# 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, 2019**

**OR**

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

# HERTZ GLOBAL HOLDINGS, INC.
# THE HERTZ CORPORATION

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware** | **001-37665** | **61-1770902** |
| **Delaware** | **001-07541** | **13-1938568** |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

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

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

**Not Applicable**

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

**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 | HTZ | New York Stock Exchange |
| The Hertz Corporation | None | None | None |

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

| | Class | | Shares Outstanding at October 28, 2019 |
|---|---|---|---|
| Hertz Global Holdings, Inc. | Common Stock, | par value $0.01 per share | 142,121,665 |
| The Hertz Corporation | Common Stock, | par value $0.01 per share | 100<br>(100% owned by<br>Rental Car Intermediate Holdings, LLC) |

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

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**HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**Unaudited**

**(In millions, except par value)**

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 465 | $ 1,127 |
| Restricted cash and cash equivalents: | | |
| Vehicle | 196 | 257 |
| Non-vehicle | 34 | 26 |
| Total restricted cash and cash equivalents | 230 | 283 |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents | 695 | 1,410 |
| Receivables: | | |
| Vehicle | 875 | 625 |
| Non-vehicle, net of allowance of $31 and $27, respectively | 1,091 | 962 |
| Total receivables, net | 1,966 | 1,587 |
| Prepaid expenses and other assets | 830 | 902 |
| Revenue earning vehicles: | | |
| Vehicles | 18,584 | 15,703 |
| Less: accumulated depreciation | (3,298) | (3,284) |
| Total revenue earning vehicles, net | 15,286 | 12,419 |
| Property and equipment, net | 758 | 778 |
| Operating lease right-of-use assets | 1,679 | — |
| Intangible assets, net | 3,245 | 3,203 |
| Goodwill | 1,082 | 1,083 |
| Total assets[(a)] | $ 25,541 | $ 21,382 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Accounts payable: | | |
| Vehicle | $ 206 | $ 284 |
| Non-vehicle | 664 | 704 |
| Total accounts payable | 870 | 988 |
| Accrued liabilities | 1,246 | 1,304 |
| Accrued taxes, net | 159 | 136 |
| Debt: | | |
| Vehicle | 14,314 | 11,902 |
| Non-vehicle | 3,727 | 4,422 |
| Total debt | 18,041 | 16,324 |
| Operating lease liabilities | 1,664 | — |
| Public liability and property damage | 418 | 418 |
| Deferred income taxes, net | 1,154 | 1,092 |
| Total liabilities[(a)] | 23,552 | 20,262 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value, no shares issued and outstanding | — | — |
| Common stock, $0.01 par value, 144 and 86 shares issued, respectively and 142 and 84 shares outstanding, respectively | 1 | 1 |
| Additional paid-in capital | 3,019 | 2,261 |
| Accumulated deficit | (848) | (909) |
| Accumulated other comprehensive income (loss) | (198) | (192) |
| Treasury stock, at cost, 2 shares and 2 shares, respectively | (100) | (100) |
| Stockholders' equity attributable to Hertz Global | 1,874 | 1,061 |
| Noncontrolling interests | 115 | 59 |
| Total stockholders' equity | 1,989 | 1,120 |
| Total liabilities and stockholders' equity | $ 25,541 | $ 21,382 |

(a) Hertz Global Holdings, Inc.'s consolidated total assets as of September 30, 2019 and December 31, 2018 include total assets of variable interest entities (“VIEs”) of $1.5 billion and $1.0 billion, respectively, which can only be used to settle obligations of the VIEs. Hertz Global Holdings, Inc.'s consolidated total liabilities as of September 30, 2019 and December 31, 2018 include total liabilities of VIEs of $1.4 billion and $947 million, respectively, for which the creditors of the VIEs have no recourse to Hertz Global Holdings, Inc. See "Special Purpose Entities" in Note 3, "Debt," and "767 Auto Leasing LLC" in Note 9, "Related Party Transactions," for further information.

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

**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, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Worldwide vehicle rental | $ 2,664 | $ 2,584 | $ 6,961 | $ 6,694 |
| All other operations | 172 | 174 | 493 | 515 |
| Total revenues | 2,836 | 2,758 | 7,454 | 7,209 |
| Expenses: | | | | |
| Direct vehicle and operating | 1,492 | 1,459 | 4,147 | 4,043 |
| Depreciation of revenue earning vehicles and lease charges | 667 | 672 | 1,892 | 2,020 |
| Selling, general and administrative | 232 | 265 | 723 | 765 |
| Interest expense, net: | | | | |
| Vehicle | 134 | 115 | 372 | 336 |
| Non-vehicle | 70 | 73 | 214 | 218 |
| Total interest expense, net | 204 | 188 | 586 | 554 |
| Other (income) expense, net | (6) | (7) | (37) | (36) |
| Total expenses | 2,589 | 2,577 | 7,311 | 7,346 |
| Income (loss) before income taxes | 247 | 181 | 143 | (137) |
| Income tax (provision) benefit | (74) | (41) | (78) | 12 |
| Net income (loss) | 173 | 140 | 65 | (125) |
| Net (income) loss attributable to noncontrolling interests | (4) | 1 | (4) | 1 |
| Net income (loss) attributable to Hertz Global | $ 169 | $ 141 | $ 61 | $ (124) |
| Weighted-average shares outstanding: | | | | |
| Basic | 133 | 96 | 109 | 95 |
| Diluted | 134 | 96 | 109 | 95 |
| Earnings (loss) per share: | | | | |
| Basic earnings (loss) per share | $ 1.26 | $ 1.47 | $ 0.56 | $ (1.30) |
| Diluted earnings (loss) per share | $ 1.26 | $ 1.47 | $ 0.56 | $ (1.30) |

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, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) | $ 173 | $ 140 | $ 65 | $ (125) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustments | (13) | 1 | (11) | (18) |
| Reclassification of foreign currency items to other (income) expense, net | — | (1) | — | (1) |
| Net gain (loss) on defined benefit pension plans | 1 | (1) | 1 | 1 |
| Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial (gains) losses on defined benefit pension plans | 2 | 2 | 5 | 2 |
| Total other comprehensive income (loss) before income taxes | (10) | 1 | (5) | (16) |
| Income tax (provision) benefit related to reclassified amounts of net periodic costs on defined benefit pension plans | (1) | (1) | (1) | (1) |
| Total other comprehensive income (loss) | (11) | — | (6) | (17) |
| Total comprehensive income (loss) | 162 | 140 | 59 | (142) |
| Comprehensive (income) loss attributable to noncontrolling interests | (4) | 1 | (4) | 1 |
| Comprehensive income (loss) attributable to Hertz Global | $ 158 | $ 141 | $ 55 | $ (141) |

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

## HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

### Unaudited

### (In millions)

| Balance as of: | Preferred Stock Shares | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Treasury Stock Shares | Treasury Stock Amount | Stockholders' Equity Attributable to Hertz Global | Non-controlling Interests | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| December 31, 2017 | — | 84 | $ 1 | $ 2,243 | $ (506) | $ (118) | 2 | $ (100) | $ 1,520 | $ — | $ 1,520 |
| Change in accounting principle | — | — | — | — | (189) | — | — | — | (189) | — | (189) |
| January 1, 2018 (as adjusted) | — | 84 | 1 | 2,243 | (695) | (118) | 2 | (100) | 1,331 | — | 1,331 |
| Net income (loss) | — | — | — | — | (202) | — | — | — | (202) | — | (202) |
| Other comprehensive income (loss) | — | — | — | — | — | (3) | — | — | (3) | — | (3) |
| Net settlement on vesting of restricted stock | — | — | — | (3) | — | — | — | — | (3) | — | (3) |
| Stock-based compensation charges | — | — | — | 10 | — | — | — | — | 10 | — | 10 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 5 | 5 |
| March 31, 2018 | — | 84 | 1 | 2,250 | (897) | (121) | 2 | (100) | 1,133 | 5 | 1,138 |
| Net income (loss) | — | — | — | — | (63) | — | — | — | (63) | — | (63) |
| Other comprehensive income (loss) | — | — | — | — | — | (14) | — | — | (14) | — | (14) |
| Stock-based compensation charges | — | — | — | 3 | — | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 5 | 5 |
| June 30, 2018 | — | 84 | 1 | 2,253 | (960) | (135) | 2 | (100) | 1,059 | 10 | 1,069 |
| Net income (loss) | — | — | — | — | 141 | — | — | — | 141 | (1) | 140 |
| Stock-based compensation charges | — | — | — | 3 | — | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 15 | 15 |
| September 30, 2018 | — | 84 | $ 1 | $ 2,256 | $ (819) | $ (135) | 2 | $ (100) | $ 1,203 | $ 24 | $ 1,227 |

## HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

### Unaudited

### (In millions)

| | Preferred | Common | Common | Additional | Accumulated | Accumulated | Treasury | Treasury | Stockholders' | Non- | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|

| Balance as of: | Stock Shares | Stock Shares | Stock Amount | Paid-In Capital | Deficit[a] | Other Comprehensive Income (Loss) | Stock Shares | Stock Amount | Equity Attributable to Hertz Global | controlling Interests[a] | Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| December 31, 2018 | — | 84 | $ 1 | $ 2,261 | $ (909) | $ (192) | 2 | $ (100) | $ 1,061 | $ 59 | $ 1,120 |
| Net income (loss) | — | — | — | — | (147) | — | — | — | (147) | (1) | (148) |
| Other comprehensive income (loss) | — | — | — | — | — | 7 | — | — | 7 | — | 7 |
| Net settlement on vesting of restricted stock | — | — | — | (2) | — | — | — | — | (2) | — | (2) |
| Stock-based compensation charges | — | — | — | 3 | — | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 25 | 25 |
| March 31, 2019 | — | 84 | 1 | 2,262 | (1,056) | (185) | 2 | (100) | 922 | 83 | 1,005 |
| Net income (loss) | — | — | — | — | 39 | — | — | — | 39 | 2 | 41 |
| Other comprehensive income (loss) | — | — | — | — | — | (2) | — | — | (2) | — | (2) |
| Stock-based compensation charges | — | — | — | 5 | — | — | — | — | 5 | — | 5 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 21 | 21 |
| June 30, 2019 | — | 84 | 1 | 2,267 | (1,017) | (187) | 2 | (100) | 964 | 106 | 1,070 |
| Net income (loss) | — | — | — | — | 169 | — | — | — | 169 | 4 | 173 |
| Other comprehensive income (loss) | — | — | — | — | — | (11) | — | — | (11) | — | (11) |
| Net settlement on vesting of restricted stock | — | — | — | (2) | — | — | — | — | (2) | — | (2) |
| Stock-based compensation charges | — | — | — | 6 | — | — | — | — | 6 | — | 6 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | — | 5 | 5 |
| Rights Offering, net | — | 58 | — | 748 | — | — | — | — | 748 | — | 748 |
| September 30, 2019 | — | 142 | $ 1 | $ 3,019 | $ (848) | $ (198) | 2 | $ (100) | $ 1,874 | $ 115 | $ 1,989 |

(a) Net income (loss) and Net income (loss) attributable to noncontrolling interests are computed independently each quarter. As a result, the amounts presented herein may be rounded to agree to amounts in the 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, | |
|---|---|---|
| | **2019** | **2018** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 65 | $ (125) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and reserves for revenue earning vehicles | 2,056 | 1,952 |
| Depreciation and amortization, non-vehicle | 151 | 166 |
| Amortization of deferred financing costs and debt discount (premium) | 40 | 36 |
| Loss on extinguishment of debt | 4 | 22 |
| Stock-based compensation charges | 14 | 10 |
| Provision for receivables allowance | 35 | 29 |
| Deferred income taxes, net | 58 | (39) |
| (Gain) loss on marketable securities | (26) | (21) |
| Other | (23) | 1 |
| Changes in assets and liabilities: | | |
| Non-vehicle receivables | (132) | (217) |
| Prepaid expenses and other assets | (44) | (58) |
| Operating lease right-of-use assets | 305 | — |
| Non-vehicle accounts payable | 72 | 119 |
| Accrued liabilities | (40) | 106 |
| Accrued taxes, net | 25 | 21 |
| Operating lease liabilities | (323) | — |
| Public liability and property damage | (4) | 15 |
| Net cash provided by (used in) operating activities | 2,233 | 2,017 |
| Cash flows from investing activities: | | |
| Revenue earning vehicles expenditures | (11,536) | (10,076) |
| Proceeds from disposal of revenue earning vehicles | 6,193 | 5,378 |
| Non-vehicle capital asset expenditures | (170) | (119) |
| Proceeds from non-vehicle capital assets disposed of or to be disposed of | 21 | 47 |
| Purchases of marketable securities | — | (60) |
| Sales of marketable securities | — | 36 |
| Other | — | (5) |
| Net cash provided by (used in) investing activities | (5,492) | (4,799) |

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, | |
|---|---|---|
| | **2019** | **2018** |
| Cash flows from financing activities: | | |
| Proceeds from issuance of vehicle debt | 11,039 | 11,871 |
| Repayments of vehicle debt | (8,538) | (9,525) |
| Proceeds from issuance of non-vehicle debt | 1,726 | 387 |
| Repayments of non-vehicle debt | (2,437) | (398) |
| Payment of financing costs | (33) | (30) |
| Early redemption premium payment | — | (19) |
| Contributions from noncontrolling interests | 49 | 25 |
| Proceeds from Rights Offering, net | 748 | — |
| Other | (3) | (3) |
| Net cash provided by (used in) financing activities | 2,551 | 2,308 |
| Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents | (7) | (4) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period | (715) | (478) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period | 1,410 | 1,504 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period | $ 695 | $ 1,026 |
| | | |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest, net of amounts capitalized: | | |
| Vehicle | $ 331 | $ 268 |
| Non-vehicle | 182 | 171 |
| Income taxes, net of refunds | 12 | 15 |
| Operating lease liabilities | 425 | — |
| Supplemental disclosures of non-cash information: | | |
| Purchases of revenue earning vehicles included in accounts payable, net of incentives | $ 43 | $ 101 |
| Sales of revenue earning vehicles included in vehicle receivables | 712 | 658 |
| Purchases of non-vehicle capital assets included in accounts payable | 48 | 43 |
| Operating lease right-of-use assets obtained in exchange for lease liabilities | 401 | — |

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, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 465 | $ 1,127 |
| Restricted cash and cash equivalents: | | |
| Vehicle | 196 | 257 |
| Non-vehicle | 34 | 26 |
| Total restricted cash and cash equivalents | 230 | 283 |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents | 695 | 1,410 |
| Receivables: | | |
| Vehicle | 875 | 625 |
| Non-vehicle, net of allowance of $31 and $27, respectively | 1,091 | 962 |
| Total receivables, net | 1,966 | 1,587 |
| Prepaid expenses and other assets | 830 | 902 |
| Revenue earning vehicles: | | |
| Vehicles | 18,584 | 15,703 |
| Less: accumulated depreciation | (3,298) | (3,284) |
| Total revenue earning vehicles, net | 15,286 | 12,419 |
| Property and equipment, net | 758 | 778 |
| Operating lease right-of-use assets | 1,679 | — |
| Intangible assets, net | 3,245 | 3,203 |
| Goodwill | 1,082 | 1,083 |
| Total assets[(a)] | $ 25,541 | $ 21,382 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | |
| Accounts payable: | | |
| Vehicle | $ 206 | $ 284 |
| Non-vehicle | 664 | 704 |
| Total accounts payable | 870 | 988 |
| Accrued liabilities | 1,246 | 1,304 |
| Accrued taxes, net | 159 | 136 |
| Debt: | | |
| Vehicle | 14,314 | 11,902 |
| Non-vehicle | 3,727 | 4,422 |
| Total debt | 18,041 | 16,324 |
| Operating lease liabilities | 1,664 | — |
| Public liability and property damage | 418 | 418 |
| Deferred income taxes, net | 1,156 | 1,094 |
| Total liabilities[(a)] | 23,554 | 20,264 |
| Commitments and contingencies | | |
| Stockholder's equity: | | |
| Common stock, $0.01 par value, 100 and 100 shares issued and outstanding, respectively | — | — |
| Additional paid-in capital | 3,951 | 3,187 |
| Due from affiliate | (62) | (52) |
| Accumulated deficit | (1,819) | (1,884) |
| Accumulated other comprehensive income (loss) | (198) | (192) |
| Stockholder's equity attributable to Hertz | 1,872 | 1,059 |
| Noncontrolling interests | 115 | 59 |
| Total stockholder's equity | 1,987 | 1,118 |
| Total liabilities and stockholder's equity | $ 25,541 | $ 21,382 |

(a) The Hertz Corporation's consolidated total assets as of September 30, 2019 and December 31, 2018 include total assets of variable interest entities (“VIEs”) of $1.5 billion and $1.0 billion, respectively, which can only be used to settle obligations of the VIEs. The Hertz Corporation's consolidated total liabilities as of September 30, 2019 and December 31, 2018 include total liabilities of VIEs of $1.4 billion and $947 million, respectively, for which the creditors of the VIEs have no recourse to The Hertz Corporation. See "Special Purpose Entities" in Note 3, "Debt," and "767 Auto Leasing LLC" in Note 9, "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, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Worldwide vehicle rental | $ 2,664 | $ 2,584 | $ 6,961 | $ 6,694 |
| All other operations | 172 | 174 | 493 | 515 |
| Total revenues | 2,836 | 2,758 | 7,454 | 7,209 |
| Expenses: | | | | |
| Direct vehicle and operating | 1,492 | 1,459 | 4,147 | 4,043 |
| Depreciation of revenue earning vehicles and lease charges | 667 | 672 | 1,892 | 2,020 |
| Selling, general and administrative | 232 | 265 | 723 | 765 |
| Interest expense, net: | | | | |
| Vehicle | 134 | 115 | 372 | 336 |
| Non-vehicle | 68 | 71 | 209 | 213 |
| Total interest expense, net | 202 | 186 | 581 | 549 |
| Other (income) expense, net | (6) | (7) | (37) | (36) |
| Total expenses | 2,587 | 2,575 | 7,306 | 7,341 |
| Income (loss) before income taxes | 249 | 183 | 148 | (132) |
| Income tax (provision) benefit | (75) | (42) | (79) | 10 |
| Net income (loss) | 174 | 141 | 69 | (122) |
| Net (income) loss attributable to noncontrolling interests | (4) | 1 | (4) | 1 |
| Net income (loss) attributable to Hertz | $ 170 | $ 142 | $ 65 | $ (121) |

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, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) | $ 174 | $ 141 | $ 69 | $ (122) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustments | (13) | 1 | (11) | (18) |
| Reclassification of foreign currency items to other (income) expense, net | — | (1) | — | (1) |
| Net gain (loss) on defined benefit pension plans | 1 | (1) | 1 | 1 |
| Reclassification from other comprehensive income (loss) to other (income) expense for amortization of actuarial (gains) losses on defined benefit pension plans | 2 | 2 | 5 | 2 |
| Total other comprehensive income (loss) before income taxes | (10) | 1 | (5) | (16) |
| Income tax (provision) benefit related to reclassified amounts of net periodic costs on defined benefit pension plans | (1) | (1) | (1) | (1) |
| Total other comprehensive income (loss) | (11) | — | (6) | (17) |
| Total comprehensive income (loss) | 163 | 141 | 63 | (139) |
| Comprehensive (income) loss attributable to noncontrolling interests | (4) | 1 | (4) | 1 |
| Comprehensive income (loss) attributable to Hertz | $ 159 | $ 142 | $ 59 | $ (138) |

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

### Unaudited

### (In millions, except share data)

| Balance as of: | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Due From Affiliate | Accumulated Deficit[a] | Accumulated Other Comprehensive Income (Loss) | Stockholder's Equity Attributable to Hertz | Noncontrolling Interests | Total Stockholder's Equity |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2017 | 100 | $ — | $ 3,166 | $ (42) | $ (1,486) | $ (118) | $ 1,520 | $ — | $ 1,520 |
| Change in accounting principle | — | — | — | — | (189) | — | (189) | — | (189) |
| January 1, 2018 (as adjusted) | 100 | — | 3,166 | (42) | (1,675) | (118) | 1,331 | — | 1,331 |
| Net income (loss) | — | — | — | — | (201) | — | (201) | — | (201) |
| Due from Hertz Holdings | — | — | — | (4) | — | — | (4) | — | (4) |
| Other comprehensive income (loss) | — | — | — | — | — | (3) | (3) | — | (3) |
| Stock-based compensation charges | — | — | 10 | — | — | — | 10 | — | 10 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 5 | 5 |
| March 31, 2018 | 100 | — | 3,176 | (46) | (1,876) | (121) | 1,133 | 5 | 1,138 |
| Net income (loss) | — | — | — | — | (62) | — | (62) | — | (62) |
| Due from Hertz Holdings | — | — | — | (2) | — | — | (2) | — | (2) |
| Other comprehensive income (loss) | — | — | — | — | — | (14) | (14) | — | (14) |
| Stock-based compensation charges | — | — | 3 | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 5 | 5 |
| June 30, 2018 | 100 | — | 3,179 | (48) | (1,938) | (135) | 1,058 | 10 | 1,068 |
| Net income (loss) | — | — | — | — | 142 | — | 142 | (1) | 141 |
| Due from Hertz Holdings | — | — | — | (1) | — | — | (1) | — | (1) |
| Stock-based compensation charges | — | — | 3 | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 15 | 15 |
| September 30, 2018 | 100 | $ — | $ 3,182 | $ (49) | $ (1,796) | $ (135) | $ 1,202 | $ 24 | $ 1,226 |

## THE HERTZ CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

### Unaudited

### (In millions, except share data)

| Balance as of: | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Due From Affiliate | Accumulated Deficit[a] | Accumulated Other Comprehensive Income (Loss) | Stockholder's Equity Attributable to Hertz | Noncontrolling Interests[a] | Total Stockholder's Equity |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2018 | 100 | $ — | $ 3,187 | $ (52) | $ (1,884) | $ (192) | $ 1,059 | $ 59 | $ 1,118 |
| Net income (loss) | — | — | — | — | (145) | — | (145) | (1) | (146) |
| Due from Hertz Holdings | — | — | — | (4) | — | — | (4) | — | (4) |
| Other comprehensive income | — | — | — | — | — | 7 | 7 | — | 7 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (loss) | | | | | | | | | |
| Stock-based compensation charges | — | — | 3 | — | — | — | 3 | — | 3 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 25 | 25 |
| March 31, 2019 | 100 | — | 3,190 | (56) | (2,029) | (185) | 920 | 83 | 1,003 |
| Net income (loss) | — | — | — | — | 39 | — | 39 | 2 | 41 |
| Due from Hertz Holdings | — | — | — | (2) | — | — | (2) | — | (2) |
| Other comprehensive income (loss) | — | — | — | — | — | (2) | (2) | — | (2) |
| Stock-based compensation charges | — | — | 5 | — | — | — | 5 | — | 5 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 21 | 21 |
| June 30, 2019 | 100 | — | 3,195 | (58) | (1,990) | (187) | 960 | 106 | 1,066 |
| Net income (loss) | — | — | — | — | 171 | — | 171 | 4 | 175 |
| Due from Hertz Holdings | — | — | — | (4) | — | — | (4) | — | (4) |
| Other comprehensive income (loss) | — | — | — | — | — | (11) | (11) | — | (11) |
| Stock-based compensation charges | — | — | 6 | — | — | — | 6 | — | 6 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | 5 | 5 |
| Contributions from Hertz Holdings | — | — | 750 | — | — | — | 750 | — | 750 |
| September 30, 2019 | 100 | $ — | $ 3,951 | $ (62) | $ (1,819) | $ (198) | $ 1,872 | $ 115 | $ 1,987 |

(a) Net income (loss) and Net income (loss) attributable to noncontrolling interests are computed independently each quarter. As a result, the amounts presented herein may be rounded to agree to amounts in the unaudited condensed consolidated balance sheet.

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, | |
|---|---|---|
| | **2019** | **2018** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 69 | $ (122) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and reserves for revenue earning vehicles | 2,056 | 1,952 |
| Depreciation and amortization, non-vehicle | 151 | 166 |
| Amortization of deferred financing costs and debt discount (premium) | 40 | 36 |
| Loss on extinguishment of debt | 4 | 22 |
| Stock-based compensation charges | 14 | 10 |
| Provision for receivables allowance | 35 | 29 |
| Deferred income taxes, net | 59 | (38) |
| (Gain) loss on marketable securities | (26) | (21) |
| Other | (23) | 1 |
| Changes in assets and liabilities: | | |
| Non-vehicle receivables | (132) | (217) |
| Prepaid expenses and other assets | (44) | (58) |
| Operating lease right-of-use assets | 305 | — |
| Non-vehicle accounts payable | 72 | 119 |
| Accrued liabilities | (40) | 106 |
| Accrued taxes, net | 25 | 21 |
| Operating lease liabilities | (323) | — |
| Public liability and property damage | (4) | 15 |
| Net cash provided by (used in) operating activities | 2,238 | 2,021 |
| Cash flows from investing activities: | | |
| Revenue earning vehicles expenditures | (11,536) | (10,076) |
| Proceeds from disposal of revenue earning vehicles | 6,193 | 5,378 |
| Non-vehicle capital asset expenditures | (170) | (119) |
| Proceeds from non-vehicle capital assets disposed of or to be disposed of | 21 | 47 |
| Purchases of marketable securities | — | (60) |
| Sales of marketable securities | — | 36 |
| Other | — | (5) |
| Net cash provided by (used in) investing activities | (5,492) | (4,799) |

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, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|
| Cash flows from financing activities: | | |
| Proceeds from issuance of vehicle debt | 11,039 | 11,871 |
| Repayments of vehicle debt | (8,538) | (9,525) |
| Proceeds from issuance of non-vehicle debt | 1,726 | 387 |
| Repayments of non-vehicle debt | (2,437) | (398) |
| Payment of financing costs | (33) | (30) |
| Early redemption premium payment | — | (19) |
| Advances to Hertz Holdings | (10) | (7) |
| Contributions from noncontrolling interests | 49 | 25 |
| Contributions from Hertz Holdings | 750 | — |
| Net cash provided by (used in) financing activities | 2,546 | 2,304 |
| Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents | (7) | (4) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period | (715) | (478) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period | 1,410 | 1,504 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period | $ 695 | $ 1,026 |
| | | |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest, net of amounts capitalized: | | |
| Vehicle | $ 331 | $ 268 |
| Non-vehicle | 182 | 171 |
| Income taxes, net of refunds | 12 | 15 |
| Operating lease liabilities | 425 | — |
| Supplemental disclosures of non-cash information: | | |
| Purchases of revenue earning vehicles included in accounts payable, net of incentives | $ 43 | $ 101 |
| Sales of revenue earning vehicles included in vehicle receivables | 712 | 658 |
| Purchases of non-vehicle capital assets included in accounts payable | 48 | 43 |
| Operating lease right-of-use assets obtained in exchange for lease liabilities | 401 | — |

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**Unaudited**

**Note 1—Background**

Hertz Global Holdings, Inc. ("Hertz Global" when including its subsidiaries and VIEs and "Hertz Holdings" 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. Through its Donlen subsidiary, Hertz provides vehicle leasing and fleet management services.

**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, 2019 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 Company's 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 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, 2018 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, 2018 (the "2018 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC") on February 25, 2019.

Certain prior period amounts have been reclassified to conform to 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

*Leases*

In February 2016, the Financial Accounting Standards Board (the "FASB") issued guidance that replaced the existing lease guidance in U.S. GAAP and in 2018 and 2019 issued amendments and updates to the new lease standard (collectively "Topic 842"). Topic 842 established a right-of-use ("ROU") model that requires a lessee to record on the balance sheet a ROU asset and corresponding lease liability based on the present value of future lease payments. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Topic 842 also expanded the requirements for lessees to record leases embedded in other arrangements. Additionally, enhanced quantitative and qualitative disclosures surrounding leases are required which provide financial statement users the ability to assess the amount, timing and uncertainty of cash flows arising from leases.

The Company adopted this guidance effective January 1, 2019 using a simplified transition approach for both lessees and lessors. Prior periods have not been retrospectively adjusted and are in conformance with the then existing guidance under U.S. GAAP ("Topic 840"). The Company utilized the package of practical expedients for existing or expired contracts and did not reassess whether such contracts contain leases, the lease classification or the initial direct costs. Additionally, the Company utilized the historical lease term and did not utilize the practical expedient allowing the use of hindsight in determining the lease term and in assessing impairment of its ROU assets. To determine the present value of its lease payments as of January 1, 2019, the Company utilized the interest rate implicit in the lease agreement. If the implicit interest rate was not provided in the lease agreement, the Company utilized the Company's collateralized incremental borrowing rate as of January 1, 2019. Also, with respect to the Company's real estate leases, vehicle leases and fleet leases, the Company availed itself of the practical expedient for lessees and lessors and elected an accounting policy by class of underlying asset to combine lease and non-lease components.

As of January 1, 2019, the Company accounts for revenue earned from vehicle rentals and rental related activities wherein an identified asset is transferred to the customer and the customer has the ability to control that asset under Topic 842. Prior to the adoption of Topic 842, the Company accounted for such revenue under *Revenue from Contracts with Customers* ("Topic 606").

The cumulative effect of applying the new guidance to all leases as of January 1, 2019 that were not completed and with lease terms in excess of twelve months has been recorded as of the adoption date as follows:

***Hertz Global***

| (In millions) | Operating Lease Right-of-Use Assets | Prepaid and Other Assets | Total Assets | Operating Lease Liabilities | Accrued Liabilities | Total Liabilities | Total Liabilities and Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| As of December 31, 2018 | $ — | $ 902 | $ 21,382 | $ — | $ 1,304 | $ 20,262 | $ 21,382 |
| Effect of Adopting Topic 842 | 1,585 | (45) | 1,540 | 1,588 | (48) | 1,540 | 1,540 |
| As of January 1, 2019 | $ 1,585 | $ 857 | $ 22,922 | $ 1,588 | $ 1,256 | $ 21,802 | $ 22,922 |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**Unaudited**

***Hertz***

| (In millions) | Operating Lease Right-of-Use Assets | Prepaid and Other Assets | Total Assets | Operating Lease Liabilities | Accrued Liabilities | Total Liabilities | Total Liabilities and Stockholder's Equity |
|---|---|---|---|---|---|---|---|
| As of December 31, 2018 | $ — | $ 902 | $ 21,382 | $ — | $ 1,304 | $ 20,264 | $ 21,382 |
| Effect of Adopting Topic 842 | 1,585 | (45) | 1,540 | 1,588 | (48) | 1,540 | 1,540 |
| As of January 1, 2019 | $ 1,585 | $ 857 | $ 22,922 | $ 1,588 | $ 1,256 | $ 21,804 | $ 22,922 |

Adoption of Topic 842 did not impact the Company's results of operations or cash flows. See Note 4, "Leases," for information regarding the Company's accounting policies for leases, as well as other required disclosures under Topic 842.

Not Yet Adopted

*Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued guidance that sets forth a current expected credit loss impairment model for financial assets, which replaces the current incurred loss model, and in 2018 and 2019 issued amendments and updates to the new standard. This model requires a financial asset (or group of financial assets), including trade receivables, measured at amortized cost to be presented at the net amount expected to be collected with an allowance for credit losses deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. This guidance is effective for annual periods beginning after December 15, 2019 and interim periods within those annual periods using a modified retrospective transition method. The adoption of this guidance is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

*Changes to Disclosure Requirements for Defined Benefit Plans*

In August 2018, the FASB issued guidance that modifies disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans to remove disclosures no longer considered cost beneficial, add disclosures identified as relevant and clarify certain disclosure requirements. The guidance is effective for annual periods beginning after December 15, 2020 using a retrospective transition method. The Company plans to adopt this guidance early, as permitted, in its 2019 Form 10-K. The adoption of this guidance is not expected to impact the Company's financial position, results of operations or cash flows.

*Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement*

In August 2018, the FASB issued guidance on a customer's accounting for implementation fees paid in a cloud computing service contract arrangement that addresses which implementation costs to capitalize as an asset and which costs to expense. Capitalized implementation fees are to be expensed over the term of the cloud computing arrangement, and the expense is required to be recognized in the same line item in the income statement as the associated hosting service expenses. The entity is also required to present the capitalized implementation fees on the balance sheet in the same line item as the prepayment for hosting service fees associated with the cloud computing arrangement.

The guidance is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods using a retrospective or prospective transition method. Early adoption is permitted, including adoption in any interim period. The Company intends to adopt this guidance when effective, on January 1, 2020, using a prospective transition method. The adoption of this guidance is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

## Note 3—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, 2019 | Fixed or Floating Interest Rate | Maturity | September 30, 2019 | December 31, 2018 |
|---|---|---|---|---|---|
| ***Non-Vehicle Debt*** | | | | | |
| Senior Term Loan | 4.80% | Floating | 6/2023 | $ 663 | $ 674 |
| Senior RCF | N/A | Floating | 6/2021 | — | — |
| Senior Notes[1] | 6.16% | Fixed | 10/2022-8/2026 | 1,800 | 2,500 |
| Senior Second Priority Secured Notes | 7.63% | Fixed | 6/2022 | 1,250 | 1,250 |
| Promissory Notes | 7.00% | Fixed | 1/2028 | 27 | 27 |
| Other Non-Vehicle Debt | 5.55% | Fixed | Various | 18 | 4 |
| Unamortized Debt Issuance Costs and Net (Discount) Premium | | | | (31) | (33) |
| Total Non-Vehicle Debt | | | | 3,727 | 4,422 |
| ***Vehicle Debt*** | | | | | |
| *HVF II U.S. ABS Program* | | | | | |
| HVF II U.S. Vehicle Variable Funding Notes | | | | | |
| HVF II Series 2013-A[2] | 3.33% | Floating | 3/2021 | 3,904 | 2,940 |
| HVF II Series 2019-A[2] | N/A | Floating | 10/2019 | — | — |
| | | | | 3,904 | 2,940 |
| HVF II U.S. Vehicle Medium Term Notes | | | | | |
| HVF II Series 2015-1[2] | 2.93% | Fixed | 3/2020 | 780 | 780 |
| HVF II Series 2015-3[2] | 3.10% | Fixed | 9/2020 | 371 | 371 |
| HVF II Series 2016-1[2] | N/A | N/A | N/A | — | 466 |
| HVF II Series 2016-2[2] | 3.41% | Fixed | 3/2021 | 595 | 595 |
| HVF II Series 2016-3[2] | N/A | N/A | N/A | — | 424 |
| HVF II Series 2016-4[2] | 3.09% | Fixed | 7/2021 | 424 | 424 |
| HVF II Series 2017-1[2] | 3.38% | Fixed | 10/2020 | 450 | 450 |
| HVF II Series 2017-2[2] | 3.57% | Fixed | 10/2022 | 350 | 350 |
| HVF II Series 2018-1[2] | 3.41% | Fixed | 2/2023 | 1,000 | 1,000 |
| HVF II Series 2018-2[2] | 3.80% | Fixed | 6/2021 | 200 | 200 |
| HVF II Series 2018-3[2] | 4.15% | Fixed | 7/2023 | 200 | 200 |
| HVF II Series 2019-1[2] | 3.85% | Fixed | 3/2022 | 700 | — |
| HVF II Series 2019-2[2] | 3.51% | Fixed | 5/2024 | 750 | — |
| | | | | 5,820 | 5,260 |
| *Donlen ABS Program* | | | | | |
| HFLF Variable Funding Notes | | | | | |
| HFLF Series 2013-2[2] | 3.08% | Floating | 3/2021 | 196 | 320 |
| | | | | 196 | 320 |

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**Unaudited**

| Facility | Weighted-Average Interest Rate as of September 30, 2019 | Fixed or Floating Interest Rate | Maturity | September 30, 2019 | December 31, 2018 |
|---|---|---|---|---|---|
| HFLF Medium Term Notes | | | | | |
| HFLF Series 2015-1[3] | N/A | N/A | N/A | — | 33 |
| HFLF Series 2016-1[3] | 4.26% | Both | 10/2019-1/2020 | 66 | 171 |
| HFLF Series 2017-1[3] | 2.76% | Both | 10/2019-4/2021 | 267 | 397 |
| HFLF Series 2018-1[3] | 3.13% | Both | 10/2019-8/2022 | 505 | 550 |
| HFLF Series 2019-1[3] | 2.75% | Both | 2/2020-11/2022 | 650 | — |
| | | | | 1,488 | 1,151 |
| *Vehicle Debt - Other* | | | | | |
| U.S. Vehicle RCF | 4.56% | Floating | 6/2021 | 146 | 146 |
| European Vehicle Notes[4] | 5.07% | Fixed | 10/2021-3/2023 | 792 | 829 |
| European ABS[2] | 1.75% | Floating | 10/2020 | 1,092 | 600 |
| Canadian Securitization[2] | 3.13% | Floating | 10/2019-3/2021 | 332 | 220 |
| Australian Securitization[2] | 2.67% | Floating | 6/2021 | 156 | 155 |
| New Zealand RCF | 3.90% | Floating | 6/2021 | 38 | 40 |
| U.K. Financing Facility | 3.07% | Floating | 10/2019-6/2022 | 363 | 242 |
| Other Vehicle Debt | 3.91% | Floating | 10/2019-4/2023 | 31 | 42 |
| | | | | 2,950 | 2,274 |
| Unamortized Debt Issuance Costs and Net (Discount) Premium | | | | (44) | (43) |
| Total Vehicle Debt | | | | 14,314 | 11,902 |
| Total Debt | | | | $ 18,041 | $ 16,324 |

*N/A - Not applicable*

(1) References to the "Senior Notes" include the series of Hertz's unsecured senior notes set forth in the table below. Outstanding principal amounts for each such series of the Senior Notes is also specified below:

| (In millions) | Outstanding Principal | |
|---|---|---|
| Senior Notes | September 30, 2019 | December 31, 2018 |
| 5.875% Senior Notes due October 2020 | $ — | $ 700 |
| 7.375% Senior Notes due January 2021 | — | 500 |
| 6.250% Senior Notes due October 2022 | 500 | 500 |
| 5.500% Senior Notes due October 2024 | 800 | 800 |
| 7.125% Senior Notes due August 2026 | 500 | — |
| | $ 1,800 | $ 2,500 |

(2) 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 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.

(3) In the case of the Hertz Fleet Lease Funding LP ("HFLF") Medium Term Notes, such notes are repayable from cash flows derived from third-party leases comprising the underlying HFLF collateral pool. The initial maturity date referenced for each series of HFLF Medium Term Notes represents the end of the revolving period for such series, at which time the related notes begin to amortize monthly by an amount equal to the lease collections payable to that series. To the extent the revolving period already has ended, the initial maturity date reflected is October 2019. The second maturity date referenced for each series of HFLF Medium Term Notes represents the date by which Hertz and the investors in the related series expect such series of notes to be repaid in full, which is based upon various assumptions made at the time of pricing of such notes, including the contractual amortization of the underlying leases as well as the assumed rate of prepayments of such leases. Such maturity reference is to the “expected final maturity date” as opposed to the subsequent “legal final maturity date.” The legal final maturity date is the date on which the relevant indebtedness is legally due and payable. Although the

underlying lease cash flows that support the repayment of the HFLF Medium Term Notes may vary, the cash flows generally are expected to approximate a straight-line amortization of the related notes from the initial maturity date through the expected final maturity date.

(4) 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 (“HHN BV”), unsecured senior notes (converted from Euros to U.S. dollars at a rate of 1.09 to 1 and 1.14 to 1 as of September 30, 2019 and December 31, 2018, respectively) set forth in the table below. Outstanding principal amounts for each such series of the European Vehicle Notes is also specified below:

| (In millions) | Outstanding Principal | |
|---|---|---|
| European Vehicle Notes | September 30, 2019 | December 31, 2018 |
| 4.125% Senior Notes due October 2021 | $ 246 | $ 257 |
| 5.500% Senior Notes due March 2023 | 546 | 572 |
| | $ 792 | $ 829 |

The Company is highly leveraged and a substantial portion of its liquidity needs arise from debt service on its indebtedness and from the funding of its costs of operations and capital expenditures. The Company’s practice is to maintain sufficient liquidity through cash from operations, credit facilities and other financing arrangements to mitigate any adverse impact on its operations resulting from adverse financial market conditions.

As of September 30, 2019, approximately $2.1 billion of vehicle debt and $20 million of non-vehicle debt is due to mature between October 1, 2019 and September 30, 2020. The Company has reviewed its debt facilities and determined that it is probable that the Company will be able, and has the intent, to refinance these facilities at such times as the Company determines appropriate prior to their respective maturities.

***Non-Vehicle Debt***

Senior Notes

In August 2019, Hertz issued $500 million in aggregate principal amount of 7.125% Senior Notes due August 2026 (the "2026 Notes").

In August 2019, Hertz utilized proceeds from the issuance of the 2026 Notes, together with net proceeds from the Rights Offering, as described in Note 6, "Earnings (Loss) Per Share - Hertz Global," to redeem all $700 million of the outstanding 5.875% Senior Notes due 2020 (the “2020 Notes”) and all $500 million of the outstanding 7.375% Senior Notes due 2021 (the "2021 Notes").

***Vehicle Debt***

HVF II U.S. Vehicle Variable Funding Notes

*HVF II Series 2013-A Notes*: In February 2019, HVF II increased the commitments under the HVF II Series 2013-A Notes by $400 million. In May 2019, HVF II increased the commitments under the HVF II Series 2013-A Notes by $40 million.

*HVF II Series 2019-A Notes*: In February 2019, HVF II issued the Series 2019-A Variable Funding Rental Car Asset Backed Notes in an aggregate maximum principal amount of $500 million.

HVF II U.S. Vehicle Medium Term Notes

*HVF II Series 2019-1 Notes*: In February 2019, HVF II issued the Series 2019-1 Rental Car Asset Backed Notes, Class A, Class B, Class C and Class D in an aggregate principal amount of $745 million. An affiliate of HVF II purchased the Class D Notes of such series at the time of issuance, and as a result, approximately $45 million of the aggregate principal amount is eliminated in consolidation. There is subordination within the HVF II Series 2019-1 Notes based on class.

*HVF II Series 2019-2 Notes*: In May 2019, HVF II issued the Series 2019-2 Rental Car Asset Backed Notes, Class A, Class B, Class C and Class D in an aggregate principal amount of $799 million. An affiliate of HVF II purchased the Class D Notes of such series at the time of issuance, and as a result, approximately $49 million of the aggregate principal amount is eliminated in consolidation. There is subordination within the HVF II Series 2019-2 Notes based on class.

HFLF Medium Term Notes

*HFLF Series 2019-1 Notes*: In May 2019, HFLF issued the Series 2019-1 Asset Backed Notes, Class A, Class B, Class C, Class D and Class E in an aggregate principal amount of $650 million. The HFLF Series 2019-1 Notes are fixed rate, except for the Class A-1 Notes, which are floating rate and carry an interest rate based upon a spread to one-month LIBOR.

Canadian Securitization

In April 2019, TCL Funding Limited Partnership ("Funding LP"), a bankruptcy remote, indirect, wholly owned, special purpose subsidiary of Hertz, amended its supplemental indenture for its Series 2015-A Variable Funding Rental Car Asset Backed Notes (the "Funding LP Series 2015-A Notes") to provide for incremental seasonal capacity (subject to borrowing base availability) of up to CAD$90 million from June 2019 to October 2019. Following the expiration of the seasonal commitment period, aggregate maximum borrowings available under the Funding LP Series 2015-A Notes will revert to CAD$350 million (subject to borrowing base availability). Additionally, the Canadian Securitization was amended to extend the maturity of the aggregate maximum borrowings of CAD$350 million to March 2021.

Australian Securitization

In September 2019, HA Fleet Pty Limited, an indirect, wholly-owned subsidiary of Hertz, amended its facility agreement to increase the aggregate maximum borrowings from AUD$250 million to AUD$270 million and extended the maturity from March 2020 to June 2021.

New Zealand RCF

In September 2019, Hertz New Zealand Holdings Limited, an indirect, wholly-owned subsidiary of Hertz, amended its credit agreement to increase the aggregate maximum borrowings from NZD$60 million to NZD$75 million and extended the maturity from March 2020 to June 2021.

U.K. Financing Facility

In May 2019, Hertz U.K. Limited amended its credit agreement ("U.K. Financing Facility") to provide for aggregate maximum borrowing capacity (subject to asset availability) of up to £325 million during the peak rental season, for a seasonal commitment period through October 2019. Following the expiration of the seasonal commitment period, aggregate maximum borrowings available under the U.K. Financing Facility will revert to £250 million (subject to asset availability). Additionally, the U.K. Financing Facility was amended to extend the maturity of the aggregate maximum borrowings of £250 million to March 2021.

***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 a standalone $400 million letter of credit facility (the "Letter of Credit Facility"). 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. The Company's ability to borrow under each such asset-backed securitization facility and asset-based revolving credit facility is a function of, among other things, the value of the assets in the relevant collateral pool. 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.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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The Company refers to "Remaining Capacity" as the maximum principal amount of debt permitted to be outstanding under the respective facility (i.e., with respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the amount of debt the Company could borrow assuming it possessed sufficient assets as collateral) less the principal amount of debt then-outstanding under such facility. With respect to a variable funding asset-backed securitization facility or asset-based revolving credit facility, the Company refers to "Availability Under Borrowing Base Limitation" as the lower of Remaining Capacity or the borrowing base less the principal amount of debt then-outstanding under such facility (i.e., the amount of debt that can be borrowed given the collateral possessed at such time). With respect to the Senior RCF and the Letter of Credit Facility, "Availability Under Borrowing Base Limitation" is the same as "Remaining Capacity" since borrowings under the Senior RCF and availability for issuances of letters of credit under the Letter of Credit Facility are not subject to a borrowing base.

The following facilities were available to the Company as of September 30, 2019 and are presented net of any outstanding letters of credit:

| (In millions) | Remaining Capacity | Availability Under Borrowing Base Limitation |
|---|---|---|
| ***Non-Vehicle Debt*** | | |
| Senior RCF | $ 395 | $ 395 |
| Letter of Credit Facility | 5 | 5 |
| Total Non-Vehicle Debt | 400 | 400 |
| ***Vehicle Debt*** | | |
| U.S. Vehicle RCF | — | — |
| HVF II U.S. Vehicle Variable Funding Notes | 701 | 18 |
| HFLF Variable Funding Notes | 304 | — |
| European ABS | — | — |
| Canadian Securitization | — | — |
| Australian Securitization | 26 | — |
| U.K. Financing Facility | 7 | — |
| New Zealand RCF | 9 | 1 |
| Total Vehicle Debt | 1,047 | 19 |
| Total | $ 1,447 | $ 419 |

***Letters of Credit***

As of September 30, 2019, there were outstanding standby letters of credit totaling $774 million. Such letters of credit have been issued primarily to support the Company's insurance programs, vehicle rental concessions and leaseholds as well as to provide credit enhancement for its asset-backed securitization facilities. Of this amount, $467 million was issued under the Senior RCF and $300 million was issued under the Letter of Credit Facility. As of September 30, 2019, none of the issued letters of credit have been drawn upon.

***Special Purpose Entities***

Substantially all of the Company's revenue earning vehicles and certain related assets are owned by special purpose entities, or are encumbered in favor of the lenders under the various credit facilities, other secured financings and asset-backed securities programs. None of such assets (including the assets owned by Hertz Vehicle Financing II LP, HVF II GP Corp., Hertz Vehicle Financing LLC, Rental Car Finance LLC, DNRS II LLC, HFLF, Donlen Trust and various international subsidiaries that facilitate the Company's international securitizations) are available to satisfy the claims of general creditors.

The Company has a 25% ownership interest in International Fleet Financing II ("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 Company's unaudited condensed consolidated financial statements. As of September 30, 2019 and December 31, 2018, IFF No. 2 had total assets of $1.4 billion and $946 million, respectively, primarily comprised of loans receivable, and total liabilities of $1.4 billion and $946 million, respectively, primarily comprised of debt.

***Covenant Compliance***

The financial covenant provides that Hertz’s consolidated first lien net leverage ratio, as defined in the credit agreements governing the Senior RCF and the Letter of Credit Facility, as of the last day of any fiscal quarter may not exceed a ratio of 3.00 to 1.00 (the "Covenant Leverage Ratio"). As of September 30, 2019, Hertz was in compliance with the Covenant Leverage Ratio.

**Note 4—Leases**

As disclosed in the Leases section of Note 2, “Basis of Presentation and Recently Issued Accounting Pronouncements” ("Note 2"), the Company adopted Topic 842 in accordance with the effective date on January 1, 2019. Note 2 includes disclosures regarding the Company’s method of adoption and the impact upon adoption to its financial position, results of operations and cash flows.

The Company enters into certain agreements as a lessor under which it rents vehicles and leases fleets to customers. The Company enters into certain agreements as a lessee to rent real estate, vehicles and other equipment and to conduct its vehicle rental operations under concession agreements. If any of the following criteria are met, the Company classifies the lease as a financing lease (as a lessee) or as a direct financing or sales-type lease (both as a lessor):

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the Company is reasonably certain to exercise;
- The lease term is for 75% or more of the remaining economic life of the underlying asset, unless the commencement date falls within the last 25% of the economic life of the underlying asset;
- The present value of the sum of the lease payments equals or exceeds 90% of the fair value of the underlying asset; or
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

Leases that do not meet any of the above criteria are accounted for as operating leases.

The Company combines lease and non-lease components in its contracts under Topic 842.

The following further describes the Company's leasing transactions.

**Lessor**

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

The Company's operating leases for fleets have lease periods that are typically for twelve months, after which the lease converts to a month-to-month lease, allowing the vehicle to be surrendered any time thereafter. The Company's fleet leases contain a terminal rental adjustment clause ("TRAC") where, upon sale of the vehicle following the termination of the lease, a TRAC adjustment may result through which the lessee is credited or charged with the gain or loss on the vehicle's disposal. Such TRAC adjustments are considered variable charges.

The following table summarizes the amount of operating lease income and other income included in total revenues in the accompanying condensed consolidated statements of operations for the three and nine months ended September 30, 2019:

| (In millions) | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2019 |
|---|---|---|
| Operating lease income from vehicle rentals | $ 2,516 | $ 6,555 |
| Operating lease income from fleet leasing | 174 | 499 |
| Variable operating lease income | 46 | 124 |
| Revenue accounted for under Topic 842 | 2,736 | 7,178 |
| Revenue accounted for under Topic 606 | 100 | 276 |
| Total revenues | $ 2,836 | $ 7,454 |

**Lessee**

As a lessee, the Company has the following types of operating leases:

- Concession agreements which grant the Company the right to conduct its vehicle rental operations at airports, hotels and train stations and to use building space such as terminal counters and parking garages;
- Real estate leases for its off airport vehicle rental locations and other premises;
- Revenue earning vehicle leases; and
- Other equipment leases.

The Company's lease terms generally range from one month to thirty-five years and a number of agreements contain escalation clauses, which increase the payment obligation based on a fixed or variable rate, and renewal options. The length of renewals vary and may result in different payment terms. Payment terms are based on fixed rates explicit in the lease, including guaranteed minimums, and/or variable rates based on:

- Operating expenses, such as common area charges, real estate taxes and insurance;
- A percentage of revenues or sales arising at the relevant premises; and/or
- Periodic inflation adjustments.

The Company recognizes a ROU asset and lease liability in its accompanying condensed consolidated balance sheets for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the Company's ROU asset and lease liability when it is reasonably certain that such options will be exercised. The Company does not recognize ROU assets or lease liabilities for short-term leases (i.e., those with a term of twelve months or less) and recognizes lease expense on a straight-line basis over the lease term, as applicable.

To determine the present value of its lease payments, the Company utilizes the interest rate implicit in the lease agreement. If the implicit interest rate was not provided in the lease agreement, the Company utilizes the Company's collateralized incremental borrowing rate as of the date of adoption, January 1, 2019, or the commencement date of the lease, whichever is later.

The following table summarizes the amount of lease costs incurred by the Company:

| (In millions) | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2019 | Year Ended December 31, 2018 |
|---|---|---|---|
| Minimum fixed lease costs[1]: | | | |
| Short-term lease costs | $ 35 | $ 97 | N/A |
| Operating lease costs | 136 | 405 | N/A |
| Total | $ 171 | $ 502 | $ 577 |
| Variable lease costs | 110 | 256 | 438 |
| Total lease costs | $ 281 | $ 758 | $ 1,015 |

[1] Topic 842, which was adopted on January 1, 2019, requires the Company to disclose the short-term portion of minimum fixed lease costs. For the year ended December 31, 2018, under the then existing guidance in Topic 840, the Company was only required to disclose minimum fixed costs in total.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the Company's operating leases as a lessee:

| | September 30, 2019 |
|---|---|
| Weighted-average remaining lease term (in years) | 9.4 |
| Weighted-average discount rate | 10.6% |

The following table summarizes the Company's minimum fixed lease obligations under existing agreements as a lessee, excluding variable concession obligations and short-term leases, as of September 30, 2019:

| (In millions) | |
|---|---|
| October 1, 2019 - September 30, 2020 | $ 473 |
| October 1, 2020 - September 30, 2021 | 405 |
| October 1, 2021 - September 30, 2022 | 324 |
| October 1, 2022 - September 30, 2023 | 247 |
| October 1, 2023 - September 30, 2024 | 191 |
| After September 30, 2024 | 1,072 |
| Total lease payments | 2,712 |
| Interest | (1,048) |
| Operating lease liabilities at September 30, 2019 | $ 1,664 |

## Note 5—Income Tax (Provision) Benefit

***Hertz Global***

The effective tax rate for the three months ended September 30, 2019 and 2018 is 30% and 23%, respectively. The effective tax rate for the nine months ended September 30, 2019 and 2018 is 54% and 9%, respectively.

The Company recorded a tax provision of $74 million and $78 million for the three and nine months ended September 30, 2019, respectively, compared to a tax provision of $41 million and a tax benefit of $12 million for the three and nine months ended September 30, 2018, respectively. The effective income tax rate and related tax provision are higher for the three and nine months ended September 30, 2019 driven by overall improvement in results from operations, primarily due to lower losses in the U.S., and the composition of earnings by jurisdiction.

***Hertz***

The effective tax rate for the three months ended September 30, 2019 and 2018 is 30% and 23%, respectively. The effective tax rate for the nine months ended September 30, 2019 and 2018 is 53% and 8%, respectively.

The Company recorded a tax provision of $75 million and $79 million for the three and nine months ended September 30, 2019, respectively, compared to a tax provision of $42 million and a tax benefit of $10 million for the three and nine months ended September 30, 2018, respectively. The effective income tax rate and related tax provision are higher for the three and nine months ended September 30, 2019 driven by overall improvement in results from operations, primarily due to lower losses in the U.S., and the composition of earnings by jurisdiction.

## Note 6—Earnings (Loss) Per Share - Hertz Global

Basic earnings (loss) per share has been computed based upon the weighted-average number of common shares outstanding. Diluted earnings (loss) per share has been computed based upon the weighted-average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents, except when the effect would be anti-dilutive.

Rights Offering

In June 2019, Hertz Global filed a prospectus supplement to its Registration Statement on Form S-3 declared effective by the SEC on June 12, 2019 for a rights offering to raise gross proceeds of approximately $750 million and providing for the issuance of up to an aggregate of 57,915,055 new shares of Hertz Global common stock (the "Rights Offering"). Under the terms of the Rights Offering, each stockholder of Hertz Global was eligible to receive one transferable subscription right (a "Right") for each share of common stock held as of 5:00 p.m., Eastern Time, on June 24, 2019 (the "Record Date"). Each Right entitled the holder to purchase 0.688285 shares of common stock (the "Basic Subscription Right") at a price of $12.95 per whole share of common stock (the "Subscription Price"). The Rights Offering also entitled rights holders who fully exercised their Basic Subscription Rights to subscribe for additional shares of Hertz Global's common stock that remain unsubscribed as a result of any unexercised Basic Subscription Rights (the “Over-Subscription Right”). The Rights Offering expired at 5:00 p.m., Eastern Time, on July 12, 2019.

Upon closing in July 2019, the Rights Offering was fully subscribed resulting in Hertz Global selling 57,915,055 shares of its common stock at the Subscription Price for gross proceeds of $750 million. Pursuant to the terms of the Rights Offering, 55,816,783 shares of common stock were purchased under the Basic Subscription Right and 2,098,272 shares of common stock were purchased under the Over-Subscription Right.

Basic weighted-average shares outstanding and weighted-average shares used to calculate diluted earnings (loss) per share for the three and nine months ended September 30, 2018 have been adjusted retrospectively to give effect to the Rights Offering.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (In millions, except per share data) | 2019 | 2018 | 2019 | 2018 |
| Basic and diluted earnings (loss) per share: | | | | |
| Numerator: | | | | |
| Net income (loss) attributable to Hertz Global | $ 169 | $ 141 | $ 61 | $ (124) |
| Denominator: | | | | |
| Basic weighted-average shares outstanding (excluding the impact of the Rights Offering) | 84 | 84 | 84 | 83 |
| Rights Offering adjustment[a] | 2 | 12 | 9 | 12 |
| New shares issued under the Rights Offering[b] | 47 | — | 16 | — |
| Basic weighted-average shares outstanding | 133 | 96 | 109 | 95 |
| Dilutive stock options, RSUs and PSUs | 1 | — | — | — |
| Diluted weighted-average shares outstanding | 134 | 96 | 109 | 95 |
| Antidilutive stock options, RSUs, PSUs and PSAs | 1 | 1 | 1 | 1 |
| Earnings (loss) per share: | | | | |
| Basic earnings (loss) per share | $ 1.26 | $ 1.47 | $ 0.56 | $ (1.30) |
| Diluted earnings (loss) per share | $ 1.26 | $ 1.47 | $ 0.56 | $ (1.30) |

(a) Reflects the impact of the Rights Offering subscription period.
(b) Reflects the weighted-average impact of the issuance of 57.9 million shares from the Rights Offering on July 18, 2019.

## Note 7—Fair Value Measurements

### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

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

Cash Equivalents, Restricted Cash Equivalents and Investments

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

Investments in equity securities that are measured at fair value on a recurring basis consist of marketable securities.

The following table summarizes the ending balances of the Company's cash equivalents, restricted cash equivalents and investments:

| | September 30, 2019 | | | | December 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| (In millions) | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Money market funds and time deposits | $ 209 | $ — | $ — | $ 209 | $ 701 | $ — | $ — | $ 701 |
| Marketable securities | 70 | — | — | 70 | 44 | — | — | 44 |

Debt Obligations

The fair value of debt is estimated based on quoted market rates as well as borrowing rates currently available to the Company for loans with similar terms and average maturities (i.e., Level 2 inputs).

| | As of September 30, 2019 | | As of December 31, 2018 | |
|---|---|---|---|---|
| (In millions) | Nominal Unpaid Principal Balance | Aggregate Fair Value | Nominal Unpaid Principal Balance | Aggregate Fair Value |
| Non-Vehicle Debt | $ 3,758 | $ 3,829 | $ 4,455 | $ 4,011 |
| Vehicle Debt | 14,358 | 14,496 | 11,945 | 11,891 |
| Total | $ 18,116 | $ 18,325 | $ 16,400 | $ 15,902 |

## Note 8—Contingencies and Off-Balance Sheet Commitments

***Legal Proceedings***

Public Liability and Property Damage

The Company is currently a defendant in numerous actions and has received numerous claims on which actions have not yet commenced for public liability and property damage arising from the operation of motor vehicles rented from the Company. The obligation for public liability and property damage on self-insured U.S. and international vehicles, as stated in the accompanying 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 a non-discounted basis. Reserve requirements are based on rental volume and actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses, premiums and administrative costs. As of September 30, 2019 and December 31, 2018, the Company's liability recorded for public liability and property damage matters is $418 million and $418 million, respectively. The Company believes that its analysis is based on the most relevant information available, combined with reasonable assumptions, and that the Company may prudently rely on this information to determine the estimated liability. The liability is subject to significant uncertainties. The adequacy of the liability reserve is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If the Company's estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

Loss Contingencies

From time to time the Company is a party to various legal proceedings, typically involving operational issues common to the vehicle rental business, including claims by employees and former employees and governmental investigations. The Company has summarized below the most significant legal proceedings to which the Company was and/or is a party during the nine months ended September 30, 2019 or the period after September 30, 2019, but before the filing of this Quarterly Report on Form 10-Q.

*Governmental Investigations* - The Company previously identified certain activities in Brazil that raised issues under the Foreign Corrupt Practices Act (the "FCPA") and other federal and local laws, which the Company self-reported to appropriate government entities. The matters associated with the FCPA and other federal matters have been resolved without further action by the applicable U.S. government entities. The Company is continuing its cooperation with respect to matters under local Brazilian laws. The Company has accrued a loss contingency with respect to the ongoing Brazil-related matters that is not material.

*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 2018 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 (discussed 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 motion to allow the filing of a proposed fifth amended complaint. On October 30, 2019, the plaintiffs filed a motion to appeal the order issued on September 30, 2019 by the federal district court of New Jersey.

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

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

Other Proceedings

*Litigation Against Former Executives* - The Company filed litigation in federal court in New Jersey against Mark Frissora, Elyse Douglas and John 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. The parties are currently involved in motion practice in New Jersey and discovery has commenced in Florida. In October 2019, the Company entered into a confidential Settlement Agreement with Elyse Douglas. Pursuant to the agreements governing the separation of Herc Holdings from Hertz Global that occurred on June 30, 2016, Herc Holdings is entitled to 15% of the net proceeds of any repayment or recovery.

***Indemnification Obligations***

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

**Note 9—Related Party Transactions**

***Agreements with the Icahn Group***

In the normal course of business, the Company purchases goods and services and leases property from entities controlled by Carl C. Icahn and his affiliates, including The Pep Boys - Manny, Moe & Jack (collectively, the "Icahn Group"). During the three months ended September 30, 2019 and 2018, the Company purchased approximately $15 million and $10 million, respectively, worth of goods and services from these related parties. During the nine months ended September 30, 2019 and 2018, the Company purchased approximately $39 million and $27 million, respectively, worth of goods and services from these related parties.

In May 2018, the Company sold approximately $36 million of marketable securities to the Icahn Group at the then current market price of such securities.

***Transactions and Agreements between Hertz Holdings and Hertz***

In June 2018, Hertz entered into a master loan agreement with Hertz Holdings for a facility size of $425 million with an expiration in June 2019 (the "2018 Master Loan"). The interest rate is based on the U.S. Dollar LIBOR rate plus a margin.

In June 2019, upon expiration of the 2018 Master Loan, Hertz entered into a new master loan agreement with Hertz Holdings for a facility size of $425 million with an expiration in June 2020 (the "2019 Master Loan") where amounts outstanding under the 2018 Master Loan were transferred to the 2019 Master Loan. The interest rate is based on the U.S. Dollar LIBOR rate plus a margin. As of September 30, 2019 and December 31, 2018, there was $127 million and $117 million, respectively, outstanding under the 2019 Master Loan representing advances and any accrued but unpaid interest. Additionally, Hertz has a loan due to an affiliate in the amount of $65 million as of September 30, 2019 and December 31, 2018, which represents a tax-related liability to Hertz Holdings.

The net impact of the above amounts are included in stockholder's equity in the accompanying unaudited condensed consolidated balance sheets of Hertz.

***767 Auto Leasing LLC***

In January 2018, Hertz entered into a Master Motor Vehicle Lease and Management Agreement (the “767 Lease Agreement”) pursuant to which Hertz granted 767 Auto Leasing LLC (“767”), an entity affiliated with the Icahn Group, the option to acquire certain vehicles from Hertz at rates aligned with the rates at which Hertz sells vehicles to third parties. 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"), including Lyft, Inc. drivers, from rental counters within locations leased or owned by affiliates of 767 ("Icahn Locations"), including locations operated under a master lease agreement with The Pep Boys - Manny, Joe & Jack. The 767 Lease Agreement had an initial term, as extended, of approximately 22 months, and is subject to automatic six months renewals thereafter, unless terminated by either party (with or without cause) prior to the start of any such six months renewal.

767’s payment obligations under the 767 Lease Agreement are guaranteed by American Entertainment Properties Corp. ("AEPC"), an entity affiliated with the Icahn Group. During the three and nine months ended September 30, 2019, AEPC contributed $5 million and $50 million, respectively to 767 along with certain services. During the three and nine months ended September 30, 2018, AEPC contributed $15 million and $25 million, respectively.

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

In October 2019, the 767 Lease Agreement was amended such that, among other changes, 767 vehicles will be available for rent from Hertz locations that are opened in replacement of closed Icahn Locations, and the 767 vehicles may be available for rent to traditional off-airport customers in addition to TNC drivers, when certain conditions apply.

**Note 10—Segment Information**

The Company’s chief operating decision maker assesses performance and allocates resources based upon the financial information for the Company’s operating segments. The Company aggregates certain of its operating segments into its reportable segments. The Company has identified three reportable segments, which are organized based on the products and services provided by its operating segments and the geographic areas in which its operating segments conduct business, as follows:

- U.S. Rental Car ("U.S. RAC") - rental of vehicles (cars, crossovers and light trucks), as well as sales of value-added services, in the U.S. and consists of the Company's U.S. operating segment;

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

- All Other Operations - primarily consists of the Company's Donlen business, which provides vehicle leasing and fleet management services, together with other business activities which represent less than 1% of revenues and expenses of the segment.

Effective during the three months ended June 30, 2019, the Company changed its segment measure of profitability for its reportable segments to Adjusted EBITDA, as shown in the Adjusted EBITDA reconciliation tables below. This measure better aligns with the way the Company reviews its overall vehicle rental and leasing business and determines management incentive compensation. Prior to the three months ended June 30, 2019, the Company’s segment measure of profitability was Adjusted Pre-tax Income (Loss) which included non-vehicle depreciation and amortization, net non-vehicle debt interest and certain other items. For comparability purposes, the Company has revised the 2018 segment results to reflect the new segment measure of profitability.

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 statement of operations and statement of financial position information by reportable segment for each of Hertz Global and Hertz, including Adjusted EBITDA, the measure used to determine segment profitability.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (In millions) | 2019 | 2018 | 2019 | 2018 |
| **Revenues** | | | | |
| U.S. Rental Car | $ 1,962 | $ 1,852 | $ 5,266 | $ 4,905 |
| International Rental Car | 702 | 732 | 1,695 | 1,789 |
| All Other Operations | 172 | 174 | 493 | 515 |
| Total Hertz Global and Hertz | $ 2,836 | $ 2,758 | $ 7,454 | $ 7,209 |
| **Depreciation of revenue earning vehicles and lease charges** | | | | |
| U.S. Rental Car | $ 420 | $ 414 | $ 1,217 | $ 1,295 |
| International Rental Car | 126 | 128 | 329 | 342 |
| All Other Operations | 121 | 130 | 346 | 383 |
| Total Hertz Global and Hertz | $ 667 | $ 672 | $ 1,892 | $ 2,020 |
| **Adjusted EBITDA** | | | | |
| U.S. Rental Car | $ 269 | $ 208 | $ 432 | $ 179 |
| International Rental Car | 115 | 140 | 157 | 222 |
| All Other Operations | 24 | 19 | 70 | 59 |
| Corporate | (16) | (16) | (64) | (76) |
| Total Hertz Global and Hertz | $ 392 | $ 351 | $ 595 | $ 384 |

| (In millions) | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **Total assets** | | |
| U.S. Rental Car | $ 17,302 | $ 13,983 |
| International Rental Car | 5,161 | 4,057 |
| All Other Operations | 2,080 | 1,843 |
| Corporate | 998 | 1,499 |
| Total Hertz Global and Hertz | $ 25,541 | $ 21,382 |

Reconciliations of Adjusted EBITDA by reportable segment to the Company's total amounts are summarized below.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**Unaudited**

***Hertz Global***

| (In millions) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| **Adjusted EBITDA:** | | | | |
| U.S. Rental Car | $ 269 | $ 208 | $ 432 | $ 179 |
| International Rental Car | 115 | 140 | 157 | 222 |
| All Other Operations | 24 | 19 | 70 | 59 |
| Total reportable segments | 408 | 367 | 659 | 460 |
| Corporate(1) | (16) | (16) | (64) | (76) |
| Total Hertz Global | 392 | 351 | 595 | 384 |
| **Adjustments:** | | | | |
| Non-vehicle depreciation and amortization | (51) | (52) | (151) | (166) |
| Non-vehicle debt interest, net of interest income | (70) | (73) | (214) | (218) |
| Vehicle debt-related charges(2) | (10) | (7) | (29) | (25) |
| Loss on extinguishment of vehicle debt(3) | — | — | — | (22) |
| Restructuring and restructuring related charges(4) | (1) | (12) | (11) | (26) |
| Information technology and finance transformation costs(5) | (17) | (24) | (77) | (75) |
| Other items(6) | 4 | (2) | 30 | 11 |
| Income (loss) before income taxes | $ 247 | $ 181 | $ 143 | $ (137) |

***Hertz***

| (In millions) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| **Adjusted EBITDA:** | | | | |
| U.S. Rental Car | $ 269 | $ 208 | $ 432 | $ 179 |
| International Rental Car | 115 | 140 | 157 | 222 |
| All Other Operations | 24 | 19 | 70 | 59 |
| Total reportable segments | 408 | 367 | 659 | 460 |
| Corporate(1) | (16) | (16) | (64) | (76) |
| Total Hertz | 392 | 351 | 595 | 384 |
| **Adjustments:** | | | | |
| Non-vehicle depreciation and amortization | (51) | (52) | (151) | (166) |
| Non-vehicle debt interest, net of interest income | (68) | (71) | (209) | (213) |
| Vehicle debt-related charges(2) | (10) | (7) | (29) | (25) |
| Loss on extinguishment of vehicle debt(3) | — | — | — | (22) |
| Restructuring and restructuring related charges(4) | (1) | (12) | (11) | (26) |
| Information technology and finance transformation costs(5) | (17) | (24) | (77) | (75) |
| Other items(6) | 4 | (2) | 30 | 11 |
| Income (loss) before income taxes | $ 249 | $ 183 | $ 148 | $ (132) |

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

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

(3) In 2018, primarily represents $20 million of early redemption premium and write-off of deferred financing costs associated with the full redemption of the 4.375% European Vehicle Senior Notes due January 2019 in April 2018.

(4) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives. In 2018, also includes consulting costs, legal fees and other expenses related to the previously disclosed accounting review and investigation.

(5) 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.

(6) Represents miscellaneous items, including non-cash stock-based compensation charges, and amounts attributable to noncontrolling interests. In 2019, includes a $26 million gain on marketable securities, of which $6 million was recorded during the third quarter of 2019, and a $15 million gain on the sale of non-vehicle capital assets, of which $3 million was recorded in the third quarter of 2019. In 2018, includes a $21 million gain on marketable securities, of which $4 million was recorded in the third quarter of 2018, and a $6 million legal settlement received in the second quarter related to an oil spill in the Gulf of Mexico in 2010.

## Note 11—Guarantor and Non-Guarantor Condensed Consolidating Financial Information - Hertz

The following tables present the Condensed Consolidating Balance Sheets as of September 30, 2019 and December 31, 2018, the Condensed Consolidating Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2019 and 2018 and the Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2019 and 2018 of (a) The Hertz Corporation, ("Parent"); (b) the Parent's subsidiaries that guarantee the Senior Notes issued by the Parent ("Guarantor Subsidiaries"); (c) the Parent's subsidiaries that do not guarantee the Senior Notes issued by the Parent ("Non-Guarantor Subsidiaries"); (d) elimination entries necessary to consolidate the Parent with the Guarantor Subsidiaries and Non-Guarantor Subsidiaries ("Eliminations") and (e) Hertz on a consolidated basis.

Investments in subsidiaries are accounted for using the equity method for purposes of the consolidating presentation. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions. The Guarantor Subsidiaries are 100% owned by the Parent and all guarantees are full and unconditional and joint and several. Additionally, substantially all of the assets of the Guarantor Subsidiaries are pledged under the Senior Facilities and Senior Second Priority Secured Notes, and consequently will not be available to satisfy the claims of Hertz general creditors. In lieu of providing separate unaudited financial statements for the Guarantor Subsidiaries, Hertz has included the accompanying condensed consolidating financial statements based on Rule 3-10 of the SEC's Regulation S-X. Management of Hertz does not believe that separate financial statements of the Guarantor Subsidiaries are material to Hertz's investors; therefore, separate financial statements and other disclosures concerning the Guarantor Subsidiaries are not presented.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
September 30, 2019
(In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 172 | $ 2 | $ 291 | $ — | $ 465 |
| Restricted cash and cash equivalents | 91 | 7 | 132 | — | 230 |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents | 263 | 9 | 423 | — | 695 |
| Receivables, net of allowance | 432 | 185 | 1,349 | — | 1,966 |
| Due from affiliates | 3,797 | 4,565 | 7,936 | (16,298) | — |
| Prepaid expenses and other assets | 6,157 | 31 | 255 | (5,613) | 830 |
| Revenue earning vehicles, net | 524 | — | 14,762 | — | 15,286 |
| Property and equipment, net | 601 | 63 | 94 | — | 758 |
| Operating lease right-of-use assets | 1,130 | 176 | 373 | — | 1,679 |
| Investment in subsidiaries, net | 6,691 | 1,629 | — | (8,320) | — |
| Intangible assets, net | 241 | 3,000 | 4 | — | 3,245 |
| Goodwill | 102 | 943 | 37 | — | 1,082 |
| Total assets | $ 19,938 | $ 10,601 | $ 25,233 | $ (30,231) | $ 25,541 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | | | |
| Due to affiliates | $ 11,675 | $ 1,226 | $ 3,397 | $ (16,298) | $ — |
| Accounts payable | 358 | 109 | 403 | — | 870 |
| Accrued liabilities | 765 | 51 | 430 | — | 1,246 |
| Accrued taxes, net | 98 | 18 | 3,642 | (3,599) | 159 |
| Debt | 3,873 | — | 14,168 | — | 18,041 |
| Operating lease liabilities | 1,114 | 174 | 376 | — | 1,664 |
| Public liability and property damage | 183 | 36 | 199 | — | 418 |
| Deferred income taxes, net | — | 1,818 | 1,352 | (2,014) | 1,156 |
| Total liabilities | 18,066 | 3,432 | 23,967 | (21,911) | 23,554 |
| Stockholder's equity: | | | | | |
| Total stockholder's equity attributable to Hertz | 1,872 | 7,169 | 1,151 | (8,320) | 1,872 |
| Noncontrolling interests | — | — | 115 | — | 115 |
| Total stockholder's equity | 1,872 | 7,169 | 1,266 | (8,320) | 1,987 |
| Total liabilities and stockholder's equity | $ 19,938 | $ 10,601 | $ 25,233 | $ (30,231) | $ 25,541 |

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
December 31, 2018
(In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 576 | $ 3 | $ 548 | $ — | $ 1,127 |
| Restricted cash and cash equivalents | 137 | 8 | 138 | — | 283 |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents | 713 | 11 | 686 | — | 1,410 |
| Receivables, net of allowance | 421 | 174 | 992 | — | 1,587 |
| Due from affiliates | 3,522 | 5,312 | 9,101 | (17,935) | — |
| Prepaid expenses and other assets | 4,863 | 34 | 269 | (4,264) | 902 |
| Revenue earning vehicles, net | 421 | 1 | 11,997 | — | 12,419 |
| Property and equipment, net | 590 | 64 | 124 | — | 778 |
| Investment in subsidiaries, net | 7,648 | 1,526 | — | (9,174) | — |
| Intangible assets, net | 160 | 3,039 | 4 | — | 3,203 |
| Goodwill | 102 | 943 | 38 | — | 1,083 |
| Total assets | $ 18,440 | $ 11,104 | $ 23,211 | $ (31,373) | $ 21,382 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | | | |
| Due to affiliates | $ 11,351 | $ 2,306 | $ 4,278 | $ (17,935) | $ — |
| Accounts payable | 388 | 97 | 503 | — | 988 |
| Accrued liabilities | 823 | 69 | 412 | — | 1,304 |
| Accrued taxes, net | 67 | 15 | 2,359 | (2,305) | 136 |
| Debt | 4,567 | — | 11,757 | — | 16,324 |
| Public liability and property damage | 185 | 41 | 192 | — | 418 |
| Deferred income taxes, net | — | 1,729 | 1,324 | (1,959) | 1,094 |
| Total liabilities | 17,381 | 4,257 | 20,825 | (22,199) | 20,264 |
| Stockholder's equity: | | | | | |
| Total stockholder's equity attributable to Hertz | 1,059 | 6,847 | 2,327 | (9,174) | 1,059 |
| Noncontrolling interests | — | — | 59 | — | 59 |
| Total stockholder's equity | 1,059 | 6,847 | 2,386 | (9,174) | 1,118 |
| Total liabilities and stockholder's equity | $ 18,440 | $ 11,104 | $ 23,211 | $ (31,373) | $ 21,382 |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

**THE HERTZ CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**
**For the Three Months Ended September 30, 2019**
**(In millions)**

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Total revenues | $ 1,414 | $ 441 | $ 2,325 | $ (1,344) | $ 2,836 |
| Expenses: | | | | | |
| Direct vehicle and operating | 799 | 271 | 422 | — | 1,492 |
| Depreciation of revenue earning vehicles and lease charges | 1,302 | 89 | 620 | (1,344) | 667 |
| Selling, general and administrative | 143 | 24 | 65 | — | 232 |
| Interest (income) expense, net | 111 | (51) | 142 | — | 202 |
| Other (income) expense, net | (7) | — | 1 | — | (6) |
| Total expenses | 2,348 | 333 | 1,250 | (1,344) | 2,587 |
| Income (loss) before income taxes and equity in earnings (losses) of subsidiaries | (934) | 108 | 1,075 | — | 249 |
| Income tax (provision) benefit | 1,251 | (85) | (1,241) | — | (75) |
| Equity in earnings (losses) of subsidiaries, net of tax | (147) | 32 | — | 115 | — |
| Net income (loss) | 170 | 55 | (166) | 115 | 174 |
| Net (income) loss attributable to noncontrolling interests | — | — | (4) | — | (4) |
| Net income (loss) attributable to Hertz | 170 | 55 | (170) | 115 | 170 |
| Total other comprehensive income (loss), net of tax | (11) | (1) | (12) | 13 | (11) |
| Comprehensive income (loss) attributable to Hertz | $ 159 | $ 54 | $ (182) | $ 128 | $ 159 |

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

THE HERTZ CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Unaudited

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended September 30, 2018
(In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Total revenues | $ 1,349 | $ 418 | $ 2,272 | $ (1,281) | $ 2,758 |
| Expenses: | | | | | |
| Direct vehicle and operating | 865 | 190 | 404 | — | 1,459 |
| Depreciation of revenue earning vehicles and lease charges | 1,200 | 91 | 662 | (1,281) | 672 |
| Selling, general and administrative | 176 | 24 | 65 | — | 265 |
| Interest (income) expense, net | 108 | (42) | 120 | — | 186 |
| Other (income) expense, net | (6) | — | (1) | — | (7) |
| Total expenses | 2,343 | 263 | 1,250 | (1,281) | 2,575 |
| Income (loss) before income taxes and equity in earnings (losses) of subsidiaries | (994) | 155 | 1,022 | — | 183 |
| Income tax (provision) benefit | 270 | (41) | (271) | — | (42) |
| Equity in earnings (losses) of subsidiaries, net of tax | 866 | 32 | — | (898) | — |
| Net income (loss) | 142 | 146 | 751 | (898) | 141 |
| Net (income) loss attributable to noncontrolling interests | — | — | 1 | — | 1 |
| Net income (loss) attributable to Hertz | 142 | 146 | 752 | (898) | 142 |
| Total other comprehensive income (loss), net of tax | — | 2 | (1) | (1) | — |
| Comprehensive income (loss) attributable to Hertz | $ 142 | $ 148 | $ 751 | $ (899) | $ 142 |

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

## THE HERTZ CORPORATION AND SUBSIDIARIES
## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
## For the Nine Months Ended September 30, 2019
## (In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Total revenues | $ 3,859 | $ 1,158 | $ 6,856 | $ (4,419) | $ 7,454 |
| Expenses: | | | | | |
| Direct vehicle and operating | 2,338 | 733 | 1,076 | — | 4,147 |
| Depreciation of revenue earning vehicles and lease charges | 4,281 | 251 | 1,779 | (4,419) | 1,892 |
| Selling, general and administrative | 449 | 89 | 185 | — | 723 |
| Interest (income) expense, net | 325 | (145) | 401 | — | 581 |
| Other (income) expense, net | (37) | (1) | 1 | — | (37) |
| Total expenses | 7,356 | 927 | 3,442 | (4,419) | 7,306 |
| Income (loss) before income taxes and equity in earnings (losses) of subsidiaries | (3,497) | 231 | 3,414 | — | 148 |
| Income tax (provision) benefit | 1,357 | (91) | (1,345) | — | (79) |
| Equity in earnings (losses) of subsidiaries, net of tax | 2,205 | 89 | — | (2,294) | — |
| Net income (loss) | 65 | 229 | 2,069 | (2,294) | 69 |
| Net (income) loss attributable to noncontrolling interests | — | — | (4) | — | (4) |
| Net income (loss) attributable to Hertz | 65 | 229 | 2,065 | (2,294) | 65 |
| Total other comprehensive income (loss), net of tax | (6) | 3 | (9) | 6 | (6) |
| Comprehensive income (loss) attributable to Hertz | $ 59 | $ 232 | $ 2,056 | $ (2,288) | $ 59 |

## THE HERTZ CORPORATION AND SUBSIDIARIES
## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
## For the Nine Months Ended September 30, 2018
## (In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Total revenues | $ 3,598 | $ 1,105 | $ 5,890 | $ (3,384) | $ 7,209 |
| Expenses: | | | | | |
| Direct vehicle and operating | 2,455 | 544 | 1,044 | — | 4,043 |
| Depreciation of revenue earning vehicles and lease charges | 3,185 | 273 | 1,946 | (3,384) | 2,020 |
| Selling, general and administrative | 516 | 53 | 196 | — | 765 |
| Interest (income) expense, net | 311 | (112) | 350 | — | 549 |
| Other (income) expense, net | (33) | — | (3) | — | (36) |
| Total expenses | 6,434 | 758 | 3,533 | (3,384) | 7,341 |
| Income (loss) before income taxes and equity in earnings (losses) of subsidiaries | (2,836) | 347 | 2,357 | — | (132) |
| Income tax (provision) benefit | 627 | (76) | (541) | — | 10 |
| Equity in earnings (losses) of subsidiaries, net of tax | 2,088 | 90 | — | (2,178) | — |
| Net income (loss) | (121) | 361 | 1,816 | (2,178) | (122) |
| Net (income) loss attributable to noncontrolling interests | — | — | 1 | — | 1 |
| Net income (loss) attributable to Hertz | (121) | 361 | 1,817 | (2,178) | (121) |
| Total other comprehensive income (loss), net of tax | (17) | (3) | (18) | 21 | (17) |
| Comprehensive income (loss) attributable to Hertz | $ (138) | $ 358 | $ 1,799 | $ (2,157) | $ (138) |

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Unaudited

THE HERTZ CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Nine Months Ended September 30, 2019
(In millions)

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ 858 | $ 3 | $ 4,401 | $ (3,024) | $ 2,238 |
| Cash flows from investing activities: | | | | | |
| Revenue earning vehicles expenditures | (423) | — | (11,113) | — | (11,536) |
| Proceeds from disposal of revenue earning vehicles | 254 | — | 5,939 | — | 6,193 |
| Capital asset expenditures, non-vehicle | (149) | (5) | (16) | — | (170) |
| Proceeds from property and other equipment disposed of or to be disposed of | 19 | — | 2 | — | 21 |
| Capital contributions to subsidiaries | (2,580) | — | — | 2,580 | — |
| Return of capital from subsidiaries | 1,808 | — | — | (1,808) | — |
| Proceeds from/repayments of intercompany loan | — | — | 258 | (258) | — |
| Net cash provided by (used in) investing activities | (1,071) | (5) | (4,930) | 514 | (5,492) |
| Cash flows from financing activities: | | | | | |
| Proceeds from issuance of vehicle debt | 737 | — | 10,302 | — | 11,039 |
| Repayments of vehicle debt | (737) | — | (7,801) | — | (8,538) |
| Proceeds from issuance of non-vehicle debt | 1,726 | — | — | — | 1,726 |
| Repayments of non-vehicle debt | (2,437) | — | — | — | (2,437) |
| Payment of financing costs | (8) | — | (25) | — | (33) |
| Advances to Hertz Holdings | (10) | — | — | — | (10) |
| Contributions from noncontrolling interests | — | — | 49 | — | 49 |
| Contributions from Hertz Holdings | 750 | — | — | — | 750 |
| Capital contributions received from parent | — | — | 2,580 | (2,580) | — |
| Payment of dividends and return of capital | — | — | (4,832) | 4,832 | — |
| Proceeds from/repayments of intercompany loan | (258) | — | — | 258 | — |
| Net cash provided by (used in) financing activities | (237) | — | 273 | 2,510 | 2,546 |
| Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents | — | — | (7) | — | (7) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period | (450) | (2) | (263) | — | (715) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period | 713 | 11 | 686 | — | 1,410 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period | $ 263 | $ 9 | $ 423 | $ — | $ 695 |

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**Unaudited**

**THE HERTZ CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**
**For the Nine Months Ended September 30, 2018**
**(In millions)**

| | Parent (The Hertz Corporation) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | The Hertz Corporation & Subsidiaries |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ 187 | $ 7 | $ 3,732 | $ (1,905) | $ 2,021 |
| Cash flows from investing activities: | | | | | |
| Revenue earning vehicles expenditures | (328) | — | (9,748) | — | (10,076) |
| Proceeds from disposal of revenue earning vehicles | 183 | — | 5,195 | — | 5,378 |
| Capital asset expenditures, non-vehicle | (85) | (8) | (26) | — | (119) |
| Proceeds from property and other equipment disposed of or to be disposed of | 41 | — | 6 | — | 47 |
| Purchases of marketable securities | (60) | — | — | — | (60) |
| Sales of marketable securities | 36 | — | — | — | 36 |
| Other | (2) | — | (3) | — | (5) |
| Capital contributions to subsidiaries | (2,817) | — | — | 2,817 | — |
| Return of capital from subsidiaries | 2,445 | — | — | (2,445) | — |
| Proceeds from/repayments of intercompany loan | — | — | 78 | (78) | — |
| Net cash provided by (used in) investing activities | (587) | (8) | (4,498) | 294 | (4,799) |
| Cash flows from financing activities: | | | | | |
| Proceeds from issuance of vehicle debt | 1,809 | — | 10,062 | — | 11,871 |
| Repayments of vehicle debt | (1,862) | — | (7,663) | — | (9,525) |
| Proceeds from issuance of non-vehicle debt | 387 | — | — | — | 387 |
| Repayments of non-vehicle debt | (398) | — | — | — | (398) |
| Payment of financing costs | (1) | — | (29) | — | (30) |
| Early redemption premium payment | — | — | (19) | — | (19) |
| Advances to Hertz Holdings | (7) | — | — | — | (7) |
| Contributions from noncontrolling interests | — | — | 25 | — | 25 |
| Capital contributions received from parent | — | — | 2,817 | (2,817) | — |
| Payment of dividends and return of capital | — | — | (4,350) | 4,350 | — |
| Proceeds from/repayments of intercompany loan | (78) | — | — | 78 | — |
| Net cash provided by (used in) financing activities | (150) | — | 843 | 1,611 | 2,304 |
| Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents | — | — | (4) | — | (4) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period | (550) | (1) | 73 | — | (478) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period | 911 | 16 | 577 | — | 1,504 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period | $ 361 | $ 15 | $ 650 | $ — | $ 1,026 |

## 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 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 2018 Form 10-K and the unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Report on Form 10-Q for the quarterly period ended September 30, 2019 (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 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 them to assess our operational performance on the same basis that management uses internally. Adjusted EBITDA, the segment measure of profitability, is calculated exclusive of certain items which are largely consistent with those used in the calculation of Adjusted Corporate EBITDA.*

- *Depreciation Per Unit Per Month - important key metric to management and investors as depreciation of revenue earning vehicles and lease charges is one of our largest expenses for the vehicle rental business and is driven by the number of vehicles, expected residual values at the expected time of disposal and expected hold period of the vehicles. Depreciation Per Unit Per Month is reflective of how we are managing the costs of our vehicles and facilitates a comparison with other participants in the vehicle rental industry.*

- *Total Revenue Per Transaction Day ("Total RPD," also referred to as "pricing") - important key metric to management and investors as it represents a measurement of the changes in underlying pricing in the vehicle rental business and encompasses the elements in vehicle rental pricing that management has the ability to control.*

- *Total Revenue Per Unit Per Month ("Total RPU") - important key metric to management and investors as it provides a measure of revenue productivity relative to the total number of vehicles in our fleet whether owned or leased ("Average Vehicles" or "fleet capacity").*

- *Transaction Days - important key metric to management and investors as it represents the number of revenue generating days ("volume"). It is used as a component to measure Total RPD and Vehicle Utilization. Transaction Days represent the total number of 24-hour periods, with any partial period counted 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.*

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

- *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 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 operate our vehicle rental business globally primarily through the Hertz, Dollar and Thrifty brands from approximately 10,200 company-owned, licensee and franchisee locations in North America, Europe, Latin America, Africa, Asia, Australia, the Caribbean, the Middle East and New Zealand. We are one of the largest worldwide vehicle rental companies and our Hertz brand name is one of the most recognized globally, signifying leadership in quality rental services and products. We have an extensive network of airport and off airport rental locations in the U.S. and in all major European markets. We are also a provider of integrated vehicle leasing and fleet management solutions through our Donlen subsidiary.

***OVERVIEW OF OUR BUSINESS AND OPERATING ENVIRONMENT***

We are engaged principally in the business of renting vehicles primarily through our Hertz, Dollar and Thrifty brands. In addition to vehicle rental, we provide integrated vehicle leasing and fleet management solutions through our Donlen subsidiary. We have a diversified revenue base and a highly variable cost structure and are generally able to adjust fleet capacity, the most significant determinant of our costs, to meet expectations of market demand. 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 consequently we require substantial liquidity to finance such expenditures. See the "Liquidity and Capital Resources" section of this MD&A.

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.

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

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

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

Our expenses primarily consist of:

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

**Our Business Segments**

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

- U.S. RAC - Rental of vehicles, as well as sales of value-added services, in the U.S.;
- International RAC - Rental and leasing of vehicles, as well as sales of value-added services, internationally; and
- All Other Operations - Comprised primarily of our Donlen business, which provides vehicle leasing and fleet management services, and other business activities.

In 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.

**Revenue Earning Vehicles**

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

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

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

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

## 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 peak ("our peak season") for the majority of countries where we generate our revenues. To accommodate increased demand, we increase our available fleet and staff during the second and third quarters of the year. As business demand declines, vehicles and staff are decreased accordingly. 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. Generally, between 70% and 75% of our annual operating costs represent variable costs, while the remaining costs are fixed or semi-fixed. 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.

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

**2019 Operating Overview**

The following provides an overview of our business and financial performance and key factors influencing our results:

- U.S. RAC
  - 3Q 2019 versus 3Q 2018:
    - Total revenues increased $109 million, or 6%
    - Total RPD increased 1% and Total RPU decreased 1%
    - Transaction Days increased 5%
    - Depreciation of revenue earning vehicles and lease charges increased 1% to $420 million
    - Depreciation Per Unit Per Month decreased 5% to $247
    - Vehicle Utilization decreased to 79% from 81%
    - DOE as a percentage of total revenues decreased to 56% from 58%
    - SG&A as a percentage of total revenues decreased to 6% from 7%
  - Nine months of 2019 versus nine months of 2018:
    - Total revenues increased $361 million, or 7%
    - Total RPD increased 2% and Total RPU increased 1%
    - Transaction Days increased 5%
    - Depreciation of revenue earning vehicles and lease charges decreased 6% to $1.2 billion
    - Depreciation Per Unit Per Month decreased 11% to $250
    - Vehicle Utilization decreased to 80% from 81%
    - DOE as a percentage of total revenues decreased to 59% from 61%
    - SG&A as a percentage of total revenues was flat at 7%
- International RAC
  - 3Q 2019 versus 3Q 2018:
    - Total revenues decreased $30 million, or 4%, and were flat, excluding the impact of foreign currency exchange at average rates ("fx")
    - Total RPD and Total RPU increased 1%
    - Transaction Days decreased 2%
    - Depreciation of revenue earning vehicles and lease charges decreased 2% to $126 million, and increased $3 million, or 2%, excluding fx
    - Depreciation Per Unit Per Month increased 3% to $200
    - Vehicle Utilization was comparable at 80%
    - DOE as a percentage of total revenues increased to 55% from 52%
    - SG&A as a percentage of total revenues was flat at 9%
  - Nine months of 2019 versus Nine months of 2018:
    - Total revenues decreased $95 million, or 5%, and was flat, excluding fx
    - Total RPD, Total RPU and Transaction Days were flat
    - Depreciation of revenue earning vehicles and lease charges decreased 4% to $329 million, and increased $6 million, or 2%, excluding fx
    - Depreciation Per Unit Per Month increased 2% to $200
    - Vehicle Utilization decreased to 77% from 78%
    - DOE as a percentage of total revenues increased to 59% from 56%
    - SG&A as a percentage of total revenues was flat at 10%

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 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.

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

**Adoption of the New Lease Standard**

Effective January 1, 2019, we adopted the new lease standard, Topic 842, which did not have a significant impact to our results of operations for the three and nine months ended September 30, 2019. See Note 2**,** "Basis of Presentation and Recently Issued Accounting Pronouncements" to the Notes to our unaudited condensed consolidated financial statements included in this Report for further information.

**Change in Segment Measure of Profitability**

Effective during the three months ended June 30, 2019, we changed our segment measure of profitability to Adjusted EBITDA. Prior to the three months ended June 30, 2019, our segment measure of profitability was Adjusted Pre-tax Income (Loss), which included non-vehicle depreciation and amortization, net non-vehicle debt interest and certain other items. For comparability purposes, we have revised our 2018 segment results in this MD&A to reflect the new segment measure of profitability.

***CONSOLIDATED RESULTS OF OPERATIONS - HERTZ***

| | Three Months Ended September 30, | | Percent | Nine Months Ended September 30, | | Percent |
|---|---|---|---|---|---|---|
| ($ in millions) | 2019 | 2018 | Increase/(Decrease) | 2019 | 2018 | Increase/(Decrease) |
| Total revenues | $ 2,836 | $ 2,758 | 3 % | $ 7,454 | $ 7,209 | 3 % |
| Direct vehicle and operating expenses | 1,492 | 1,459 | 2 | 4,147 | 4,043 | 3 |
| Depreciation of revenue earning vehicles and lease charges | 667 | 672 | (1) | 1,892 | 2,020 | (6) |
| Selling, general and administrative expenses | 232 | 265 | (12) | 723 | 765 | (6) |
| Interest expense, net: | | | | | | |
| Vehicle | 134 | 115 | 16 | 372 | 336 | 11 |
| Non-vehicle | 68 | 71 | (4) | 209 | 213 | (2) |
| Interest expense, net | 202 | 186 | 8 | 581 | 549 | 6 |
| Other (income) expense, net | (6) | (7) | (14) | (37) | (36) | 3 |
| Income (loss) before income taxes | 249 | 183 | 36 | 148 | (132) | NM |
| Income tax (provision) benefit | (75) | (42) | 78 | (79) | 10 | NM |
| Net income (loss) | 174 | 141 | 23 | 69 | (122) | NM |
| Net (income) loss attributable to noncontrolling interests | (4) | 1 | NM | (4) | 1 | NM |
| Net income (loss) attributable to Hertz | $ 170 | $ 142 | 20 | $ 65 | $ (121) | NM |
| Adjusted Corporate EBITDA[(a)] | $ 392 | $ 351 | 12 | $ 595 | $ 384 | 55 |

*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, 2019 Compared with Three Months Ended September 30, 2018**

Total revenues increased $78 million in the third quarter of 2019 compared to 2018 primarily due to an increase of $109 million in our U.S. RAC segment, partially offset by a decrease of $30 million in our International RAC segment. U.S. RAC revenues increased due to higher volume and slightly higher pricing. Excluding the impact of fx, revenues for our International RAC segment were flat.

DOE increased $34 million in the third quarter of 2019 compared to 2018 primarily due to an increase of $30 million in our U.S. RAC segment primarily due to volume growth.

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

Depreciation of revenue earning vehicles and lease charges decreased $5 million in the third quarter of 2019 compared to 2018 due to a decrease of $9 million and $2 million in our All Other Operations and International RAC segments, respectively, partially offset by a $6 million increase in our U.S. RAC segment. The decrease in All Other Operations is due to the impact of a change in presentation for certain leased vehicles beginning in the first quarter of 2019. Excluding a $5 million fx impact, depreciation in our International RAC segment increased $3 million.

SG&A decreased $33 million in the third quarter of 2019 compared to 2018 primarily due to a decrease in personnel-related expenses in our corporate operations and the impact from fx in our International RAC segment.

Vehicle interest expense, net increased $19 million in the third quarter of 2019 compared to 2018 primarily due to an increase in debt levels resulting from higher average fleet.

Non-vehicle interest expense, net decreased $3 million in the third quarter of 2019 compared to 2018 primarily due to the redemption of the 2020 and 2021 Notes in the third quarter of 2019, partially offset by a $4 million loss on the extinguishment of the aforementioned debt and the issuance of the 2026 Notes.

We had other income of $6 million for the third quarter of 2019 compared to $7 million in the third quarter of 2018. Other income in 2019 and 2018 was primarily comprised of gains on marketable securities.

The effective tax rate in the third quarter of 2019 was 30% compared to 23% in the third quarter of 2018. We recorded a tax provision of $75 million in the third quarter of 2019 compared to $42 million in the third quarter of 2018. The effective income tax rate and related tax provision were higher in 2019 compared to 2018 driven by overall improvement in our results of operations, primarily due to lower losses in the U.S., and the composition of earnings by jurisdiction.

**Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018**

Total revenues increased $244 million in the nine months of 2019 compared to 2018 primarily due to an increase of $361 million in our U.S. RAC segment, partially offset by a decrease of $95 million and $22 million in our International RAC and All Other Operations segments, respectively. U.S. RAC revenues increased due to higher volume and pricing. Excluding the impact of fx, revenues for our International RAC segment were flat. The decrease in All Other Operations is due to the impact of a change in presentation for certain leased vehicles beginning in the first quarter of 2019.

DOE increased $104 million in the nine months of 2019 compared to 2018 primarily due to an increase of $111 million in our U.S. RAC segment, partially offset by a decrease of $5 million in both our International RAC segment and All Other Operations segments. The increase in U.S. RAC DOE was driven by increased growth in core rentals and TNC. Excluding the $61 million impact of fx, DOE for International RAC increased $56 million driven primarily by an increase in vehicle-related charges.

Depreciation of revenue earning vehicles and lease charges decreased $127 million in the nine months of 2019 compared to 2018 due to decreases of $78 million, $37 million and $14 million in our U.S. RAC, All Other Operations and International RAC segments, respectively. The decrease in our U.S. RAC segment is primarily due to our vehicle acquisition strategy. The decrease in our All Other Operations segment is due to the impact of a change in presentation for certain leased vehicles beginning in the first quarter of 2019. Excluding the $19 million impact of fx, depreciation of revenue earning vehicles and lease charges for our International RAC segment increased $6 million.

SG&A decreased $42 million in the nine months of 2019 compared to 2018 primarily due to a decrease in personnel-related expenses in our corporate operations and the impact from fx in our International RAC segment, partially offset by increased marketing charges in our U.S. RAC operations.

Vehicle interest expense, net increased $36 million in the nine months of 2019 compared to 2018 primarily due to an increase in debt levels resulting from higher average fleet. Additionally, there was a $20 million loss on extinguishment of debt recorded in our International RAC segment in the nine months of 2018 with no comparable charge in 2019.

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

Non-vehicle interest expense, net in the nine months of 2019 decreased by $4 million compared to 2018 primarily due to the redemption of the 2020 and 2021 Notes in the third quarter of 2019.

Other income in the nine months of 2019 was comparable to the prior year.

The effective tax rate in the nine months of 2019 was 53% compared to 8% in the nine months of 2018. We recorded a tax provision of $79 million in the nine months of 2019 compared to a tax benefit of $10 million in the nine months of 2018. The effective income tax rate and related tax provision were higher in 2019 compared to 2018 driven by overall improvement in our results of operations, primarily due to lower losses in the U.S., and the composition of earnings by jurisdiction.

***CONSOLIDATED RESULTS OF OPERATIONS - HERTZ GLOBAL***

The above discussion for Hertz also applies to Hertz Global.

Hertz Global had $2 million and $5 million of interest expense, net for the third quarter and nine months of 2019 and 2018, respectively, that was incremental to the amounts shown for Hertz. This amount represents interest associated with amounts outstanding under a master loan agreement between the companies. Hertz includes this amount as interest income in its statement of operations, but this amount is eliminated in consolidation for purposes of presenting Hertz Global. For the three and nine months of 2019 and three months of 2018, Hertz had $1 million of income tax provision that was incremental to the amounts shown for Hertz Global. Hertz Global had $2 million of income tax benefit for the nine months of 2018 that was incremental to the amounts shown for Hertz.

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

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

**U.S. Rental Car**

| ($ in millions, except as noted) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Percent Increase/(Decrease) | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | Percent Increase/(Decrease) |
|---|---|---|---|---|---|---|
| Total revenues | $ 1,962 | $ 1,852 | 6 % | $ 5,266 | $ 4,905 | 7 % |
| Depreciation of revenue earning vehicles and lease charges | $ 420 | $ 414 | 1 | $ 1,217 | $ 1,295 | (6) |
| Direct vehicle and operating expenses | $ 1,099 | $ 1,068 | 3 | $ 3,127 | $ 3,016 | 4 |
| Direct vehicle and operating expenses as a percentage of total revenues | 56% | 58% | | 59% | 61% | |
| Selling, general and administrative expenses | $ 125 | $ 128 | (2) | $ 365 | $ 345 | 6 |
| Selling, general and administrative expenses as a percentage of total revenues | 6% | 7% | | 7% | 7% | |
| Vehicle interest expense | $ 93 | $ 79 | 19 | $ 260 | $ 216 | 20 |
| Adjusted EBITDA | $ 269 | $ 208 | 29 | $ 432 | $ 179 | 141 |
| Transaction Days (in thousands)[(b)] | 41,399 | 39,478 | 5 | 118,153 | 112,427 | 5 |
| Average Vehicles (in whole units)[(c)] | 566,229 | 527,900 | 7 | 540,930 | 509,800 | 6 |
| Vehicle Utilization[(c)] | 79% | 81% | | 80% | 81% | |
| Total RPD (in whole dollars)[(d)] | $ 46.67 | $ 46.23 | 1 | $ 43.79 | $ 42.93 | 2 |
| Total RPU Per Month (in whole dollars)[(e)] | $ 1,137 | $ 1,152 | (1) | $ 1,063 | $ 1,052 | 1 |
| Depreciation Per Unit Per Month (in whole dollars)[(f)] | $ 247 | $ 261 | (5) | $ 250 | $ 282 | (11) |
| Percentage of program vehicles at period end | 16% | 12% | | 16% | 12% | |

*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.*

**Three Months Ended September 30, 2019 Compared with Three Months Ended September 30, 2018**

Total U.S. RAC revenues increased $109 million in the third quarter of 2019 compared to 2018 due to higher volume and slightly higher pricing. The 5% increase in Transaction Days was primarily driven by growth in retail and TNC rentals. Volume increased in both our off airport and airport business by 6% and 4%, respectively. Off airport revenues comprised 32% of total revenues for the segment in the third quarter of 2019 as compared to 31% in the third quarter of 2018.

Depreciation of revenue earning vehicles and lease charges for U.S. RAC increased by $6 million in the third quarter of 2019 compared to 2018. Depreciation Per Unit Per Month decreased to $247 in the third quarter of 2019 compared to $261 in the third quarter of 2018 primarily due to our vehicle acquisition strategy and continued strength in residual values.

DOE for U.S. RAC increased $30 million in the third quarter of 2019 compared to 2018 primarily driven by core rental volume and growth in TNC rentals, partially offset by a decrease in other non-vehicle related charges.

SG&A for U.S. RAC in the third quarter of 2019 was comparable to the prior year.

Vehicle interest expense increased $15 million in the third quarter of 2019 compared to 2018 due to an increase in debt levels resulting from higher average fleet.

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

**Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018**

Total U.S. RAC revenues increased $361 million in the nine months of 2019 compared to 2018 due to higher volume and pricing. The 5% increase in Transaction Days was driven by growth in TNC and retail rentals. Volume increased in both our off airport and airport locations by 9% and 2%, respectively. Total RPD increased 2%. Off airport revenues comprised 32% of total revenues for the segment in the nine months of 2019 as compared to 30% in the nine months of 2018.

Depreciation of revenue earning vehicles and lease charges for U.S. RAC decreased by $78 million in the nine months of 2019 compared to 2018. Depreciation Per Unit Per Month decreased to $250 in the nine months of 2019 compared to $282 in the nine months of 2018 primarily due to our vehicle acquisition strategy and continued strength in residual values.

DOE for U.S. RAC increased $111 million in the nine months of 2019 compared to 2018 primarily driven by core rental volume and growth in TNC rentals, partially offset by a decrease in other non-vehicle related charges.

SG&A increased $20 million in the nine months of 2019 compared to 2018 primarily due to increased marketing charges.

Vehicle interest expense increased $44 million in the nine months of 2019 compared to 2018 due to an increase in debt levels resulting from higher average fleet.

**International Rental Car**

| ($ in millions, except as noted) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Percent Increase/(Decrease) | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | Percent Increase/(Decrease) |
|---|---|---|---|---|---|---|
| Total revenues | $ 702 | $ 732 | (4)% | $ 1,695 | $ 1,789 | (5)% |
| Depreciation of revenue earning vehicles and lease charges | $ 126 | $ 128 | (2) | $ 329 | $ 342 | (4) |
| Direct vehicle and operating expenses | $ 386 | $ 384 | 1 | $ 1,001 | $ 1,006 | (1) |
| Direct vehicle and operating expenses as a percentage of total revenues | 55% | 52% | | 59% | 56% | |
| Selling, general and administrative expenses | $ 60 | $ 65 | (7) | $ 169 | $ 186 | (9) |
| Selling, general and administrative expenses as a percentage of total revenues | 9% | 9% | | 10% | 10% | |
| Vehicle interest expense | $ 27 | $ 25 | 8 | $ 73 | $ 88 | (17) |
| Adjusted EBITDA | $ 115 | $ 140 | (18) | $ 157 | $ 222 | (29) |
| Transaction Days (in thousands)[(b)] | 15,631 | 15,876 | (2) | 38,884 | 39,075 | — |
| Average Vehicles (in whole units)[(c)] | 213,294 | 214,900 | (1) | 184,307 | 183,600 | — |
| Vehicle Utilization[(c)] | 80% | 80% | | 77% | 78% | |
| Total RPD (in whole dollars)[(d)] | $ 45.67 | $ 45.06 | 1 | $ 43.95 | $ 43.76 | — |
| Total RPU Per Month (in whole dollars)[(e)] | $ 1,116 | $ 1,110 | 1 | $ 1,030 | $ 1,035 | — |
| Depreciation Per Unit Per Month (in whole dollars)[(f)] | $ 200 | $ 194 | 3 | $ 200 | $ 197 | 2 |
| Percentage of program vehicles at period end | 47% | 45% | | 47% | 45% | |

*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.*

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

**Three Months Ended September 30, 2019 Compared with Three Months Ended September 30, 2018**

Total revenues for International RAC decreased $30 million in the third quarter of 2019 compared to 2018. Excluding the impact of fx, revenues were flat.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased $2 million in the third quarter of 2019 compared to 2018. Excluding a $5 million fx impact, depreciation increased $3 million, or 2%. Depreciation Per Unit Per Month for International RAC increased to $200 for the third quarter of 2019 compared to $194 in the third quarter of 2018 due in part to a richer fleet mix in Europe and declining residual values year over year.

DOE for International RAC increased $2 million in the third quarter of 2019 compared to 2018. Excluding a $17 million fx impact, DOE increased $19 million primarily due to higher vehicle-related charges.

SG&A decreased $5 million in the third quarter of 2019 compared to 2018 largely due to a $3 million fx impact.

Vehicle interest expense in the third quarter of 2019 was comparable to the prior year.

**Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018**

Total revenues for International RAC decreased $95 million in the nine months of 2019 compared to 2018. Excluding the impact from fx, revenues, Transactions Days and Total RPD were flat.

Depreciation of revenue earning vehicles and lease charges for International RAC decreased $14 million in the nine months of 2019 compared to 2018. Excluding the $19 million fx impact, depreciation increased $6 million, or 2%. Depreciation Per Unit Per Month for International RAC increased to $200 in the nine months of 2019 compared to $197 in the nine months of 2018 due to richer fleet mix in Europe and declining residual values year over year.

DOE for International RAC decreased $5 million in the nine months of 2019 compared to 2018. Excluding a $61 million fx impact, DOE increased $56 million primarily due to higher vehicle-related charges.

SG&A decreased $18 million in the nine months of 2019 compared to 2018 largely due to an $11 million fx impact.

Vehicle interest expense decreased $15 million in the nine months of 2019 compared to 2018 primarily due to a $20 million loss on extinguishment of debt associated with the redemption of the 4.375% European Vehicle Senior Notes in 2018.

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

## All Other Operations

The All Other Operations segment is primarily comprised of our Donlen business and, as such, our discussion is limited to Donlen.

Results of operations for this segment are as follows:

| ($ in millions) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Percent Increase/(Decrease) | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | Percent Increase/(Decrease) |
|---|---|---|---|---|---|---|
| Total revenues | $ 172 | $ 174 | (1)% | $ 493 | $ 515 | (4)% |
| Depreciation of revenue earning vehicles and lease charges | $ 121 | $ 130 | (7) | $ 346 | $ 383 | (10) |
| Direct vehicle and operating expenses | $ 7 | $ 8 | (17) | $ 20 | $ 25 | (21) |
| Selling, general and administrative expenses | $ 8 | $ 10 | (17) | $ 23 | $ 28 | (16) |
| Vehicle interest expense | $ 14 | $ 11 | 29 | $ 39 | $ 32 | 20 |
| Adjusted EBITDA | $ 24 | $ 19 | 29 | $ 70 | $ 59 | 18 |
| Average Vehicles - Donlen | 216,925 | 185,300 | 17 | 205,809 | 188,200 | 9 |

*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.*

Donlen had favorable results in the third quarter and nine months of 2019 as compared to the third quarter and nine months of 2018. Lower year-over-year revenue and depreciation of revenue earning vehicles and lease charges were driven by the impact of a change in presentation for certain leased vehicles in the third quarter and the nine months of 2019 versus 2018. The increase in overall average vehicles in the third quarter and the nine months of 2019 as compared to the third quarter and the nine months of 2018 is due to new customer acquisitions and growth in the existing customer portfolio.

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

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

***Hertz***

| (In millions) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| Net income (loss) attributable to Hertz | $ 170 | $ 142 | $ 65 | $ (121) |
| Adjustments: | | | | |
| Income tax provision (benefit) | 75 | 42 | 79 | (10) |
| Non-vehicle depreciation and amortization | 51 | 52 | 151 | 166 |
| Non-vehicle debt interest, net of interest income | 68 | 71 | 209 | 213 |
| Vehicle debt-related charges[(1)] | 10 | 7 | 29 | 25 |
| Loss on extinguishment of vehicle debt[(2)] | — | — | — | 22 |
| Restructuring and restructuring related charges[(3)] | 1 | 12 | 11 | 26 |
| Information technology and finance transformation costs[(4)] | 17 | 24 | 77 | 75 |
| Other items[(5)] | — | 1 | (26) | (12) |
| Adjusted Corporate EBITDA | $ 392 | $ 351 | $ 595 | $ 384 |

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

***Hertz Global***

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(In millions)** | **2019** | **2018** | **2019** | **2018** |
| Net income (loss) attributable to Hertz Global | $ 169 | $ 141 | $ 61 | $ (124) |
| Adjustments: | | | | |
| Income tax provision (benefit) | 74 | 41 | 78 | (12) |
| Non-vehicle depreciation and amortization | 51 | 52 | 151 | 166 |
| Non-vehicle debt interest, net of interest income | 70 | 73 | 214 | 218 |
| Vehicle debt-related charges(1) | 10 | 7 | 29 | 25 |
| Loss on extinguishment of vehicle debt(2) | — | — | — | 22 |
| Restructuring and restructuring related charges(3) | 1 | 12 | 11 | 26 |
| Information technology and finance transformation costs(4) | 17 | 24 | 77 | 75 |
| Other items(5) | — | 1 | (26) | (12) |
| Adjusted Corporate EBITDA | $ 392 | $ 351 | $ 595 | $ 384 |

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

(2) In 2018, primarily represents $20 million of early redemption premium and write-off of deferred financing costs associated with the full redemption of the 4.375% European Vehicle Senior Notes due January 2019 in April 2018.

(3) Represents charges incurred under restructuring actions as defined in U.S. GAAP, excluding impairments and asset write-downs. Also includes restructuring related charges such as incremental costs incurred directly supporting business transformation initiatives. In 2018, also includes consulting costs, legal fees and other expenses related to the previously disclosed accounting review and investigation.

(4) 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.

(5) Represents miscellaneous items, including non-cash stock-based compensation charges. In 2019, includes a $26 million gain on marketable securities, of which $6 million was recorded during the third quarter of 2019, and a $15 million gain on the sale of non-vehicle capital assets, of which $3 million was recorded in the third quarter of 2019. In 2018, includes a $21 million gain on marketable securities, of which $4 million was recorded in the third quarter of 2018, and a $6 million legal settlement received in the second quarter related to an oil spill in the Gulf of Mexico in 2010.

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

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

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

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| | 2019 | 2018 | 2019 | 2018 |
| Transaction Days (in thousands) | 41,399 | 39,478 | 15,631 | 15,876 |
| Average Vehicles (in whole units) | 566,229 | 527,900 | 213,294 | 214,900 |
| Number of days in period (in whole units) | 92 | 92 | 92 | 92 |
| Available Car Days (in thousands) | 52,093 | 48,567 | 19,623 | 19,771 |
| Vehicle Utilization | 79% | 81% | 80% | 80% |

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| | 2019 | 2018 | 2019 | 2018 |
| Transaction Days (in thousands) | 118,153 | 112,427 | 38,884 | 39,075 |
| Average Vehicles (in whole units) | 540,930 | 509,800 | 184,307 | 183,600 |
| Number of days in period (in whole units) | 273 | 273 | 273 | 273 |
| Available Car Days (in thousands) | 147,674 | 139,175 | 50,316 | 50,123 |
| Vehicle Utilization | 80% | 81% | 77% | 78% |

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

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Revenues | $ 1,962 | $ 1,852 | $ 702 | $ 732 |
| Ancillary retail vehicle sales revenues | (30) | (27) | — | — |
| Foreign currency adjustment(1) | — | — | 12 | (17) |
| Total Rental Revenues | $ 1,932 | $ 1,825 | $ 714 | $ 715 |
| Transaction Days (in thousands) | 41,399 | 39,478 | 15,631 | 15,876 |
| Total RPD (in whole dollars) | $ 46.67 | $ 46.23 | $ 45.67 | $ 45.06 |

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Revenues | $ 5,266 | $ 4,905 | $ 1,695 | $ 1,789 |
| Ancillary retail vehicle sales revenues | (92) | (78) | — | — |
| Foreign currency adjustment(1) | — | — | 14 | (79) |
| Total Rental Revenues | $ 5,174 | $ 4,827 | $ 1,709 | $ 1,710 |
| Transaction Days (in thousands) | 118,153 | 112,427 | 38,884 | 39,075 |
| Total RPD (in whole dollars) | $ 43.79 | $ 42.93 | $ 43.95 | $ 43.76 |

(1) Based on December 31, 2018 foreign currency exchange rates for all periods presented.

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

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

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Total Rental Revenues | $ 1,932 | $ 1,825 | $ 714 | $ 715 |
| Average Vehicles (in whole units) | 566,229 | 527,900 | 213,294 | 214,900 |
| Total revenue per unit (in whole dollars) | $ 3,412 | $ 3,457 | $ 3,347 | $ 3,327 |
| Number of months in period (in whole units) | 3 | 3 | 3 | 3 |
| Total RPU Per Month (in whole dollars) | $ 1,137 | $ 1,152 | $ 1,116 | $ 1,110 |

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Total Rental Revenues | $ 5,174 | $ 4,827 | $ 1,709 | $ 1,710 |
| Average Vehicles (in whole units) | 540,930 | 509,800 | 184,307 | 183,600 |
| Total revenue per unit (in whole dollars) | $ 9,565 | $ 9,468 | $ 9,273 | $ 9,314 |
| Number of months in period (in whole units) | 9 | 9 | 9 | 9 |
| Total RPU Per Month (in whole dollars) | $ 1,063 | $ 1,052 | $ 1,030 | $ 1,035 |

(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:

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Depreciation of revenue earning vehicles and lease charges | $ 420 | $ 414 | $ 126 | $ 128 |
| Foreign currency adjustment[(1)] | — | — | 2 | (3) |
| Adjusted depreciation of revenue earning vehicles and lease charges | $ 420 | $ 414 | $ 128 | $ 125 |
| Average Vehicles (in whole units) | 566,229 | 527,900 | 213,294 | 214,900 |
| Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars) | $ 742 | $ 784 | $ 600 | $ 582 |
| Number of months in period (in whole units) | 3 | 3 | 3 | 3 |
| Depreciation Per Unit Per Month (in whole dollars) | $ 247 | $ 261 | $ 200 | $ 194 |

| | U.S. Rental Car | | International Rental Car | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| ($ in millions, except as noted) | 2019 | 2018 | 2019 | 2018 |
| Depreciation of revenue earning vehicles and lease charges | $ 1,217 | $ 1,295 | $ 329 | $ 342 |
| Foreign currency adjustment[(1)] | — | — | 3 | (16) |
| Adjusted depreciation of revenue earning vehicles and lease charges | $ 1,217 | $ 1,295 | $ 332 | $ 326 |
| Average Vehicles (in whole units) | 540,930 | 509,800 | 184,307 | 183,600 |
| Adjusted depreciation of revenue earning vehicles and lease charges divided by Average Vehicles (in whole dollars) | $ 2,250 | $ 2,540 | $ 1,801 | $ 1,776 |
| Number of months in period (in whole units) | 9 | 9 | 9 | 9 |
| Depreciation Per Unit Per Month (in whole dollars) | $ 250 | $ 282 | $ 200 | $ 197 |

(1) Based on December 31, 2018 foreign currency exchange rates for all periods presented.

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

***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.

As of September 30, 2019, we had $465 million of cash and cash equivalents and $230 million of restricted cash. Of these amounts, $206 million of cash and cash equivalents and $60 million of restricted cash was held by our subsidiaries outside of the U.S. If not in the form of loan repayments, repatriation of some of these funds under current regulatory and tax law for use in domestic operations could expose us to additional taxes.

We believe that cash and 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, 2019, Hertz had cash, cash equivalents, restricted cash and restricted cash equivalents of $695 million compared to $1.4 billion as of December 31, 2018. 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) | 2019 | 2018 | $ Change |
| Cash provided by (used in): | | | |
| Operating activities | $ 2,238 | $ 2,021 | $ 217 |
| Investing activities | (5,492) | (4,799) | (693) |
| Financing activities | 2,546 | 2,304 | 242 |
| Effect of exchange rate changes | (7) | (4) | (3) |
| Net change in cash, cash equivalents, restricted cash and restricted cash equivalents | $ (715) | $ (478) | $ (237) |

During the nine months of 2019, cash flows from net income (loss), adjusted for non-cash and non-operating items, increased $344 million period over period. Excluding the net impact from operating leases, cash flows from the change in certain asset and liability accounts decreased by $109 million due in part to a decrease in accrued liabilities from the previously disclosed SEC investigation payment and a decrease in interest accruals related to the redemption of the 2020 Notes and 2021 Notes.

Our primary investing activities relate to the acquisition and disposal of revenue earning vehicles. There was a $693 million increase in the use of cash for investing activities year over year. Cash outflows for the purchase of revenue earning vehicles increased $1.5 billion primarily due to a higher volume of vehicles acquired in our U.S. RAC operations and a richer fleet mix in 2019 versus 2018, which was partially offset by a $815 million increase in proceeds from the sale of revenue earning vehicles primarily in our U.S. RAC operations due to increased vehicle dispositions and a richer fleet mix.

Net financing cash inflows were $2.5 billion in the nine months of 2019 compared to $2.3 billion in the nine months of 2018. The increase in financing cash inflows was primarily driven by a decrease in net vehicle debt repayments year over year as well as an increase in proceeds from the Rights Offering and the issuance of the 2026 Notes. The increases in cash were partially offset by the redemption of the 2020 Notes and 2021 Notes.

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

**Cash Flows - Hertz Global**

As of September 30, 2019, Hertz Global had cash, cash equivalents, restricted cash and restricted cash equivalents of $695 million compared to $1.4 billion as of December 31, 2018. The following table summarizes the net change in cash, cash equivalents, restricted cash and restricted cash equivalents for the periods shown:

| (In millions) | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | $ Change |
|---|---|---|---|
| Cash provided by (used in): | | | |
| Operating activities | $ 2,233 | $ 2,017 | $ 216 |
| Investing activities | (5,492) | (4,799) | (693) |
| Financing activities | 2,551 | 2,308 | 243 |
| Effect of exchange rate changes | (7) | (4) | (3) |
| Net change in cash, cash equivalents, restricted cash and restricted cash equivalents | $ (715) | $ (478) | $ (237) |

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

**Financing**

Substantially all of our revenue earning vehicles and certain related assets are owned by special purpose entities, or are encumbered in favor of our lenders under our various credit facilities, other secured financings and asset-backed securities programs. These assets are not available to satisfy the claims of our general creditors.

We are highly leveraged, and a substantial portion of our liquidity requirements arise from servicing our indebtedness, funding our operations, including purchases of revenue earning vehicles, and funding non-vehicle capital expenditures. Our practice is to maintain sufficient liquidity through cash from operations, credit facilities and other financing arrangements, to mitigate any adverse effect on operations resulting from adverse financial market conditions.

Refer to Part I, Item 1, Note 3, "Debt," to the Notes to our unaudited condensed consolidated financial statements included in this Report for information on our outstanding debt obligations and our borrowing capacity and availability under our revolving credit facilities as of September 30, 2019. Cash paid for interest during the nine months of 2019 was $182 million for interest on non-vehicle debt and $331 million for interest on vehicle debt. Cash paid for interest during the nine months of 2018 was $171 million for interest on non-vehicle debt and $268 million for interest on vehicle debt.

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

| (In millions) | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | $ 465 | $ 1,127 |
| Availability under the Senior RCF | 395 | 496 |
| Corporate liquidity | $ 860 | $ 1,623 |

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

In June 2019, Hertz Global filed a prospectus supplement to its Registration Statement on Form S-3 declared effective by the SEC on June 12, 2019 for a Rights Offering to raise gross proceeds of approximately $750 million and providing for the issuance of up to an aggregate of 57,915,055 new shares of Hertz Global common stock. Under the terms of the Rights Offering, each stockholder of Hertz Global was eligible to receive one transferable subscription right for each share of common stock held as of 5:00 p.m., Eastern Time, on June 24, 2019. Each Right entitled the holder to purchase 0.688285 shares of common stock at a price of $12.95 per whole share of common stock. The Rights Offering also entitled rights holders who fully exercised their Basic Subscription Rights to subscribe for additional shares of Hertz Global's common stock that remain unsubscribed as a result of any unexercised Basic Subscription Rights. The Rights Offering expired at 5:00 p.m., Eastern Time, on July 12, 2019.

Upon closing in July 2019, the Rights Offering was fully subscribed resulting in Hertz Global selling 57,915,055 shares of its common stock at the Subscription Price for gross proceeds of $750 million. Pursuant to the terms of the Rights Offering, 55,816,783 shares of common stock were purchased under the Basic Subscription Right and 2,098,272 shares of common stock were purchased under the Over-Subscription Right.

In August 2019, Hertz issued $500 million in aggregate principal amount of the 2026 Notes. The Company utilized the proceeds, together with net proceeds from the Rights Offering described above, to redeem the 2020 Notes and 2021 Notes.

Approximately $20 million of non-vehicle debt and $3.6 billion of vehicle debt will mature during the twelve months following the issuance of this Report and we will need to refinance a portion of these obligations. We have reviewed the maturing debt obligations and determined that it is probable that we will be able, and have the intent, to repay or refinance these facilities at such times as we deem appropriate prior to their maturities.

## Covenants

The indentures for the Senior Notes and the Senior Second Priority Secured Notes contain covenants that, among other things, limit or restrict the ability of the Hertz credit group to incur additional indebtedness, incur guarantee obligations, prepay certain indebtedness, make certain restricted payments (including paying dividends, redeeming stock or making other distributions to parent entities of Hertz and other persons outside of the Hertz credit group), make investments, create liens, transfer or sell assets, merge or consolidate and enter into certain transactions with Hertz's affiliates that are not members of the Hertz credit group.

Certain of our other debt instruments and credit facilities (including the Senior Facilities and the Letter of Credit Facility) contain a number of covenants that, among other things, limit or restrict the ability of the borrowers and the guarantors to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay certain indebtedness, make certain restricted payments (including paying dividends, share repurchases or making other distributions), create liens, make investments, make acquisitions, engage in mergers, fundamentally change the nature of their business, make capital expenditures or engage in certain transactions with certain affiliates.

The Senior RCF and the Letter of Credit Facility contain a financial maintenance covenant applicable to such facilities. Such covenant provides that Hertz’s consolidated first lien net leverage ratio, as defined in the credit agreements governing such facilities (together, the "Senior Credit Agreement"), as of the last day of any fiscal quarter, may not exceed a ratio of 3.00 to 1.00 (the "Covenant Leverage Ratio").

As of September 30, 2019, Hertz was in compliance with the Covenant Leverage Ratio. Consolidated EBITDA, as defined in the Senior Credit Agreement, is a component of the calculation of the Covenant Leverage Ratio and is a non-GAAP financial measure that is not a measure of operating results, but instead is a measure used to determine compliance with the Covenant Leverage Ratio under the Senior Credit Agreement. Consolidated EBITDA is generally defined in the Senior Credit Agreement as consolidated net income plus the sum of income taxes, non-vehicle interest expense, non-vehicle depreciation and amortization expense, and non-cash charges or losses, as further adjusted for certain other items permitted in calculating covenant compliance under the Senior RCF and the Letter of Credit Facility,

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

including add-backs for non-recurring, unusual or extraordinary charges, business optimization expenses or other restructuring charges or reserves.

Based on available liquidity from our expected operating results, the Senior RCF and other financing arrangements, Hertz expects to continue to be in compliance with the Covenant Leverage Ratio for at least the next twelve months.

## Capital Expenditures

### *Revenue Earning Vehicles Expenditures*

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 |
| **2019** | | | |
| First Quarter | $ (3,973) | $ 2,153 | $ (1,820) |
| Second Quarter | (4,974) | 2,059 | (2,915) |
| Third Quarter | (2,589) | 1,981 | (608) |
| Total | $ (11,536) | $ 6,193 | $ (5,343) |
| **2018** | | | |
| First Quarter | $ (3,565) | $ 1,782 | $ (1,783) |
| Second Quarter | (4,045) | 1,872 | (2,173) |
| Third Quarter | (2,466) | 1,724 | (742) |
| Total | $ (10,076) | $ 5,378 | $ (4,698) |

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

| Cash inflow (cash outflow) | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in millions) | 2019 | 2018 | $ Change | % Change |
| U.S. Rental Car | $ (3,473) | $ (3,076) | $ (397) | 13% |
| International Rental Car | (1,291) | (1,201) | (90) | 7 |
| All Other Operations | (579) | (421) | (158) | 38 |
| Total | $ (5,343) | $ (4,698) | $ (645) | 14 |

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

***Non-Vehicle Capital Asset Expenditures***

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) | Non-Vehicle Capital Assets | | |
|---|---|---|---|
| (In millions) | Capital Expenditures | Disposal Proceeds | Net Capital Expenditures |
| **2019** | | | |
| First Quarter | $ (54) | $ 19 | $ (35) |
| Second Quarter | (64) | 2 | (62) |
| Third Quarter | (52) | — | (52) |
| Total | $ (170) | $ 21 | $ (149) |
| **2018** | | | |
| First Quarter | $ (44) | $ 4 | $ (40) |
| Second Quarter | (36) | 4 | (32) |
| Third Quarter | (39) | 39 | — |
| Total | $ (119) | $ 47 | $ (72) |

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

| Cash inflow (cash outflow) | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| ($ in millions) | 2019 | 2018 | $ Change | % Change |
| U.S. Rental Car | $ (44) | $ (14) | $ (30) | 214% |
| International Rental Car | (12) | (11) | (1) | 9 |
| All Other Operations | (3) | (3) | — | — |
| Corporate | (90) | (44) | (46) | 105 |
| Total | $ (149) | $ (72) | $ (77) | 107 |

***CONTRACTUAL OBLIGATIONS***

As of September 30, 2019, 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 2018 Form 10-K. Changes to our aggregate indebtedness, including related interest and terms for new issuances, are described in Part I, Item 1, Note 3, "Debt," to the Notes to our unaudited condensed consolidated financial statements included in this Report.

***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 16, "Contingencies and Off-Balance Sheet Commitments" of the Notes to our consolidated financial statements included in our 2018 Form 10-K under the caption Item 8, "Financial Statements and Supplementary Data."

We regularly evaluate the probability of having to incur costs associated with indemnification obligations and will accrue for expected losses when they 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," to the Notes to our unaudited condensed consolidated financial statements included in this Report.

***CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS***

*Certain statements contained or incorporated by reference in this Report on Form 10-Q and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, include "forward-looking statements." Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe," "expect," "project," "potential," "anticipate," "intend," "plan," "estimate," "seek," "will," "may," "would," "should," "could," "forecasts" or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. We believe these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K.*

*Important factors that could affect our actual results and cause them to differ materially from those expressed in forward-looking statements include, among others, those that may be disclosed from time to time in subsequent reports filed with the SEC, those described under "Item 1A—Risk Factors" included in our 2018 Form 10-K and the following, which were derived in part from the risks set forth in "Item 1A—Risk Factors" of our 2018 Form 10-K:*

- *levels of travel demand, particularly with respect to airline passenger traffic in the United States and in global markets;*
- *the effect of our separation of our vehicle and equipment rental businesses, any failure by Herc Holdings Inc. to comply with the agreements entered into in connection with the separation and our ability to obtain the expected benefits of the separation;*
- *significant changes in the competitive environment and the effect of competition in our markets on rental volume and pricing, including on our pricing policies or use of incentives;*
- *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;*
- *increased vehicle costs due to declines in the 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;*
- *our ability to purchase adequate supplies of competitively priced vehicles and risks relating to increases in the cost of the vehicles we purchase;*
- *our ability to adequately respond to changes in technology and customer demands;*
- *our ability to retain customer loyalty and market share;*
- *our recognition of previously deferred tax gains on the disposition of revenue earning vehicles;*
- *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 access to third-party distribution channels and related prices, commission structures and transaction volumes;*

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

- *our ability to execute a business continuity plan;*
- *a major disruption in our communication or centralized information networks;*
- *a failure to maintain, upgrade and consolidate our information technology networks;*
- *financial instability of the manufacturers of our vehicles;*
- *any impact on us from the actions of our franchisees, dealers and independent contractors;*
- *our ability to sustain operations during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease);*
- *shortages of fuel and increases or volatility in fuel costs;*
- *our ability to maintain favorable brand recognition and a coordinated branding and portfolio strategy;*
- *our ability to maintain an effective employee retention and talent management strategy and resulting changes in personnel and employee relations;*
- *costs and risks associated with litigation and investigations;*
- *risks related to our indebtedness, including our substantial amount of debt, our ability to incur substantially more debt, the fact that substantially all of our consolidated assets secure certain of our outstanding indebtedness and increases in interest rates or in our borrowing margins;*
- *our ability to meet the financial and other covenants contained in our senior credit facilities and letter of credit facility, our outstanding unsecured senior notes, our outstanding senior second priority secured notes and certain asset-backed and asset-based arrangements;*
- *changes in accounting principles, or their application or interpretation, and our ability to make accurate estimates and the assumptions underlying the estimates, which could have an effect on operating results;*
- *risks associated with operating in many different countries, including the risk of a violation or alleged violation of applicable anticorruption or antibribery laws and our ability to repatriate cash from non-U.S. affiliates without adverse tax consequences;*
- *our ability to prevent the misuse or theft of information we possess, including as a result of cyber security breaches and other security threats;*
- *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;*
- *fluctuations in interest rates and commodity prices;*
- *our exposure to fluctuations in foreign currency exchange rates; 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 made, and 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.

There have been no material changes to the information reported under Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," included in our 2018 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, 2019, our disclosure controls and procedures were effective.

**Changes in Internal Control over Financial Reporting**

In August 2019, we consolidated our Enterprise Resource Planning ("ERP”) systems into a single global platform and upgraded our technology for accounting, budgeting and forecasting to improve our financial and operational information.

There were no other changes in our internal control over financial reporting that occurred during the three months ended September 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***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, 2019, our disclosure controls and procedures were effective.

**Changes in Internal Control over Financial Reporting**

In August 2019, we consolidated our ERP systems into a single global platform and upgraded our technology for accounting, budgeting and forecasting to improve our financial and operational information.

There were no other changes in our internal control over financial reporting that occurred during the three months ended September 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For a description of certain pending legal proceedings see Part I, Item 1, Note 8, "Contingencies and Off-Balance Sheet Commitments," to the Notes to our unaudited condensed consolidated financial statements included in this Report.

### ITEM 1A. RISK FACTORS

There are no material changes to the information reported under Part I, Item 1A “Risk Factors” contained in our 2018 Form 10-K.

### 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 Report is filed as part of this Form 10-Q and is incorporated herein by reference in response to this item.

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

## 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.<br>THE HERTZ CORPORATION |
| Date: November 5, 2019 | (Registrants) |
| | By: /s/ JAMERE JACKSON |
| | Jamere Jackson<br>*Executive Vice President and Chief Financial Officer* |

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

## EXHIBIT INDEX

| Exhibit Number | | Description |
|---|---|---|
| 4.1 | Hertz Holdings<br>Hertz | Indenture, dated as of August 1, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on August 2, 2019. |
| 4.2 | Hertz Holdings<br>Hertz | First Supplemental Indenture, dated as of August 1, 2019, among The Hertz Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, relating to the 7.125% Senior Notes due 2026 (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139) and The Hertz Corporation (File No. 001-07541), as filed on August 2, 2019. |
| 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<br>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<br>Hertz | XBRL Taxonomy Extension Schema Document* |
| 101.CAL | Hertz Holdings<br>Hertz | XBRL Taxonomy Extension Calculation Linkbase Document* |
| 101.DEF | Hertz Holdings<br>Hertz | XBRL Taxonomy Extension Definition Linkbase Document* |
| 101.LAB | Hertz Holdings<br>Hertz | XBRL Taxonomy Extension Label Linkbase Document* |
| 101.PRE | Hertz Holdings<br>Hertz | XBRL Taxonomy Extension Presentation Linkbase Document* |

*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, Kathryn V. Marinello, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 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: November 5, 2019

By: /s/ KATHRYN V. MARINELLO

Kathryn V. Marinello
President, Chief Executive Officer and Director

**EXHIBIT 31.2**

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

I, Jamere Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 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: November 5, 2019

By: /s/ JAMERE JACKSON
Jamere Jackson
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, Kathryn V. Marinello, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 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: November 5, 2019

By: /s/ KATHRYN V. MARINELLO
Kathryn V. Marinello
President, Chief Executive Officer and Director

**EXHIBIT 31.4**

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

I, Jamere Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 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: November 5, 2019

By: /s/ JAMERE JACKSON
Jamere Jackson
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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathryn V. Marinello, 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: November 5, 2019

By: /s/ KATHRYN V. MARINELLO
Kathryn V. Marinello
President, 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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamere Jackson, 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: November 5, 2019

By: /s/ JAMERE JACKSON
Jamere Jackson
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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathryn V. Marinello, 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: November 5, 2019

By: /s/ KATHRYN V. MARINELLO
Kathryn V. Marinello
President, 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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamere Jackson, 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: November 5, 2019

By: /s/ JAMERE JACKSON
Jamere Jackson
Executive Vice President and Chief Financial Officer