 2023 and generally increasing thereafter. The first cash dividend payment is payable on the six-month anniversary of the Effective Date. If not paid in cash when due, the dividend accrual will increase the value of the Series A Preferred Stock as well as future dividend obligations as a result of compounding. As of September 30, 2021, the Company had $34 million of accumulated undeclared dividends for outstanding Series A Preferred Stock which are calculated on the basis of a 365 day year. Holders of the Series A Preferred Stock have certain dividend rights that provide priority over the dividend rights of holders of reorganized Hertz Global common stock. The Series A Preferred Shares do not participate in any additional dividends, including any dividends that may be paid on the common stock of reorganized Hertz Global. In general, the holders of the Series A Preferred Stock are entitled to an overall return of approximately 30% their investment.

Registration Status of Common Stock and Series A Preferred Stock

With the exception of the shares of reorganized Hertz Global's common stock issued to the Backstop Parties, the direct investment commitment under the EPCA and the Rights Offering, the common stock and the Public Warrants issued by the reorganized Hertz Global pursuant to the Plan of Reorganization were issued under an exemption from the registration requirements of the Securities Act under the Bankruptcy Code. Shares of reorganized Hertz Global common stock issued to the Backstop Parties, the direct investment commitment under the EPCA, the Rights Offering and the Series A Preferred Stock were issued under Section 4(a)(2) of the Securities Act.

Open Market Sale Agreement

In June 2020, subsequent to approval from the Bankruptcy Court and pursuant to a prospectus supplement to the Registration Statement, Hertz Global entered into an open market sale agreement under which it could offer and sell from time to time shares of its common stock, par value $0.01 per share, having an aggregate offering price of up to $500 million ("ATM Program"). Prior to its suspension on June 15, 2020 and ultimate termination on June 18, 2020, Hertz Global issued 13,912,368 shares under the ATM Program for net proceeds of approximately $28 million, which is included in non-vehicle restricted cash in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020. On the Effective Date, in accordance with the Plan of Reorganization, all shares that had been issued under the ATM Program were cancelled. Additionally, on the Effective Date, Hertz Global contributed the $28 million of net proceeds to Hertz which was recorded in additional paid-in capital in the accompanying unaudited condensed consolidated balance sheet of Hertz as of September 30, 2021.

Computation of Earnings (Loss) Per Common Share

Basic earnings (loss) per common share has been computed based upon the weighted-average number of common shares outstanding. Diluted earnings (loss) per common share has been computed based upon the weighted-average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents, including Public Warrants, except when the effect would be anti-dilutive. For the three and nine months ended September 30, 2021, the diluted weighted-average shares outstanding include the dilutive impact of Public Warrants where the Company assumes share settlement of the Public Warrants as of the beginning of the reporting period. Additionally, the Company removes the change in fair value of Public Warrants when computing diluted earnings (loss) per common share, when the impact of Public Warrants is dilutive.

Due to the features and rights of the Series A Preferred Stock as described above, dividends earned by the holders of the Series A Preferred Stock, irrespective of whether paid or declared, represent earnings that are not available to the holders of Hertz Global's common stock when computing basic and diluted earnings (loss) per common share.

The following table sets forth the computation of basic and diluted earnings (loss) per common share:

(In millions, except per share data)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Numerator:				
Net income (loss) attributable to Hertz Global	$ 605	$ (222)	$ 626	$ (1,425)
Series A Preferred Stock[1]	(34)	—	(34)	—
Net income (loss) available to Hertz Global common stockholders, basic	571	(222)	592	(1,425)
Change in fair value of Public Warrants	(16)	—	(16)	—
Net income (loss) available to Hertz Global common stockholders, diluted	$ 555	$ (222)	$ 576	$ (1,425)
Denominator:				
Basic weighted-average common shares outstanding	471	156	264	148
Dilutive effect of Public Warrants	19	—	6	—
Diluted weighted-average shares outstanding	490	156	270	148
Antidilutive stock options, RSUs, PSUs and PSAs	—	2	—	2
Earnings (loss) per common share:				
Basic	$ 1.21	$ (1.42)	$ 2.25	$ (9.65)
Diluted	$ 1.13	$ (1.42)	$ 2.14	$ (9.65)

(1) Undeclared dividends on each share of Series A Preferred Stock are accumulated at a current rate of 9% per annum, on the basis of a 365 day year.

Under the Plan of Reorganization approved by the Bankruptcy Court, the Rights Offering subscription was made available to Eligible Existing Shareholders on a pro rata basis to their existing common stock interests; therefore earnings (loss) per common share have not been retrospectively adjusted for reporting periods prior to the Effective Date.

Note 11—Public Warrants – Hertz Global

On the Effective Date, in accordance with the Plan of Reorganization and the Public Warrant Agreement, reorganized Hertz Global issued 89,049,029 Public Warrants with an initial exercise price of $13.80 per Public Warrant, subject to certain conditions. The Public Warrants allow the holders to purchase up to 18% of the aggregate number of reorganized Hertz Global common interests issued and outstanding as of the Effective Date. Each Public Warrant will entitle the holders to receive one share of reorganized Hertz Global common stock. The Public Warrants have a thirty-year term and are exercisable from the date of issuance until June 30, 2051, at which time any unexercised Public Warrants will expire, and the rights of the holders to purchase reorganized Hertz Global common stock will terminate. The exercise price of the Public Warrants is subject to adjustment from time to time upon any payment of cash dividends relating to reorganized Hertz Global's common stock and the occurrence of certain dilutive events as described in the Public Warrant Agreement. During the three months ended September 30, 2021, 153,299 Public Warrants were exercised of which 86,732 were cashless exercises and 66,567 were exercised for $13.80 per share.

The Public Warrants are freely transferable, subject only to applicable securities laws and the restrictions on transfers and sales of Public Warrants and reorganized Hertz Global's common stock. The Public Warrants trade on the over-the-counter market under the symbol HTZZW.

The Company accounts for the Public Warrants in accordance with the provisions of ASC 480, *Distinguishing Liabilities from Equity*, under which the Public Warrants meet the definition of a freestanding financial instrument. Although these are publicly traded warrants, they are classified as liabilities due to certain settlement provisions that are only applicable in the event of change of control (as defined by the Public Warrant Agreement). The Public Warrants are recorded at fair value in the accompanying unaudited condensed consolidated balance sheet as of September 30, 2021. See Note 13, "Fair Value Measurements."

Note 12—Stock-Based Compensation

Under the Company's 2016 Omnibus Incentive Plan (the "Omnibus Plan"), the Company issued stock options, performance awards (shares and units), restricted stock and restricted stock units (collectively, "Equity Awards") to key executives, employees and non-management directors. On the Effective Date, in accordance with the Plan of Reorganization, all existing common stock and outstanding Equity Awards were cancelled without any distribution, and the Omnibus Plan deemed to be cancelled. As a result of the Equity Award cancellation, the Company recognized $10 million related to the unrecognized portion of share-based compensation in reorganization expense in the accompanying unaudited condensed consolidated statements of operations for the nine months ended September 30, 2021. See Note 18, "Reorganization Items, Net."

Consistent with the Disclosure Statement, the reorganized Company anticipates the approval and implementation of a new management equity incentive plan (the “MEIP”). The MEIP will be effective in a reporting period subsequent to September 30, 2021, and as such, no compensation costs related to the MEIP have been recorded in the accompanying unaudited condensed consolidated income statements as of September 30, 2021. As of the filing of this Quarterly Report on Form 10-Q, the MEIP has not been established.

Note 13—Fair Value Measurements

Under U.S. GAAP, entities are allowed to measure certain financial instruments and other items at fair value. The Company has not elected the fair value measurement option for any of its assets or liabilities that meet the criteria for this option. Irrespective of the fair value option previously described, U.S. GAAP requires certain financial and non-financial assets and liabilities of the Company to be measured on either a recurring basis or on a nonrecurring basis.

Fair Value Disclosures

The fair value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, to the extent the underlying liability will be settled in cash, approximates the carrying values because of the short-term nature of these instruments.

Debt Obligations

The fair value of the debt facilities is based on quoted market rates as well as borrowing rates currently available to the Company for loans with similar terms and average maturities (i.e. Level 2 inputs). For the new debt facilities entered into by the reorganized Company on the Effective Date as disclosed in Note 6, "Debt," such facilities were recently negotiated in arms-length transactions in active markets. As such, the fair value inputs are categorized as Level 1 on U.S. GAAP's fair value hierarchy.

	September 30, 2021		December 31, 2020	
(In millions)	Nominal Unpaid Principal Balance	Aggregate Fair Value	Nominal Unpaid Principal Balance	Aggregate Fair Value
Non-Vehicle Debt[1]	$ 1,556	$ 1,560	$ 4,747	$ 3,382
Vehicle Debt	7,241	7,246	6,087	6,021
Total	$ 8,797	$ 8,806	$ 10,834	$ 9,403

(1) Includes Non-Vehicle Debt included in liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheets as of December 31, 2020. See Note 6, "Debt."

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Cash Equivalents and Restricted Cash Equivalents

The Company's cash equivalents and restricted cash equivalents primarily consist of investments in money market funds and bank money market and interest-bearing accounts. The Company determines the fair value of cash equivalents and restricted cash equivalents using a market approach based on quoted prices in active markets (i.e. Level 1 inputs).

The following table presents the Company's cash equivalents and restricted cash equivalents that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

	September 30, 2021				December 31, 2020			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents and restricted cash equivalents	$ 1,840	$ —	$ —	$ 1,840	$ 723	$ —	$ —	$ 723

Public Warrants

Under the Plan of Reorganization, reorganized Hertz Global issued Public Warrants, which are classified as liabilities at fair value in the accompanying unaudited condensed consolidated balance sheet as of September 30, 2021 in accordance with the provisions of ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480"). See Note 11, "Public Warrants – Hertz Global," for further details. Upon issuance on the Effective Date, the initial fair value of the Public Warrants was $800 million which was computed using the Black-Scholes option pricing model using Level 2 inputs.

The following table presents the key inputs used in the fair value of the Public Warrants at issuance on the Effective Date, June 30, 2021:

	Inputs
Risk-free interest rate	2.1 %
Expected term	30 years
Expected volatility	57.5 %
Exercise price	$ 13.80
Asset price	$ 10.02

Subsequent to the issuance of the Public Warrants, the Company calculates the fair value based on the end-of-day quoted market price, a Level 1 input of the fair value hierarchy. The Company's policy for recognizing transfers between fair value levels is at the end of the reporting period.

As of September 30, 2021, the fair value of the unexercised and outstanding Public Warrants was $783 million. The adjustment for the three and nine months ended September 30, 2021 was a gain of $16 million, respectively, and is recorded in Change in fair value of Public Warrants in the accompanying unaudited condensed consolidated statements of operations for Hertz Global for the three and nine months ended September 30, 2021.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Donlen Assets

At December 31, 2020 as a result of the then impending Donlen Sale, the associated assets and liabilities were classified as assets held for sale and liabilities held for sale, respectively, in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020 and were recorded at the lower of carrying value or fair value less any costs to sell. The Company completed the Donlen Sale on March 30, 2021. See Note 3, "Divestitures," for additional information.

Note 14—Contingencies and Off-Balance Sheet Commitments

Legal Proceedings

Self-Insured Liabilities

The Company is currently a defendant in numerous actions and has received numerous claims on which actions have not yet commenced for self-insured liabilities arising from the operation of motor vehicles rented from the Company. The obligation for self-insured liabilities on self-insured U.S. and international vehicles, as stated in the accompanying unaudited condensed consolidated balance sheets, represents an estimate for both reported accident claims not yet paid and claims incurred but not yet reported. The related liabilities are recorded on an undiscounted basis and are based on rental volume and actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses, premiums and administrative costs. As of September 30, 2021 and December 31, 2020, the Company's liability recorded for self-insured liabilities is $470 million and $488 million, respectively. The Company believes that its analysis is based on the most relevant information available, combined with reasonable assumptions. The liability is subject to significant uncertainties. The adequacy of the liability is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If the Company's estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

Loss Contingencies

From time to time the Company is a party to various legal proceedings, typically involving operational issues common to the vehicle rental business, including claims by employees, former employees and governmental investigations. The Company has summarized below the most significant legal proceedings to which the Company was a party during the nine months ended September 30, 2021 or the period after September 30, 2021, but before the filing of this Quarterly Report on Form 10-Q.

In re Hertz Global Holdings, Inc. Securities Litigation - In November 2013, a purported shareholder class action, Pedro Ramirez, Jr. v. Hertz Global Holdings, Inc., et al., was commenced in the U.S. District Court for the District of New Jersey naming Old Hertz Holdings (as defined in the Company's 2020 Form 10-K) and certain of its officers as defendants and alleging violations of the federal securities laws. The complaint alleged that Old Hertz Holdings made material misrepresentations and/or omissions of material fact in certain of its public disclosures in violation of Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The complaint sought an unspecified amount of monetary damages on behalf of the purported class and an award of costs and expenses, including counsel fees and expert fees. The complaint, as amended, was dismissed with prejudice on April 27, 2017 and on September 20, 2018, the Third Circuit affirmed the dismissal of the complaint with prejudice. On February 5, 2019, the plaintiffs filed a motion asking the federal district court to exercise its discretion and allow the plaintiffs to reinstate their claims to include additional allegations from the administrative order agreed to by the SEC and the Company in December 2018, which was supplemented by reference to the Company’s subsequently filed litigation against former executives (disclosed below). On September 30, 2019, the federal district court of New Jersey denied the plaintiffs’ motion for relief from the April 27, 2017 judgment and a related motion to allow the filing of a proposed fifth amended complaint. On October 30, 2019, the plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Third Circuit. The parties fully briefed the appeal and oral argument had been scheduled for June 19, 2020. As a result of the Company's bankruptcy, the appeal was stayed as to the Company, but the plaintiffs advocated that the appeal could proceed against the individual defendants. On October 13, 2020, the Third Circuit affirmed the District Court’s dismissal of the plaintiffs’ motion for relief against the individual defendants since the motion was not timely filed and the appeal as to the Company remained stayed. In February 2021, the parties participated in a bankruptcy-related mediation process and arrived at a tentative settlement wherein the Company would pay a $250,000 cash settlement. In return, the plaintiffs would voluntarily dismiss all claims in the underlying action with prejudice and withdraw the plaintiffs' Proofs of Claim with prejudice. On March 12, 2021, the Bankruptcy Court approved the tentative settlement and the terms of the settlement have now been fully implemented. This matter is now closed.

Make-Whole and Post-Petition Interest Claims - On July 1, 2021, Wells Fargo Bank, N.A., in its capacity as indenture trustee of (1) 6.250% Unsecured Notes due 2022, (2) 5.500% Unsecured Notes due 2024, (3) 7.125% Unsecured Notes due 2026, and (4) 6.000% Unsecured Notes due 2028 issued by The Hertz Corporation (collectively, the “Notes”), filed a complaint (the “Complaint”) against The Hertz Corporation, Dollar Rent A Car, Inc., Dollar Thrifty Automotive Group, Inc., Donlen Corporation, DTG Operations, Inc., DTG Supply, LLC, Firefly Rent A Car LLC, Hertz Car Sales LLC, Hertz Global Services Corporation, Hertz Local Edition Corp., Hertz Local Edition Transporting, Inc., Hertz System, Inc., Hertz Technologies, Inc., Hertz Transporting, Inc., Rental Car Group Company, LLC, Smartz Vehicle Rental Corporation, Thrifty Car Sales, Inc., Thrifty, LLC, Thrifty Insurance Agency, Inc., Thrifty Rent A Car System, LLC, and TRAC Asia Pacific, Inc. (collectively referred to in this summary as “Defendants”). The filing of the Complaint initiated the adversary proceeding captioned *Wells Fargo Bank, National Association v. The Hertz Corporation, et al.* pending in the United States Bankruptcy Court for the District of Delaware, Adv. Pro. No. 21-50995 (MFW). The Complaint seeks a declaratory judgment that the holders of the Unsecured Notes are entitled to payment of certain redemption premiums and post-petition interest that they assert total $271,684,720 plus interest at the contractual default rate or in the alternative are entitled to payment post-petition interest at the applicable contractual rate that they assert totals $124,512,653 plus interest at the New York statutory rate. On July 2, 2021, Defendants were summoned to file a motion or answer to the Complaint within 30 days. On August 2, 2021, the Defendants filed a motion to dismiss both counts for declaratory judgment. Briefing on the motion is now complete and oral argument has been scheduled for November 9, 2021. The Defendants dispute that any such amounts are owed and intend to respond and otherwise vigorously defend claims set forth therein. The Company cannot predict the outcome or timing of this litigation.

Additionally, some creditors in the Chapter 11 Cases may assert that the Company owes additional interest and, in certain cases, additional make whole or other premiums. These claims could be material. The Company retains all rights with respect to any such asserted amounts and intends to vigorously defend against any such asserted claims. There can be no assurance regarding the outcome of any of the litigation regarding the validity or, if deemed valid, the amount of any such additional asserted interest and make whole claims and as such, the Company cannot predict the outcome or timing of this litigation.

The Company maintains an internal compliance program through which it from time to time identifies potential violations of laws and regulations applicable to the Company. When the Company identifies such matters, the Company conducts an internal investigation and otherwise cooperates with governmental authorities, as appropriate.

The Company has established reserves for matters where the Company believes that losses are probable and can be reasonably estimated. Other than the aggregate reserve established for claims for self-insured liabilities, none of those reserves are material. For matters, where the Company has not established a reserve, the ultimate outcome or resolution cannot be predicted at this time, or the amount of ultimate loss, if any, cannot be reasonably estimated. These matters are subject to many uncertainties and the outcome of the individual litigated matters is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings, could be decided unfavorably to the Company or any of its subsidiaries involved. Accordingly, it is possible that an adverse outcome from such a proceeding could exceed the amount accrued in an amount that could be material to the Company's consolidated financial condition, results of operations or cash flows in any particular reporting period.

Other Proceedings

Litigation Against Former Executives - The Company filed litigation in the U.S. District Court for the District of New Jersey against Mark Frissora, Elyse Douglas and John Jefferey Zimmerman on March 25, 2019, and in state court in Florida against Scott Sider on March 28, 2019, all of whom were former executive officers of Old Hertz Holdings. The complaints predominantly allege breach of contract and seek repayment of incentive-based compensation received by the defendants in connection with restatements included in the Old Hertz Holdings Form 10-K for the year ended December 31, 2014 and related accounting for prior periods. The Company is also seeking recovery for the costs of the SEC investigation that resulted in an administrative order on December 31, 2018 with respect to events generally involving the restatements included in Old Hertz Holdings Form 10-K for the year ended December 31, 2014 and other damages resulting from the necessity of the restatements. The Company is pursuing these legal proceedings in accordance with its clawback policy and contractual rights. In October 2019, the Company entered into a confidential Settlement Agreement with Elyse Douglas. In September and October 2020, the judge in the New Jersey action entered orders requiring the parties and applicable insurers to attend and participate in mediation. The attorneys in the Florida action voluntarily agreed to participate in the same mediation which was held on November 30, 2020. The mediation was unsuccessful, but settlement discussions continued and, on April 14, 2021, the Bankruptcy Court approved a Settlement Agreement between the Company and Scott Sider. The Florida action is now closed. Fact discovery has now been completed in the New Jersey action and settlement discussions are again taking place before the case moves on to the pre-trial phase of experts' reports and experts' depositions. Pursuant to the agreements governing the separation of Herc Holdings from Hertz Global that occurred on June 30, 2016, Herc Holdings is entitled to 15% of the net proceeds of any repayment or recovery.

Indemnification Obligations

In the ordinary course of business, the Company has executed contracts involving indemnification obligations customary in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnification obligations might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships and financial matters. Specifically, the Company has indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which the Company may be held responsible could be substantial. In addition, Hertz entered into customary indemnification agreements with Hertz Holdings and certain of the Company's stockholders and their affiliates pursuant to which Hertz Holdings and Hertz will indemnify those entities and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of performance of a consulting agreement with Hertz Holdings and each of such entities and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. The Company has entered into customary indemnification agreements with each of its directors and certain of its officers. Performance under these indemnification obligations would generally be triggered by a breach of terms of the contract or by a third-party claim. In connection with the Spin-Off (as defined in the Company's 2019 Form 10-K), the Company executed an agreement with Herc Holdings that contains mutual indemnification clauses and a customary indemnification provision with respect to liability arising out of or resulting from assumed legal matters. The Company regularly evaluates the probability of having to incur costs associated with these indemnification obligations and has accrued for expected losses that are probable and estimable.

Note 15—Related Party Transactions

Transactions and Agreements between Hertz Holdings and Hertz

In June 2019, Hertz entered into a master loan agreement with Hertz Holdings for a facility size of $425 million with an expiration in June 2020 (the "2019 Master Loan"). The interest rate was based on the U.S. Dollar LIBOR rate plus a margin.

As a result of filing the Chapter 11 Cases, as disclosed in Note 1, "Background," the full amount outstanding under the 2019 Master Loan was deemed uncollectible, resulting in a charge of $133 million during the second quarter of 2020. Additionally, the loan due to an affiliate, which represents a tax-related liability from Hertz to Hertz Holdings, in the amount of $65 million was classified as liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheet of Hertz as of December 31, 2020. On the Effective Date, the $65 million tax-related liability from Hertz to Hertz Holdings was reinstated and classified as due to affiliate in the accompanying consolidated balance sheet of Hertz as of September 30, 2021. See Note 17, "Liabilities Subject to Compromise."

On May 23, 2020, Hertz entered into a new master loan agreement with Hertz Holdings for a facility size of $25 million with an expiration in May 2021 (the "New Loan"). The interest rate is based on the U.S. Dollar LIBOR rate plus a margin.

In May 2021, upon expiration of the New Loan, Hertz entered into a new master loan agreement with Hertz Holdings for a facility size of $25 million with an expiration in May 2022 (the "2021 Master Loan"), where amounts outstanding under the New Loan were transferred to the 2021 Master Loan. The interest rate is based on the U.S. Dollar LIBOR rate plus a margin. As of December 31, 2020, there was $1 million outstanding under the 2021 Master Loan representing advances and any accrued but unpaid interest. On June 30, 2021, in connection with the Chapter 11 Emergence, the ATM Program contribution from Hertz Global, as discussed in Note 10, Equity, Mezzanine Equity and Earnings (Loss) Per Share – Hertz Global, was used to settle amounts outstanding under the New Loan. As of September 30, 2021, there is no outstanding balance under the 2021 Master Loan.

767 Auto Leasing LLC

In January 2018, Hertz entered into a Master Motor Vehicle Lease and Management Agreement (the “767 Lease Agreement”) pursuant to which Hertz granted 767 Auto Leasing LLC (“767”), an entity affiliated with the Icahn Group, a related party during the first half of 2020 until all owned shares of Hertz Global common stock were divested in May 2020, the option to acquire certain vehicles from Hertz at rates aligned with the rates at which Hertz sells vehicles to third parties. Hertz leases the vehicles purchased by 767 under the 767 Lease Agreement or from third parties, under a mutually developed fleet plan and Hertz manages, services, repairs, sells and maintains those leased vehicles on behalf of 767. Hertz currently rents the leased vehicles to drivers of transportation network companies ("TNC") from rental counters within locations leased or owned by affiliates of 767, including locations operated under a master lease agreement with The Pep Boys – Manny, Joe & Jack. The 767 Lease Agreement had an initial term, as extended, of approximately 22 months, and is subject to automatic six month renewals thereafter, unless terminated by either party (with or without cause) prior to the start of any such six month renewal.

767’s payment obligations under the 767 Lease Agreement are guaranteed by American Entertainment Properties Corp. ("AEPC"), an entity affiliated with Carl C. Icahn and his affiliates. During the three and nine ended September 30, 2021, 767 distributed $10 million and $25 million, respectively, to AEPC along with the return of certain vehicles, and there were no cash contributions from AEPC to 767. During the three and nine months ended September 30, 2020, 767 distributed $55 million to AEPC, and there were no cash contributions from AEPC to 767, except for certain services. The parties have agreed that the 767 Lease Agreement will terminate effective October 31, 2021, and that, in connection with the wind-down, Hertz will purchase certain of the 767 leased vehicles for continued rental as part of Hertz’s TNC rental fleet.

The Company is entitled to 25% of the profit from the rental of the leased vehicles, as specified in the 767 Lease Agreement, which is variable and based primarily on the rental revenue, less certain vehicle-related costs, such as depreciation, licensing and maintenance expenses. The Company has determined that it is the primary beneficiary of 767 due to its power to direct the activities of 767 that most significantly impact 767's economic performance and the Company's obligation to absorb 25% of 767's gains/losses. Accordingly, 767 is consolidated by the Company as a VIE.

Note 16—Segment Information

The Company’s CODM assesses performance and allocates resources based upon the financial information for the Company’s operating segments. The Company aggregates certain of its operating segments into its reportable segments. In the second quarter of 2021, in connection with the Chapter 11 Emergence as disclosed in Note 1, "Background," and changes in how the Company's CODM regularly reviews operating results and allocates resources, the Company revised its reportable segments to include Canada, Latin America and the Caribbean in its Americas Rental Car ("Americas RAC") reportable segment, which were previously included in its International

Rental Car ("International RAC") reportable segment. Accordingly, prior periods have been restated to conform with the revised presentation. The Company has identified two reportable segments, which are organized based on the products and services provided by its operating segments and the geographic areas in which its operating segments conduct business, as follows.

- Americas RAC – rental of vehicles (cars, crossovers, vans and light trucks), as well as sales of value-added services, in the U.S., Canada, Latin America and the Caribbean;

- International RAC – rental and leasing of vehicles (cars, vans, crossovers and light trucks), as well as sales of value-added services, internationally and consists primarily of the Company's Europe operating segment and other international operating segments, which are aggregated into a reportable segment based primarily upon similar economic characteristics, products and services, customers, delivery methods and general regulatory environments; and

In addition to the above reportable segments, the Company has corporate operations ("Corporate") which includes general corporate assets and expenses and certain interest expense (including net interest on non-vehicle debt). Corporate includes other items necessary to reconcile the reportable segments to the Company's total amounts.

The following tables provide significant statements of operations and balance sheet information by reportable segment for each of Hertz Global and Hertz, as well as Adjusted EBITDA, the measure used to determine segment profitability.

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues				
Americas RAC	$ 1,914	$ 892	$ 4,524	$ 2,857
International RAC	312	227	727	678
Total reportable segments	2,226	1,119	5,251	3,535
All other operations(1)	—	149	136	488
Total Hertz Global and Hertz	$ 2,226	$ 1,268	$ 5,387	$ 4,023
Depreciation of revenue earning vehicles and lease charges				
Americas RAC	$ 24	$ 188	$ 314	$ 1,080
International RAC	37	53	106	200
Total reportable segments	61	241	420	1,280
All other operations(1)(2)	—	106	—	352
Total Hertz Global and Hertz	$ 61	$ 347	$ 420	$ 1,632
Adjusted EBITDA				
Americas RAC	$ 830	$ (11)	$ 1,520	$ (701)
International RAC	78	(34)	69	(184)
Total reportable segments	908	(45)	1,589	(885)
All other operations(1)	—	24	13	71
Corporate	(48)	(5)	(100)	(41)
Total Hertz Global and Hertz	$ 860	$ (26)	$ 1,502	$ (855)

(1) Substantially comprised of the Company's Donlen business, which was sold on March 30, 2021 as disclosed in Note 3, "Divestitures."

(2) The decrease in depreciation of revenue earning vehicles and lease charges during the nine months ended September 30, 2021, is due in part to the suspension of depreciation for the Donlen business while classified as held for sale, prior to closing on March 30, 2021, as disclosed in Note 3, "Divestitures."

millions)		September 30, 2021		December 31, 2020
otal assets				
Americas RAC	$	13,273	$	11,337
International RAC		3,134		2,661
Total reportable segments		16,407		13,998
All other operations(1)		—		1,818
Corporate		3,186		1,092
Total Hertz Global(2)		19,593		16,908
Corporate - Hertz(3)		—		(28)
Total Hertz(2)	$	19,593	$	16,880

(1) Substantially comprised of the Company's Donlen business, which was sold on March 30, 2021 as disclosed in Note 3, "Divestitures." At December 31, 2020, includes $1.8 billion of Donlen's assets which were classified as held for sale in the accompanying unaudited condensed consolidated balance sheet.

(2) The consolidated total assets of Hertz Global and Hertz as of September 30, 2021 and December 31, 2020 include total assets of VIEs of $745 million and $511 million, respectively, which can only be used to settle obligations of the VIEs. See "Pledges Related to Vehicle Financing" in Note 6, "Debt," and "767 Auto Leasing LLC" in Note 15, "Related Party Transactions," for further information.

(3) Excludes net proceeds of $28 million from an open market sale of Hertz Global common stock completed in June 2020, which is included in non-vehicle restricted cash in the accompanying unaudited condensed consolidated balance sheets at December 31, 2020.

Reconciliations of Adjusted EBITDA by reportable segment to consolidated amounts are summarized below:

Hertz Global

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Adjusted EBITDA:				
Americas RAC	$ 830	$ (11)	$ 1,520	$ (701)
International RAC	78	(34)	69	(184)
Total reportable segments	908	(45)	1,589	(885)
All other operations[1]	—	24	13	71
Corporate[2]	(48)	(5)	(100)	(41)
Total Hertz Global	860	(26)	1,502	(855)
Adjustments:				
Non-vehicle depreciation and amortization	(49)	(58)	(153)	(168)
Non-vehicle debt interest, net[3]	(22)	(17)	(157)	(118)
Vehicle debt-related charges[4]	(8)	(13)	(62)	(37)
Restructuring and restructuring related charges[5]	(22)	(7)	(72)	(54)
Technology-related intangible and other asset impairments[6]	—	—	—	(193)
Information technology and finance transformation costs[7]	(3)	(8)	(13)	(34)
Reorganization items, net[8]	—	(78)	(677)	(101)
Pre-reorganization charges and non-debtor financing charges[9]	(1)	(44)	(41)	(89)
Gain from the Donlen Sale[10]	—	—	400	—
Change in fair value of Public Warrants[11]	16	—	16	—
Other items[12]	(3)	(8)	77	(15)
Income (loss) before income taxes	$ 768	$ (259)	$ 820	$ (1,664)

Hertz

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Adjusted EBITDA:				
Americas RAC	$ 830	$ (11)	$ 1,520	$ (701)
International RAC	78	(34)	69	(184)
Total reportable segments	908	(45)	1,589	(885)
All other operations[1]	—	24	13	72
Corporate[2]	(48)	(5)	(100)	(42)
Total Hertz	860	(26)	1,502	(855)
Adjustments:				
Non-vehicle depreciation and amortization	(49)	(58)	(153)	(168)
Non-vehicle debt interest, net[3]	(22)	(17)	(157)	(116)
Vehicle debt-related charges[4]	(8)	(13)	(62)	(37)
Restructuring and restructuring related charges[5]	(22)	(7)	(72)	(54)
Technology-related intangible and other asset impairments[6]	—	—	—	(193)
Write-off of intercompany loan[13]	—	—	—	(133)
Information technology and finance transformation costs[7]	(3)	(8)	(13)	(34)
Reorganization items, net[8]	—	(78)	(513)	(101)
Pre-reorganization charges and non-debtor financing charges[9]	(1)	(44)	(41)	(89)
Gain from the Donlen Sale[10]	—	—	400	—
Other items[12]	(3)	(8)	77	(15)
Income (loss) before income taxes	$ 752	$ (259)	$ 968	$ (1,795)

(1) Substantially comprised of the Company's Donlen business, which was sold on March 30, 2021 as disclosed in Note 3, "Divestitures."

(2) Represents other reconciling items primarily consisting of general corporate expenses, non-vehicle interest expense, as well as other business activities.

(3) In 2021 includes $8 million of loss on extinguishment of debt associated with the payoff and termination of the HIL Credit Agreement recorded in the second quarter. See Note 6, "Debt," for further information.

(4) Represents vehicle debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.

(5) Represents charges incurred under restructuring actions as defined in U.S. GAAP. See Note 8, "Restructuring," for further information. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives.

(6) Represents the impairment of technology-related intangible assets and capitalized cloud computing implementation costs, as disclosed in Note 5, "Goodwill and Intangible Assets, Net."

(7) Represents costs associated with the Company's information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and modernize the Company's systems and processes.

(8) Represents charges incurred associated with the filing of and the emergence from the Chapter 11 Cases, as disclosed in Note 18, "Reorganization Items, Net."

(9) Represents charges incurred prior to the filing of the Chapter 11 Cases, as disclosed in Note 1, "Background," which are comprised of preparation charges for the reorganization, such as professional fees. Also, includes certain non-debtor financing and professional fee charges.

(10) Represents the net gain from the sale of the Company's Donlen business on March 30, 2021 as disclosed in Note 3, "Divestitures."

(11) Represents the change in fair value during the reporting period for the Company's outstanding Public Warrants.

(12) Represents miscellaneous items, including non-cash stock-based compensation charges, and amounts attributable to noncontrolling interests. For 2021, also includes $100 million associated with the suspension of depreciation during the first quarter for the Donlen business while classified as held for sale, partially offset by letter of credit fees recorded in the first half of 2021 and charges for a multiemployer pension plan withdrawal liability recorded in the first quarter. For 2020, also includes charges of $18 million for losses associated with certain vehicle damages, which were recorded in the second quarter, partially offset by a $20 million gain on the sale of non-vehicle capital assets, which was recorded in the first quarter.

(13) Represents the write-off of the 2019 Master Loan between Hertz and Hertz Holdings, as disclosed in Note 13, "Related Party Transactions."

Note 17—Liabilities Subject to Compromise

As a result of the Chapter 11 Emergence and implementation of the Plan of Reorganization, the Company reinstated certain liabilities that had been classified as liabilities subject to compromise in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2020. The following table represents the reinstatement of liabilities subject to compromise, which include pre-petition liabilities that were allowed to be or that were estimated to be allowed as claims in the Chapter 11 Cases.

(In millions)		June 30, 2021
Reinstated on the Effective Date:		
Accounts payable	$	257
Accrued liabilities		99
Accrued taxes, net		14
Liabilities reinstated - Hertz Global		370
Stockholder's equity - Due to affiliate - Hertz		65
Liabilities reinstated - Hertz	$	435

The accompanying unaudited condensed consolidated balance sheet as of December 31, 2020 includes amounts classified as liabilities subject to compromise, which represented pre-petition liabilities the Company anticipated would be allowed as claims in the Chapter 11 Cases. These amounts represented the Debtors' current estimate of known or potential obligations to be resolved in connection with the Chapter 11 Cases.

The following table summarizes liabilities subject to compromise as of December 31, 2020.

(In millions)		December 31, 2020
Accounts payable	$	267
Accrued liabilities(1)		166
Accrued taxes, net		19
Accrued interest on debt subject to compromise		70
Debt subject to compromise(2)		4,443
Liabilities subject to compromise - Hertz Global		4,965
Due from affiliate - Hertz(3)		65
Liabilities subject to compromise - Hertz	$	5,030

(1) Includes $24 million of U.S. pension benefit obligation reported as liabilities subject to compromise as of December 31, 2020.
(2) See Note 6, "Debt," for details of pre-petition, non-vehicle debt reported as liabilities subject to compromise as of December 31, 2020.
(3) See Note 15, "Related Party Transactions," for details of a pre-petition intercompany loan due to an affiliate reported as liabilities subject to compromise as of December 31, 2020.

Note 18—Reorganization Items, Net

The Debtors have incurred incremental costs as a result of the Chapter 11 Cases and settlement of liabilities under the Plan of Reorganization which have been recorded as reorganization items, net in the accompanying unaudited condensed consolidated statement of operations for the nine months ended September 30, 2021 and the three and nine months ended September 30, 2020.

The following tables summarize reorganization items, net:

Hertz Global

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Professional fees and other bankruptcy related costs	$ —	$ 78	$ 257	$ 101
Loss on extinguishment of debt(1)	—	—	191	—
Backstop fee	—	—	164	—
Breakup fee(2)	—	—	77	—
Contract settlements	—	—	25	—
Cancellation of share-based compensation grants(3)	—	—	(10)	—
Net gain on settlement of liabilities subject to compromise	—	—	(22)	—
Other, net	—	—	(5)	—
Reorganization items, net	$ —	$ 78	$ 677	$ 101

Hertz

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Professional fees and other bankruptcy related costs	$ —	$ 78	$ 257	$ 101
Loss on extinguishment of debt(1)	—	—	191	—
Breakup fee(2)	—	—	77	—
Contract settlements	—	—	25	—
Cancellation of share-based compensation grants(3)	—	—	(10)	—
Net gain on settlement of liabilities subject to compromise	—	—	(22)	—
Other, net	—	—	(5)	—
Reorganization items, net	$ —	$ 78	$ 513	$ 101

(1) Includes loss on extinguishment of debt resulting from the implementation of the Plan of Reorganization on the Effective Date. Primarily composed of write offs of unamortized deferred loan origination costs and early termination fees associated with terminated debt agreements. See Note 6, "Debt," for further information.

(2) Breakup fee paid to prior plan sponsors Centerbridge Partners, L.P., Warburg Pincus LLC, Dundon Capital Partners, LLC and certain of their respective affiliates and certain holders of the Senior Notes upon Emergence in accordance with an Equity Purchase and Commitment and Agreement entered into on April 3, 2021 which was subsequently terminated.

(3) See Note 12, Stock-Based Compensation for further details.

Cash payments during the three months ended September 30, 2021 and 2020 totaled $5 million and $35 million, respectively. Cash payments during the nine months ended September 30, 2021 and 2020 totaled $485 million and $35 million, respectively. The Company incurred $175 million of charges during the year ended December 31, 2020 comprised primarily of professional fees, of which $102 million was paid as of December 31, 2020 and $46 million and $19 million were unpaid and recorded in accrued liabilities and accounts payable, respectively, in the accompanying unaudited condensed consolidated balance sheet. The Company had $25 million of unpaid reorganization charges recorded in accounts payable in the accompanying unaudited condensed consolidated balance sheet as of September 30, 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

This MD&A should be read in conjunction with the MD&A presented in our 2020 Form 10-K together with the sections entitled "Cautionary Note Regarding Forward-Looking Statements," Part II, Item 1A, "Risk Factors," and our unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (this "Report"), which include additional information about our accounting policies, practices and the transactions underlying our financial results. The preparation of our unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts in our unaudited condensed consolidated financial statements and the accompanying notes including revenue earning vehicle depreciation and various claims and contingencies related to lawsuits, taxes and other matters arising during the normal course of business. We apply our best judgment, our knowledge of existing facts and circumstances and our knowledge of actions that we may undertake in the future in determining the estimates that will affect our unaudited condensed consolidated financial statements. We evaluate our estimates on an ongoing basis using our historical experience, as well as other factors we believe to be appropriate under the circumstances, such as current economic conditions, and adjust or revise our estimates as circumstances change. As future events and their effects cannot be determined with precision, actual results may differ from these estimates.

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

- *Adjusted Corporate EBITDA – important non-GAAP measure to management because it allows management to assess the operational performance of our business, exclusive of certain items, and allows management to assess the performance of the entire business on the same basis as the segment measure of profitability. Management believes that it is important to investors for the same reasons it is important to management and because it allows investors to assess our operational performance on the same basis that management uses internally. Adjusted EBITDA, the segment measure of profitability and accordingly a GAAP measure, is calculated exclusive of certain items which are largely consistent with those used in the calculation of Adjusted Corporate EBITDA.*
- *Depreciation Per Unit Per Month – important key metric to management and investors as depreciation of revenue earning vehicles and lease charges is one of our largest expenses for the vehicle rental business and is driven by the number of vehicles, expected residual values at the expected time of disposal and expected hold period of the vehicles. Depreciation Per Unit Per Month is reflective of how we are managing the costs of our vehicles and facilitates a comparison with other participants in the vehicle rental industry.*
- *Total Revenue Per Transaction Day ("Total RPD," also referred to as "pricing") – important key metric to management and investors as it represents a measurement of the changes in underlying pricing in the vehicle rental business and encompasses the elements in vehicle rental pricing that management has the ability to control. Effective during the three months ended September 30, 2021, we revised our calculation of Total RPD to include ancillary retail vehicle sales revenues to better align with current industry practice, and accordingly, prior periods have been restated to conform with the revised definition.*
- *Total Revenue Per Unit Per Month ("Total RPU") – important key metric to management and investors as it provides a measure of revenue productivity relative to the total number of vehicles in our fleet whether*

owned or leased ("Average Vehicles" or "fleet capacity"). Effective during the three months ended September 30, 2021, we revised our calculation of Total RPU to include ancillary retail vehicle sales revenues to better align with current industry practice, and accordingly, prior periods have been restated to conform with the revised definition.

- *Transaction Days – important key metric to management and investors as it represents the number of revenue generating days ("volume"). It is used as a component to measure Total RPD and Vehicle Utilization. Transaction Days represent the total number of 24-hour periods, with any partial period counted as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period.*
- *Vehicle Utilization – important key metric to management and investors because it is the measurement of the proportion of our vehicles that are being used to generate revenues relative to fleet capacity. Higher Vehicle Utilization means more vehicles are being utilized to generate revenues.*

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

OUR COMPANY

Hertz Holdings was incorporated in Delaware in 2015 to serve as the top-level holding company for Rental Car Intermediate Holdings, LLC, which wholly owns Hertz, Hertz Global's primary operating company. Hertz was incorporated in Delaware in 1967 and is a successor to corporations that have been engaged in the vehicle rental and leasing business since 1918. We are engaged principally in the business of renting vehicles primarily through our Hertz, Dollar and Thrifty brands. We operate our vehicle rental business globally from company-owned, licensee and franchisee locations in North America, Europe, Latin America, Africa, Asia, Australia, the Caribbean, the Middle East and New Zealand. Previously, in addition to vehicle rental, we provided integrated vehicle leasing and fleet management solutions through our Donlen subsidiary, which was sold on March 30, 2021.

OVERVIEW OF OUR BUSINESS AND OPERATING ENVIRONMENT

Impact of COVID-19 on our Business

In March 2020, the World Health Organization declared COVID-19 a pandemic, affecting multiple global regions. The impact of this pandemic has been extensive in many aspects of society, which has resulted in significant disruptions to the global economy, as well as businesses around the world. In an effort to halt the spread of COVID-19, many governments around the world placed significant restrictions on travel, individuals voluntarily reduced their air and other travel in attempts to avoid the outbreak, and many businesses announced closures and imposed travel restrictions. In 2021, individuals across the globe have increasingly gained access to COVID-19 vaccinations, particularly in the U.S., resulting in COVID-19 case declines in many countries around the world. Many of the government-imposed restrictions have been lifted or eased, and travel, particularly domestic leisure travel, has experienced a strong rebound. There remains continued uncertainty about the duration of the negative impact from COVID-19 and its variants, including the length and scope of travel restrictions and business closures that may be imposed by governments of impacted countries or voluntarily undertaken by individuals and private businesses.

Voluntary Petitions for Bankruptcy and Emergence

On May 22, 2020, the Debtors filed Petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases were jointly administered for procedural purposes only under the caption *In re The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. On May 14, 2021, the Debtors filed the Plan of Reorganization, and the solicitation version of the Supplement to the Disclosure Statement which was approved by the Bankruptcy Court

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

on May 14, 2021. On June 10, 2021, the Plan of Reorganization was confirmed by the Bankruptcy Court. On June 30, 2021, the Effective Date, the Plan of Reorganization became effective in accordance with its terms and the Debtors emerged from Chapter 11. Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at https://restructuring.primeclerk.com/hertz, a website administered by Prime Clerk. The information on this website is not incorporated by reference and does not constitute part of this Quarterly Report on Form 10-Q.

On the Effective Date, as a result of the Plan of Reorganization, we received cash proceeds of $7.5 billion comprised of:

- $2.8 billion from the purchase of Hertz Global common stock by the Plan Sponsors and certain other investment funds and entities;
- $1.6 billion from the purchase of Hertz Global common stock pursuant to the Rights Offering;
- $1.5 billion (less a 2% upfront discount and stock issuance fees) from the purchase of preferred stock of reorganized Hertz Global by Apollo; and
- $1.5 billion in proceeds from the Term Loans.

Such cash proceeds were used, in part, to provide payments to our stakeholders pursuant to the terms of the Plan of Reorganization as follows:

- the holders of administrative, priority and secured claims received payment in cash in full;
- the holders of the approximately $1.0 billion of obligations owed with respect to the DIP Credit Agreement received payment in cash in full;
- the holders of the Senior Term Loan, Senior RCF and Letter of Credit Facility received payment in cash in full with respect to all non-contingent liquidated claims;
- the holders of claims with respect to the Senior Second Priority Secured Notes received payment in cash in full;
- the holders of the €725 million European Vehicle Notes received payment in cash in full;
- the holders of the €257 million Second HIL Credit Agreement received payment in cash in full;
- the holders of claims with respect to the Senior Notes and the holders of claims with respect to the Alternative Letter of Credit Facility received payment in cash with respect to (i) all remaining principal, (ii) accrued and unpaid interest as of the Petition Date at the contract rate, and (iii) accrued and unpaid interest from the Petition Date to the Effective Date at the federal judgment rate (at such rate in effect as of the Petition Date), subject to the rights of creditors (if any) to bring a claim for the payment of additional interest and/or premiums; and
- the holders of general unsecured claims will receive payment in cash in full plus interest at the federal judgment rate from the Petition Date to the date of payment (at such rate in effect as of the Petition Date), subject to the rights of creditors to bring a claim for payment of additional interest.

All of the Hertz Global equity interests existing as of the Effective Date were cancelled on such date in accordance with the Plan of Reorganization with existing equity holders receiving (i) cash in the amount of $1.53 per share of existing interests, (ii) their pro rata share of three percent of the common shares of reorganized Hertz Global, subject to dilution, and (iii) either new 30-year Public Warrants, for in the aggregate of up to 18% of reorganized Hertz Global common stock issued and outstanding on the Effective Date, subject to dilution and certain conditions, or subscription rights to participate in the Rights Offering as discussed below.

In accordance with the Plan of Reorganization, Hertz Global commenced a Rights Offering, under which eligible holders of Hertz Global's common stock and certain eligible holders of the Senior Notes and lenders under the Alternative Letter of Credit Facility could purchase up to $1.6 billion of shares of the reorganized Hertz Global common stock at a purchase price of $10.00 per share. Pursuant to the EPCA, the Backstop Parties agreed to purchase all unsubscribed shares in the Rights Offering. The final expiration date for the Rights Offering occurred on June 15, 2021, with eligible holders subscribing to purchase 127,362,114 shares (approximately $1.3 billion), with the Backstop Parties to purchase the remaining 36,137,887 shares (approximately $361 million). Hertz Global

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

closed the Rights Offering upon emergence from the Chapter 11 Cases on June 30, 2021. Pursuant to the terms of the EPCA, the Backstop Parties received a backstop fee equal in amount of $164 million (payable in shares of reorganized Hertz Global common stock valued at $10.00 per share).

On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz Global issued 1,500,000 shares of Series A Preferred Stock to Apollo and received gross proceeds of $1.5 billion, less a 2% upfront discount and stock issuance fees.

On the Effective Date, in accordance with the Plan of Reorganization and the Public Warrant Agreement, reorganized Hertz Global issued 89,049,029 Public Warrants, subject to certain conditions. The Public Warrants are exercisable from the date of issuance until June 30, 2051 at which time all unexercised Public Warrants will expire and the rights of the holders of such expired Public Warrants will terminate. The Public Warrants have an initial exercise price of $13.80 and are subject to adjustment from time to time upon the occurrence of any payments of cash dividends and certain dilutive events.

On the Effective Date, reorganized Hertz entered into the First Lien Credit Agreement that provides for an aggregate amount of $2.8 billion comprised of the First Lien RCF in an aggregate committed amount of $1.3 billion plus Term Loans in an aggregate principal amount of $1.5 billion. Additionally, reorganized Hertz entered into a new HVF III ABS facility in an aggregate of $6.8 billion comprised of variable funding notes with a principal amount up to $2.8 billion and medium term notes in an aggregate principal amount of $4.0 billion.

For additional information about our on restructured debt and equity, see Note 6, "Debt," and Note 10, "Equity, Mezzanine Equity and Earnings (Loss) Per Share – Hertz Global," in Part 1, Item 1 of this Quarter Report on Form 10-Q.

In 2021, as a result of our actions to continue to eliminate costs, we (i) initiated a restructuring program in our International RAC segment; and (ii) reduced our capital expenditures by $7 million, or 41%, and by $48 million, or 54%, in the three and nine ended September 30, 2021, respectively, compared to the 2020 periods. We continue to review our cost structure and fleet size to align with expected rental car volumes, including in response to continued increases in travel as indicated by traveler throughput increases beginning in March 2021 and steadily rising thereafter, as measured by the U.S. Transportation Security Administration.

Our Business

We are engaged principally in the business of renting vehicles primarily through our Hertz, Dollar and Thrifty brands. In addition to vehicle rental, we provided integrated vehicle leasing and fleet management solutions through our Donlen business, which was sold on March 30, 2021. Our profitability is primarily a function of the volume, mix and pricing of rental transactions and the utilization of vehicles, the related ownership cost of vehicles and other operating costs. Significant changes in the purchase price or residual values of vehicles or interest rates can have a significant effect on our profitability depending on our ability to adjust pricing for these changes. We continue to balance our mix of non-program and program vehicles based on market conditions, including residual values. Our business requires significant expenditures for vehicles, and as such, we require substantial liquidity to finance such expenditures.

Our strategy includes optimization of our vehicle rental operations, disciplined performance management and evaluation of all locations and the pursuit of same-store sales growth. In October 2021, we announced several new initiatives as part of a plan to offer the largest electric vehicle ("EV") rental fleet in North America, to lead in providing access to EVs for ride sharing and to digitize our vehicle disposition process. These efforts are aimed at positioning Hertz as a leader in sustainable mobility and technology.

Our revenues are primarily derived from rental and related charges and consist of worldwide vehicle rental revenues from all company-operated vehicle rental operations, including charges to customers for the reimbursement of costs incurred relating to airport concession fees and vehicle license fees, the fueling of vehicles and revenues associated with value-added services, including the sale of loss or collision damage waivers, theft protection, liability and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

personal accident/effects insurance coverage, premium emergency roadside service and other products and fees. Also included are ancillary revenues associated with retail vehicle sales and certain royalty fees from our franchisees (such fees are less than 2% of total revenues each period).

We also had revenues from vehicle leasing and fleet management services by our Donlen business, which was sold on March 30, 2021.

Our expenses primarily consist of:

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

Our Reportable Segments

In the second quarter of 2021, in connection with the Chapter 11 Emergence, and changes in how our CODM regularly reviews operating results and allocates resources, we revised our reportable segments to include Canada, Latin America and the Caribbean in our Americas RAC reportable segment, which were previously included in our International RAC reportable segment. Accordingly, prior periods have been restated to conform with the revised presentation. We have identified two reportable segments, which are organized based on the products and services provided by our operating segments and the geographic areas in which our operating segments conduct business, as follows:

- Americas RAC – Rental of vehicles, as well as sales of value-added services, in the U.S., Canada, Latin America and the Caribbean;
- International RAC – Rental and leasing of vehicles, as well as sales of value-added services, internationally and consists primarily of our Europe operating segment and other international operating segments, which are aggregated into a reportable segment based primarily upon similar economic characteristics, products and services, customers, delivery methods and general regulatory environments.

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

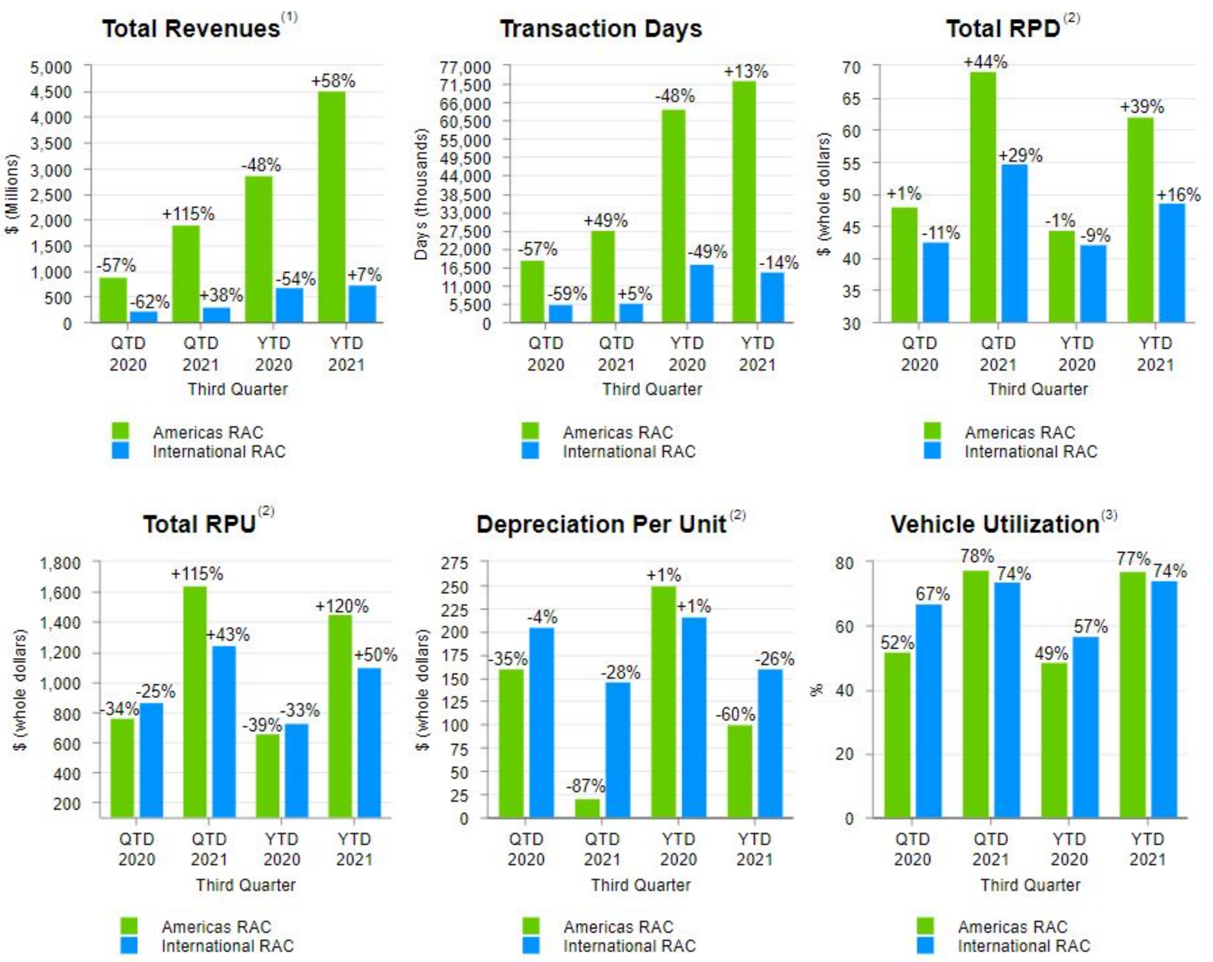
Seasonality

Our vehicle rental operations are a seasonal business, with decreased levels of business in the winter months and heightened activity during the spring and summer months ("our peak season") for the majority of countries where we generate our revenues. To accommodate increased demand, we typically increase our available fleet and staff during the second and third quarters of the year. However, the continuing semiconductor microchip manufacturing shortage (the "Chip Shortage") has impacted our ability to obtain a sufficient supply of new vehicles to align with rental demands and may continue to do so through the first quarter of 2022. The Chip Shortage may result in increased vehicle acquisition costs. A number of our other major operating costs, including airport concession fees, commissions and vehicle liability expenses, are directly related to revenues or transaction volumes. In addition, our management expects to utilize enhanced process improvements, including utilization initiatives and the use of our information technology systems, to help manage our variable costs. We also maintain a flexible workforce, with a significant number of part-time and seasonal workers. Certain operating expenses, including real estate taxes, rent, insurance, utilities, maintenance and other facility-related expenses, the costs of operating our information technology systems and minimum staffing costs, remain fixed and cannot be adjusted for seasonal demand. Prior to the Effective Date, the Bankruptcy Court approved the rejection of the real property leases with respect to 278 off airport locations and 34 airport locations with unexpired leases were authorized by the Bankruptcy Court for rejection in our Americas RAC segment.

Three and Nine Months Ended September 30, 2021 Operating Overview

Effective during the three months ended September 30, 2021, we changed our definition of Total RPD and Total RPU to include ancillary retail vehicle sales revenues to better align with current industry practice, and accordingly, prior periods have been restated to conform with the revised definition.

The following charts provide several key factors influencing our results for the three and nine months ended September 30, 2021 and 2020.



(1) Includes impact of foreign currency exchange at average rates ("fx").

(2) Results shown are in constant currency as of December 31, 2020.

(3) The percentages shown in this chart reflect Vehicle Utilization versus period-over-period change.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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

Critical Accounting Estimates

The continued uncertainty of the impact from COVID-19 could have a material impact to certain critical accounting estimates, and as a result, may have an adverse impact on our future operating results.

Revenue Earning Vehicles

Our principal assets are revenue earning vehicles, which represent approximately 52% of our total assets as of September 30, 2021. As a result of a semiconductor microchip manufacturing shortage and associated impacts to residual values, changes in these variables could cause a material change in our estimates regarding depreciation expense.

Recoverability of Goodwill and Indefinite-lived Intangible Assets

We test the recoverability of our goodwill and indefinite-lived intangible assets by performing an impairment analysis on an annual basis, as of October 1, and at interim periods when circumstances require as a result of a triggering event, as defined by Topic 350.

As of March 31, 2021, we quantitatively tested the recoverability of our goodwill and indefinite-lived intangible assets in our International RAC segment due to continued adverse impacts from COVID-19 and our reduction in cash flow projections. Based on the quantitative tests, no impairments were recorded in the first quarter of 2021. However, the fair value of certain tradenames, which are indefinite-lived intangible assets, were in excess by 6% of the carrying value of $540 million.

As of June 30, 2021, we determined that the projected revenues, expenses and cash flows, reflecting the expected duration and extent of impact to its business, customers, economy and the travel industry from COVID-19, and the impact of the Chapter 11 Cases, were materially consistent with the assumptions utilized in our March 31, 2021 quantitative impairment assessment. As a result of the foregoing considerations, along with the consideration of other indicators noted in Topic 350, we concluded there were no indicators of impairment triggered for our Americas RAC or International RAC segments in the second quarter of 2021.

As of September 30, 2021, we determined that the projected revenues, expenses and cash flows, reflecting the expected duration and extent of impact to our business, customers, economy and the travel industry from COVID-19 were materially consistent with the assumptions utilized in our March 31, 2021 quantitative impairment assessment. As a result of the foregoing considerations, along with the consideration of other indicators noted in Topic 350, we concluded there were no indicators of impairment triggered for the Americas RAC or International RAC segments in the third quarter of 2021.

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Subrogation Receivables

The continued uncertainty of impacts from COVID-19 could result in a deterioration of the credit worthiness of our customers and third-parties regarding our subrogation receivables, and as a result we could incur material write-offs or a reduction in future collections.

CONSOLIDATED RESULTS OF OPERATIONS – HERTZ

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ In millions)	2021	2020	Percent Increase/(Decrease)	2021	2020	Percent Increase/(Decrease)
Total revenues	$ 2,226	$ 1,268	75%	$ 5,387	$ 4,023	34%
Direct vehicle and operating expenses	1,131	779	45	2,855	2,624	9
Depreciation of revenue earning vehicles and lease charges	61	347	(83)	420	1,632	(74)
Non-vehicle depreciation and amortization	49	58	(15)	153	168	(9)
Selling, general and administrative expenses	177	138	29	498	506	(2)
Interest expense, net:						
Vehicle	41	110	(62)	243	360	(32)
Non-vehicle	22	17	28	157	116	36
Interest expense, net	63	127	(50)	400	476	(16)
Technology-related intangible and other asset impairments	—	—	—	—	193	(100)
Write-off of intercompany loan	—	—	—	—	133	(100)
Other (income) expense, net	(7)	—	NM	(20)	(15)	34
Reorganization items, net	—	78	(100)	513	101	NM
(Gain) from the sale of a business	—	—	—	(400)	—	NM
Income (loss) before income taxes	752	(259)	NM	968	(1,795)	NM
Income tax (provision) benefit	(156)	36	NM	(189)	259	NM
Net income (loss)	596	(223)	NM	779	(1,536)	NM
Net (income) loss attributable to noncontrolling interests	(3)	1	NM	(1)	7	NM
Net income (loss) attributable to Hertz	$ 593	$ (222)	NM	$ 778	$ (1,529)	NM
Adjusted Corporate EBITDA[(a)]	$ 860	$ (26)	NM	$ 1,502	$ (855)	NM

The footnote in the table above is shown in the "Footnotes to the Results of Operations and Selected Operating Data by Segment Tables" section of this MD&A.
NM - Not meaningful

Three Months Ended September 30, 2021 Compared with Three Months Ended September 30, 2020

Total revenues increased $957 million in the third quarter of 2021 compared to 2020 due primarily to increased travel demand resulting from the easing of government-imposed travel restrictions, where there was an increase of $1.0 billion and $85 million in our Americas RAC and International RAC segments, respectively. Americas RAC revenues increased due primarily to higher volume and pricing. Excluding a $6 million fx impact, revenues for our International RAC segment increased $80 million due primarily to higher pricing.

DOE increased $352 million in the third quarter of 2021 compared to 2020 due primarily to an increase of $339 million and $19 million in our Americas RAC and International RAC segments, respectively. DOE in our Americas

RAC segment increased due primarily to higher volume driven by increased travel demand. Excluding a $4 million fx impact, DOE in our International RAC segment increased $15 million due primarily to higher volume driven by the increased travel demand discussed above and higher personnel costs due in part to reductions in employee furloughs and associated government support across Europe.

Depreciation of revenue earning vehicles and lease charges decreased $286 million in the third quarter of 2021 compared to 2020 due primarily to a decrease of $165 million, $106 million and $16 million in our Americas RAC segment, all other operations and International RAC segment, respectively. The decrease in our Americas RAC segment was due primarily to the Chip Shortage affecting new vehicle production and strength in residual values, partially offset by the acquisition of used vehicles. The decrease in all other operations was due to the sale of our Donlen business in the first quarter of 2021. The decrease in our International RAC segment is due primarily to the Chip Shortage affecting new vehicle production and strength in residual values.

Non-vehicle depreciation and amortization decreased $9 million in the third quarter of 2021 compared to 2020 due primarily to lower depreciation expense resulting in part from the Lease Rejection Orders in our Americas RAC segment.

SG&A increased $39 million in the third quarter of 2021 compared to 2020 due primarily to increased marketing spend primarily in our Americas RAC segment.

Vehicle interest expense, net decreased $69 million in the third quarter of 2021 compared to 2020 due primarily to lower debt levels and lower average rates resulting from the issuance of HVF III ABS Notes and the payoff and termination of HVF II debt in accordance with the Plan of Reorganization primarily in our Americas RAC segment.

Non-vehicle interest expense, net increased $5 million in the third quarter of 2021 compared to 2020 due primarily to higher deferred costs and letter of credit fees and higher average interest rates due to the suspension of interest on certain non-vehicle debt during the third quarter of 2020 resulting from the Chapter 11 Cases.

We had other income of $7 million for the third quarter of 2021 which was due primarily to income in our corporate operations from an equity-method investment and the gain on the sales of certain franchises in our Americas RAC segment.

In the third quarter of 2020, we incurred $78 million of net reorganization charges in our corporate operations primarily for professional fees associated with the Chapter 11 Cases.

The effective tax rate was 21% and 14% in the third quarter of 2021 and 2020, respectively, and we recorded a tax provision of $156 million and a tax benefit of $36 million in the third quarter of 2021 and 2020, respectively. The increase in the effective tax rate and increase in tax provision were driven by improvements in our financial performance and changes in the mix of earnings and losses for jurisdictions for which no tax benefit can be recognized.

Nine months ended September 30, 2021 Compared with Nine months ended September 30, 2020

Total revenues increased $1.4 billion in the nine months ended September 30, 2021 compared to 2020 due primarily to an increase of $1.7 billion and $50 million in our Americas RAC and International RAC segments, respectively. Americas RAC revenues increased due primarily to increased pricing resulting from growth in travel demand and constraints on vehicles due to the Chip Shortage affecting new vehicle production. Excluding a $48 million fx impact, revenues for our International RAC segment were flat.

DOE increased $231 million in the nine months ended September 30, 2021 compared to 2020 due primarily to an increase of $282 million in our Americas RAC segment, partially offset by a decrease of $51 million in our International RAC segment. The increase in Americas RAC DOE was due primarily to higher volume, partially offset by lower fleet costs due to reduced fleet size and lower fixed costs resulting from cost-reduction initiatives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Excluding a $33 million fx impact DOE for International RAC decreased $84 million due to lower volume, lower personnel costs and lower fixed costs, partially offset by increases related to restructuring initiatives.

Depreciation of revenue earning vehicles and lease charges decreased $1.2 billion in the nine months ended September 30, 2021 compared to 2020 due to decreases of $767 million, $352 million and $94 million in our Americas RAC segment, all other operations and International RAC segment, respectively. The decrease in our Americas RAC segment is due primarily to a reduction in fleet size in connection with the Chapter 11 Cases and the Chip Shortage affecting new vehicle production. The decrease in all other operations was due to the sale of our Donlen business in the first quarter of 2021. Excluding a $7 million impact of fx, depreciation of revenue earning vehicles and lease charges for our International RAC segment decreased $101 million due primarily to the Chip Shortage affecting new vehicle production and strength in residual values.

Non-vehicle depreciation and amortization decreased $15 million in the nine months ended September 30, 2021 compared to 2020 due primarily to lower depreciation expense resulting in part from the Lease Rejection Orders in our Americas RAC segment.

SG&A decreased $8 million in the nine months ended September 30, 2021 compared to 2020 due to decreases of $38 million and $33 million in our Americas RAC and International RAC segments, respectively, partially offset by an increase of $65 million in our corporate operations. Americas RAC decreased due primarily to lower personnel costs due to cost-reduction initiatives, partially offset by higher marketing spend. Excluding a $7 million fx impact, SG&A in our International RAC segment decreased $40 million due primarily to lower professional fees resulting from debt restructuring initiatives, lower personnel costs due to employee furloughs and government support across Europe related to COVID-19, partially offset by increases related to restructuring initiatives. The increase in our corporate operations was due primarily to increased personnel costs and costs associated with contract cancellations.

Vehicle interest expense, net decreased $116 million in the nine months ended September 30, 2021 compared to 2020 due primarily to lower debt levels primarily in our Americas RAC segment.
Non-vehicle interest expense, net increased $41 million in the nine months ended September 30, 2021 compared to 2020 due primarily to higher deferred costs and letter of credit fees and higher average interest rates due primarily to the issuance of the Term Loans in the second quarter of 2021 and the DIP Credit Agreement which was entered into in the third quarter of 2020, partially offset by interest on certain non-vehicle debt being suspended as a result of filing the Chapter 11 Cases.

We had a $193 million impairment of technology-related intangible assets and capitalized cloud computing implementation costs in the nine months ended September 30, 2020 in our corporate operations due to uncertainty surrounding our financial ability to complete certain information technology projects as a result of COVID-19 and the filing of the Chapter 11 Cases.

We incurred a charge of $133 million in the nine months ended September 30, 2020 in our corporate operations resulting from the full write-off of the 2019 Master Loan with Hertz Holdings due to the filing of the Chapter 11 Cases.

We had other income of $20 million in the nine months ended September 30, 2021 compared to other income of $15 million in the nine months ended September 30, 2020. Other income in 2021 was due in part to the gain on the sales of certain franchises in our Americas RAC segment and income from an equity investment in our corporate operations. Other income in 2020 was comprised of a $20 million gain due to additional cash received from the sale of non-vehicle capital assets, which was completed in the fourth quarter of 2019, partially offset by $4 million in pension-related settlement charges.

We incurred $513 million of net reorganization charges in the nine months ended September 30, 2021, primarily in our corporate operations, which was comprised primarily of professional fees associated with the Chapter 11 Cases, the loss on extinguishment of certain debt resulting from the implementation of the Plan of Reorganization, a prior plan sponsor breakup fee and other miscellaneous charges related to the implementation of the Plan of

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Reorganization. In the nine months ended September 30, 2020, we incurred $101 million of net reorganization charges primarily in our corporate operations for professional fees associated with the Chapter 11 Cases.

The effective tax rate was 20% and 14% in the nine months ended September 30, 2021 and 2020, respectively. We recorded a tax provision of $189 million in the nine months ended September 30, 2021 compared to a tax benefit of $259 million in the nine months ended September 30, 2020. The increase in the tax provision in 2021 compared to 2020 is driven by improvements in our financial performance, tax benefits of the European restructuring, reduced by the non-deductible bankruptcy transaction costs and the absence of recording a valuation allowance on historical foreign deferred tax assets in 2020.

CONSOLIDATED RESULTS OF OPERATIONS – HERTZ GLOBAL

The above discussion for Hertz also applies to Hertz Global.

Hertz Global had $16 million of income from the change in fair value of Public Warrants that was incremental to Hertz for the three and nine months ended September 30, 2021. Hertz Global also had $164 million of reorganization items, net for the nine months ended September 30, 2021 that was incremental to the amounts shown for Hertz, which represent certain effects from the implementation of the Plan of Reorganization.

For the nine months ended September 30, 2020, Hertz had $27 million of income tax benefit that was incremental to the amounts shown for Hertz Global due primarily to the master loan write-off included in Hertz's unaudited condensed consolidated statements of operations in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS AND SELECTED OPERATING DATA BY SEGMENT

Americas RAC

($ In millions, except as noted)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Percent Increase/(Decrease)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Percent Increase/(Decrease)
Total revenues	$ 1,914	$ 892	NM	$ 4,524	$ 2,857	58%
Depreciation of revenue earning vehicles and lease charges	$ 24	$ 188	(87)	$ 314	$ 1,080	(71)
Direct vehicle and operating expenses	$ 960	$ 622	55	$ 2,394	$ 2,113	13
Direct vehicle and operating expenses as a percentage of total revenues	50 %	70 %		53 %	74 %	
Non-vehicle depreciation and amortization	$ 42	$ 47	(10)	$ 130	$ 136	(5)
Selling, general and administrative expenses	$ 72	$ 46	56	$ 191	$ 229	(17)
Selling, general and administrative expenses as a percentage of total revenues	4 %	5 %		4 %	8 %	
Vehicle interest expense	$ 33	$ 79	(58)	$ 182	$ 265	(31)
Reorganization items, net	$ —	$ 1	(100)	$ 80	$ 1	NM
Adjusted EBITDA	$ 830	$ (11)	NM	$ 1,520	$ (701)	NM
Transaction Days (in thousands)[(b)]	27,627	18,579	49	72,870	64,262	13
Average Vehicles (in whole units)[(c)]	387,368	389,605	(1)	346,032	480,700	(28)
Vehicle Utilization[(c)]	78 %	52 %		77 %	49 %	
Total RPD (in whole dollars)[(d)]	$ 69.25	$ 48.07	44	$ 62.06	$ 44.49	39
Total RPU Per Month (in whole dollars)[(e)]	$ 1,646	$ 764	NM	$ 1,452	$ 661	NM
Depreciation Per Unit Per Month (in whole dollars)[(f)]	$ 21	$ 161	(87)	$ 101	$ 250	(60)
Percentage of program vehicles as of period end	5 %	4 %		5 %	4 %	

Footnotes to the table above are shown in the "Footnotes to the Results of Operations and Selected Operating Data by Segment Tables" section of this MD&A.
NM - Not meaningful

Three Months Ended September 30, 2021 Compared with Three Months Ended September 30, 2020

Total Americas RAC revenues increased $1.0 billion in the third quarter of 2021 compared to 2020 due primarily to higher volume and pricing. The increase in Transaction Days was driven by volume increases in leisure and most business categories as government-imposed travel restrictions continued to be lifted. The increase in Total RPD was due primarily to higher pricing across the industry due to increased travel demand and industry-wide constraints on vehicles due to the Chip Shortage continuing to affect new vehicle production during the third quarter of 2021. Airport revenues comprised 72% of total revenues for the segment in the third quarter of 2021 as compared to 51% in the third quarter of 2020, due primarily to the lifting of air travel restrictions discussed above.

Depreciation of revenue earning vehicles and lease charges for Americas RAC decreased $165 million in the third quarter of 2021 compared to 2020. Average Vehicles were flat compared to 2020 due in part to the Chip Shortage affecting new vehicle production, partially offset by the acquisition of used vehicles. Depreciation Per Unit Per Month decreased to $21 in the third quarter of 2021 compared to $161 in the third quarter of 2020 due primarily to strength in residual values.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

DOE for Americas RAC increased $339 million in the third quarter of 2021 compared to 2020 due primarily to higher volume driven by the increased travel demand discussed above.

Non-vehicle depreciation and amortization decreased $5 million in the third quarter of 2021 compared to 2020 due primarily to lower depreciation expense resulting in part from the Lease Rejection Orders.

SG&A for Americas RAC increased $26 million in the third quarter of 2021 compared to 2020 due primarily to increased marketing spend during our peak season in 2021.

Vehicle interest expense for Americas RAC decreased $45 million in the third quarter of 2021 compared to 2020 due primarily to lower average rates resulting from the issuance of the HVF III ABS Notes and the full repayment and termination of the HVF II ABS Notes in accordance with the Plan of Reorganization.

Nine months ended September 30, 2021 Compared with Nine months ended September 30, 2020

Total Americas RAC revenues increased $1.7 billion in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to higher pricing and volume. Excluding a $6 million fx impact, revenues increased $1.7 billion. The increase in Total RPD was driven primarily by higher pricing across the industry due to growth in travel demand and industry-wide constraints on vehicles due to the Chip Shortage affecting new vehicle production. The increase in Transaction Days was driven primarily by volume increases in most leisure and business categories as government-imposed travel restrictions began to lift in the second quarter of 2021 due to decreasing COVID-19 cases primarily across the U.S. Airport revenues comprised 70% of total revenues for the segment in the nine months ended September 30, 2021 as compared to 56% in the nine months ended September 30, 2020, due primarily to the lifting of air travel restrictions discussed above.

Depreciation of revenue earning vehicles and lease charges for Americas RAC decreased $767 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Average Vehicles decreased due primarily to a reduction in fleet size in connection with our restructuring and the Chip Shortage affecting new vehicle production. Depreciation Per Unit Per Month in the nine months ended September 30, 2021 decreased to $101 compared to $250 in the nine months ended September 30, 2020, due primarily to strength in residual values.

DOE for Americas RAC increased $282 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Excluding a $4 million fx impact, DOE increased $278 million due primarily to higher volume driven by the increased travel demand discussed above, partially offset by lower fleet costs due to a reduced fleet size and lower facility costs resulting from cost-reduction initiatives.

Non-vehicle depreciation and amortization decreased $6 million in the nine months ended September 30, 2021 compared to 2020 due primarily to lower depreciation expense resulting in part from the Lease Rejection Orders.

SG&A for Americas RAC decreased $38 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, due primarily to lower personnel costs due to cost-reduction initiatives, partially offset by higher marketing spend during our peak season in 2021.

Vehicle interest expense for Americas RAC decreased $83 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, due primarily to lower debt levels resulting from vehicle dispositions associated with the Chapter 11 Cases and lower average rates resulting from the issuance of the HVF III ABS Notes and the full repayment and termination of the HVF II ABS Notes in accordance with the Plan of Reorganization.

Reorganization items, net for Americas RAC increased $79 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to the loss on extinguishment of certain vehicle debt resulting from the implementation of the Plan of Reorganization and certain contract-related charges in the first half of 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

International RAC

($ in millions, except as noted)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Percent Increase/(Decrease)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Percent Increase/(Decrease)
Total revenues	$ 312	$ 227	38%	$ 727	$ 678	7%
Depreciation of revenue earning vehicles and lease charges	$ 37	$ 53	(30)	$ 106	$ 200	(47)
Direct vehicle and operating expenses	$ 173	$ 155	12	$ 452	$ 503	(10)
Direct vehicle and operating expenses as a percentage of total revenues	56 %	68 %		62 %	74 %	
Non-vehicle depreciation and amortization	$ 3	$ 5	(30)	$ 12	$ 14	(15)
Selling, general and administrative expenses	$ 27	$ 54	(50)	$ 97	$ 130	(25)
Selling, general and administrative expenses as a percentage of total revenues	9 %	24 %		13 %	19 %	
Vehicle interest expense	$ 8	$ 19	(59)	$ 49	$ 61	(19)
Reorganization items, net	$ —	$ —	—	$ 12	$ —	NM
Adjusted EBITDA	$ 78	$ (34)	NM	$ 69	$ (184)	NM
Transaction Days (in thousands)[(b)]	5,862	5,587	5	15,153	17,551	(14)
Average Vehicles (in whole units)[(c)]	86,124	90,884	(5)	74,721	112,445	(34)
Vehicle Utilization[(c)]	74 %	67 %		74 %	57 %	
Total RPD (in whole dollars)[(d)]	$ 54.81	$ 42.58	29	$ 48.68	$ 42.12	16
Total RPU Per Month (in whole dollars)[(e)]	$ 1,244	$ 872	43	$ 1,097	$ 730	50
Depreciation Per Unit Per Month (in whole dollars)[(f)]	$ 147	$ 205	(28)	$ 161	$ 217	(26)
Percentage of program vehicles as of period end	39 %	34 %		39 %	34 %	

Footnotes to the table above are shown in the "Footnotes to the Results of Operations and Selected Operating Data by Segment Tables" section of this MD&A.
NM - Not meaningful

Three Months Ended September 30, 2021 Compared with Three Months Ended September 30, 2020

Total revenues for International RAC increased $85 million in the third quarter of 2021 compared to 2020 due to higher pricing and volume. Excluding a $6 million fx impact, revenues increased $80 million due primarily to higher pricing across the industry due to growth in travel demand as government-imposed travel restrictions continued to be eased and industry-wide constraints on vehicle supply due to the Chip Shortage affecting new vehicle production. The increase in Transaction Days was driven by higher volume in Europe as government-imposed travel restrictions were eased resulting in increased travel demand.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased $16 million in the third quarter of 2021 compared to 2020. Average Vehicles for International RAC decreased due primarily to the Chip Shortage affecting new vehicle production. Depreciation Per Unit Per Month for International RAC decreased to $147 for the third quarter of 2021 compared to $205 in 2020 due to the strength in residual values.

DOE for International RAC increased $19 million in the third quarter of 2021 compared to 2020. Excluding a $4 million fx impact, DOE increased $15 million due primarily to higher volume driven by the increased travel demand discussed above and higher personnel costs due in part to reductions in employee furloughs and associated government support across Europe.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

SG&A for International RAC decreased $27 million in the third quarter of 2021 compared to 2020 due primarily to lower professional fees resulting from debt restructuring initiatives in the third quarter of 2020 with no comparable charge in 2021.

Vehicle interest expense for International RAC decreased $11 million in the third quarter of 2021 compared to 2020 due primarily to lower debt levels, partially offset with higher average rates.

Nine Months Ended September 30, 2021 Compared with Nine Months Ended September 30, 2020

Total revenues for International RAC increased $50 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to higher pricing, partially offset by lower volume. Total RPD increased 16% driven primarily by higher pricing across the industry due to industry-wide constraints on vehicle supply due to the Chip Shortage affecting new vehicle production. Transaction Days decreased 14% driven primarily by lower volume in most leisure and business categories due to continued government-imposed travel restrictions. Excluding a $48 million fx impact, revenues were flat.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased $94 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Excluding a $7 million fx impact, depreciation decreased $101 million. Average Vehicles for International RAC decreased due to right sizing of the fleet and the Chip Shortage affecting new vehicle production. Depreciation Per Unit Per Month for International RAC decreased to $161 in the nine months ended September 30, 2021 compared to $217 in the nine months ended September 30, 2020 due to strength in residual values.

DOE for International RAC decreased $51 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Excluding a $33 million fx impact, DOE decreased $84 million due primarily to lower volume driven by the impact of travel restrictions resulting from COVID-19, lower facility costs resulting from cost-reduction initiatives and lower personnel costs due to government support across Europe related to COVID-19, partially offset by increases related to restructuring initiatives.

SG&A for International RAC decreased $33 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Excluding a $7 million fx impact, SG&A decreased $40 million due primarily to lower professional fees resulting from debt restructuring initiatives during the nine months ended September 30, 2020, lower personnel costs due to employee furloughs and government support across Europe related to COVID-19.

Vehicle interest expense for International RAC decreased $12 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to lower debt levels, partially offset by higher average rates.

Reorganization items, net for International RAC increased $12 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to advisory fees related to debt refinancings and the loss on extinguishment of the European Vehicle Notes resulting from the implementation of the Plan of Reorganization during the first half of 2021.

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

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Hertz

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income (loss) attributable to Hertz	$ 593	$ (222)	$ 778	$ (1,529)
Adjustments:				
Income tax provision (benefit)	156	(36)	189	(259)
Non-vehicle depreciation and amortization	49	58	153	168
Non-vehicle debt interest, net(1)	22	17	157	116
Vehicle debt-related charges(2)	8	13	62	37
Restructuring and restructuring related charges(3)	22	7	72	54
Technology-related intangible and other asset impairment(4)	—	—	—	193
Write-off of intercompany loan(5)	—	—	—	133
Information technology and finance transformation costs(6)	4	8	13	34
Reorganization items, net(7)	—	78	513	101
Pre-reorganization and non-debtor financing charges(8)	1	44	41	89
Gain from the Donlen Sale(9)	—	—	(400)	—
Other items(11)	5	7	(76)	8
Adjusted Corporate EBITDA	$ 860	$ (26)	$ 1,502	$ (855)

Hertz Global

(In millions)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income (loss) attributable to Hertz Global	$ 605	$ (222)	$ 626	$ (1,425)
Adjustments:				
Income tax provision (benefit)	160	(36)	193	(232)
Non-vehicle depreciation and amortization	49	58	153	168
Non-vehicle debt interest, net(1)	22	17	157	118
Vehicle debt-related charges(2)	8	13	62	37
Restructuring and restructuring related charges(3)	22	7	72	54
Technology-related intangible and other asset impairment(4)	—	—	—	193
Information technology and finance transformation costs(6)	3	8	13	34
Reorganization items, net(7)	—	78	677	101
Pre-reorganization and non-debtor financing charges(8)	1	44	41	89
Gain from the Donlen Sale(9)	—	—	(400)	—
Change in fair value of Public Warrants(10)	(16)	—	(16)	—
Other items(11)	6	7	(76)	8
Adjusted Corporate EBITDA	$ 860	$ (26)	$ 1,502	$ (855)

(1) In 2021, includes $8 million of loss on extinguishment of debt associated with the payoff and termination of the HIL Credit Agreement recorded in the second quarter. See Note 6, "Debt," in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

(2) Represents vehicle debt-related charges relating to the amortization of deferred financing costs and debt discounts and premiums.

(3) Represents charges incurred under restructuring actions as defined in U.S. GAAP. See Note 8, "Restructuring," in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

(4) Represents the impairment of technology-related intangible assets and capitalized cloud computing implementation costs, as disclosed in Note 5, "Goodwill and Intangible Assets, Net," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(5) Represents the write-off of the 2019 Master Loan between Hertz and Hertz Holdings, as disclosed in Note 15, "Related Party Transactions," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(6) Represents costs associated with our information technology and finance transformation programs, both of which are multi-year initiatives to upgrade and modernize our systems and processes.

(7) Represents charges incurred associated with the filing of and the emergence from the Chapter 11 Cases, as discussed in Note 18, "Reorganization Items, Net," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(8) Represents charges incurred prior to the filing of the Chapter 11 Cases, as disclosed in Note 1, "Background," in Part I, Item 1 of this Quarterly Report on Form 10-Q, which are comprised of preparation charges for the reorganization, such as professional fees. Also, includes certain non-debtor financing and professional fee charges.

(9) Represents the net gain from the sale of our Donlen business on March 30, 2021 as disclosed in Note 3, "Divestitures," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(10) Represents the change in fair value during the reporting period for the Company's outstanding Public Warrants.

(11) Represents miscellaneous items, including non-cash stock-based compensation charges and amounts attributable to noncontrolling interests. For 2021, also includes $100 million associated with the suspension of depreciation during the first quarter for the Donlen business while classified as held for sale, partially offset by letter of credit fees recorded in the first half of 2021 and charges for a multiemployer pension plan withdrawal liability recorded in the first quarter. For 2020, also includes charges of $18 million for losses associated with certain vehicle damages, which were recorded in the second quarter, partially offset by a $20 million gain on the sale of non-vehicle capital assets, which was recorded in the first quarter.

(b) Transaction Days represents the total number of 24-hour periods, with any partial period counted as one Transaction Day, that vehicles were on rent (the period between when a rental contract is opened and closed) in a given period. Thus, it is possible for a vehicle to attain more than one Transaction Day in a 24-hour period.

(c) Average Vehicles are determined using a simple average of the number of vehicles at the beginning and end of a given period. Among other things, Average Vehicles is used to calculate our Vehicle Utilization which represents the portion of our vehicles that are being utilized to generate revenue. Vehicle Utilization is calculated by dividing total Transaction Days by Available Car Days. The calculation of Vehicle Utilization is shown in the table below:

	Americas RAC		International RAC	
	Three Months Ended September 30,			
	2021	2020	2021	2020
Transaction Days (in thousands)	27,627	18,579	5,862	5,587
Average Vehicles (in whole units)	387,368	389,605	86,124	90,884
Number of days in period (in whole units)	92	92	92	92
Available Car Days (in thousands)	35,638	35,844	7,923	8,361
Vehicle Utilization	78 %	52 %	74 %	67 %

	Americas RAC		International RAC	
	Nine Months Ended September 30,			
	2021	2020	2021	2020
Transaction Days (in thousands)	72,870	64,262	15,153	17,551
Average Vehicles (in whole units)	346,032	480,700	74,721	112,445
Number of days in period (in whole units)	273	274	273	274
Available Car Days (in thousands)	94,467	131,712	20,399	30,810
Vehicle Utilization	77 %	49 %	74 %	57 %

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

(d) Total RPD is calculated as revenues with all periods adjusted to eliminate the effect of fluctuations in foreign currency exchange rates ("Total Revenues - adjusted for foreign currency"), divided by the total number of Transaction Days. As discussed above, effective during the three months ended September 30, 2021, we revised our calculation of Total RPD to include ancillary retail vehicle sales revenues, and accordingly, prior periods have been restated to conform with the revised definition. Our management believes eliminating the effect of fluctuations in foreign currency exchange rates is useful in analyzing underlying trends. The calculation of Total RPD is shown below.

	Americas RAC		International RAC	
	Three Months Ended September 30,			
($ in millions, except as noted)	**2021**	**2020**	**2021**	**2020**
Revenues	$ 1,914	$ 892	$ 312	$ 227
Foreign currency adjustment[1]	(1)	1	9	11
Total Revenues - adjusted for foreign currency	$ 1,913	$ 893	$ 321	$ 238
Transaction Days (in thousands)	27,627	18,579	5,862	5,587
Total RPD (in whole dollars)	$ 69.25	$ 48.07	$ 54.81	$ 42.58

	Americas RAC		International RAC	
	Nine Months Ended September 30,			
($ in millions, except as noted)	**2021**	**2020**	**2021**	**2020**
Revenues	$ 4,524	$ 2,857	$ 727	$ 678
Foreign currency adjustment[1]	(2)	2	11	60
Total Revenues - adjusted for foreign currency	$ 4,522	$ 2,859	$ 738	$ 738
Transaction Days (in thousands)	72,870	64,262	15,153	17,551
Total RPD (in whole dollars)	$ 62.06	$ 44.49	$ 48.68	$ 42.12

(1) Based on December 31, 2020 foreign currency exchange rates for all periods presented.

(e) Total RPU Per Month is calculated as Total Revenues-adjusted for foreign currency divided by the Average Vehicles in each period and then divided by the number of months in the period reported. As discussed above, effective during the three months ended September 30, 2021, we revised our calculation of Total RPU to include ancillary retail vehicle sales revenues, and accordingly, prior periods have been restated to conform with the revised definition. The calculation of Total RPU Per Month is shown below.

	Americas RAC		International RAC	
	Three Months Ended September 30,			
($ in millions, except as noted)	**2021**	**2020**	**2021**	**2020**
Total Revenues - adjusted for foreign currency	$ 1,913	$ 893	$ 321	$ 238
Average Vehicles (in whole units)	387,368	389,605	86,124	90,884
Total revenue per unit (in whole dollars)	$ 4,938	$ 2,292	$ 3,727	$ 2,619
Number of months in period (in whole units)	3	3	3	3
Total RPU Per Month (in whole dollars)	$ 1,646	$ 764	$ 1,244	$ 872

	Americas RAC		International RAC	
	Nine Months Ended September 30,			
($ in millions, except as noted)	**2021**	**2020**	**2021**	**2020**
Total Revenues - adjusted for foreign currency	$ 4,522	$ 2,859	$ 738	$ 738
Average Vehicles (in whole units)	346,032	480,700	74,721	112,445
Total revenue per unit (in whole dollars)	$ 13,068	$ 5,948	$ 9,877	$ 6,563
Number of months in period (in whole units)	9	9	9	9
Total RPU Per Month (in whole dollars)	$ 1,452	$ 661	$ 1,097	$ 730

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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

	Americas RAC		International RAC	
	Three Months Ended September 30,			
($ in millions, except as noted)	2021	2020	2021	2020
Depreciation of revenue earning vehicles and lease charges	$ 24	$ 188	$ 37	$ 53
Foreign currency adjustment[1]	—	—	1	3
Adjusted depreciation of revenue earning vehicles and lease charges	$ 24	$ 188	$ 38	$ 56
Average Vehicles (in whole units)	387,368	389,605	86,124	90,884
Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	$ 62	$ 483	$ 441	$ 616
Number of months in period (in whole units)	3	3	3	3
Depreciation Per Unit Per Month (in whole dollars)	$ 21	$ 161	$ 147	$ 205

	Americas RAC		International RAC	
	Nine Months Ended September 30,			
($ in millions, except as noted)	2021	2020	2021	2020
Depreciation of revenue earning vehicles and lease charges	$ 314	$ 1,080	$ 106	$ 200
Foreign currency adjustment[1]	—	1	2	20
Adjusted depreciation of revenue earning vehicles and lease charges	$ 314	$ 1,081	$ 108	$ 220
Average Vehicles (in whole units)	346,032	480,700	74,721	112,445
Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars)	$ 907	$ 2,249	$ 1,445	$ 1,957
Number of months in period (in whole units)	9	9	9	9
Depreciation Per Unit Per Month (in whole dollars)	$ 101	$ 250	$ 161	$ 217

(1) Based on December 31, 2020 foreign currency exchange rates for all periods presented.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and Cash Equivalents

As of September 30, 2021, we had $2.7 billion of unrestricted cash and unrestricted cash equivalents and $763 million of restricted cash and restricted cash equivalents. As of September 30, 2021, $426 million of unrestricted cash and unrestricted cash equivalents and $169 million of restricted cash and restricted cash equivalents were held by our subsidiaries outside of the U.S. Beginning in the quarterly period ended March 31, 2020, we no longer assert permanent reinvestment with respect to our non-U.S. earnings, and if not in the form of loan repayments or subject to favorable tax treaties, repatriation of some of these funds under current regulatory and tax law for use in domestic operations could expose us to additional cash taxes.

Voluntary Petitions for Bankruptcy and Emergence

The COVID-19 pandemic spread across the globe, resulting in global economic slowdown and disruptions of travel and other industries, many of which negatively impacted our business and industry. In addition, COVID-19 resulted in our employees, contractors, suppliers, customers and other business partners being prevented from conducting normal business activities temporarily or for an indefinite period of time. This was largely caused by shutdowns that

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

were initially requested or mandated by governmental authorities. Additionally, individuals voluntarily reduced travel in attempts to avoid the outbreak. In response, we began aggressive actions to eliminate costs. However, we faced significant ongoing expenses.

On May 22, 2020, the Debtors filed Petitions under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases were jointly administered for procedural purposes only under the caption *In re: The Hertz Corporation, et al., Case No. 20-11218 (MFW)*. Additional information about the Chapter 11 Cases, including access to documents filed with the Bankruptcy Court, is available online at https://restructuring.primeclerk.com/hertz, a website administered by Prime Clerk, a third party bankruptcy claims and noticing agent. The information on this website is not incorporated by reference and does not constitute part of this Quarterly Report on Form 10-Q.

The filing of the Chapter 11 Cases constituted defaults, termination events and/or amortization events with respect to certain of our existing debt obligations. As a result of the filing of the Chapter 11 Cases, the remaining capacity under all of our revolving credit facilities was terminated. Consequently, the sales proceeds from vehicles which serve as collateral for such vehicle finance facilities were applied to the payment of the related indebtedness of the Non-Debtor Financing Subsidiaries and were not otherwise available to fund our operations. Additionally, we were precluded from accessing any of our subordinated investment in the vehicle collateral until the related defaults are waived or the third-party funding under those facilities has been retired, either through the monetization of the underlying collateral or the refinancing of the related indebtedness.

As disclosed in Note 1, "Background," in Part I, Item 1 of this Quarterly Report on Form 10-Q, on May 14, 2021, the Debtors filed the Plan of Reorganization, and the solicitation version of the Supplement to the Disclosure Statement which was approved by the Bankruptcy Court on May 14, 2021. On June 10, 2021, the Plan of Reorganization was confirmed by the Bankruptcy Court. On June 30, 2021, the Effective Date, the Plan of Reorganization became effective in accordance with its terms and the Debtors emerged from Chapter 11.

On the Effective Date, as a result of the Plan of Reorganization, we received cash proceeds of $7.5 billion comprised of:

- $2.8 billion from the purchase of reorganized Hertz Global common stock by the Plan Sponsors and certain other investment funds and entities;
- $1.6 billion from the purchase of reorganized Hertz Global common stock pursuant to the Rights Offering;
- $1.5 billion (less a 2% upfront discount and stock issuance fees) from the purchase of preferred stock of reorganized Hertz Global by Apollo; and
- $1.5 billion in proceeds from our Term Loans.

Such cash proceeds were used, in part, to provide payments to our stakeholders pursuant to the terms of the Plan of Reorganization as follows:

- the holders of administrative, priority and secured claims received payment in cash in full;
- the holders of the approximately $1.0 billion of obligations owed with respect to the DIP Credit Agreement received payment in cash in full;
- the holders of the Senior Term Loan, Senior RCF and Letter of Credit Facility received payment in cash in full with respect to all non-contingent liquidated claims;
- the holders of claims with respect to the Senior Second Priority Secured Notes received payment in cash in full;
- the holders of the €725 million European Vehicle Notes received payment in cash in full;
- the holders of the €257 million Second HIL Credit Agreement received payment in cash in full;
- the holders of claims with respect to the Senior Notes and the holders of claims with respect to the Alternative Letter of Credit Facility received payment in cash with respect to (i) all remaining principal, (ii) accrued and unpaid interest as of the Petition Date at the contract rate, and (iii) accrued and unpaid interest from the Petition Date to the Effective Date at the federal judgment rate (at such rate in effect as of the

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Petition Date), subject to the rights of creditors (if any) to bring a claim for the payment of additional interest and/or premiums; and

- the holders of general unsecured claims will receive payment in cash in full plus interest at the federal judgment rate (at such rate in effect as of the Petition Date), subject to the rights of creditors to bring a claim for payment of additional interest.

On the Effective Date, in accordance with the Plan of Reorganization, reorganized Hertz entered into the First Lien Credit Agreement that provides for an aggregate amount of $2.8 billion comprised of the First Lien RCF in an aggregate committed amount of $1.3 billion plus Term Loans in an aggregate principal amount of $1.5 billion. Additionally, reorganized Hertz entered into a HVF III ABS facility program with an aggregate principal amount of $6.8 billion comprised of variable funding notes with a principal amount up to $2.8 billion and medium term notes in an aggregate principal amount of $4.0 billion. On the Effective Date, substantially all existing non-vehicle debt and all existing ABS facilities under the HVF II U.S. ABS Program were repaid in full and terminated. See Note 6, "Debt," in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

We believe that unrestricted cash and unrestricted cash equivalents generated by our operations and cash received on the disposal of vehicles, together with amounts available under various liquidity facilities and refinancing options available to us in the capital markets, will be sufficient to fund operating requirements for the next twelve months.

Cash Flows - Hertz

As of September 30, 2021 and December 31, 2020, Hertz had unrestricted cash and unrestricted cash equivalents of $2.7 billion and $1.1 billion, respectively, and restricted cash and restricted cash equivalents of $763 million and $383 million, respectively. The following table summarizes the net change in cash, cash equivalents, restricted cash and restricted cash equivalents for the periods shown:

	Nine Months Ended September 30,		
(In millions)	2021	2020	$ Change
Cash provided by (used in):			
Operating activities	$ 1,208	$ 931	$ 277
Investing activities	(2,440)	3,622	(6,062)
Financing activities	3,170	(4,077)	7,247
Effect of exchange rate changes	(22)	18	(40)
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	$ 1,916	$ 494	$ 1,422

During the nine months ended September 30, 2021, cash flows from operating activities increased by $277 million period over period due primarily to a $928 million change in net income attributable to Hertz, adjusted for non-cash and non-operating items, partially offset by a $651 million reduction in working capital requirements. Cash flows from working capital accounts decreased due primarily to $485 million cash paid for reorganization items in the nine months ended September 30, 2021 compared to $35 million cash paid in the in the 2020 period.

Our primary investing activities relate to the acquisition and disposal of revenue earning vehicles. During the nine months ended September 30, 2021, there was a $6.1 billion decrease in the cash provided by investing activities period over period due primarily to a $6.8 billion net decrease in cash proceeds from disposal of revenue earning vehicles resulting from longer vehicle holding periods due to the Chip Shortage affecting new vehicle production. The net decrease in cash provided was partially offset by $871 million net proceeds received from the Donlen Sale.

Net financing cash inflows were $3.2 billion in the nine months ended September 30, 2021 compared to cash outflows of $4.1 billion in the 2020 period due primarily to $5.6 billion in contributions from Hertz Holdings from net proceeds received from the issuance of reorganized Hertz Global equity. The change in cash inflows was partially offset by $1.8 billion of net outflows related to the extinguishment of debt, partially offset by the issuance of new debt in accordance with the Plan of Reorganization.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Cash Flows - Hertz Global

As of September 30, 2021 and December 31, 2020, Hertz Global had unrestricted cash and unrestricted cash equivalents of $2.7 billion and $1.1 billion, respectively, and restricted cash and restricted cash equivalents of $763 million and $411 million, respectively. The following table summarizes the net change in cash, cash equivalents, restricted cash and restricted cash equivalents for the periods shown:

	Nine Months Ended September 30,		
(In millions)	2021	2020	$ Change
Cash provided by (used in):			
Operating activities	$ 1,208	$ 928	$ 280
Investing activities	(2,440)	3,622	(6,062)
Financing activities	3,142	(4,046)	7,188
Effect of exchange rate changes	(22)	18	(40)
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	$ 1,888	$ 522	$ 1,366

Fluctuations in operating, investing and financing cash flows from period to period are due to the same factors as those discussed for Hertz above, with the exception of any cash inflows or outflows related to the master loan agreement between Hertz and Hertz Global and any contributions by Hertz Global.

Financing

Substantially all of our revenue earning vehicles and certain related assets are owned by special purpose entities or are encumbered in favor of the lenders under the various credit facilities, other secured financings and asset-backed securities programs. None of the value of such assets (including the assets owned by Hertz Vehicle Financing III LLC and various international subsidiaries that facilitate the Company's international securitizations) will be available to satisfy the claims of unsecured creditors unless the secured creditors are paid in full.

Refer to Note 6, "Debt," in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on our outstanding debt obligations and our borrowing capacity and availability under our revolving credit facilities as of September 30, 2021. Cash paid for interest during the nine months ended September 30, 2021 was $181 million for interest on non-vehicle debt and $227 million for interest on vehicle debt. Cash paid for interest during the nine months ended September 30, 2020 was $78 million for interest on non-vehicle debt and $275 million for interest on vehicle debt. The $103 million increase in cash paid for non-vehicle debt interest is due primarily to non-vehicle interest previously classified as liabilities subject to compromise that was paid upon emergence from Chapter 11 on the Effective Date.

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

(In millions)	September 30, 2021	December 31, 2020
Unrestricted Cash and unrestricted cash equivalents	$ 2,703	$ 1,096
Availability under the First Lien RCF	1,144	—
Corporate liquidity	$ 3,847	$ 1,096

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Preferred Stock Dividends

Shares of our Series A Preferred Stock accrue dividends payable semi-annually in arrears at a rate of 9% per annum prior to June 30, 2023 and generally increasing thereafter, where the first dividend payment is payable on the six-month anniversary of the Effective Date. Dividends may be paid in cash or in kind for the first 42 months after the issuance date, at our option. If not paid in cash when due, our future dividend obligations will compound. Pursuant to the certificate of designations for the Series A Preferred Stock, we may redeem the Series A Preferred Stock in whole or in part at any time and from time to time, in cash, at a redemption price equal to the then-current accrued stated value of the Series A Preferred Stock being redeemed, subject to a multiple of invested capital floor price equal to 1.30 times the $1,000 per share liquidation preference. However, as per the terms of the First Lien Credit Agreement, we are precluded from making cash payments, including dividends, to the preferred shareholders prior to June 30, 2023. As of September 30, 2021, we had $34 million of accumulated undeclared dividends for outstanding Series A Preferred Stock which are calculated on the basis of a 365 day year.

Covenants

The First Lien Credit Agreement requires us to comply with the following financial covenants: (i) until the expiration of the Relief Period, as defined in the First Lien Credit Agreement, a minimum liquidity of $500 million in the first and last quarters of the calendar year and $400 million in the second and third quarters of the calendar year; and (ii) subsequent to the expiration of the Relief Period, a First Lien Ratio of less than or equal to 3.00 to 1.00 in the first and last quarters of the calendar year and 3.50 to 1.00 in the second and third quarters of the calendar year. Both of the financial covenants disclosed above are effective beginning in the third quarter of 2021. As of September 30, 2021, we were in compliance with the First Lien Ratio.

In addition to financial covenants, the First Lien Credit Agreement contains customary affirmative covenants including, among other things, the delivery of quarterly and annual financial statements and compliance certificates, conduct of business, maintenance of property and insurance, compliance with environmental laws and the granting of security interest for the benefit of the secured parties under that agreement on after-acquired real property, fixtures and future subsidiaries. The First Lien Credit Agreement also contains customary negative covenants, including, among other things, the incurrence of liens, indebtedness, asset dispositions and restricted payments. As of September 30, 2021, we were in compliance with all covenants in the First Lien Credit Agreement.

Capital Expenditures

Revenue Earning Vehicles Expenditures and Disposals

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

Cash inflow (cash outflow)	Revenue Earning Vehicles		
(In millions)	Capital Expenditures	Disposal Proceeds	Net Capital Expenditures
2021			
First Quarter	$ (1,517)	$ 686	$ (831)
Second Quarter	(2,619)	513	(2,106)
Third Quarter	(1,060)	746	(314)
Total	$ (5,196)	$ 1,945	$ (3,251)
2020			
First Quarter	$ (4,346)	$ 2,212	$ (2,134)
Second Quarter	(610)	2,793	2,183
Third Quarter	(232)	3,765	3,533
Total	$ (5,188)	$ 8,770	$ 3,582

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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

Cash inflow (cash outflow) ($ in millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	$ Change	% Change
Americas RAC	$ (2,704)	$ 3,122	$ (5,826)	NM
International RAC	(463)	672	(1,135)	NM
All other operations	(84)	(212)	128	(60)
Total	$ (3,251)	$ 3,582	$ (6,833)	NM

NM - Not meaningful

Revenue earning vehicle expenditures increased approximately $828 million in the third quarter of 2021 compared to the 2020 period, primarily in our Americas RAC segment, resulting from the acquisition of used vehicles to meet the increased travel demand as government-imposed travel restrictions began to lift. Revenue earning vehicle expenditures, net decreased $6.8 billion for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to fewer vehicle dispositions and longer vehicle holding periods resulting from the Chip Shortage affecting new vehicle production, primarily in our Americas RAC segment.

Non-Vehicle Capital Asset Expenditures and Disposals

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

Cash inflow (cash outflow) (In millions)	Non-Vehicle Capital Assets: Capital Expenditures	Disposal Proceeds	Net Capital Expenditures
2021			
First Quarter	$ (9)	$ 4	$ (5)
Second Quarter	(8)	6	(2)
Third Quarter	(24)	7	(17)
Total	$ (41)	$ 17	$ (24)
2020			
First Quarter	$ (59)	$ 23	$ (36)
Second Quarter	(13)	27	14
Third Quarter	(17)	6	(11)
Total	$ (89)	$ 56	$ (33)

Non-vehicle capital asset expenditures increased by $7 million, or 41%, in the third quarter of 2021 compared to the 2020 period due primarily to increased information technology and finance transformation program costs resulting from previously deferred projects due to COVID-19 and the Chapter 11 Cases. Non-vehicle capital asset expenditures decreased by $48 million, or 54%, in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due primarily to a decrease in information technology and finance transformation program costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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

Cash inflow (cash outflow) ($ in millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	$ Change	% Change
Americas RAC	$ (13)	$ 5	$ (18)	NM
International RAC	(3)	(3)	—	NM
All other operations	(1)	(4)	3	(75)
Corporate	(7)	(31)	24	(77)
Total	$ (24)	$ (33)	$ 9	(27)

NM - Not meaningful

CONTRACTUAL OBLIGATIONS

Prior to the Effective Date, the Bankruptcy Court approved the rejection of real property leases pursuant to section 365 of the Bankruptcy Code comprised of 278 off airport locations and 34 airport locations in our Americas RAC segment. These rejections did not materially change the minimum fixed obligations for operating leases as disclosed in our 2020 Form 10-K.

Material changes to our aggregate indebtedness resulting from the Chapter 11 Emergence are disclosed in Note 6, "Debt," in Part I, Item 1 of this Quarterly Report on Form 10-Q. The following table details our contractual cash obligations related to our indebtedness as of September 30, 2021:

(In millions)	Total	Payments Due by Period 2021	2022 to 2023	2024 to 2025	After 2025
Vehicles:					
Debt obligation	$ 7,241	$ 34	$ 3,186	$ 2,021	$ 2,000
Interest on debt[(1)]	434	35	236	120	43
Non-Vehicle:					
Debt obligation	1,556	5	37	27	1,487
Interest on debt[(1)]	527	21	150	158	198
Total	$ 9,758	$ 95	$ 3,609	$ 2,326	$ 3,728

(1) Amounts represent the estimated commitment fees and interest payments based on the principal amounts, minimum non-cancelable maturity dates and interest rates on the debt as of September 30, 2021.

Excluding the commitments previously discussed, there have been no material changes outside of the ordinary course of business to our known contractual obligations as set forth in the table included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2020 Form 10-K.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Indemnification Obligations

There have been no significant changes to our indemnification obligations as compared to those disclosed in Note 14, "Contingencies and Off-Balance Sheet Commitments," in Part II, Item 8 of our 2020 Form 10-K.

We regularly evaluate the probability of having to incur costs associated with these indemnification obligations and have accrued for expected losses that are probable and estimable.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see Note 2, "Basis of Presentation and Recently Issued Accounting Pronouncements," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this Quarterly Report on Form 10-Q include "forward-looking statements." Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe," "expect," "project," "potential," "anticipate," "intend," "plan," "estimate," "seek," "will," "may," "would," "should," "could," "forecasts," "guidance" or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. We believe these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative.

Important factors that could affect our actual results and cause them to differ materially from those expressed in forward-looking statements include, among other things, those that may be disclosed from time to time in subsequent reports filed with or furnished to the SEC, those described under Item 1A, "Risk Factors," included in our 2020 Form 10-K and this Quarterly Report on Form 10-Q and the following, which were derived in part from the risks set forth in Item 1A, "Risk Factors," of our 2020 Form 10-K and this Quarterly Report on Form 10-Q:

- *the impact of our recent emergence from Chapter 11 on our business and relationships;*
- *levels of travel demand, particularly with respect to business and leisure travel in the U.S. and in global markets;*
- *the length and severity of COVID-19 and the impact on our vehicle rental business as a result of travel restrictions and business closures or disruptions;*
- *the impact of COVID-19 and actions taken in response to the pandemic on global and regional economies and economic factors;*
- *general economic uncertainty and the pace of economic recovery, including in key global markets, when COVID-19 subsides;*
- *our ability to implement our business strategy, including our ability to implement plans to support a large scale electric vehicle fleet and to play a central role in the modern mobility ecosystem;*
- *our ability to attract and retain key personnel following our emergence from bankruptcy;*
- *our ability to utilize our net operating loss carryforwards and built-in losses as a result of our emergence from bankruptcy;*
- *our ability to remediate the material weaknesses in our internal controls over financial reporting;*
- *our ability to maintain an effective employee retention and talent management strategy and resulting changes in personnel and employee relations;*
- *the recoverability of our goodwill and indefinite-lived intangible assets when performing impairment analysis;*
- *our ability to dispose of vehicles in the used-vehicle market, use the proceeds of such sales to acquire new vehicles and to reduce exposure to residual risk;*
- *actions creditors may take with respect to the vehicles used in the rental car operations;*
- *significant changes in the competitive environment and the effect of competition in our markets on rental volume and pricing;*
- *occurrences that disrupt rental activity during our peak periods;*
- *our ability to accurately estimate future levels of rental activity and adjust the number and mix of vehicles used in our rental operations accordingly;*

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

- *our ability to retain and increase customer loyalty and market share;*
- *increased vehicle costs due to declining value of our non-program vehicles;*
- *our ability to maintain sufficient liquidity and the availability to us of additional or continued sources of financing for our revenue earning vehicles and to refinance our existing indebtedness;*
- *risks related to our indebtedness, including our present level of debt, our ability to incur substantially more debt, the fact that substantially all of our consolidated assets secure certain of our outstanding indebtedness and increases in interest rates or in our borrowing margins;*
- *our ability to meet the financial and other covenants contained in our First Lien Credit Agreement and certain asset-backed and asset-based arrangements;*
- *our ability to access financial markets, including the financing of our vehicle fleet through the issuance of asset-backed securities;*
- *fluctuations in interest rates, foreign currency exchange rates and commodity prices;*
- *our ability to sustain operations during adverse economic cycles and unfavorable external events (including war, escalation of hostilities, terrorist acts, natural disasters and epidemic disease);*
- *our ability to prevent the misuse or theft of information we possess, including as a result of cyber security breaches and other security threats;*
- *our ability to adequately respond to changes in technology, customer demands and market competition;*
- *our ability to successfully implement any strategic transactions;*
- *our ability to achieve anticipated cost savings from on-going strategic initiatives;*
- *the impact on the value of, or interest earned on, any LIBOR-based marketable securities, fleet leases, loans and derivatives as a result of changes to the LIBOR reference rate;*
- *our ability to purchase adequate supplies of competitively priced vehicles at a reasonable cost as a result of the continuing global chip manufacturing shortage and other raw material supply constraints;*
- *the impact of the global chip shortage and other raw material supply constraints on asset acquisition costs, resulting depreciation expense and ultimately the residual values on the disposition of vehicles in our fleet;*
- *our recognition of previously deferred tax gains on the disposition of revenue earning vehicles;*
- *financial instability of the manufacturers of our vehicles, which could impact their ability to fulfill obligations under repurchase or guaranteed depreciation programs;*
- *an increase in our vehicle costs or disruption to our rental activity, particularly during our peak periods, due to safety recalls by the manufacturers of our vehicles;*
- *our ability to execute a business continuity plan;*
- *our access to third-party distribution channels and related prices, commission structures and transaction volumes;*
- *risks associated with operating in many different countries, including the risk of a violation or alleged violation of applicable anti-corruption or anti-bribery laws and our ability to repatriate cash from non-U.S. affiliates without adverse tax consequences;*
- *a major disruption in our communication or centralized information networks;*
- *a failure to maintain, upgrade and consolidate our information technology systems;*

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

- *costs and risks associated with potential litigation and investigations or any failure or inability to comply with laws and regulations or any changes in the legal and regulatory environment;*
- *our ability to maintain our network of leases and vehicle rental concessions at airports in the U.S. and internationally;*
- *our ability to maintain favorable brand recognition and a coordinated branding and portfolio strategy;*
- *changes in the existing, or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations, where such actions may affect our operations, the cost thereof or applicable tax rates;*
- *risks relating to our deferred tax assets, including the risk of an "ownership change" under the Internal Revenue Code of 1986, as amended;*
- *our exposure to uninsured claims in excess of historical levels and inability to collect on subrogation;*
- *risks relating to our participation in multiemployer pension plans;*
- *shortages of fuel and increases or volatility in fuel costs;*
- *our ability to manage our relationships with unions;*
- *changes in accounting principles, or their application or interpretation, and our ability to make accurate estimates and the assumptions underlying the estimates; and*
- *other risks and uncertainties described from time to time in periodic and current reports that we file with the SEC.*

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date of this Quarterly Report on Form 10-Q, and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As a result of our declining credit profile from the impact from COVID-19, we were no longer able to enter into certain derivative financial instruments or renew existing derivative financial instruments in order to mitigate market risks arising from the effects of changes in foreign currency exchange rates and interest rates (including credit spreads). As a result, we had exposure to foreign currency exchange rate fluctuations on cross currency obligations, primarily intercompany loans. As a result of our emergence from Chapter 11, during the third quarter of 2021, we began to enter into foreign currency exchange rate derivative financial instruments, which are not material. Assuming a hypothetical change of one percentage point to the foreign currency exchange rates on our intercompany loan balance as of September 30, 2021, our pre-tax operating results would increase (decrease) by approximately $4 million.

Other Income Tax Related Matters

In the second quarter of 2021, the IRS concluded its audit of our 2016 tax year which resulted in no audit adjustments.

In 2016, the German Tax Authorities provided us with an assessment which asserted that we underreported our German taxable income for our 2005–2010 tax years based on the German Tax Authorities' belief that certain transfer pricing matters made by the U.S. to our German entity were overstated. To avoid the double taxation resulting in these tax years from this assessment, we pursued U.S. and German competent authority relief. We received notification from the German and U.S. tax authorities during June 2021 indicating resolution of the transfer pricing matter covering the 2005-2010 tax years. We have reassessed our uncertain tax positions upon receipt of the new information related to the matter for tax years 2011 through 2021, which did not result in a material adjustment. Our assumptions and estimates pertaining to uncertain tax positions require significant judgment. It is possible that the tax authorities could challenge our estimates and assumptions used to assess the tax benefits, and the actual amount of the tax benefit related to uncertain tax positions may differ materially from these estimates.

Our emergence from Chapter 11 resulted in a change in ownership for purposes of Internal Revenue Code ("IRC") Section 382. The Company analyzed alternatives available within the IRC to taxpayers in Chapter 11 in order to minimize the impact of the ownership change and cancellation of indebtedness income on its tax attributes. Limitations imposed on our ability to use U.S. net operating losses ("NOLs") and other tax attributes to offset future taxable income may cause U.S. federal income taxes to be paid earlier than otherwise would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. Similar rules and limitations may apply for state income tax purposes.

Except for the effects described above, there have been no other material changes to the information reported under Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our 2020 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

HERTZ GLOBAL

Evaluation of Disclosure Controls and Procedures

Our senior management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2021, due to the identification of a material weakness in our internal control over financial reporting, as further described in Item 9A of our 2020 Form 10-K, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2021, we have taken, and continue to take, actions to remediate our existing information technology general controls ("ITGCs") material weakness, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Our remediation efforts were ongoing during the three months ended September 30, 2021. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

HERTZ

Evaluation of Disclosure Controls and Procedures

Our senior management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2021, due to the identification of a material weakness in our internal control over financial reporting, as further described in Item 9A of our 2020 Form 10-K, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2021, we have taken, and continue to take, actions to remediate our existing information technology general controls ("ITGCs") material weakness, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Our remediation efforts were ongoing during the three months ended September 30, 2021. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information related to the Chapter 11 Cases that were filed on May 22, 2020 is included in Note 1, "Background," in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

For a description of certain pending legal proceedings see Note 14, "Contingencies and Off-Balance Sheet Commitments," in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Part I, Item 1A, “Risk Factors,” of our 2020 Form 10-K for the year ended December 31, 2020, includes certain risk factors that could materially affect our business, financial condition, or future results. There have been no material changes in those risk factors, except as listed below:

Risks Related to our Emergence from Chapter 11 Bankruptcy

We recently emerged from bankruptcy, which could adversely affect our business and relationships.

Our having filed for bankruptcy, notwithstanding our recent emergence from the Chapter 11 bankruptcy proceedings, could adversely affect our business and relationships with customers, vendors, royalty or working interest owners, contractors, employees or suppliers. Due to uncertainties, many risks exist, including the following:

- the ability to attract, motivate, and/or retain key executives and employees may be adversely affected;
- employees may be more easily attracted to other employment opportunities; and
- competitors may take business away from us, and our ability to retain customers may be negatively impacted.

The occurrence of one or more of these events could have a material and adverse effect on our operations, financial condition and reputation and we cannot assure you that having been subject to bankruptcy proceedings will not adversely affect our operations in the future.

Upon our emergence from bankruptcy, our Board of Directors was reconstituted and may implement changes in our business strategy that could affect the scope and results of our operations.

Our corporate business strategy is subject to continued development, evaluation and implementation by our management and Board of Directors. In connection with the effectiveness of the Plan in the Chapter 11 Cases, the Company’s Board of Directors was reconstituted, and the Board is now made up of nine directors, of which eight directors did not serve on the former Board. We may also add up to two additional members in the future. The new directors have different backgrounds, experiences and perspectives from those individuals who previously served on the board of directors of the Company at the time of the commencement of the Chapter 11 Cases and, thus, may have different views on the issues that will determine our future, including our strategic plans and priorities. The Board of Directors, as reconstituted, together with our interim CEO, may determine, from time to time, to implement changes in our business strategy which may affect our operations. There is, however, no guarantee that the strategic initiatives and plans, whether current or future, of the Board of Directors will be implemented in a timely manner or at all and, consequently, there is no guarantee that the operational and financial objectives of the reconstituted Board of Directors will be achieved in a timely manner or at all.

The ability to attract and retain key personnel is critical to the success of our business and may be affected by our emergence from bankruptcy.

The success of our business depends on key personnel. The ability to attract and retain these key personnel may be affected by our emergence from bankruptcy, the uncertainties currently facing the business and changes we may

ITEM 1A. RISK FACTORS (CONTINUED)

make to the organizational structure to adjust to changing circumstances. Any potential delays in adopting our management incentive plan and other executive benefits and compensation may make it difficult to retain key personnel and we may need to enter into retention or other arrangements that could be costly to maintain. If executives, managers or other key personnel resign, retire or are terminated, or their service is otherwise interrupted, we may not be able to replace them in a timely manner and we could experience significant declines in productivity.

Our ability to utilize our net operating loss carryforwards (“NOLs”) may be limited as a result of our emergence from bankruptcy.

In general, Section 382 of the Internal Revenue Code (“IRC”) of 1986, as amended, provides an annual limitation with respect to the ability of a corporation to utilize its NOLs and other tax attributes, as well as certain built-in-losses ("BILs"), against future taxable income in the event of a change in ownership. Our emergence from Chapter 11 bankruptcy proceedings resulted in a change in ownership for purposes of the IRC Section 382. The Company is performing an analysis to determine the potential impact this ownership change may have on our future ability to utilize our NOLs, other tax attributes and BILs.

Limitations imposed on our ability to use NOLs, other tax attributes and BILs to offset future taxable income may cause U.S. federal income taxes to be paid earlier than otherwise would be paid if such limitations were not in effect and could cause such NOLs and other tax attributes to expire unused. Similar rules and limitations may apply for state income tax purposes.

We have a substantial amount of debt, which could impair our financial condition.

We have a significant amount of indebtedness. As of September 30, 2021, we had a total indebtedness of approximately $8.7 billion, including $7.2 billion of vehicle related debt and $1.5 billion of non-vehicle debt. In addition, we would be able to incur an additional approximately $2.0 billion of indebtedness under one or more incremental facilities, subject to certain thresholds as described in the First Lien Credit Agreement, including estimated available borrowing capacity of $1.1 billion under the First Lien RCF. Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. Our substantial indebtedness could have other important consequences to you and significant effects on our business. For example, it could:

- limit our ability to borrow additional amounts to fund working capital, capital expenditures, debt service requirements, execution of our business strategy or acquisitions and other purposes;
- require us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our debt, which would reduce the funds available to us for other purposes;
- make us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business;
- expose us to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which could result in higher interest expenses in the event of increases in interests rates; and
- make it more difficult to satisfy our obligations.

Our ability to satisfy and manage our debt obligations depends on our ability to generate cash flow and on overall financial market conditions. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations to permit us to pay principal, premium, if any, or interest on our debt obligations. If we are unable to generate sufficient cash flow from operations to service our debt obligations and meet our other cash needs, we may be forced to reduce or delay capital expenditures, sell or curtail assets or operations, seek additional capital, or seek to restructure or refinance our indebtedness. If we must sell or curtail our assets or operations, it may negatively affect our ability to generate revenue.

ITEM 1A. RISK FACTORS (CONTINUED)

Risks Related to our Business

The continuing semiconductor microchip manufacturing shortage may be disruptive to our vehicle rental business and may adversely affect our business, results of operations and financial condition.

Increased demand for semiconductor microchips ("Chips") in 2020, due in part to COVID-19 and an increased use of electronic equipment that use these Chips, has resulted in a severe shortage of Chips in 2021. These same Chips and microprocessors are used in a variety of automobile parts, including in the control of engines and transmissions. As a result, various automotive manufacturers have been forced to delay or stall new vehicle production. If efforts to address the shortage of Chips by the industry and government entities are unsuccessful, there may be further delays in new vehicle production. Consequently, there is no guarantee that we can purchase a sufficient number of new vehicles at competitive prices and on competitive terms and conditions. If we are unable to obtain a sufficient supply of new vehicles, or if we obtain less favorable pricing and other terms during the acquisition of vehicles and are unable to recover from the increased costs then our results of operations, financial condition, liquidity and cash flows may be materially adversely affected. If we are unable to purchase new vehicles at competitive prices, increased maintenance costs in relation to our existing fleet may put further pressure on our results of operations and financial condition.

We are implementing new strategic initiatives, which may not be as successful as we anticipate.

We are entering into new partnerships centered around EV and technology, with the goal of positioning our business at the forefront of modern mobility. In October 2021, we announced several of these new initiatives as part of a plan to offer the largest EV rental fleet in North America, to lead in providing access to EVs for ride sharing and to digitize our vehicle disposition process. These efforts are aimed at positioning Hertz as a leader in sustainable mobility and technology. There are a number of risks associated with these strategic initiatives, including but not limited to the inability to secure adequate vehicle supply, a potential lack of adequate infrastructure to support EVs, potentially high costs associated with maintaining or repairing EVs and related infrastructure, increased risks related to the data connectivity and the technology upon which these initiatives will rely, such as unauthorized access to modify or use such technology, possible competition from other vehicle rental providers that may also implement similar strategies, and the possibility that our strategic initiatives are not as well-received by our consumer base as anticipated. Moreover, our recently announced investment in Tesla EVs exposes us to a number of risks related to the concentration of such vehicles in our fleet, including the risk that demand for Tesla Model 3 vehicles by our customers may be lower than we anticipate, the potential inability to obtain an adequate level of supply of Tesla vehicles and any needed replacement parts for Tesla EVs due to malfunction, product recalls or use over time, risks related to Tesla’s ability to confirm orders and complete deliveries of such vehicles on a timely basis, and risks related to the battery cells on which Tesla EVs depend, including the safety of such products and their need to maintain and significantly grow access to battery cells. In addition, the success of our initiative depends, in part, on the economics ultimately associated with EVs, including depreciation and residual values, which will impact the attractiveness of our EVs to rideshare drivers. These economics are evolving due to the developing nature of the EV market and outcomes associated with such economics that are currently unknown could materially impact the success of these initiatives. If we do not adequately address potential risks such as these, our future revenue potential may be impacted and our ability to pursue our strategic initiatives and attain profitability could be compromised.

The continued uncertainty about the duration of the negative impact from COVID-19 in our industry may disrupt our employee retention and talent management strategies and affect our business operations.

We develop and maintain a talent management strategy that defines current and future talent requirements (e.g., experience, skills, location requirements, timing, etc.) based on our strategic direction, coordinated recruiting and development plans across businesses and regions and considers employee mobility, centers of excellence and shared service concepts to optimize resource plans and leverage labor arbitrage.

COVID-19 has created uncertainty with respect to the return to the workforce which affects our employee retention and talent management strategies. We cannot predict with certainty how the post-COVID return to workforce measures will affect our employee retention and talent management strategies. The consequences that may result from continued disruptions or a failure of our employee retention and talent management strategies can include inadequate staffing levels, inability to support bankruptcy and emergence strategy, lack of key talent, declining product quality and competitive differentiation, or eroding employee morale and productivity.

We expect substantial cost savings from our ongoing strategic initiatives, and if we are unable to achieve these cost savings, or sustain our current cost structure, it could have a material adverse effect on our business operations, results of operations and financial condition.

We have not yet realized all of the cost savings we expect to achieve from our ongoing strategic initiatives. A variety of risks could cause us not to realize the expected cost savings, including but not limited to, higher than expected severance costs; higher than expected retention costs for continuing employees; higher than expected stand-alone overhead expenses; delays in the anticipated timing of activities related to our cost-savings plans; and other unexpected disruptions to our business.

Manufacturer safety recalls could create risks to our business.

The Raechel and Jacqueline Houck Safe Rental Car Act of 2015 prohibits us from renting or selling vehicles with open federal safety recalls and requires us to repair or address these recalls prior to renting or selling the vehicle. Any federal safety recall would require us to cease renting recalled vehicles until we can react to the recall. We cannot control the number of vehicles that may be subject to manufacturer recalls. If a large number of vehicles are the subject of a recall or if needed replacement parts are not in adequate supply, we may not be able to rent recalled vehicles for a significant period of time. The potential impact of a recall may be particularly severe if it impacts a model that comprises a significant proportion of our fleet, for example, as we continue to acquire significant numbers of Tesla Model 3 vehicles, or parts that are common across numerous model types, such as recalls of airbags in recent years. These types of disruptions could jeopardize our ability to fulfill existing contractual commitments or satisfy demand for our vehicles and could also result in the loss of business to our competitors. Depending on the severity of any recall, it could materially adversely affect, among other things, our revenues, create customer service problems, present liability claims, reduce the residual value of the recalled vehicles and harm our general reputation.

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

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

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist, or if new methods of calculating LIBOR will be established such that it continues to exist after 2021 or if replacement conventions will be developed. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities ("SOFR"). SOFR is observed and backward-looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question. As such, the future of LIBOR at this time is uncertain. At this time, due to a lack of consensus as to what rate or rates may become accepted alternatives to LIBOR, it is impossible to predict the effect of any such alternatives on our liquidity. However, if LIBOR ceases to exist, we may need to renegotiate certain of our financing agreements that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. As of September 30, 2021, we had $4.8 million in outstanding

ITEM 1A. RISK FACTORS (CONTINUED)

indebtedness tied to LIBOR. Additionally, these changes may have an impact on the value of or interest earned on any LIBOR-based marketable securities, fleet leases, loans and derivatives that are included in our financial assets and liabilities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits:
The attached list of exhibits in the "Exhibit Index" immediately following the signature page to this Quarterly Report on Form 10-Q is filed as part of this Quarterly Report on Form 10-Q and is incorporated herein by reference in response to this item.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

	HERTZ GLOBAL HOLDINGS, INC. THE HERTZ CORPORATION
Date: October 28, 2021	(Registrants)
	By: /s/ KENNY CHEUNG
	Kenny Cheung *Executive Vice President and Chief Financial Officer*

EXHIBIT INDEX

Exhibit Number		Description
10.1	Hertz Holdings Hertz	Form of Employee Retention Letter Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on August 17, 2021).†
10.2	Hertz Holdings Hertz	2021 Hertz Global Holdings, Inc. Severance Plan for Senior Executives (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on August 17, 2021).†
10.3	Hertz Holdings Hertz	Offer Letter between Mark Fields and Hertz Global Holdings, Inc. dated October 4, 2021 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on October 5, 2021).†
10.4	Hertz Holdings Hertz	Second Amended and Restated Offer Letter, Confidentiality and Non-Competition Agreement between Paul Stone and Hertz Global Holdings, Inc. effective as of October 5, 2021 (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on October 5, 2021).†
10.5	Hertz Holdings Hertz	Hertz Global Holdings, Inc. Directors Compensation Policy (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on October 6, 2021).†
10.6	Hertz Holdings Hertz	Amendment to Registration Rights Agreement dated as of October 26, 2021 by and among Hertz Global Holdings, Inc. and the stockholders signatory thereto (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-37665), as filed on October 27, 2021).
31.1	Hertz Holdings	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).*
31.2	Hertz Holdings	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).*
31.3	Hertz	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).*
31.4	Hertz	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).*
32.1	Hertz Holdings	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.**
32.2	Hertz Holdings	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.**
32.3	Hertz	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.**
32.4	Hertz	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.**
101.INS	Hertz Holdings Hertz	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Hertz Holdings Hertz	XBRL Taxonomy Extension Schema Document*
101.CAL	Hertz Holdings Hertz	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Hertz Holdings Hertz	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Hertz Holdings Hertz	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Hertz Holdings Hertz	XBRL Taxonomy Extension Presentation Linkbase Document*
104	Hertz Holdings Hertz	Cover Page Interactive Data File (Embedded within the Inline XBRL document)

† Indicates management contract or compensatory plan or arrangement
* Filed herewith
** Furnished herewith

Note: Certain instruments with respect to various additional obligations, which could be considered as long-term debt, have not been filed as exhibits to this Report because the total amount of securities authorized under any such instrument does not exceed 10% of our total assets on a consolidated basis. We agree to furnish to the SEC upon request a copy of any such instrument defining the rights of the holders of such long-term debt.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Mark Fields, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of Hertz Global Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

By: /s/ MARK FIELDS
Mark Fields
Interim Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Kenny Cheung, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of Hertz Global Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

By: /s/ KENNY CHEUNG
Kenny Cheung
Executive Vice President and Chief Financial Officer

EXHIBIT 31.3

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Mark Fields, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of The Hertz Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

By: /s/ MARK FIELDS
Mark Fields
Interim Chief Executive Officer and Director

EXHIBIT 31.4

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Kenny Cheung, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of The Hertz Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

By: /s/ KENNY CHEUNG
Kenny Cheung
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Hertz Global Holdings, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Fields, Interim Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report, to which this statement is furnished as an Exhibit, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

By: /s/ MARK FIELDS
Mark Fields
Interim Chief Executive Officer and Director

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Hertz Global Holdings, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenny Cheung, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report, to which this statement is furnished as an Exhibit, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

By: /s/ KENNY CHEUNG
Kenny Cheung
Executive Vice President and Chief Financial Officer

EXHIBIT 32.3

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of The Hertz Corporation (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Fields, Interim Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report, to which this statement is furnished as an Exhibit, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

By: /s/ MARK FIELDS
Mark Fields
Interim Chief Executive Officer and Director

EXHIBIT 32.4

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of The Hertz Corporation (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenny Cheung, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report, to which this statement is furnished as an Exhibit, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

By: /s/ KENNY CHEUNG
Kenny Cheung
Executive Vice President and Chief Financial Officer